PNB Housing Finance Ltd — Aug 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Performance) / Weak (Management Continuity) **One-line:** The fundamental "Growth 2.0" thesis remains structurally intact with strong asset quality (GNPA 1.06%), but the unexpected exit of MD & CEO Girish Kousgi—coinciding with the recent exit of PE giant Carlyle—introduces significant execution and leadership transition risk.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Q1 FY26 GNPA at 1.06% vs 1.08% in Q4 FY25; NIMs at 3.74% vs 3.75%.	□
Earnings Quality	High (Core driven)	Negative credit cost guidance maintained; recovery engine still active.	□
Guidance Confidence	Neutral	FY26 retail growth (18%) and Affordable targets (□9,500 Cr) reaffirmed, but hinges on a smooth CEO transition.	□
Management Credibility	Weak	Third major senior exit in months (CEO, Head of Affordable/Anujai, HR Head) creates a "revolving door" perception.	□
Business Quality Signal	Stable	Early warning signals (MOB 30+ at 0.16%) suggest the new book is high quality despite leadership churn.	□
Key Q&A Exchange	Q#8 - Asset Quality	Mgmt explicitly denied that exits were linked to hidden asset quality stress, citing strong MOB data.	□
The Street's Primary Anxiety	Leadership Vacuum	Anxiety over why the CEO left so soon after transformation; Mgmt cited "better career opportunities."	□
Capital Cycle Stage	Growth & Transition	Harvesting transformation gains while transitioning to new leadership.	□
Margin / Return Ratio Trajectory	Stable	NIMs at 3.74%; ROA remains above 2% (FY24 benchmark).	□
Pricing Power	Stable	Maintaining NIM guidance of 3.65%-3.70% despite competitive pressures.	□
FCF Conversion & Quality	Not in document	Cash flow statement not provided in transcript.	□
Competitive Moat Signals	Stable	3rd largest HFC with a strong "Roshni" (Affordable) brand and established collection architecture.	□
Balance Sheet Strength	Strong	CRAR at 28.7%; LCR at 29%; Corporate book negligible.	□
Working Capital Efficiency	Stable	Collection efficiency consistently >99%.	□
Mgmt Guidance Track Record	Mixed	Delivered on numbers but failed to provide leadership stability as implied in previous quarters.	□
Key Vulnerability / Red Flag	KMP Attrition	The loss of the primary architect of the turnaround (Girish Kousgi) is a material risk to strategy execution.	□
Management Tone	Defensive	The Board member (Nilesh) was defensive regarding communication and attrition; the CEO was professional but firm on exiting.	□

Sentiment Verdict: □Neutral **Key Takeaways (Positives & Negatives):** * **Positives:** The business fundamentals have reached an "auto-pilot" stage of quality; GNPA has improved slightly to 1.06%, and the "new" book (post-transformation) shows negligible stress (90+ DPD at 0.17% for 24-month MOB). The Affordable book continues to scale, reaching □5,750 Cr currently. PNB (Promoter) has publicly committed to maintaining its stake and supporting the professional management structure. * **Negatives:** Management stability is the primary overhang. The exit of Girish Kousgi (CEO), following Dilip Vaidya and Anujai (who previously handled Affordable), suggests internal friction or uncompetitive retention despite the Board's claims of "market mobility." The timing—immediately following the exit of Carlyle (PE)—creates a perception of a "ship-jumping" moment that management struggled to fully dispel. * **Street Concern:** Analysts were deeply skeptical about the "personal reasons" for the CEO's exit, questioning if there was Board interference or hidden regulatory/asset quality issues. Management countered by highlighting the Board's search for an "industry leader" to potentially do "better than Girish." * **Watchpoint:** The appointment of the new CEO. If the Board chooses a PSU-deputed candidate over a private-sector professional, it will signal a reversal of the "professionalization" thesis that drove the stock's recent re-rating.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: PPT not available — numbers from concall.

Metric	Current Qtr (Q1FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
NII Growth (%)	Not in doc	-	-	→	Mgmt focused on leadership rather than Q1 P&L specifics.
NIM (AUM basis %)	3.74%	Not in doc	-1 bps	→	Guidance of 3.65%-3.7% for FY26 remains intact.
Cost of Funds %	Not in doc	-	-	→	LCR at 29% and SLR at 15.5% suggest comfortable liquidity.
Loans Growth (% YoY)	18.0%	-	-	→	Retail focus (99% of assets); Affordable book at □5,750 Cr.
GNPA %	1.06%	-	-2 bps	↑	Continuous improvement from 1.08% in Q4FY25.
NNPA %	0.69%	-	→	→	Maintained at multi-year lows.
Slippage Ratio %	Not in doc	-	-	→	12-month MOB 30+ is very low at 0.16%.
Credit Cost (%)	Negative	-	-	↑	Guided for negative credit cost for full year FY26.
Collection Efficiency %	99.0%+	-	-0.8%	↓	Slight seasonal dip vs 99.8% in Q4, but still very strong.
Capital Adequacy %	28.70%	-	-68 bps	→	Buffer remains extremely high for 18%+ growth.
PAT (□Cr)	Not in doc	-	-	→	Quarterly PAT not explicitly stated for Q1.
Fee Income Growth %	Not in doc	-	-	→	No specific fee data shared.
30+ DPD (%)	3.00%	-	-	→	Overall portfolio 1+ DPD is 4.5%.
60+ DPD (%)	1.60%	-	-	→	Reflects tight bucket-wise collection focus.

2B. SEGMENT BREAKDOWN

Segment	Book Size (□ Cr)	YoY Growth	Yield (%)	Trend	vs Co Avg	Key Development
Affordable (Roshni)	5,750	~100%+	Not stated	↑	Higher	Scale-up on track; Valli Sekar now heading the full vertical.
Prime	Not stated	-	Not stated	→	Lower	Now combined with Emerging under Jatul Anand.
Emerging	Not stated	-	Not stated	→	Higher	Yield expansion vertical; Jatul Anand to lead.
Corporate	< 1,000	N/A	N/A	→	N/A	Book is clean (0% NPA); no longer a drag on GNPA.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Retail Growth	18% for FY26	Feasible; current momentum is in line.	Delivered 18.2% in FY25.	Low
Guidance	Affordable Book	□9,500 Cr (Mar-26)	Needs □3,750 Cr growth in 9 months (~□416 Cr/month). High feasibility.	Over-delivered (Met □5k Cr target early).	Low
Guidance	Affordable Book	□15,000 Cr (Mar-27)	Requires □500 Cr/month avg. from FY27. Moderate feasibility.	Consistent scaling seen.	Low
Guidance	Credit Cost	Negative for FY26	Relies on ongoing recoveries from legacy write-off pool.	Negative in Q4FY25.	Low
Strategy	CEO Succession	Oct 28, 2025	Board needs to identify/appoint by Q3. Notice periods are typically 3-6 months.	Transition period (90 days) started.	High
Strategy	Senior Bench	Stable Leadership	Internal promotions (Jatul, Valli, Satish) to fill voids.	Recent departures (Anujai, Dilip) were also internal.	Moderate

4. ANALYST Q&A

Q#	Relevance (1-5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1-5)	Verdict
1	3.5	Sudharsan / Prosperity	Asset Quality	Financials	"Can you give us DPD buckets 0-30 and 30-90 for the segments?"	CFO provided total 1+ DPD (4.5%), 30+ (3.0%), and 60+ (1.6%), asserting segmental rates are stable. This confirms that despite the leadership change, the book granularization and collection metrics remain healthy.	Segmental DPDs (Prime/ Emerging) not specific.	4.0	Direction evidence
2	5.0	Sudharsan / Prosperity	Governance	Management Commentary	"Why was no replacement notified along with the CEO's resignation?"	Nilesh (Board) explained the exit was individual career-driven and the NRC has initiated a search for internal/ external candidates. The gap in immediate succession planning suggests the resignation may have been more sudden than anticipated by the Board.	Specific reason for the suddenness.	2.5	Deflected signal
3	4.5	Viral Shah / IIFL	Succession	Management Commentary	"What are the timelines for the new CEO and is the Board aligned with the current strategy?"	The Board is fully aligned with the Affordable/ Emerging strategy and expects to have a successor in a "couple of months." Continuity of	Exact internal vs external preference.	3.0	Vague bu consiste

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						the Roshni-led growth strategy is critical to maintaining the current valuation multiples.			
4	3.0	Pradyumna / RSPN Ventures	Governance	Governance	"Why was there silence from the Board on the day of the news, causing panic selling?"	Board acknowledged the feedback and claimed they issued a press release before market hours on the 1st. This highlights a disconnect between the Board's communication strategy and minority shareholder expectations.	None	4.0	Specific acknowle
5	4.0	Harshit / Premji	Succession	Management Commentary	"Are internal candidates like Jatul being considered for the MD/ CEO role?"	Board confirmed that both internal and external candidates are being considered and Jatul is a contender. Internal promotion would signal the highest degree of strategy continuity and minimize disruption.	None	4.0	Clear an quantifie
6	4.5	Ashwini / Demeter	Governance	Governance	"Is the independence of PNBHFL being compromised by the parent (PNB) post PE exits?"	Board member stated PNBHFL remains an independent, professionally run entity and PNB's MD stated they	None	3.5	Vague bu consiste

Q#	Relevance (1-5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1-5)	Verdict
						don't intend to change the management style. This is a crucial assurance to prevent a de-rating to "PSU-subsidiary" status.			
7	4.0	Jaspreet / Acuantis	Succession	Management Commentary	"Were there attempts to retain Girish, perhaps via hybrid working from Bangalore?"	Mgmt confirmed they tried to retain him but he chose the new opportunity; Girish separately noted the company is now on "auto-mode." This suggests the exit was non-negotiable from the CEO's side.	Specifics of the "better opportunity."	3.0	Vague bu consister
8	5.0	Kunal Shah / Citigroup	Asset Quality	Management Commentary	"Is the exit linked to hidden asset quality issues popping up in the next few quarters?"	Nilesh strongly denied any link, citing ultra-low MOB 30+ (0.16%) and 90+ (0.17%) metrics and successful regulatory audits. This addresses the "forensic" fear that senior exits often precede book blow-ups in the HFC sector.	None	5.0	Specific, quantifie
9	3.5	Praful Kumar / Dymon Asia	Succession	Management Commentary	"Who are the key people spearheading growth now?"	Jatul Anand (12 yrs exp) for Prime/ Emerging and Valli Sekar (architect of Roshni) for Affordable. The	None	4.5	Specific given

Q#	Relevance (1-5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1-5)	Verdict
						elevation of Valli Sekar is particularly positive as she was the operational driver of the Affordable vertical since its inception.			
10	4.0	Pranav / Canara Robeco	Governance	Management Commentary	"Is your new role associated with Carlyle in any shape or form?"	Girish deflected, stating his exit is an "independent decision" not associated with anyone. The refusal to explicitly deny a link to the outgoing PE investor leaves a lingering question on a potential "non-compete" or "team lift" scenario.	Explicit denial of Carlyle link.	2.0	Deflected hedged
11	3.0	Shravan / Sincere	Succession	Management Commentary	"How do you gain confidence with the CEO, Head of Affordable, and HR head all exiting?"	Mgmt emphasized that positions were filled internally by company veterans (Jatul, Valli, Satish) with 10-13 years of tenure. While bench strength exists, the loss of "new-age" transformation leadership is a net negative.	None	3.5	Vague bu consiste
12	3.5	Mohit / HDFC AMC	Asset Quality	Financials	"Were there any adverse highlights in recent	Board stated audits have shown improvement over time with	None	4.0	Direction evidence

Q#	Relevance (1-5)	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility (1-5)	Verdict
					regulatory audits?"	only procedural suggestions, and no divergence in financial numbers. This reduces the risk of a "regulatory hammer" being the cause of the exit.			
13	3.0	Renish / ICICI	Strategy	Management Commentary	"Will the incoming CEO be forced to follow the current strategy or bring their own?"	Board stated the strategy is Board-driven and they expect the new CEO to "enhance value" within the existing direction. This ensures that the 4% NIM target by FY27 remains the North Star.	None	3.0	Vague bu consister
14	4.0	Umang / Kotak	Governance	Management Commentary	"Is there a possibility of a candidate from the parent PNB on deputation?"	Board member stated there isn't a single person on deputation today and they intend to keep it a market-driven professional management. This is the single most important "independence" marker for institutional investors.	None	4.5	Clear an quantifie

PATTERN FLAGS & SENTIMENT Analysts were visibly anxious, with themes revolving around **"Sudden Departure Optics"** and **"Strategy Continuity."** There was a recurring attempt to link the CEO's exit to the Carlyle stake sale or hidden asset quality issues. Management's posture was one of "business-as-usual," emphasizing that the transformation is complete and the machine is now in "auto-mode." While the asset quality

data (MOB 0.16%) was highly convincing, the qualitative explanation for the CEO's exit remained a point of friction.

Analyst Sentiment Verdict: Skeptical but reassured on asset quality. Analysts were unconvinced by the "personal reasons" for the CEO's exit but found solace in the hard DPD data and the promotion of Valli Sekar. The credibility of the Board remains under observation; the next 90 days will be critical. The unresolved risk is whether a top-tier private-sector candidate can be attracted to a promoter-led (PSU) HFC during this transition.

GUIDANCE GAPS REVEALED IN Q&A | Topic | What Mgmt Claimed (Prior Q) | What Q&A Revealed | Gap / Walk-back | Risk to Thesis | | :--- | :--- | :--- | :--- | :--- | | Leadership Stability | Strategy was "embedded" with a long runway. | CEO resigned unexpectedly; head of Roshni (Anujai) already left. | Transition occurred much earlier than the 3-5 year transformation cycle suggested. | Moderate execution risk. | | Succession Planning | Robust internal pipeline. | No immediate successor named; interim ED appointed post-facto. | Gap between resignation and replacement announcement creates uncertainty. | Low; Jatul/Valli are veterans. |

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5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q4FY25)	This Quarter (Q1/Aug Call)	Direction
MD & CEO Status	Girish Kousgi (Active)	Girish Kousgi (Resigned/Notice)	↓ Deteriorating
Executive Leadership	Unified leadership under CEO	Fragmented / Interim (Jatul as ED)	↓ Deteriorating
Affordable Book	₹5,070 Cr	₹5,750 Cr	↑ Improving
Asset Quality (GNPA)	1.08%	1.06%	↑ Improving
Capital Adequacy	29.38%	28.70%	→ Stable
Succession Risk	Low (New contract)	High (90-day window)	↓ Deteriorating
Governance Sentiment	High (Post-transformation)	Neutral (Attrition concerns)	↓ Deteriorating
Promoter Engagement	Supportive (Silent)	Supportive (Publicly vocal)	↑ Improving

Investor Note: The thesis has moved from a "Pure Growth" play to a "Governance & Continuity" watch. The business is generating healthy cash flows and the asset quality is arguably at its best in a decade. However, the leadership vacuum means the stock will likely trade at a discount to peers until a credible, private-sector CEO is appointed. Investors should monitor the NIMs and DPD buckets closely next quarter to ensure the "auto-pilot" mode is actually functioning without its lead architect. Reference "Corporate 2.0" as a potential distraction if the new CEO shifts focus back to wholesale lending.