

Change in Recommendation for PNB Housing Finance Limited from HOLD to BUY

To Our Valued Investors,

We are writing to provide an update regarding our recommendation on PNB Housing Finance Limited.

On June 4, 2025, we issued a BUY recommendation on PNB Housing Finance Ltd. at a price of INR 1,057, with a 12-month target price of INR 1,216, based on our detailed fundamental analysis. This recommendation, along with our investment thesis, was published in our research report dated July 29, 2025.

The company's Q1FY26 results, released on July 21, 2025, were in line with our expectations and reflected continued improvement in operational and financial performance.

However, on July 31, 2025, the company announced that Mr. Girish Kousgi, MD and CEO, had tendered his resignation to pursue other opportunities. The Board of Directors accepted his resignation, effective October 28, 2025.

Following this development, on August 1, 2025, we revised our recommendation on PNB Housing Finance Ltd. from BUY to HOLD at a price of INR 810, in view of the uncertainty arising from the unforeseen event. Subsequently, the stock witnessed significant volatility between August and mid-September 2025, driven largely by negative market sentiment, and bottomed out around INR 750 on August 30, 2025.

However, on September 17, 2025, we revised our recommendation on PNB Housing Finance Ltd. from HOLD to BUY at a price of INR 840, while maintaining our initial 12-month target price of INR 1,216. We continue to believe that PNB Housing Finance remains a professionally managed organization with a strong governance framework. Furthermore, the senior management has assured shareholders that the company is in the process of finalizing an experienced candidate for the CEO position in the coming months.

Furthermore, the company's Q2FY26 results, released on October 27, 2025, were in line with our expectations and demonstrated continued strong improvement in business performance. The senior management also highlighted in Q2FY26 conference call that "the Board-led CEO selection process is underway, with a formal disclosure expected soon. In the interim, the current leadership team has ensured seamless business continuity and steady performance. Management reiterated that the company's core mortgage strategy remains firmly in place, with no significant strategic changes anticipated under the new CEO."

That said, we would like to highlight that a degree of uncertainty still persists regarding the appointment of the new MD and CEO, which continues to weigh on market sentiment. We believe that if the senior management appoints a well-recognised and experienced leader whose background and expertise align with company's lending philosophy and target customer segment, the market response is likely to be positive. Such an appointment could help the stock recover its recent notional losses and reverse the impact of negative sentiment and uncertainty observed in recent months.

As of October 30, 2025, we continue to believe that PNB Housing Finance Ltd. continues to demonstrate strong professional management and sound corporate governance practices. We therefore maintain our BUY recommendation at a price of INR 935, while retaining our initial 12-month target price of INR 1,216.

Thank you and best regards,
On behalf of Research Team

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