



Ref: PNBHFL/SE/EQ/FY2025-26/105
October 30, 2025

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

The 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 October 27, 2025 – Q2FY26

Ref: i. Our letter PNBHFL/SE/EQ/FY2025-26/95 dated October 17, 2025
ii. Our letter PNBHFL/SE/EQ/FY2025-26/100 dated October 27, 2025

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 October 27, 2025 on Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and half year ended September 30, 2025.

The earnings call was commenced at 07:10 PM (IST) post submission of Audited Financial Results and Investor Presentation for the quarter and half year ended September 30, 2025 on Stock Exchanges (as against the scheduled commencement time of 06:00 P.M.). The same was informed to the Investors during the call.

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 G
Kamath

Digitally signed by Veena G
Kamath
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o=PNB Housing Finance Limited,
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Date: 2025.10.30 17:29:05+05:30

Veena G Kamath
Company Secretary

Encl: As above.

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CIN: L65922DL1988PLC033856



“PNB Housing Finance Limited Q2 & H1 FY 25-26 Earnings Conference Call”

October 27, 2025



MANAGEMENT: MR. JATUL ANAND – EXECUTIVE DIRECTOR, PNB HOUSING FINANCE LIMITED
MR. VINAY GUPTA - CHIEF FINANCIAL OFFICER, PNB HOUSING FINANCE LIMITED
MS. VALLI SEKAR – CHIEF BUSINESS OFFICER – AFFORDABLE BUSINESS, PNB HOUSING FINANCE LIMITED
MR. CHAITANYA YADAV – NATIONAL HEAD - CORPORATE PLANNING & INVESTOR RELATIONS, PNB HOUSING FINANCE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the PNB Housing Finance Limited Q2 & H1 FY 25-26 Earnings Call.

As a reminder, all participant lines will be 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 this conference, please signal an operator by pressing ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Chaitanya Yadav – National Head - Corporate Planning and Investor Relations. Thank you and over to you, sir.

Chaitanya Yadav: Thank you, Robin. Good evening and welcome, everyone. We sincerely thank you for your patience given delay in starting the call, which was due to a technical issue while uploading the document to the stock exchange. We appreciate your understanding.

We are here to discuss the PNB Housing Finance Quarter 2 and 1st Half Results for Financial Year '2025-'26. You must have seen our business and financial numbers in the presentation and the press release, shared with the Indian Stock Exchanges and are also available on our website.

With me, we have our Management Team led by Mr. Jatul Anand – Executive Director 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 that 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 44 of the investor presentation.

With this, I will now hand over the call to Mr. Jatul Anand. Over to you, Jatul.

Jatul Anand: Good evening, everyone. I hope you all had a bright and cheerful Diwali.

Before we move into the performance update, I would like to briefly reflect on the business momentum. Despite the challenges we faced in Quarter 2, the business has continued to show steady progress, be it growth in loan book, disbursements, and improvement in asset quality. Guided by responsible leadership and strong sense of

ownership, our teams have delivered with consistency and focus, reaffirming the strong foundation and solidarity of PNB Housing Finance.

Talking on the company's performance based on audited financials for Q2 and H1 of FY 26, we have delivered yet another strong quarter with disbursements of almost INR 6,000 crores at a sequential growth of 20% versus Quarter 1 FY26.

The retail loan book grew by 17% year-on-year, reaching INR 79,439 crore as on September 30, '25. It now contributes 99.6% of the total loan book, which stands at INR 79,771 crore. A key highlight is the Affordable and Emerging market segments, which together grew 34% year-on-year and account for 38% of the retail loan book.

This reflects our commitment to financial inclusion and penetration into high potential geographies and demographics while maintaining strong asset quality and risk adjusted returns. These segments not only diversify our portfolio but also position us to capture growth in India's expanding housing demand.

Overall collections remain strong with significant recoveries leading to a credit cost reversal of 53 bps during the quarter. The gross NPA continued to decline. We were at 1.04% as of Quarter 2, FY26.

With seasoning of Affordable housing business, we have observed a sequential uptake in delinquencies, which was expected at this stage of the business cycle. Importantly, these levels remain well within the industry benchmarks for the Affordable segment. Having said that, Valli will cover the same in detail later, covering performance on Affordable housing business.

Our spread marginally improved to 2.26% in Quarter 2 FY26 from 2.23% in Quarter 1 FY26, while achieving a return on assets of 2.73% for Quarter 2 FY26 and 2.65% for H1 FY26 on an annualized basis.

I would now like to delve deeper into the performance highlights achieved during the quarter.

On disbursements, the company continued its focus on high-yielding business as a strategy. Disbursement in Affordable and Emerging segments grew year-on-year by 31% and 23% respectively, contributing around 50% of the total retail disbursements.

Prime segment grew by 2% year-on-year, ensuring steady margins in a highly rate-sensitive market. The overall retail segment disbursement grew 12% year-on-year during the quarter to INR 5,995 crores. We will continue prioritizing growth in the Affordable and Emerging Markets segment.

On loan books, the retail loan book grew by 3% quarter-on-quarter and 17% year-on-year as on 30th September 2025. The loan book for emerging markets and affordable segments grew by 34% year-on-year, reinforcing our commitment and focus on these segments. As stated earlier, the company continues to focus on growth in these two segments, that is Emerging and Affordable, which contribute 38% of the retail book.

The corporate book now stands at INR 332 crores as on September 30, 2025 due to foreclosure of one of the corporate loans during the quarter. The total Loan Book stood at INR 79,779 crores and Asset under Management is at INR 83,879 crores. The total account serviced by the company crossed INR 3.5 lakhs during the quarter. The growth in the Affordable and Emerging segment continues to remain strong in all the geographies.

Our network today spans out 356 branches across the country, out of which 198 are in Affordable segment, 85 in the Emerging markets and 73 in Prime. This reach gives us a strong foothold in the tier 2 and tier 3 cities, where we continue to seek growing demand. We plan to steadily expand our presence by adding around 40 to 50 branches each year in line with our growth strategy.

On Asset Quality, as mentioned earlier, the gross NPA improved to 1.04% as on 30th September 2025, as compared to 1.06% on 30th June 2025 and 1.24% as on 30th September 2024. During the quarter, we recovered INR 59 crores from the overall return off pool.

In our retail portfolio, we have seen remarkable progress on asset recovery. During Quarter 2, we successfully auctioned 178 repossessed properties, bringing the total disposals for the first half of FY26 to 276. This strong execution reflects our robust recovery strategy and our commitment to maintain asset quality. The company has a remaining written-off pool of around INR 1,000 crores, having INR 675 crore in corporate and balance in retail.

On borrowing rates, our cost of borrowing declined by 7 bps sequentially to 7.69% in Quarter 2 of FY26, driven by ongoing negotiations with banks and the impact of repo rate cuts.

On margins, the company was able to slightly improve the margin to 2.26% in Quarter 2, FY26, from 2.23% in Quarter 1. NIM remained range bound at 3.67% for the quarter versus 3.74% in Quarter 1 of FY26, and on an overall basis for H1, FY26, it remained at 3.7%.

On profitability, all efforts across parameters aided in improving the profitability. Our return on asset improved to 2.73% in Quarter 2, FY26 and H1 stood at 2.65%. Return on equity was at 13.14% annualized for Quarter 2, FY25.

Let me now share some highlights on our Prime and Emerging segments.

Overall Prime and Emerging business delivered growth of 10% year-on-year and 23% quarter-on-quarter. The Emerging business recorded quarterly disbursement of INR 2,122 crores up by 23% year-on-year and Prime business remained flat in line with our strategic approach to profitable growth. Emerging business now contributes 41% of overall Prime and Emerging segment up from 36% in Quarter 2 of last year.

The Affordable housing business will be covered up by Ms. Valli Sekar.

To sum it up, as we look ahead to FY26, our strategic approach remains on exploring retail growth and expanding our Affordable housing footprint. We aim to enhance customer experience, reinforce risk frameworks, and sustain industry-leading asset quality while delivering consistent long-term value for all stakeholders. Backed by a strong leadership team and a resilient culture, we are well positioned for sustainable growth.

With this, I would like to hand over the call to Valli to take you through the update on the Affordable business. Thank you.

Valli Sekar:

Thank you, Jatul. Good evening, everyone. This is Valli Sekar.

It is with great pleasure that I present the significant progress we have achieved in our Roshni business during this quarter. We closed the 2nd Quarter of this financial year with a robust loan book of INR 6,531 crores, marking an impressive 121% year-on-year growth from INR 2,949 crores in Q2 last year. This also represents a healthy 14% increase over the previous quarter, underscoring our continued momentum and strong execution.

Our disbursement performance this quarter is equally noteworthy, reflecting strong growth and deepening market traction. In Q2, FY26, we disbursed INR 828 crores, a strong 31% increase over INR 630 crores in Q2 last year, reflecting sustained momentum and growing market acceptance.

We also saw an improvement in incremental yields, which rose to 12.1% this quarter from 12% a year ago. This uptick is driven by our strategic focus on higher yielding segments and deeper penetration into tier 3 and tier 4 markets.

Over the past year, we have expanded our footprints by adding 40 new branches, bringing our total to 198 branches across 130 plus high potential districts in 15 states. I am pleased to share you that these branches are fully operational and already contributing meaningfully. We will continue to strengthen our presence in three newly added markets, Punjab, Chandigarh and the Northeast as a part of our strategic expansion plan for the upcoming fiscal.

Our Pan-India presence enables us to scale efficiency across regions. Our Pan-India operations are well balanced across three zones, North Zone at 33%, West zone at 35% and South zone at 32%. This geographical balance continues to be a key strength, ensuring both resilience and consistency in our growth.

Tamil Nadu leads our AUM, followed closely by Uttar Pradesh, Maharashtra and Madhya Pradesh.

Our customer profile continues to evolve positively. Self-employed customers now represent 43% of our base, up from 39% a year ago. Informal segment grew to 30%, up from 27% last year, forming a sizable portion of our portfolio. 72% of our portfolio is within the ticket size of INR 25 lakhs. 35% of our portfolio remains non-housing loan. The yield is at 12.13%, marching towards 12.25% in the coming quarters.

Importantly, our portfolio quality remains strong. The collection metrics are well within the predefined acceptance criteria. Bounce rates are well controlled at 11.4%, while 3.5% is due to technical reasons. Early reminders, omni-channel communications, customer segmentation, and diverse collection techniques wherein technical integration backed by human communication have helped us towards collecting efficiently.

The recent spike in NPA is attributed to the maturation of the portfolio. However, it remains low at 0.51% as against the Affordable housing industry level of 1.3%. 30+ remains at 1.40% as against Affordable housing industry standard of 3.7%. We have, however, proactively implemented loan amount based on tier levels, on city levels to enhance quality and keep the future delinquency low with a low, easy to serve EMI. Further, we have identified specific markets for course corrections. which is a part of our standard operations model.

We are deeply proud of the milestones we have achieved. With the solid foundation we have laid and the strong momentum we are building, we are entering the second half of the year with confidence and optimism. The road ahead is full of opportunity and we are well positioned to close the financial year on a truly high note, stronger, bolder and more impactful than ever.

Thank you very much for your continued support. And now I shall hand over the call to Vinay Gupta, the CFO of the company, to talk over the financial numbers. Thank you.

Vinay Gupta:

Thank you, Valli, and a very good evening to everyone.

I am pleased to share that this quarter, again, we have delivered robust financial results across all key performance indicators. Revenue growth has been strong, margins have remained healthy and our cost optimization initiatives have further strengthened profitability.

Our total loan book as of 30th September stood at INR 79,771 crores, growing 15% year-on-year and retail loan book grew 17% year-on-year to reach around INR 79,440 crores.

Now I will cover some of the key major P&L highlights:

With respect to yield, despite the 10 bps rate pass through during the quarter, there is a marginal decline at 9.95% versus 9.99% in the previous quarter. Cost of borrowing declined by 7 bps sequentially to 7.69% in Q2, driven by all the ongoing negotiations and the impact of recent repo rate cuts. The incremental cost of borrowing remains stable at 7.42% in Q2 as compared to 7.44% in previous quarter.

Our net interest income grew during the quarter to INR 765 crore at a growth rate of around 14% year-on-year. Spread marginally improved to 2.26% versus 2.23%. NIM declined marginally from 3.74% to 3.67%. This is due to lower investment yield. The gross margin is stable at 4.05 in Q2 versus 4.06 in Q1.

Similarly, OPEX-to-ATA is stable at around 1.02%. We maintain the guidance of around 1% to 1.1% going ahead. Our pre-provision operating profit has grown 16% to INR 646 crores driven by positive operating leverage.

Our credit cost stood at minus 53 bps. This is due to recovery that we have been able to do of around INR 60 crores from written-off pool during the quarter and there is a release of ECL of INR 70 crores due to foreclosure of one corporate loan during the quarter.

All this has led to profitable growth for us. So, our PAT has grown to INR 582 crores at a growth rate of 24% year-on-year. ROA for Q2 stood at 2.73% and ROE stands at 13.14% for Q2.

With respect to capital, CRAR remains strong at 29.8 and tier 1 capital out of this is 29.2 and our book value has moved to around Rs. 690 per share.

I now hand over the call back to Chaitanya.

- Chaitanya Yadav:** Thank you, Vinay. Now we can open for the Q&A, please.
- Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Devang Shah, an individual investor. Please go ahead.
- Devang Shah:** The first question is, what is the update on the new CEO who is coming on the ground? Is it from the internal or you are going to get it from the external? Because I think so, last date is gone.
- Jatul Anand:** The company is taking all necessary steps for filling up the vacancy. So, as per the protocol, the disclosures will be first made to stock exchanges at an appropriate time and then definitely it will be released. So, in the interim, I am leading the team and accordingly reporting to the Board. So, that is how we are managing.
- Devang Shah:** No, no. Sir, just want to know, it's already one-and-a-half months back, your CEO told like it's going on, from the internal or from the external, that's the simple question I am asking.
- Jatul Anand:** You will appreciate that given the sensitivity of the process involved, it will be difficult to comment on that at the current time.
- Devang Shah:** Sir then what are we doing it from last one-and-a-half month? We know that one person is leaving the company, and that's for sure, you have accepted the resignation. Then what the company did in 90 days. It affected the stock price, and your market cap.
- Jatul Anand:** There is a detailed process which has been followed, and as I have mentioned that we have travelled the distance and the disclosures will first go to the stock exchanges, and then it will be released. And the company is mindful of the position, and they are working very fast on closing the gap.
- Devang Shah:** Can I know what's the growth trajectory for the upcoming quarters, like is it on the loan side or the credit side? It's on the retail portion as well as on the like big portion of the book, what's the growth trajectory?
- Vinay Gupta:** See, we have guided for the year to grow at around 17% to 18%, so that remains. This quarter and last quarter, we have grown between 17% to 18%, so that growth guidance remains intact.
- Devang Shah:** Okay. That's fine.
- Moderator:** Thank you. Our next question comes from the line of Praful Kumar from Dymonasia. Please go ahead.

- Praful Kumar:** Congratulations, sir, on the very strong quarter. Just a couple of things, one in terms of, as the previous participant asked, the new CEO, so can you just give an update in terms of the process that you had? So, you had, I think, how many applicants came in, how many were from the private sector broadly? So, in terms of the process that was followed and when it was closed, and by when we should expect? So, it should be next week, 10 days a month, a timeline for it. I am not asking the sensitivity of the candidature.
- Jatul Anand:** See, first of all, thank you for acknowledging the results. Thank you. And please appreciate that this is, again, given the sensitivity of the process. So, I would not be in position to share the details. This process was done by the Board directly, and they are following a transparent search for the right candidate. And definitely the results, as and when decided, as I mentioned earlier, will be disclosed to stock exchanges first, and will definitely reach to all of us.
- Praful Kumar:** Fair enough. So, what we understand is that the last date of the applications has gone say 2 to 3 weeks back and whenever the process is concluded, the exchanges will get to know first. That's the way it is.
- Jatul Anand:** Yes.
- Praful Kumar:** Okay sir. And many congratulations of standing up very tall. In spite of so-called leadership crisis, you guys have done a phenomenal job. Thank you, sir.
- Jatul Anand:** Thank you very much. Thank you.
- Moderator:** Thank you. The next question comes from the line of Renish from ICICI. Please go ahead.
- Renish:** Yes. Hi, sir. Congratulations on a good set of numbers. Just 2 things. So, one on the spread and margin trajectory side, obviously this quarter, the incremental cost of borrowing has gone down materially. Obviously, NIM contracted a bit because of the incremental rates being lower in Prime and Emerging. So, how do you see NIM sort of spanning out over the next 2 quarters? I mean, do you see the NIM have bottomed out in Q2 and then Q3, Q4 should see some improvement?
- Vinay Gupta:** So, Renish, for this quarter if you see, we were able to maintain spreads. NIM has gone down due to some impact on the investment yield. And while we will continue to see some benefit coming in on the cost of borrowing, but at the same time, due to the mix being in favor towards Prime and Emerging. So, this will continue to have some impact going forward also. We have given a guidance of 3.6% to 3.7% as NIM guidance for this year. So, we expect it to remain range bound between this particular range for the second half of this year as well.

- Renish:** Okay. Got it. And the second question is on the affordable piece. So, obviously, I heard early on let's say, though there is an increasing 30+ and gross NPA, and it is far below the industry average, but can you throw some light on what has led to this spike in this quarter? Is there any particular geography, sort of product segment in terms of whether it is LAP, HL, what is driving this higher delinquency in this quarter?
- Valli Sekar:** Yes. Renish, you will appreciate that the portfolio is getting matured, and our portfolio more than 2 years itself is close to INR 2,500 crore plus. Now the portfolio is maturing, and we are in the Affordable business of handling EWS, LIG and we are getting into Tier-3 and Tier-4 markets. We are getting into informal segments, we are getting into high yield products. So, this spike is going to be there. I would appreciate if we do not see affordable on quarter-to-quarter basis, because every quarter is going to be different. And the first quarter in particular was cyclical also. We had some rain problem and there were problems in 1 or 2 states because of the government ordinance coming into place, so everything is getting improved. So, from there it will slightly hike up and after a particular mark, it will get stabilized.
- Renish:** Got it. And maybe just related with that, as you said, given now this book will get season next maybe 3-4 quarters. So, when you see delinquencies going up, are we also looking to, let's say, recover yields accordingly to sort of price that risk? How should one see the asset yield moving in affordable segment?
- Valli Sekar:** Yes, we do. So, the first one-and-a-half years of operation, we were more concentrating on Salaried segment and Formal segment. So, in the note I had read that the Self-employed is significantly growing up and even the Informal has gone up to 30% from 27%. So, these are high-yield products. So, when we are talking about increase in this delinquency, we are also mindful of increasing the yield as well.
- Renish:** And that should start showing in numbers from next quarter or it might take a few more quarters before it shows up in yield?
- Valli Sekar:** So, periodically, quarter by quarter, you will see this happening.
- Renish:** Okay. That's it. Thank you and best of luck.
- Valli Sekar:** Thanks Renish.
- Moderator:** Thank you. Our next question comes from the line of Prithviraj Patil from Investec. Please go ahead.
- Prithviraj Patil:** Yes. Hi. Thank you for allowing this opportunity. First question is a bookkeeping question. I just wanted know what is a 1+ DPD on our affordable portfolio?

- Vinay Gupta:** 1+ is around 2.5%.
- Prithviraj Patil:** Okay. And a follow up that is, so we have shown that 30+ DPD and 90+ DPD below industry. So, 1+ DPD also I am assuming is below industry levels, right?
- Vinay Gupta:** Yes.
- Prithviraj Patil:** Okay. And the second question is, what is the asset pool that is pending for recovery? Like I have seen that there is write-back from corporate as well as the retail pool. So, I just wanted to know how do we see credit costs going forward? What could be the write-off? What is the pool that's pending
- Jatul Anand:** See the write-off pool, which is available, as I mentioned in the opening remarks, is close to INR 1000 crores, out of which, INR 675 crores is from Corporate and the balance is Retail. So, recovery has been steady so far, quarter-on-quarter from this pool. And we envisage this happening for some more quarters for now. So, credit cost will definitely be the range bound, the way it is as of now.
- Prithviraj Patil:** And the third, the last question is on the cost of borrowing. So, I saw that the incremental cost of borrowing has also come down to 7.4%. So, largely the whole of 66% of our book has been repriced, right?
- Vinay Gupta:** Right. And this is stable on incremental cost. We were at 7.44 last quarter. This quarter we are at 7.42. This will keep adding up on the overall cost of borrowing as well from the benefits standpoint, and we might have to look at passing on also some of the benefits.
- Prithviraj Patil:** Okay. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Harshit Toshniwal from Premji Invest. Please go ahead.
- Harshit Toshniwal:** Hi, sir. Firstly, congratulations for managing the transition so well. I think the question was more regarding the disbursement growth, sir. So, clearly, wanted to understand that if I look at the affordable segment, even though our disbursement growth y-o-y looks north of 20%, but at the same time we have also expanded the branch count from 160 to 200.
- So, basically, disbursement for branch, despite branch increasing, hasn't happened a lot this quarter. So, if you can just explain, is it because in the transition phase, we want to go slow, and we should expect the disbursement growth in general to be a bit more moderate in the next few quarters, till the Management is fully transitioned, or you think that it's a reason of the maturity itself, and then it's natural to expect a low disbursement growth because of the market's condition?

- Valli Sekar:** Yes. Your second point is right. It is more to attribute with the monsoons continuing, where in Affordable, we depend more on self-construction and plot-plus construction cases, where in the Retail cases, the construction stage did not come because of the monsoons. And you will appreciate that the first 2 quarters are slightly muted in terms of growth in Affordable. Now that the festival season has come in, now from here on, the numbers will start to come in.
- Harshit Toshniwal:** Going ahead. So, I think even on disbursement per branch, ma'am, on a y-o-y basis, the number didn't grow. So, was more asking that since our branches are seasoned, shouldn't the disbursement per branch should have shown a better result in Affordable?
- Valli Sekar:** Correct. I will explain it. Because the 40 new branches which have just now started to perform. They have not even reached their normal level. Optimum is very far off. So, when we take all the overall 198 into consideration, then the total overall business seems to be flat. That is the reason. Once these 40 branches also start performing to a normal level, then you will find the per-branch productivity slightly higher.
- Harshit Toshniwal:** Okay. That was one. And the second one was on the Corporate segment, ma'am, that I think we had some aspiration to restart the Corporate segment. But at present, how should we look at that business? So, I think if I am not wrong, we were wanting to do INR 500- INR 600 crore disbursal a year in '26, if it goes over there. But at least as of now, how should we look at that segment? What are our plans for re-entry? Have we halted that for now? And if at all, what could be the aspirational disbursement with which we want to restart the Corporate?
- Jatul Anand:** Yes. Harshit, we have revamped the corporate credit policies and there have been a couple of sanctions which should translate to disbursement in Q3 and Q4. So, Corporate is on the cards, as already talked about. So, you will see some business happening on the Corporate side. But it is gradual and slow, it depends upon, you will appreciate each case has their own nuances. So, this business is being done in a very thoughtful manner. The disbursements will pick up.
- Harshit Toshniwal:** Okay. And if I remember correctly, we will be focusing more on the INR 50 crore - INR 60 crore ticket size, granular portfolio itself. So, even if, for example, 2-3 cases, when you say it would be more around INR 100 crore to INR 150 crore disbursement at max, nothing lumpier.
- Jatul Anand:** Not necessary that ways that INR 50 crores to INR 60 crores will be the ticket size. So, it depends upon, as I said, that each case is different on Corporate, in particular, the nuances are different. So, it could be more also.

Harshit Toshniwal: If you can help, sir, you said that we have changed the corporate policy. Which is the segment then are we now planning to target or when we say the change in corporate policy, what are the guardrails in this segment which we want to adhere to while starting the segment?

Jatul Anand: See, when I said change in corporate policy, I meant the revamp in corporate policy, because the earlier one was, in fact, pretty old when we used to do Corporate business at a full-fledged manner. So, the guardrails largely remain the same, focusing on right segment, right choice of the builders and the project. So, the guardrails broadly are the same, but the policy is revamped, given the current nuances.

Vinay Gupta: And the ticket sizes would be, let's say, up to INR 150 crores to INR 200 crores.

Harshit Toshniwal: Okay. Okay. Sure, sir. Okay, sir. Perfect. Thank you. Thanks a lot.

Jatul Anand: Thank you, Harshit.

Moderator: Thank you. Our next question comes from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal: Hi, good evening, everyone. Thank you so much. Sir, there's just 2 questions really. First things first, we have taken a PLR cut of 10 basis points until now, while if I look at some of our larger peers, LIC Housing, Bajaj, even a smaller player like Can Fin Homes, they have taken a higher PLR cut than what we have taken. While I appreciate the fact that we have been able to maintain very healthy yields and margins, are we not seeing higher BT outs, particularly in the Prime segment now?

And I remember Vinay sir saying that maybe at some point in time, we will look to pass on through some PLR cuts, maybe in the subsequent quarters. So, how are we thinking about that, if you could just explain that? And are there more benefits expected in the cost of borrowings? Why I asked this is I remember sir making that comment that even in the second half, margins will remain between 3.6% to 3.7%. So, are there more benefits which will be expected? Because from what I understand, yields will remain under pressure if we were to pass on more PLR cuts in the coming quarters.

Vinay Gupta: That's right, Abhijit. So, if you see from Q4 till now, Q2, our cost of borrowing has gone down from 7.84% to around 7.7%. So, we have seen overall, if you see a benefit of somewhere around 14 to 15 basis points, out of which 10 bps we have passed on. So, we are monitoring it very closely. And once we see sizable benefit coming in, we intend to pass it on to the customers. We would be watching the next monetary policy as well. And then accordingly time it and see if we can align it with that change.

- Abhijit Tibrewal:** Got it, sir. And then, sir, in the opening remarks, we spoke about this corporate account, which has led to some initial release. So just two subparts, more of a data keeping question. One is, how much exactly was the ECL release on this account? And also, if you can, basically, qualitatively speak a little bit about this corporate account, which corporate account, without naming it, of course, some details about this corporate account, how much was the total exposure?
- Jatul Anand:** This was a standard account and they wanted to close the loan and so they did so. So, the ECL release was close to around Rs. 70 crores from the account. It was a standard performing account.
- Abhijit Tibrewal:** Understood. So basically, Stage-I account and the ECL release was about Rs. 70 crores. What was the total outstanding in this account?
- Jatul Anand:** Yes, it was a Stage-I account.
- Vinay Gupta:** Yes, around Rs. 330 crores.
- Abhijit Tibrewal:** Got it, sir. And lastly, for Valli ma'am, this thing has been asked by a previous participant. But I am just trying to kind of understand, while we are cognizant of the fact that we are moving towards more self-employed, more informal segment, which you shared is 30% now. Don't you think the risk quotient at least is going up, right and maybe going forward, right, if the yields increase is not commensurate with the risk increase, then probably, we might have problems later, if you could just share some thoughts on this dynamic of risk reward in the Affordable segment, given the fact that we are leaning more towards informal, more self-employed?
- Valli Sekar:** Yes. See, now that PMAY2 has come, there is a clear guideline of what are all the profiles we have to look in and they have even mentioned the type of customers that we have to service in. This time, the circular is very explicit. So, when we are wanting to promote PMAY2, the government initiative, then we have to get into EWS and LIG. When we get into EWS and LIG, we have to enter into this self-employed and informal segment. While we are talking about that, we internally have kept in mind that we will not cross self-employed at any point of time, more than 45%-50%, which we have kept for ourselves. And same informal, we have kept in mind that we will not cross more than 35%-40% at any point of time. And you have to appreciate that still in our portfolio, close to 50%-53% is formal vanilla salary accounts. So, we are even servicing those customers. So, we are balancing it out because we will have to bring in yield as well. Now, with the cost coming in, we will have to manage that as well. So, to promote PMAY, this is one measure we will have to take, but we are very mindful and we are going ahead with that.

- Abhijit Tibrewal:** Got it, ma'am. Thank you for patiently answering all my questions and I wish the PNB Housing team the best.
- Jatul Anand:** Thank you, Abhijit.
- Moderator:** Thank you. Our next question comes from the line of Sravan from Sincere Syndication. Please go ahead.
- Sravan:** Yes, sir. My question was rather focused on the next CEO, but as you have already given an answer, my follow-up question would be on credit growth. What is the credit growth this quarter, Q2?
- Vinay Gupta:** You meant loan growth?
- Sravan:** Yes, loan growth.
- Vinay Gupta:** Loan growth is 17%, 16.9% for the year-on-year.
- Sravan:** For the year-on-year. And have you got any update, possible update on the CEO? Because this has been going on for a while and the stock price really took a dive. So, we would appreciate an effort and an announcement maybe. Are you, any timeline that you can give in? Any information without leaking any sensitive material? I understand that and I can appreciate that. But any information on how long would it take or where are you in the process right now? Have you streamlined any of your candidates? Something like that would be helpful.
- Jatul Anand:** See, Sravan, I have already answered that, but however, given the question from investors, let me say that leadership transitions are never easy, especially after a phase of success and momentum. But yes, what has stood out is share resilience and responsibility of PNB Housing leadership team that the business remains steadfast and we have delivered on all the parameters as expected. So, we continue to remain the same and grow quarter by quarter and the strategy remains the same. It is all about execution as already talked about in various calls with the investors. And while we appreciate the sensitivity of the process, meanwhile, patiently waiting for the new MD and CEO to take charge, the company remains responsible and accountable to grow the business in line with the expectation of the stakeholders.
- Sravan:** And could you just answer, this would be my last question. Will the new CEO being appointed, will he follow the same strategy of you focusing on the higher yield segment, upping or doubling your affordable loan book? Would he stick with the strategies or would there be any changes, any shocks?

- Jatul Anand:** We have already spoken about it, we will appreciate that the mortgage business is largely monoline what we do. And till March '27, we have already laid out a strategy and working towards the same. So most likely, the strategy should remain the same plus minus little variation.
- Sravan:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Kunal Shah from Citigroup. Please go ahead.
- Kunal Shah:** Yes. Thanks for taking the question. So firstly, maybe particularly with respect to the lower provisioning on when we look at it overall on, when I look at like cumulative provisioning, so one is obviously, I would tend to believe that the entire moment in gross Stage-I, the entire coverage is purely on account of the release of the provisioning. I think you mentioned like Rs. 70 odd crores kind of a number. Otherwise, the coverage has been broadly sustained in the Stage-I assets?
- Jatul Anand:** Yes. That is right, Kunal.
- Kunal Shah:** And secondly, on the consolidation part, on the branches side, so we have seen maybe 2 branches being lower, say in the Affordable Housing segment, obviously on the Emerging side, it is still growing. But again, on the Prime side, it has been lower by maybe 3 odd branches or so. So maybe do we expect to see this consolidation out there? What would be the branch expansion plans here on? And if you can give the number of employees breakup across these 3 businesses?
- Jatul Anand:** Yes, I would say that two branches here and there does not affect, it is part of BAU and it is more to do on increasing the operational efficiencies of the company. And so that is where it is and it does not change the business plan per se. And on employee numbers, I don't have the numbers handy as of now. But however, having said that out of 356 branches, the major number of branches are in Affordable and Emerging segments which resonate with the company strategy to grow these businesses faster and Prime continue to be a range bound growth given the economic, it has to make some economic sense for the company to accelerate that business. So accordingly, we are overall maintaining the retail asset growth.
- Kunal Shah:** But there has been any exiting with respect to the locations or not really, maybe it is like just maybe the branches within a particular locations, they have just got consolidated?
- Valli Sekar:** Yes, Kunal, see what we have done is it is as a process standard operating process, wherever we found that the branch is not profitable, we consolidated it. But well, as per the guidance we have given already, we are in the process of opening more branches in

this particular quarter. By the end of this year, we are talking about having 250 branches in Affordable housing so that remains. So this consolidation has happened as a part of our standard operation process and it is BAU.

Kunal Shah: And this would be the net number. So, at the gross level, how much would have been the addition and the closure?

Vinay Gupta: No, this is the gross only. The additions will come subsequently. We are working on it.

Kunal Shah: Got it. Thanks.

Moderator: Thank you. Our next question is from the line of Sanket Chheda, an Individual Investor. Please go ahead.

Sanket Chheda: Yes, so just wanted to ask on the account that you mentioned was a Stage-I account. But then why the provision cover on the same was 20% to reverse the Rs. 70 crore amount that you just elaborated?

Vinay Gupta: That was basically because of the past trend that happened during COVID crisis. So, the provisioning has been kept at a slightly higher level. However, it was a standard account has been paying regularly. It is more to do with the client that they had funds and they want to foreclose.

Sanket Chheda: Sure, sir.

Moderator: Thank you. The next question comes from the line of Siraj Khan from Ascendancy Capital. Please go ahead.

Siraj Khan: Yes. Thank you for the opportunity and good set of numbers. So, sir, first to clarify, the exit NIM for FY '26 that was mentioned was 3.6-3.7. Was that correct? Did I catch that right?

Vinay Gupta: Yes, that is right.

Siraj Khan: And also another classification, our guidance that we had given for FY '27 that 15% of the portfolio, so approximately Rs. 15,000 crores will be the AUM for Affordable and 65% will be Prime and the balance will be Emerging. Is that still holding true or will that change?

Vinay Gupta: Yes. We are working on that strategy.

Siraj Khan: Understood. A few questions of data keeping and qualitative. I will get the data keeping ones out. What was the sanction amount during the quarter?

Vinay Gupta: Sanction to disbursement ratio is around 70%.

Siraj Khan: Sanction to disbursement ratio what?

Vinay Gupta: Around 68%-70%. So, you can calculate.

Siraj Khan: The sanction amount if that could be shared?

Jatul Anand: I don't have it handy, Siraj, but I think it should be upwards of Rs. 8,000 crores.

Siraj Khan: Next question was, what is the BT in and BT out rate, specifically for the Affordable segment, if you could share and the overall also?

Vinay Gupta: So, for Affordable, it is around, BT in is around 9% and BT out is around 4%.

Siraj Khan: And final one. So, I think, Valli ma'am had said that with the branches that we have opened over the last few quarters, 40 new branches, they are still a bit away from their optimal level. So, what is the optimal level of business, like with respect to amount, like how much amount of disbursements or the number of files that we consider that the branch is now optimal and it should run on its own two feet and should start to be more productive? What is that level?

Valli Sekar: Yes. We will appreciate that we have different types of branches. We don't have uniform type of branches. We have large branch, medium branch and small branch, which we call it as Ganga, Yamuna, Kaveri. So, if a Ganga branch reaches close to 1.8 Cr, Yamuna reaches close to 1.3 Cr and the Kaveri starts doing close to 70-80 lakhs, which is basically in the Tier-4 and Tier-5, then we feel it has reached its optimum level and from there, the takeoff happens.

Siraj Khan: So, this is per month disbursement that you said, 1.8, 1.3 and 70-80 lakhs?

Valli Sekar: Yes. This is the different branches disbursement per month.

Siraj Khan: Understood. And finally, on the asset quality, yes, our asset quality is still much below than our peers and everyone in the industry. But where do you see it settling, say, by the FY '27 target that we have placed? Where do you see it in that range? Because some of our peers are showing some signs of, in Q1, they said there was a little bit of asset quality issue, although seasonal, but there is a little bit of a thing with respect to the ordinance in the MFI space and the lower ticket size not having the best of the bounce rates, all that stuff. So, could you give some color with respect to where do you see the asset quality 2 years on, one and a half years on, and a bit of a commentary on the asset quality?

- Jatul Anand:** See, Siraj, this will be range-bound and I think this should remain around 1% itself. And we have been working very hard on asset quality over the last couple of quarters and we tend to maintain the guardrails. So, it should be range-bound around 1%.
- Siraj Khan:** The GNPA?
- Jatul Anand:** Yes.
- Siraj Khan:** Understood. And any commentary with respect to any product, category of customer, regions that you are seeing, say, early signs of warnings or anything of that sort?
- Jatul Anand:** Not really.
- Vinay Gupta:** Not really. It is like portfolio seasoning which is happening across.
- Siraj Khan:** Understood. And finally, on the asset pool, the Rs. 1,000 crores of asset pool that is pending, so I believe another 4-6 quarters would still continue to be on this negative credit cost trajectory. Is that understanding because then that is directly helping our ROA and the profitability for the business as a whole. So, the negative credit cost episode will continue, say, maybe another 4-5, 6 quarters or can we see lumpy recoveries in the coming few quarters and this gets extinguished maybe before the FY '27 closes?
- Vinay Gupta:** We have line of sight for next 2-3 quarters. That should happen. And then again, thereafter, it depends on timing of certain corporate accounts, etc.
- Siraj Khan:** Great. That was helpful. Thank you very much.
- Moderator:** Thank you. Our next question comes from the line of Chinmay Nema from Prescient Capital. Please go ahead.
- Chinmay Nema:** Good evening. Sir, my question is on the Affordable side. I just wanted to understand, typically, what is the month on book after which you consider an account seasoned or when you see delinquency start flowing in?
- Vinay Gupta:** It is between 12-24 months, somewhere around.
- Jatul Anand:** This is a line with industry mortgage loan cycle. So, I think generally an account holds some maturity around 18 months to 24 months and that is when you see early signs of delinquency.
- Chinmay Nema:** Sir, is it fair to say that the spike in 30+ that we have seen in this quarter and the GNPA as well, this would primarily be from loans that were disbursed between 12-18 months prior. So, would that be a right assumption?

- Valli Sekar:** Yes. The maturity of the portfolio is attributing to the spike of this and as we told, please appreciate the factor in Affordable housing, we cannot see quarter-on-quarter. Every quarter there will be slight increase and the first quarter, there was some cyclical issues also. The monsoon, certain ordinance, pathways, state governments and all also came and hit us. But generally, it is a right statement to say that the portfolio maturity attributed to the spike.
- Chinmay Nema:** Got it. So ma'am, just lastly, in a steady state, what would be the 30+ and the 0+ numbers that you expect from this portfolio? I know you called out the 90+ number at 1%?
- Valli Sekar:** See, it will be as per the industry number. We don't have a number as such for that. We are only focusing on to keep the NPA less than 1% at the way. We would not actually have a number. You can take the industry guideline for that.
- Chinmay Nema:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Mr. Chaitanya Yadav for closing comments. Over to you, sir.
- Chaitanya Yadav:** 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 this call will be uploaded on our website that is www.pnbhousing.com. Thank you all for your participation.
- Moderator:** Thank you. On behalf of PNB Housing Finance Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.