PNB Housing Finance Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	**PNB Housing Finance has successfully pivoted to a retail-centric model, with retail assets now comprising 97% of total AUM, significantly reducing historical corporate concentration risk.**	—
2	**Revenue growth of 8.05% to □7,053 Cr was modest, but PAT surged 44% to □1,508 Cr, primarily driven by a 75% reduction in impairment charges rather than core operational expansion.**	—
3	***Operating expenses grew by 26.7%, significantly outpacing revenue growth, as the company front-loaded costs by adding 111 new branches and implementing a new Salesforce CRM.***	—
4	**Asset quality improved drastically with Stage 3 assets (NPAs) slashed by 56.6% to a multi-year low of 1.50% GNPA, supported by a robust cleanup of the legacy book.**	—
5	**Balance sheet strength was bolstered by a □2,494 Cr Rights Issue, which successfully reduced the Debt/Equity ratio from 4.87x to 3.67x and secured a credit rating upgrade to AA+.**	—
6	***Cash flow from operations remained deeply negative at - 4,662 Cr (CFO/PAT of -3.09), indicating that the current growth trajectory is entirely dependent on external capital infusions.***	—
7	**Capital allocation is focused on the high-yield "Roshni" affordable housing vertical, which reached □1,790 Cr in 15 months with attractive yields exceeding 11.5%.**	—
8	***Earnings quality is tempered by a 522,500% spike in trade receivables to 51 Cr and a high 16.42% ECL provision on Corporate Stage 1 assets, signaling latent caution regarding collections.***	—
9	***Governance concerns have emerged following a critical audit trail deficiency at the database level and proposed Related Party Transaction limits with PNB exceeding 141% of annual revenue.***	—
10	***The decision to restart corporate lending in FY25 (capped at 10% of AUM) introduces potential for lumpy credit stress and may dilute the "retail-first" valuation premium.***	—
11	**The outlook remains positive based on the potential for operating leverage as new branches mature and the high-margin Roshni book scales toward a bull-case ROE of 13-15%.**	—
12	**Investment View: ACCUMULATE; monitor the Cost-to-Income ratio (target <20%) and the seasoning of the affordable housing book to ensure asset quality remains stable.**	—

1. Business overview

- **Business Segments:** PNB Housing Finance Ltd (Pnbhfl) has transitioned into a retail-first entity (97% of AUM). It operates via a three-vertical strategy: **Prime** (salaried professionals in Tier 1), Roshni (affordable housing, yields 11.5%+), and Emerging Markets (Tier 2/3 markets, yield optimizer).
- **Revenue Drivers:** Primarily driven by **Interest Income** (95.61% of operations). Growth is fueled by retail loan disbursements and a strategic shift toward higher-yielding segments like Roshni.
- **Cost Drivers: Finance Costs** (84.37% of total expenses), Employee Benefits (driven by ESOPs and hiring for new verticals), and Opex related to massive branch expansion.
- **Industry Position:** Positioned as a major HFC undergoing a "reconstructive" to "accelerated growth" phase with a strengthened "AA+ (Stable)" credit rating.

- **Expansion Plans:** Significant footprint expansion with 111 branches added in FY24 (total 300). Focus on "Emerging Markets" with 50 dedicated branches and scaling the "Roshni" vertical.
- **Acquisitions & Capacity:** No major acquisitions; capacity addition is focused on physical branch infrastructure and "IT 2.0" (Salesforce CRM, AI/ML underwriting).
- **Segment Performance:** Retail AUM grew 14.1% YoY. Corporate GNPA was aggressively reduced from ₹846 Cr to ₹68 Cr.
- **Geographical Presence:** Expanding beyond Tier 1 into Tier 2/3 cities to capture higher yields and informal income segments.
- **Strategic Pivot:** Restarting corporate lending in FY25 with strict caps (<10% of assets) and a focus on construction finance only.

2. Management commentary & outlook

- Management has successfully completed the transition to a retail-granular balance sheet, with retail now comprising 97% of the total AUM.
- The "Roshni" affordable housing vertical is a key growth pillar, scaling to ₹1,790 Cr within 15 months of launch.
- A strategic "re-entry" into corporate lending is planned for FY25, focusing strictly on construction finance with smaller ticket sizes and a 10% total exposure cap.
- The company is currently in a "J-curve" investment phase; high opex growth (26.7%) is a deliberate front-loading of costs to build capacity for future AUM growth.
- The successful ₹2,494 Cr Rights Issue has removed capital constraints, allowing the company to operate from a position of liquidity strength (Gearing down to 3.68x).
- Management aims to leverage the "AA+" credit rating upgrade to lower the cost of funds and compete more aggressively in the Prime segment.
- Digital transformation via Salesforce CRM and AI/ML-based underwriting is intended to enable "Underwriting at Scale" without a linear increase in manpower.
- The focus has shifted from balance sheet cleanup (FY21-23) to market share gain and "accelerated growth" (FY24 onwards).
- Management highlights the recovery of ₹100 Cr from the write-off pool as a "hidden reserve" for future profitability.
- The long-term vision is to build a "Fintech-plus-Physical" model that balances high-touch affordable housing with high-tech prime lending.
- **Management Tone:** The commentary is highly optimistic and execution-focused. There is a clear sense of "mission accomplished" regarding the balance sheet cleanup, and the focus has shifted entirely to market share gain. However, there is a slight "growth-at-all-costs" undertone in the Roshni vertical that requires monitoring.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2024	Mar 2023
Revenue	7,053	6,527
Sales Growth %	8.05	5.35
Interest	4,263	3,900
Expenses	789	1,217
Manufacturing Cost %	1.23	0.69
Employee Cost %	4.83	4.12
Other Cost %	5.12	13.84
Financing Profit	2,001	1,410
Financing Margin %	28	22
Other Income	4	2
Exceptional items	-0.25	-0.19
Other income normal	4.45	2.33
Depreciation	51	51
Profit before tax	1,954	1,361
Tax %	23	23
Net Profit	1,508	1,046
Exceptional items AT	0	0
Profit excl Excep	1,508	1,046
Profit for PE	1,508	1,046
Profit for EPS	1,508	1,046
Profit Growth %	44	25
EPS (□)	58.06	40.31
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2024	Mar 2023
Equity Capital	260	169
Reserves	14,715	10,845
Borrowing	55,017	53,621
Other Liabilities	2,414	2,238
Trade Payables	20	30
Advance from Customers	73	135
Other liability items	2,321	2,073
Total Liabilities	72,405	66,874
Fixed Assets	207	146
Building	261.95	247.17
Equipments	33.72	31.74
Computers	53.31	41.31
Furniture n fittings	19.18	19.13
Vehicles	0.31	0
Intangible Assets	0	0
Other fixed assets	72.53	62.28
Gross Block	441	401.63
Accumulated Depreciation	234.22	255.32
CWIP	15	3
Investments	4,346	3,196
Other Assets	67,837	63,528
Trade receivables	51	13
Cash Equivalents	2,607	3,796
Loans n Advances	195	274
Other asset items	64,983	59,445
Total Assets	72,405	66,874

Cash flow statement (□Cr)

Line item	Mar 2024	Mar 2023
Cash from Operating Activity	-4,662	-1,865
Profit from operations	6,711	5,979
Receivables	-39	30
Payables	-11	14
Loans Advances	-6,491	-3,082
Operating investments	0	0
Other WC items	-294	-521
Working capital changes	-6,834	-3,559
Interest paid	-4,181	-3,980
Direct taxes	-358	-304
Cash from Investing Activity	-1,186	176
Fixed assets purchased	-39	-15
Fixed assets sold	0	0
Capital WIP	0	0
Investments purchased	-1,147	0
Investments sold	0	190
Cash from Financing Activity	4,179	301
Proceeds from shares	2,468	7
Proceeds from debentures	1,451	150
Redemption of debentures	-1,399	-2,560
Proceeds from borrowings	31,940	17,822
Repayment of borrowings	-30,794	-14,687
Proceeds from deposits	545	0
Dividends paid	0	0
Financial liabilities	-33	-36
Other financing items	0	-395
Net Cash Flow	-1,669	-1,388
Free Cash Flow	-4,701	-1,880
CFO/OP	-69	-29

3.2 Financial analysis summary

- **Revenue** grew by 8.05% to □7,053 Cr, primarily driven by Interest Income which constitutes 95.61% of total operations; however, the 44% surge in PAT to □1,508 Cr was disproportionately fueled by a 75.26% reduction in Impairment on financial instruments (□171.01 Cr vs □691.24 Cr), signaling a massive cleanup of the legacy corporate book.

- The **Financing Margin %** expanded significantly from 22% to 28%, as Finance Cost growth of 9.3% (₹4,263 Cr) trailed the 10.3% growth in interest income, while the cessation of Income on derecognised loans (₹0 Cr vs ₹10.90 Cr) indicates a strategic shift toward holding loans on the Balance Sheet rather than off-balance sheet assignments.
- **Total Assets** expanded to ₹72,405 Cr, led by a 10.87% growth in the net loan book to ₹64,204.76 Cr; notably, this growth is high-quality as Stage 3 assets (NPAs) were slashed by 56.6% to ₹984.68 Cr, while Stage 1 assets rose to ₹62,523.09 Cr.
- **Trade Receivables** exhibited a concerning spike of 522,500% (₹51 Cr vs ₹13 Cr on BS), which is attributed to unbilled insurance commissions and fee-sharing arrangements, contributing to the Working Capital drag of -₹6,834 Cr seen in the Cash Flow Statement.
- **Net Worth** strengthened to ₹14,975 Cr following a ₹2,468 Cr rights issue, which successfully deleveraged the Balance Sheet, reducing the Debt / Equity ratio from 4.87 to 3.67 and supporting a credit rating upgrade to "AA+ (Stable)".
- **Total Debt** of ₹55,017 Cr saw a structural shift toward Debt securities (up 96.6% to ₹7,851.93 Cr) and away from bank borrowings, while Lease Liabilities nearly doubled to ₹123.09 Cr, reflecting an aggressive branch expansion strategy that also drove a 23.23% increase in Employee benefits expenses.
- **CFO** remained deeply negative at -₹4,662 Cr, widening from -₹1,865 Cr in FY23, as the company deployed ₹6,491 Cr into Loans Advances (outflows), resulting in a CFO / PAT ratio of -3.09 and confirming that growth remains entirely dependent on external Financing Activity (₹31,940 Cr in new borrowings).
- **Investments** rose to ₹4,346 Cr, including a ₹1,147 Cr purchase of new securities, while Cash Equivalents were liquidated from ₹3,796 Cr to ₹2,607 Cr to fund the accelerating loan disbursements.
- **ROE** improved to 10.07% from 9.50%, driven by higher PAT margins (21.38%) despite lower leverage, while ROCE reached 8.88%, indicating that the capital infusion from the rights issue is being deployed into higher-yielding retail assets.
- **Capital Commitments** increased to ₹39.20 Cr, primarily for IT infrastructure, which aligns with the Auditor's Report highlighting a critical risk regarding the lack of database-level audit trails for accounting software.
- **Other Expenses** spiked 37.8% to ₹293.17 Cr, likely linked to the branch network expansion and increased business volume, while the absence of Impairment on Assets Held for Sale (₹0 Cr vs ₹47.65 Cr) suggests the successful liquidation of repossessed properties.
- **Other Assets** include Right of Use Assets of ₹123.09 Cr, which doubled YoY, confirming the aggressive physical expansion; Other Financial Assets decreased by 24.49% to ₹569.80 Cr.
- The dominant financial theme of the year is a **successful recapitalization-led pivot to growth**, where massive balance sheet cleaning and a capital raise have enabled aggressive retail expansion, though at the cost of significant negative CFO and increased operational complexity.

3.3 Contingent liabilities & commitments

- **Income Tax Disputes:** ₹47.88 Cr (Pending at High Court/NFAC; primarily relates to AY 2017-18 to 2020-21).
- **GST Demand:** ₹0.46 Cr (Pending at Commissioner).
- **Capital Commitments:** ₹39.20 Cr (Approved & Unincurred, primarily for IT infrastructure and intangible assets).
- **Bank Guarantee Pledged:** ₹25.00 Cr (Against Rights Issue).

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↑ — earnings overstate cash	—	CFO/OP at -69% indicates heavy cash consumption for loan book expansion post-recapitalization.
2	Receivables & channel-stuffing signal	Revenue ↑ — fee income timing	—	Note 5.1: □26.55 Cr is unbilled, likely related to insurance commission or fee-sharing arrangements.
3	Revenue timing	Revenue ↑ — upfront recognition	—	Note 2.3: Revenue follows EIR method; cessation of derecognised loan income (□0 vs □10.9 Cr) improves quality.
4	Revenue from related parties %	Neutral — minimal leakage	—	Note 6.1: Loans to KMPs doubled to □5.23 Cr but remain immaterial to the total loan book.
5	Inventory vs revenue growth	Neutral — N/A for HFC	—	Note 6.2: Loan growth driven by Stage 1 assets; Stage 3 assets slashed by 56.6% to □984.68 Cr.
6	Inventory valuation method change	Neutral — N/A for HFC	—	Note 2.21: Sophisticated Multinomial Logistic Regression used for retail PD; Workout Method for retail LGD.
7	Exceptional items in operating profit	Profit ↓ — negligible impact	—	P&L: Exceptional items are minimal and consistently negative, not used to mask operating losses.
8	Depreciation rate vs useful life policy	Profit ↑ — low capital intensity	—	Note 2.8: Lease liabilities doubled to □123 Cr, reflecting branch expansion under the new growth strategy.
9	Provision reversals boosting PAT	Profit ↑ — provision reduction	—	Note 15: Lower impairment signals legacy book cleanup, but includes □784 Cr transfer to ARC and write-offs.
10	Tax rate consistency	Neutral — tax alignment	—	P&L: Tax rate remains consistent YoY at 23%, indicating no aggressive deferred tax accounting.
11	CWIP age and stalling projects	Neutral — digital investment	—	Note 12.2: Capital commitments of □39.2 Cr for IT infrastructure signal ongoing digital transformation.
12	Deferred tax asset recognition adequacy	Profit ↑ — conservative buffering	—	Note 2.21: SICR triggered qualitatively for slow-progress construction, moving assets to Stage 2 early.
13	RPT quantum and trend	Neutral — stable governance	—	Annexure I: Material Modification policy requires Audit Committee approval for RPT variations >10%.
14	Dividend paid vs FCF adequacy	Neutral — capital conservation	—	Rights Issue of □2,493.76 Cr used to bolster capital base and fund growth rather than dividends.
15	Audit Trail Compliance	Neutral — Governance Risk	—	Auditor flagged that audit trail was only enabled at application level, not database level, throughout FY24.
16	Stressed Loan Transfers	Profit ↑ — Asset cleanup	—	Asset quality improvement was aided by transfers to ARC rather than organic recovery alone.
17	Corporate Provisioning	Profit ↓ — Latent stress signal	—	Unusually high provision for "standard" corporate assets suggests management expects latent stress.
18	Reported Fraud	Neutral — Operational Risk	—	Management reported fraud committed by a customer via document falsification; highlights mortgage risk.

4. Management & governance

A. Auditor Report & Key Audit Matters * **Audit Opinion Type:** Unqualified. * **Key Audit Matters (KAMs):** * ***Allowance for Expected Credit Loss (ECL):*** Auditor flagged high subjectivity in multinomial logistic regression models, PD/LGD assumptions, and forward-looking macro-economic overlays. * ***IT Systems & Controls:***

Complexity of ERP interfaces for loan management and deposits. Auditor focused on testing automated controls and user access. * ***Audit Trail (Edit Log):*** **Critical deficiency.** The auditor reported that the audit trail feature was NOT enabled at the database level for accounting software throughout the year. It was only enabled at the application level, creating a risk of undetected direct database modifications. * **Auditor Change:** M/s. T R Chadha & Co, LLP and M/s. Singhi & Co. completed tenure. New Joint Auditors: M/s. CNK & Associates LLP and M/s. M. M. Nissim & Co LLP.

B. Related Party Transactions | Party | Relationship | Nature | Amount (□Cr) | Concern | | :--- | :--- | :--- | ---: | :--- | | Punjab National Bank | Promoter | Proposed Term Loan/OD/CC Limit | 8,000.00 | High liquidity dependency | | Punjab National Bank | Promoter | Proposed Fixed Deposit Limit | 2,000.00 | Concentration risk | | PNB Gilts Limited | Promoter Group | Proposed Security Sale/Purchase | 10,000.00 | High volume of group trading | | Punjab National Bank | Promoter | Receivables (Unsecured) | 8.17 | Unsettled dues | | KMP/Senior Officers | Management | Loans Sanctioned | 5.23 | Doubled from 2.65 Cr |

- **Governance Note:** Proposed RPT limits for PNB (10,000 Cr) exceed 141% of FY24 Revenue, indicating high dependency. A "Material Modification" policy exists where variations >10% require Audit Committee approval.

C. Shareholding * **Promoter (PNB):** 28.13% (Unchanged YoY) * **Quality Investment Holdings (Carlyle):** 32.69% (Unchanged YoY) * **FII:** 24.69% | **DII:** 7.84% | **Public:** 6.65% * **Pledged Shares:** 0.00%

D. Board Composition + KMP Compensation * **Total Directors:** 12 | **Independent %:** 50.00% | **Women Directors:** 1. * **KMP Compensation:** MD & CEO and CFO remuneration not explicitly disclosed in the summary table. Employee benefits rose 23.23% due to □14.46 Cr ESOP expense. * **Family Relations:** No KMPs share the same family name; no family relations disclosed. * **Revenue Correlation:** Pre-Provision Operating Profit grew 3.55% while employee costs grew 23.23%, reflecting front-ended hiring for growth verticals.

F. Capital Allocation & Capex | Action | FY current (□Cr) | FY prior (□Cr) | Signal | | :--- | ---: | ---: | :--- | | Dividends | 0.00 | 0.00 | — | | Capex (Fixed Assets) | 39.00 | 15.00 | — | | Net Debt Change | 1,396.00 | 660.00 | — | | Equity Issuance | 2,493.76 | 0.00 | — |

- **CAPEX Analytical Notes:**
  - **CFO Coverage:** N/M (CFO is negative □4,662 Cr). Capex is funded by the Rights Issue.
  - **Nature:** Primarily technology-led (Salesforce CRM, IT infrastructure). **Capital commitments increased to □39.20 Cr.**
  - **Efficiency:** Capex increased 160% YoY, while Revenue grew 8.05%, reflecting front-ended investment in Roshni and Emerging Markets.
  - **Takeaway:** Shift to digital-first is essential for scaling affordable housing without linear opex increases.

H. Risks * ***Credit Risk:*** GNPA at 1.50%; 1% slippage on □65,358 Cr book = □653 Cr impact. (High Severity) * ***Liquidity Risk:*** □1,399 Cr debentures redeemed; requires constant refinancing. (High Severity) * ***Interest Rate Risk:*** NIM is 3.74%; 50bps compression = ~□326 Cr PBT hit. (Medium Severity) * ***Audit Trail Risk:*** Lack of database-level edit logs could allow unauthorized data changes to go undetected. (High Severity) * ***Cybersecurity:*** Potential for document falsification (□1.97 Cr fraud reported). (Medium Severity)

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	4	↑	Retail 97% of AUM; Roshni ₹1,790 Cr	Strong pivot to granular retail and high-yield affordable housing.
Financial health	4	↑	D/E 3.67x; AA+ Rating; Rights Issue ₹2,494 Cr	Recapitalized balance sheet with significantly improved leverage.
Earnings quality	3	→	CFO -₹4,662 Cr; Impairment ↓ 75%	PAT growth driven by lower provisions; growth is cash-consumptive.
Management & governance	3	↓	Audit Trail deficiency; RPT limits 141% of Rev	Strong strategic execution offset by critical IT governance gaps.
Capital allocation & earnings visibility	4	↑	ROCE 8.88%; 111 new branches	Disciplined use of rights proceeds to fund visible retail growth.

Business positives (for this company this year) * **Asset Quality Cleanup:** Stage 3 assets (NPAs) slashed by 56.6% to ₹984.68 Cr (1.50% GNPA). * **Capital Adequacy:** Successful ₹2,493.76 Cr Rights Issue reduced Debt/Equity from 4.87x to 3.67x. * **Credit Rating Upgrade:** Upgraded to "AA+ (Stable)" by CARE, ICRA, and India Ratings, lowering cost of funds. * **High-Yield Traction:** Roshni vertical reached ₹1,790 Cr in 15 months with yields of 11.5%+. * **Strategic Granularization:** Retail now accounts for 97% of AUM, reducing lumpy corporate risk. * **Operating Leverage Potential:** Added 111 branches and implemented Salesforce CRM to support future scale.

Business negatives / concerns (for this company this year) * **Cash Flow Divergence:** CFO remained deeply negative at -₹4,662 Cr, with CFO/PAT at -3.09. * **Governance Red Flag:** Auditor reported audit trail was NOT enabled at the database level for accounting software. * **Opex Pressure:** Employee benefits rose 23.23% and other expenses 37.8%, outpacing revenue growth of 8.05%. * **Receivable Spike:** Trade receivables grew 522,500% to ₹51 Cr, signaling uncollected fee/commission income. * **Corporate Re-entry Risk:** Decision to restart corporate lending introduces potential for lumpy credit stress. * **Provisioning Signal:** ECL on Corporate Stage 1 assets at 16.42% suggests management expects latent stress.

Overall scorecard summary PNB Housing Finance has successfully executed a balance sheet "reset," moving from a period of cleanup to aggressive retail-led growth. The financial health is robust following the ₹2,494 Cr capital infusion, and asset quality has reached a multi-year high. However, the business remains a heavy consumer of cash, and the critical audit trail deficiency highlights a need for improved IT governance. The trajectory is **improving** on financial and strategic fronts, but requires close monitoring of opex absorption and the seasoning of the new affordable housing book.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Final line: "Total: 7/10 — Governance Rating: 3.5"

Part c: investor verdict

Thesis: A recapitalized retail-first HFC pivoting to high-yield affordable housing with a cleaned-up balance sheet.

Overall stance: ACCUMULATE

Rationale: Strong asset quality improvement and capital adequacy provide a platform for high-margin growth in the Roshni vertical. Re-evaluate when: Cost-to-Income ratio fails to trend down below 20% by H2 FY25. BULL CASE: Roshni AUM doubles in FY25 with GNPA maintained below 2%, driving ROE toward 13-15%. BEAR CASE: New corporate lending re-entry leads to fresh slippages >₹500 Cr within 18 months. Key monitorable: Cost-to-Income Ratio: 22.8% → 20.0%

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Capital Allocation	Rights Issue of ₹2,493.76 Cr completed to repair the balance sheet.	Capex increased 160% to ₹39 Cr, focusing on 111 new branches and IT 2.0.	Management has shifted from emergency capital raising to aggressive physical and digital infrastructure deployment.
Margin Trajectory	Financing Margin at 22% with NIM of 3.73%.	Financing Margin expanded to 28% while NIM held steady at 3.74%.	Profitability is increasingly driven by lower impairment costs and the high-yield "Roshni" vertical rather than just interest spreads.
Working Capital	Trade Receivables at a negligible ₹13 Cr.	Trade Receivables spiked 522,500% to ₹51 Cr.	The sudden surge in unbilled insurance commissions and fee-sharing suggests a potential lag or aggression in non-interest income recognition.
Management Tone	Focused on "reconstructive growth" and balance sheet "clean-up."	Shifted to "accelerated growth" with a "mission accomplished" stance on cleanup.	The pivot toward restarting corporate lending in FY25 indicates a return to higher-risk appetite following the successful recapitalization.
Audit & Controls	Standard KAMs regarding ECL modeling and IT systems.	Critical deficiency reported: No audit trail enabled at the database level.	The lack of database-level logs represents a significant deterioration in IT governance that could mask unauthorized data modifications.
Asset Quality	GNPA at 3.83% with corporate Stage 3 at 22.25%.	GNPA slashed to 1.50% with corporate GNPA reduced to ₹68 Cr.	The drastic improvement was heavily subsidized by transferring ₹784 Cr of stressed assets to ARCs rather than purely organic recoveries.

7.2 Persistent patterns

- **Deeply Negative CFO:** The company continues to exhibit a massive divergence between PAT and CFO (-₹4,662 Cr in the current year), highlighting a **business model entirely dependent on continuous external refinancing** to fund loan growth.
- **Zero Dividend Payout:** Management maintains a strict 0% dividend payout ratio across both periods, signaling **sustained capital conservation** despite reporting record profits.
- **High Promoter Dependency:** Borrowing and proposed transaction limits with Punjab National Bank remain exceptionally high (exceeding 100% of revenue), indicating a **structural reliance on the parent for liquidity and credit support**.
- **ECL Subjectivity:** The use of "Management Overlays" and complex multinomial models for credit loss remains a recurring Key Audit Matter, suggesting **persistent volatility risk in reported earnings** based on subjective macro assumptions.
- **Retail-First Granularization:** A consistent strategic shift toward a 95%+ retail AUM mix persists, effectively **reducing the lumpy concentration risk** that historically plagued the wholesale book.
- **High Refinancing Requirements:** Both periods highlight significant debt maturities within 12 months, maintaining **constant pressure on the treasury to access capital markets** regardless of interest rate cycles. No material persistent pattern identified.