

May 9, 2019

The BSE Limited,  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

National Stock Exchange of India Limited,  
Listing Department  
“Exchange Plaza”  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051

Scrip Code: 540173

Symbol: PNBHOUSING

Dear Sirs,

**Sub: Investor Presentation**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find attached herewith the Investor Presentation of the Company for the quarter and year ended March 31, 2019.

A copy of the same is placed on the website of the Company [www.pnbhousing.com](http://www.pnbhousing.com)

You are requested to take note of the above and arrange to bring this to the notice of all concerned.

Thanking You.

For PNB Housing Finance Limited

  
Sanjay Jain  
Company Secretary & Head Compliance  
Membership No.: F2642



# Investor Presentation

## May 2019



**pnb Housing** (پب اے سی سی) (Punjab National Bank)

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HOME LOAN | NON HOME LOANS | FIXED DEPOSIT

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- Fixed vs Floating rate of interest - What suits you the best**  
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- How to choose a home loan lender**  
Buying a dream home isn't something you do every day. The same goes for your home loan...  
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- A fine balance between EMI amount and Home Loan Tenure**  
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About PNB Housing Finance

# Leading Housing Finance Company...



Disbursement  
**INR 36,079 Crore\***  
(US\$ 5,216 mn)

Loan Assets  
**INR 74,023 Crore**  
(US\$ 10,702 mn)

Retail Loans  
**79%** of the AUM

Asset Under  
Management  
**INR 84,722 Crore**  
(US\$ 12,248 mn)

GNPA  
**0.44%** on AUM  
**0.48%** on Loan Assets

Average Cost of  
Borrowing  
**8.00%\***

Book Value Per Share  
**INR 450.5**

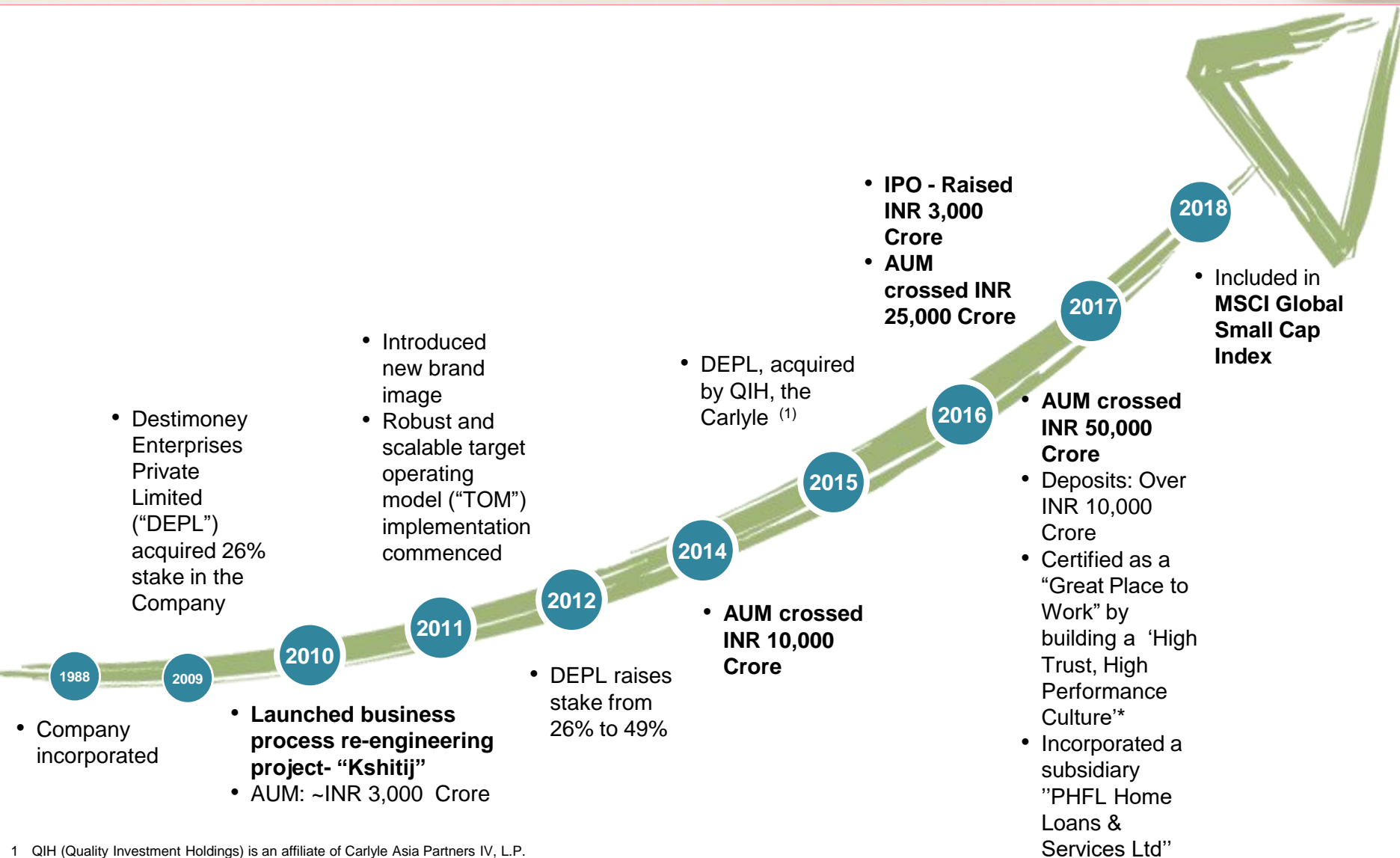
**102 branches**  
with presence in **62**  
unique cities

**4 delivery**  
/processing units  
**ISO certified 9001**

**100%** Mortgage backed  
loans

**Fastest growing HFC amongst the Top 5 HFCs in India**

# ...incorporated in 1988



1 QIH (Quality Investment Holdings) is an affiliate of Carlyle Asia Partners IV, L.P.

2 \*Source: Great Place to Work Institute (GPTW)



HFC Sector well placed...



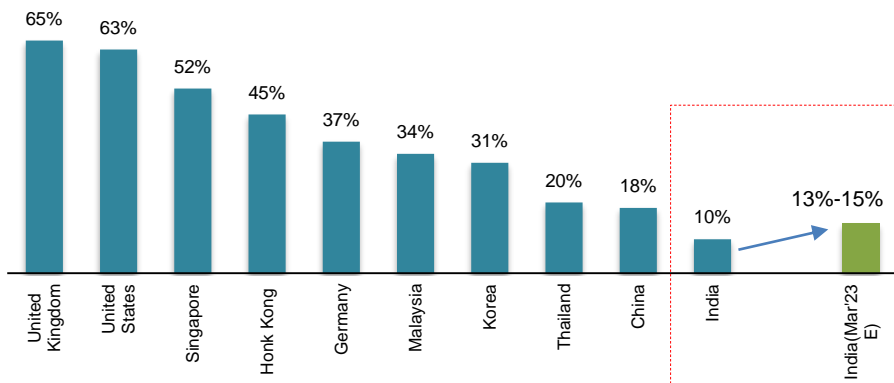
# India's Mortgage Market



Under penetrated mortgage market, rising urbanization coupled with increase in housing demand is leading to mortgage market expansion

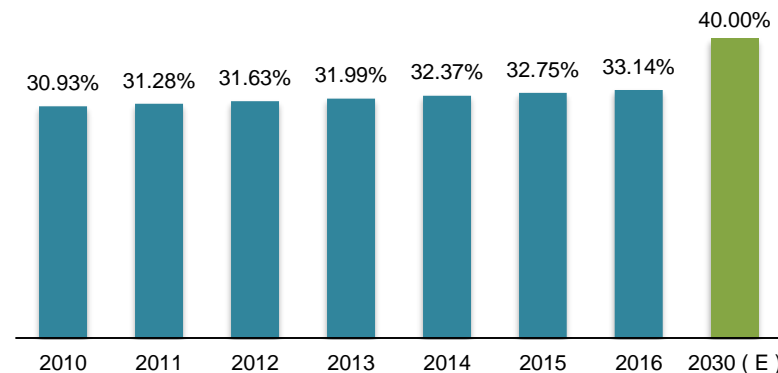
## Indian mortgage market is significantly under-penetrated

Mortgage to GDP Ratio (%)



Source: ICRA Reports

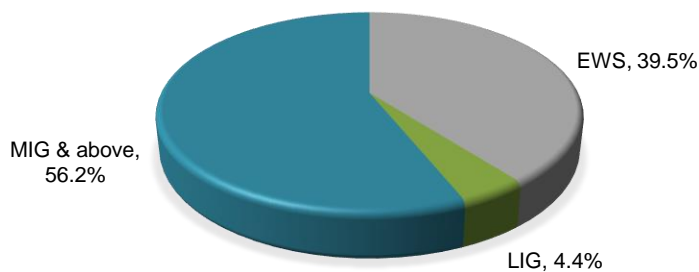
## Increasing urban population



Source: NHB, RBI, CRISIL Research

## Significant urban housing shortage

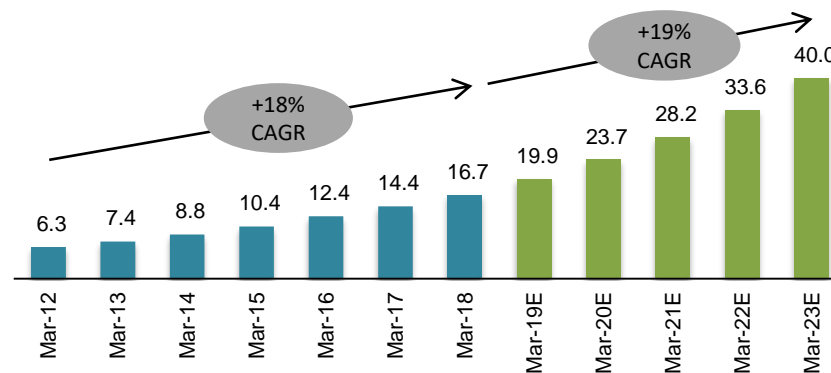
Split of Urban Housing Shortage in FY2012 – 18.8 mn units



Source: Ministry of Housing and Urban Poverty Alleviation

## Ramp-up expected in Indian mortgage market

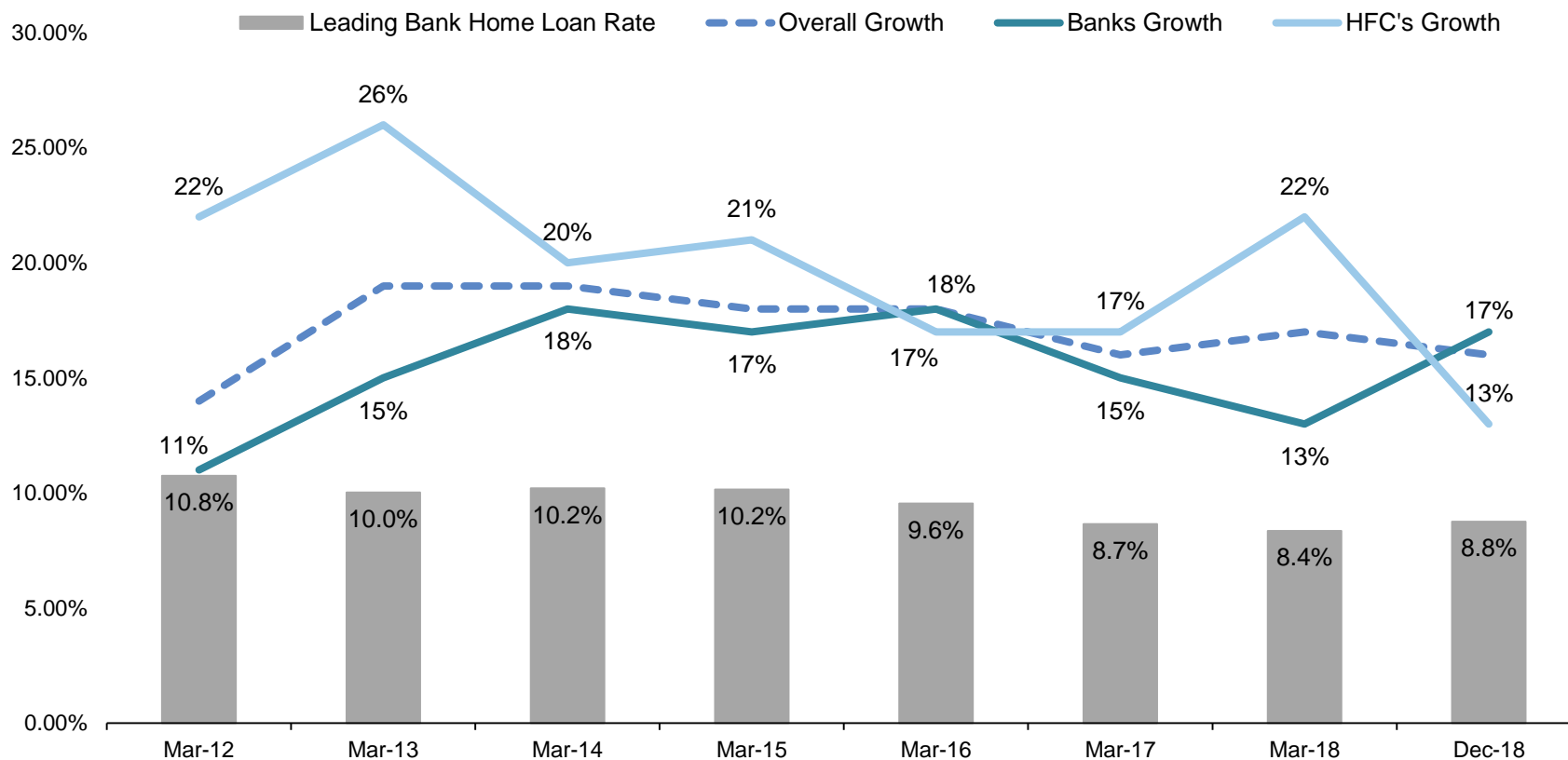
Loan Assets (INR trillion)



Source: ICRA Reports



# Mortgage Sector Growth: Limited Interest Rate Sensitivity



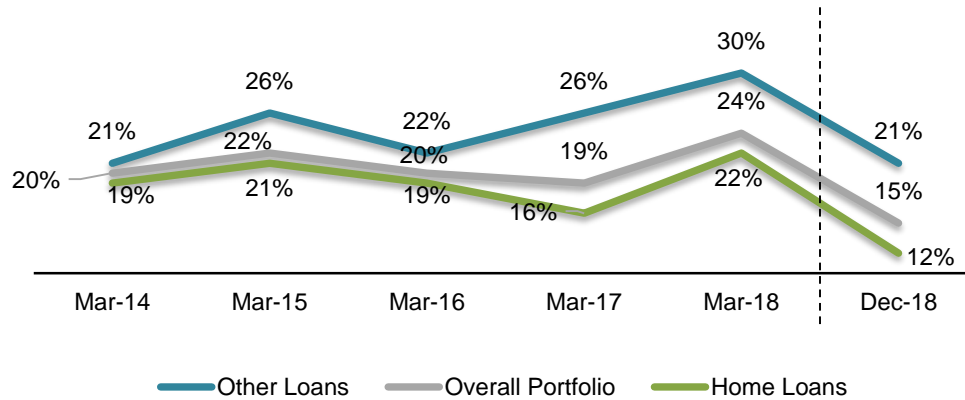
*Lower Credit Growth despite easing interest rate cycle and abundant liquidity*

Source: ICRA reports

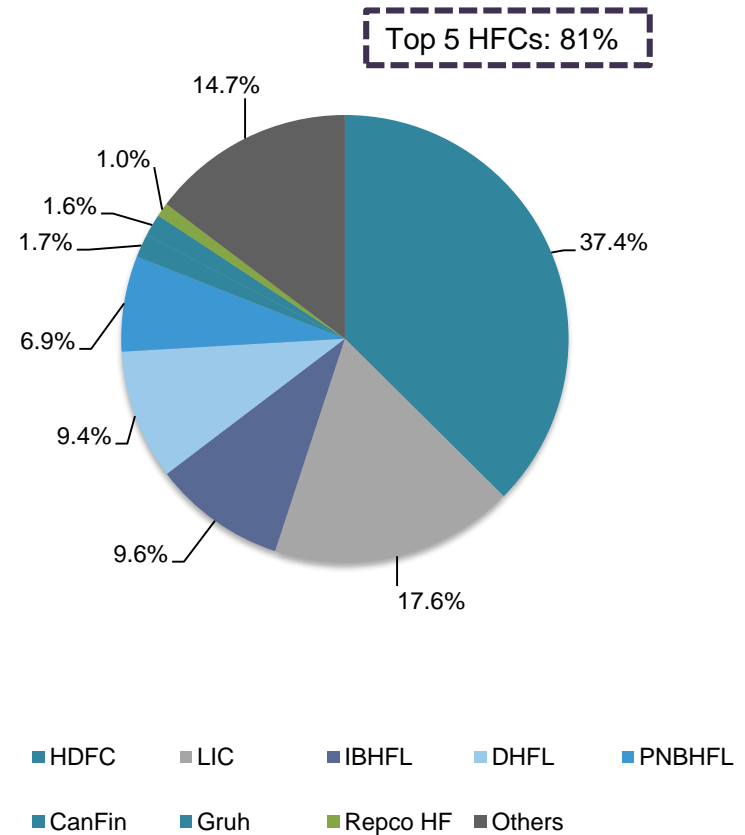
# Sustainable Growth of HFCs



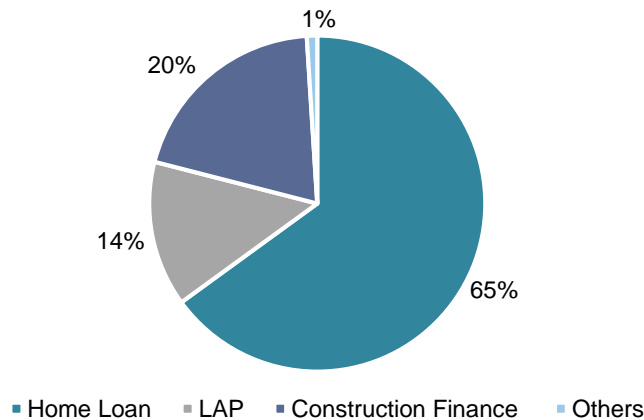
**Portfolio Growth of HFCs**



**Total Loan of all HFCs: INR 10.3 trillion as on Dec-18**



**Portfolio Composition of all HFCs as on Dec-18**



Source: ICRA Indian Mortgage Finance Market Update for March 2019  
% Change is YoY



## Government Initiatives



# Growth Drivers



Urbanization



Improved Affordability



Favourable Demographics

Home Buyers

- GST rate cut from 12% to 5% on under-construction property
- RERA enhances transparency and delivery visibility to buyers
- Incentives from PMAY subsidy and tax deductions
- 90% of government run pension fund EPFO can be withdrawn for house purchase

Developers

- RERA results in higher developers accountability
- 100% tax exemption on affordable housing construction for developers
- Faster building permissions

Financers

- Infrastructure status for affordable housing, enabling easier institutional credit
- RBI, SEBI and IRDA have coordinated policies to ease access to funding
- Reduction in risk weights
- More effective recovery law (SARFAESI)

# PMAY-CLSS



## Changes / Inclusion in the scheme effective 1-Jan-17

- Existing scheme renamed as PMAY-CLSS for EWS/LIG
- Maximum tenure changed from 15 to 20 years
- Scheme extended to Middle Income (MIG) available upto March 2020

Category	EWS	LIG	MIG I	MIG II
Household Income (INR Lakhs per annum)	3	6	12	18
Loan Amount eligible for subsidy (INR Lakhs)	6	6	9	12
Interest Subsidy	6.5%	6.5%	4%	3%
Loan Tenure	20	20	20	20
Carpet Area (Sq. Mtr.)	30*	60*	160	200
NPV Discount Rate (%)	9%	9%	9%	9%
Maximum Interest Subsidy Amount (INR)	267,280	267,280	235,068	230,156

**Effective Interest Rate of ~2.63% post PMAY and Tax Benefit**

\* Applicable on Construction, Improvement, Extension

Source: ICRA, Report



## Liquidity Position

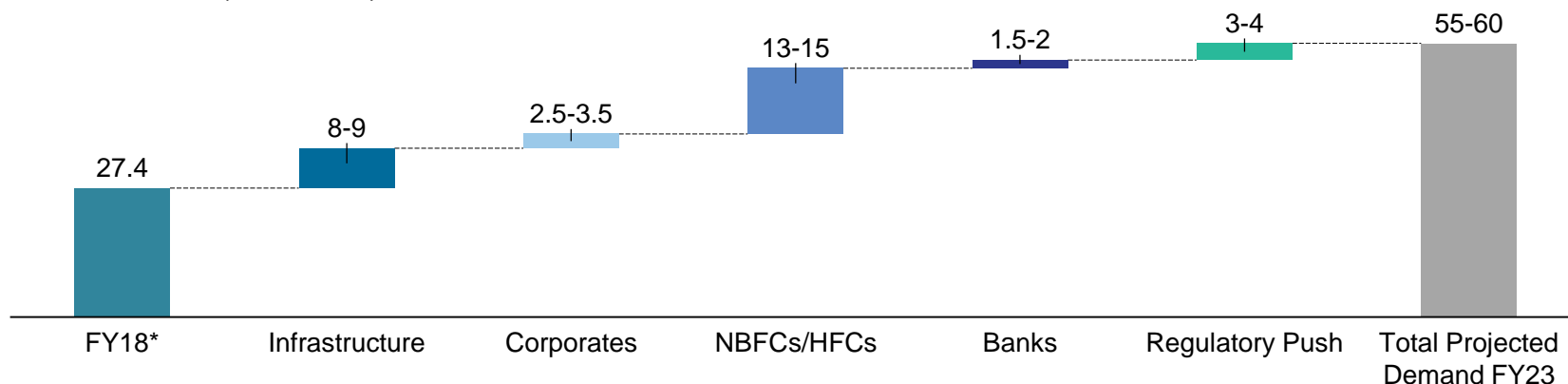


# Projected Bond Market Liquidity



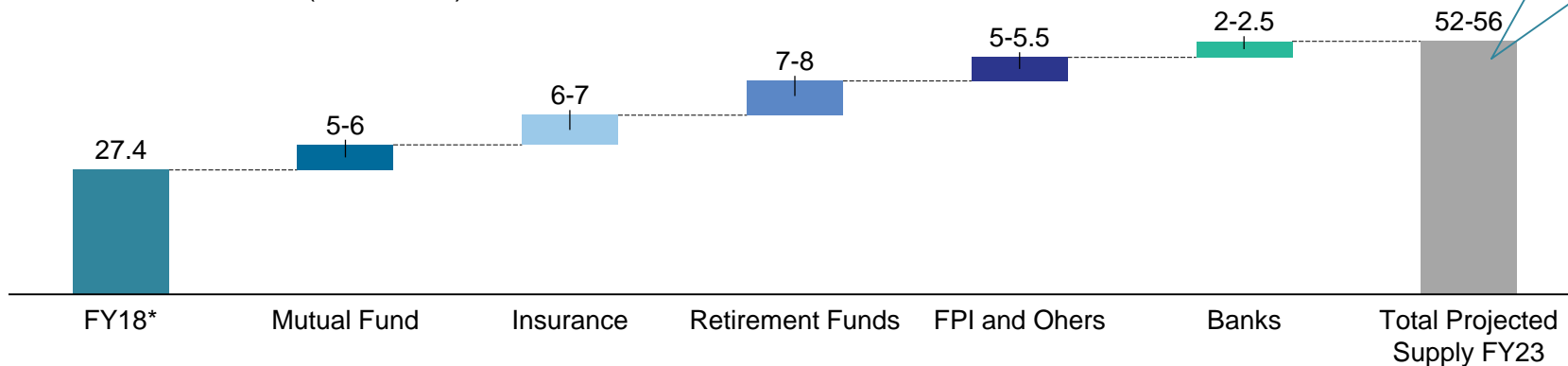
## Expected Demand for Corporate Bonds (Issuer)

(INR trillion)



## Expected Supply for Corporate Bonds (Investor)

(INR trillion)



\*Outstanding  
Source- CRISIL Research

# Long Term Resource Mobilisation

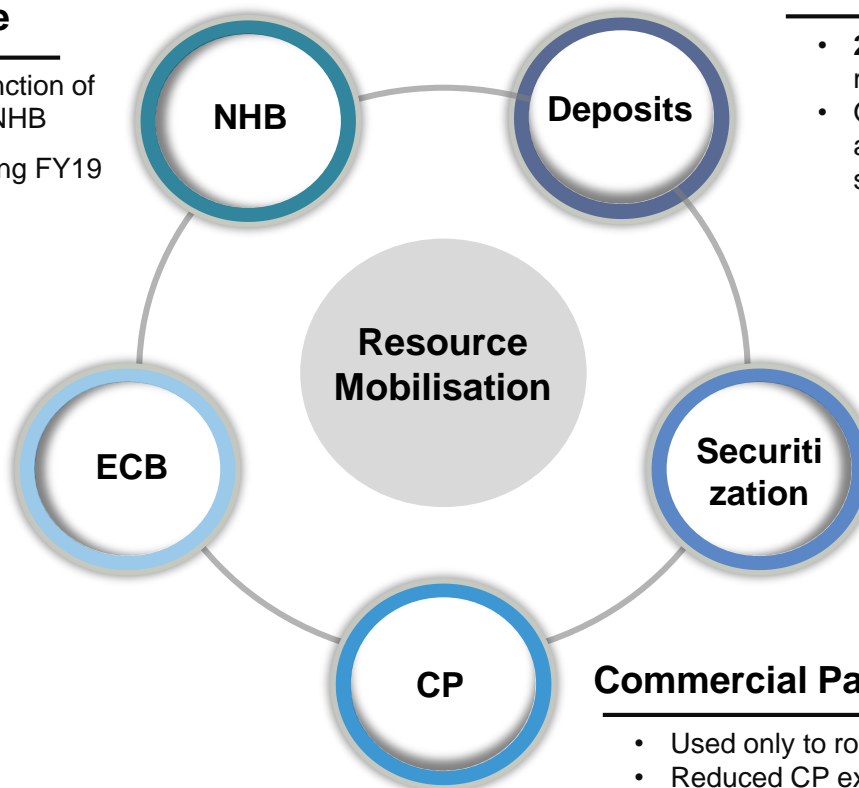


## NHB Refinance

- Received refinance sanction of INR 3,500 Crore from NHB
- **Fully drawdown** during FY19

## ECB

- Raised US\$ 465 mn (INR 3,324 Crore)
- **Fully hedged** for 5 year tenure



## Deposits

- **2nd highest** deposit mobilizer among HFCs
- Over 4.5x increase in value and >3x increase in volume since April 2018

## Securitization

- Securitized INR 7,337 Crore
- Outstanding securitized pool at INR 10,699 Crore as on 31- Mar-19
- Securitization done through **direct assignment**

## Commercial Paper (CP)

- Used only to rollover
- Reduced CP exposure to 10%
- Placed with Mutual Funds and Banks

*Incremental borrowing of INR 30,858 crores in FY19 with over 55% mobilised post Sept 18*

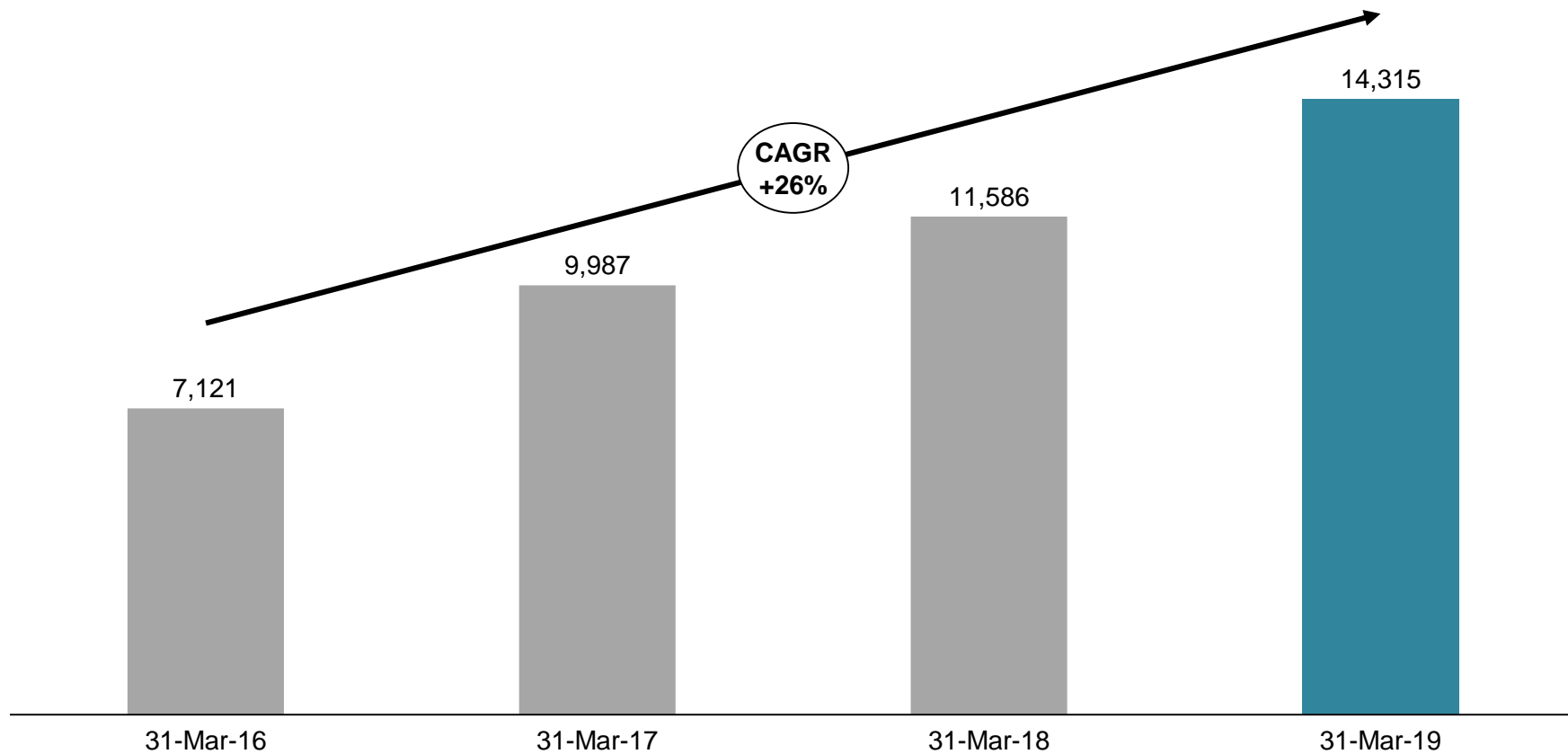
*Maintained Cash and Liquid Investments of over INR 7,000 Crore as on 31-Mar-19*



# Deposit Outstanding



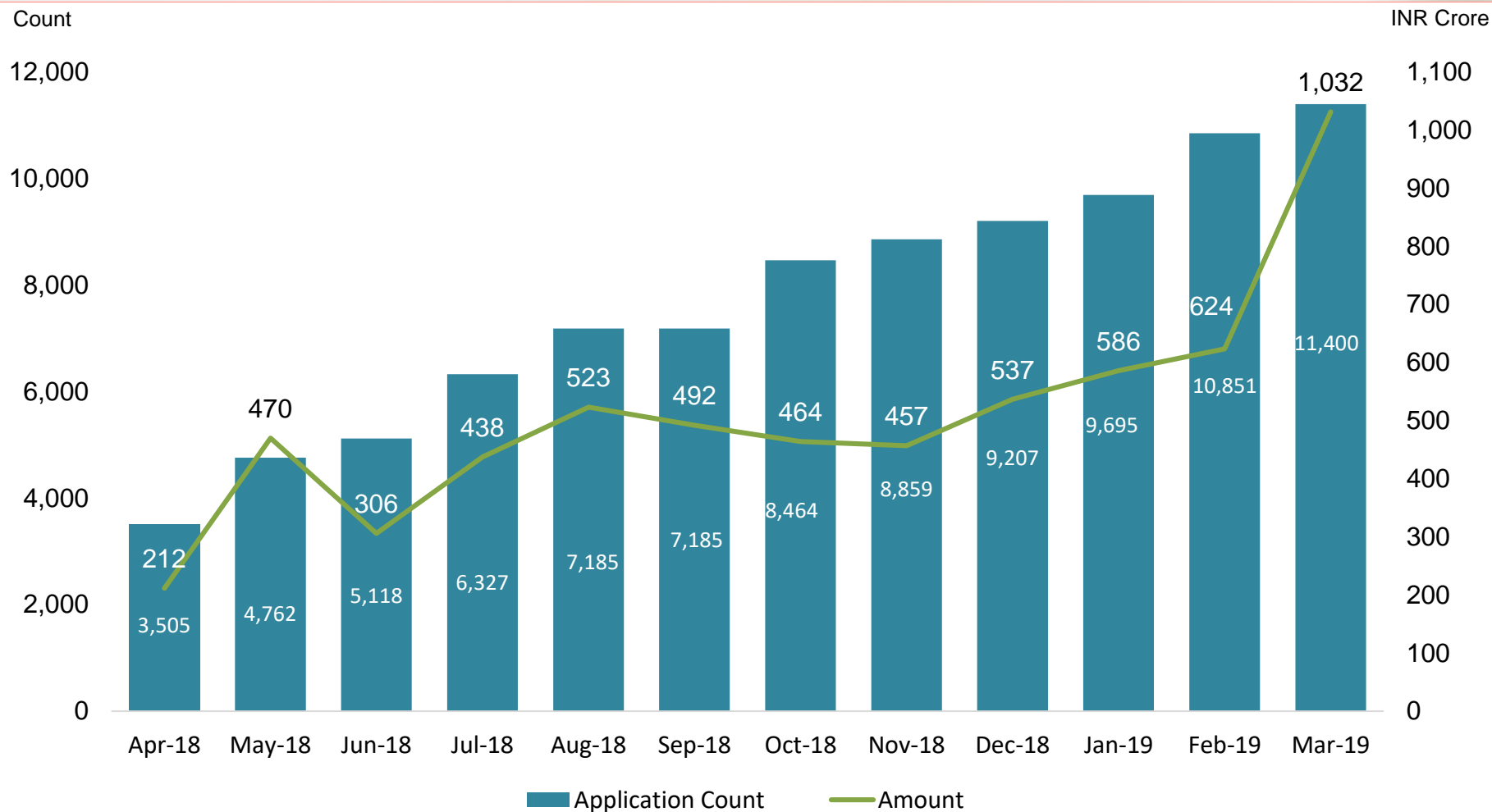
(INR Crore)



*2<sup>nd</sup> Largest Deposit taking Housing Finance Company*

1 Crore = 10 mn

# Deposit Mobilisation



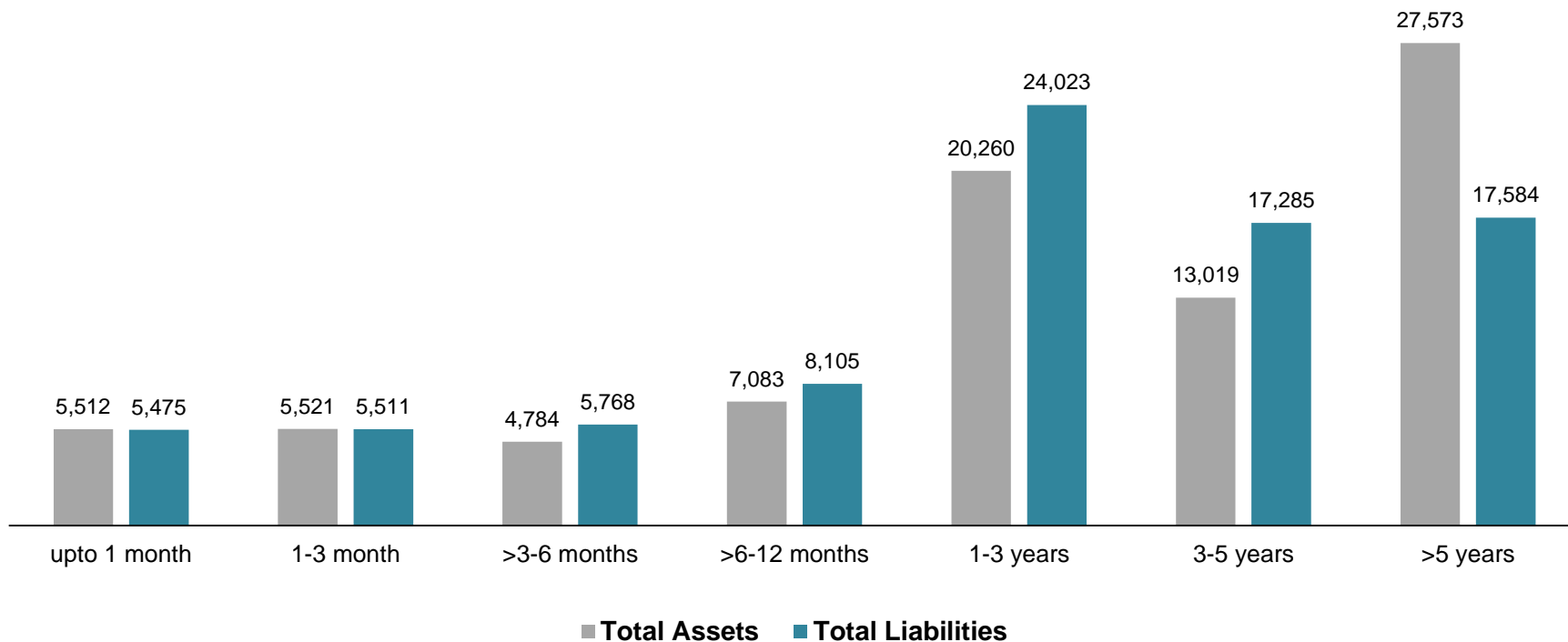
*Growth in Deposit Mobilisation indicates Strong retail trust and confidence*

1 Crore = 10 mn

# Asset Liability Maturity profile



(INR Crore)



Particulars	upto 1 month	1-3 months	>3-6 months	>6-12 months	1-3 years	3-5 years	>5 years
Cumulative Inflow/(Outflow)	37	47	(937)	(1,959)	(5,723)	(9,989)	0

Data as on 31<sup>st</sup> Mar 2019  
Based on standalone INDAS  
1 Crore = 10 mn

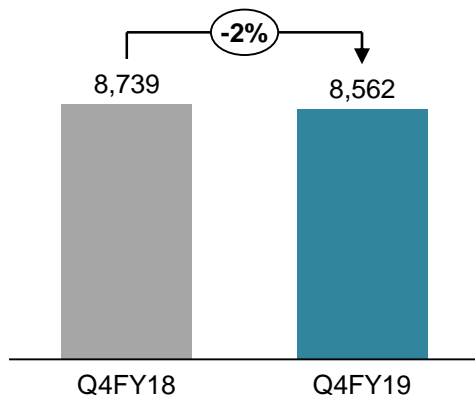


## Financial Performance of the Company

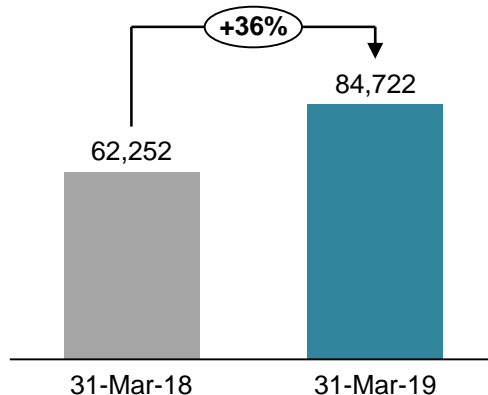
# Highlights – Q4FY19 vs Q4FY18



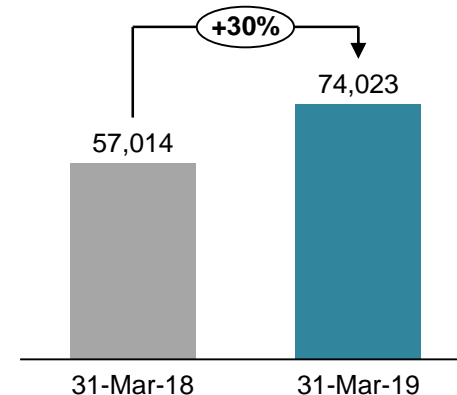
## Disbursement (INR Crore)



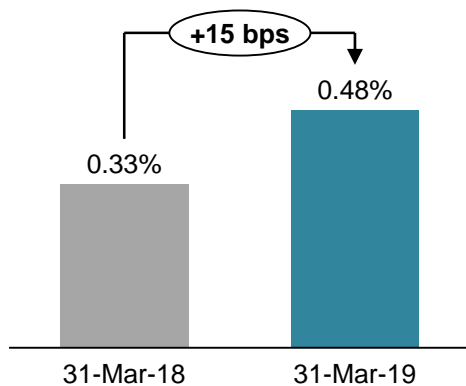
## AUM (INR Crore)



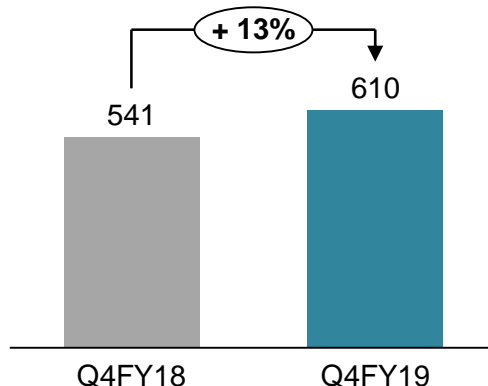
## Loan Assets (INR Crore)



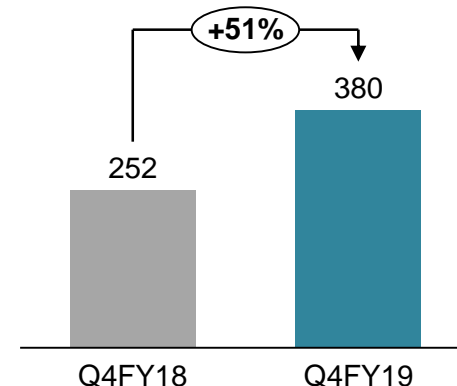
## GNPA\*



## NII (INR Crore)



## PAT (INR Crore)



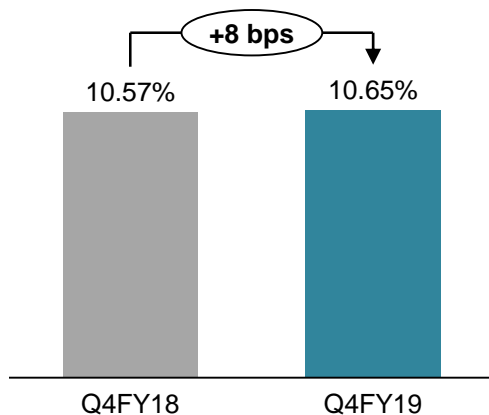
Ratios are calculated on Monthly Average  
P&L numbers are as per Ind AS  
1 Crore = 10 mn

\*GNPA as a % of Loan Assets

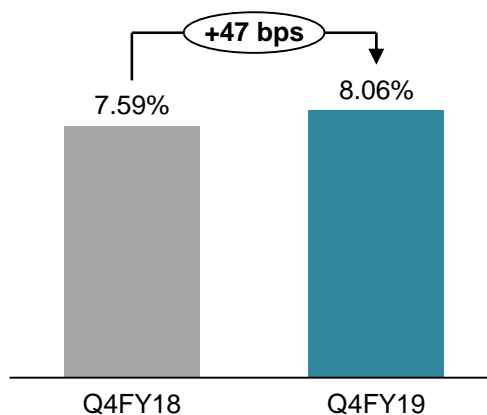
# Highlights – Q4FY19 vs Q4FY18



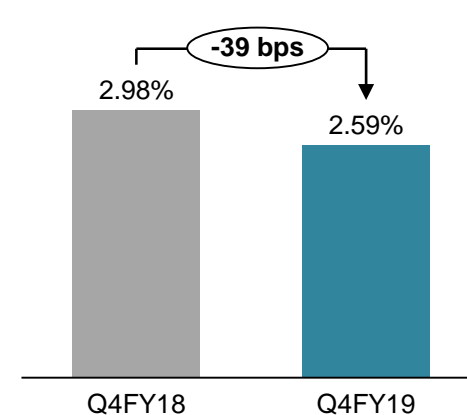
## Average Yield



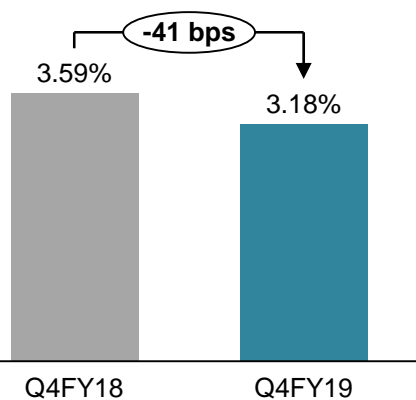
## Average Cost of Borrowing



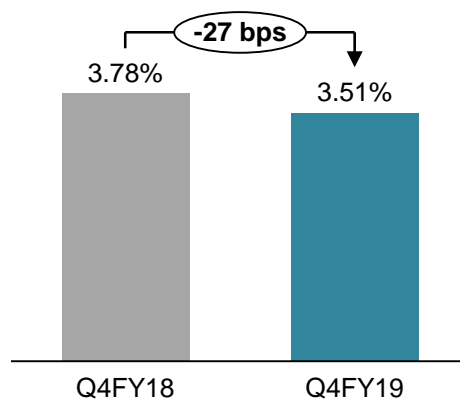
## Spread



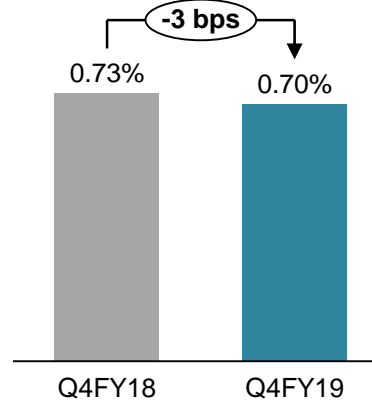
## NIM



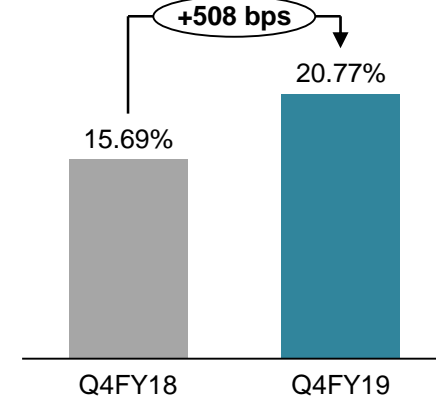
## Gross Margin



## Opex to ATA



## ROE



Ratios are calculated on Monthly Average  
Gross Margin is net of acquisition cost  
For the calculation of ratios P&L numbers are considered as per Ind AS  
1 Crore = 10 mn



## Ind AS Transition



# PAT Reconciliation for Previous Financial Year



Particulars	FY18 (INR Crore)	Q4 FY18 (INR Crore)
<b>Net Profit as per IGAAP</b>	<b>829.41</b>	<b>219.21</b>
<b><u>Add / (Less) : Adjustments as per Ind AS on account of:</u></b>		
Reclassification of net Actuarial Valuation of Employee Benefits obligation to Other comprehensive income (OCI)	(0.13)	(0.46)
Fair valuation of employee stock options (ESOP)	(17.15)	(4.07)
Fair valuation of Investment	(7.51)	1.44
Effective Interest Rate (EIR) on financial assets and liabilities recognized at amortised cost / interest on credit impaired loans	(4.67)	(19.39)
Excess Interest Spread gain / net Servicing fees on assignment transactions	78.57	108.34
Expected Credit Loss (ECL) provision	(93.22)	(50.79)
Reversal of Deferred tax liability (DTL) on 36(1)(viii)	51.91	14.47
Deferred Tax impact on above adjustments	3.94	(17.17)
<b>Net Profit Before Other Comprehensive Income as per IndAS</b>	<b>841.15</b>	<b>251.58</b>
Other Comprehensive Income after Tax	(2.16)	13.43
<b>Total Comprehensive Income as per IndAS</b>	<b>838.99</b>	<b>265.01</b>

1 Crore = 10 mn



# Expected Credit Loss (ECL) Provisions



Classification of the Assets based on the ECL computation under Ind AS:

Particulars (INR Crore)	31-Mar-19	31-Mar-18
Gross Stage 3 (GNPA)	354.86	186.11
% portfolio in Stage 3 (GNPA%)	0.48%	0.33%
ECL Provision Stage 3*	74.34	52.89
Net Stage 3	280.52	133.22
Coverage Ratio % Stage 3	20.95%	28.42%
Gross Stage 1 & 2	73,668.14	56,828.32
% portfolio in stage 1 & 2	99.52%	99.67%
ECL Provision Stage 1 & 2	363.25	233.89
Net Stage 1 & 2	73,304.89	56,594.43
ECL Provision % Stage 1 & 2	0.49%	0.41%
Total Assets	74,023.01	57,014.43
% portfolio	100.00%	100.00%
ECL Provision	437.59	286.78
Net Stage	73,585.43	56,727.65
Total ECL Provision %	0.59%	0.50%
Steady State Provision	156.5	145.5
Total Provision (including Steady state Provision)	594.09	432.28
Total Provision (including Steady state Provision) (%)	0.80%	0.76%

\*For ECL computation, interest overdue upto reporting date is considered.



Expansion Led Growth and Robust TOM

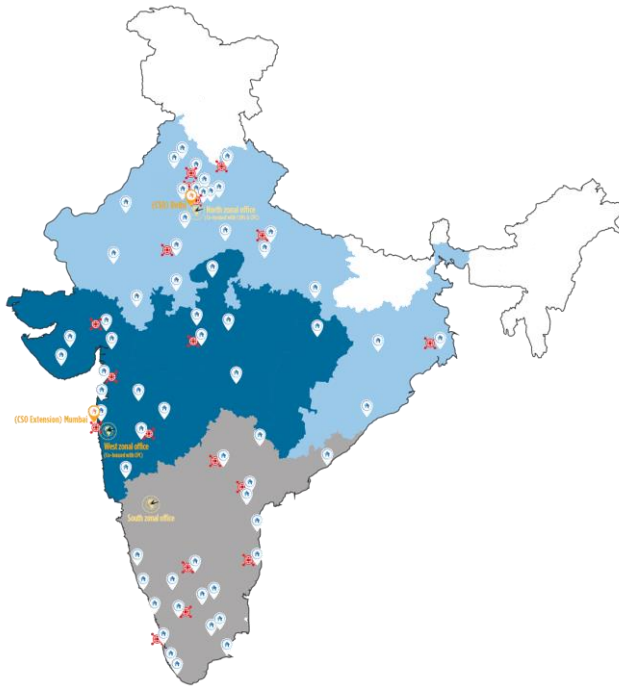
# Business Operations



**Branches** – Point of Sales & Services

**Hubs** – Fountain head for Decision Making

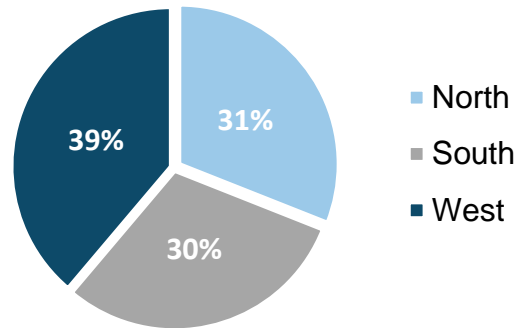
## Our Network



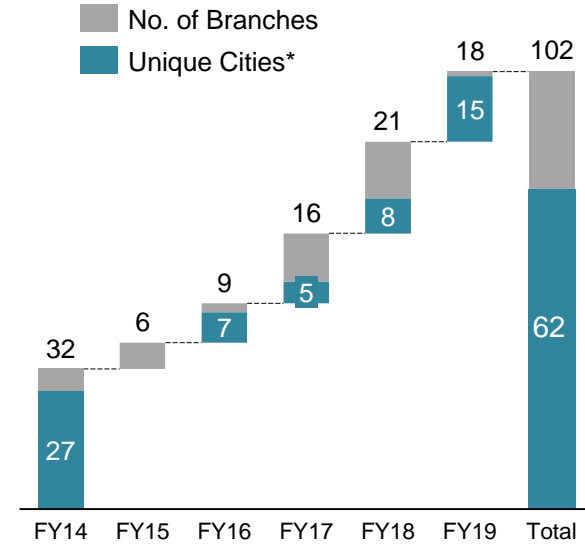
Geography	Hub	Branches
North	8	33
South	8	35
West	7	34

**New Branches<sup>^</sup> contribute  
~32% of Retail Disbursement**

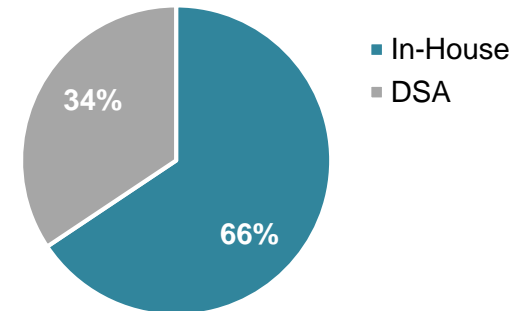
## AUM - Geographical Distribution



## No. of Branches



## Disbursement Origination (FY19)



Central Support Office

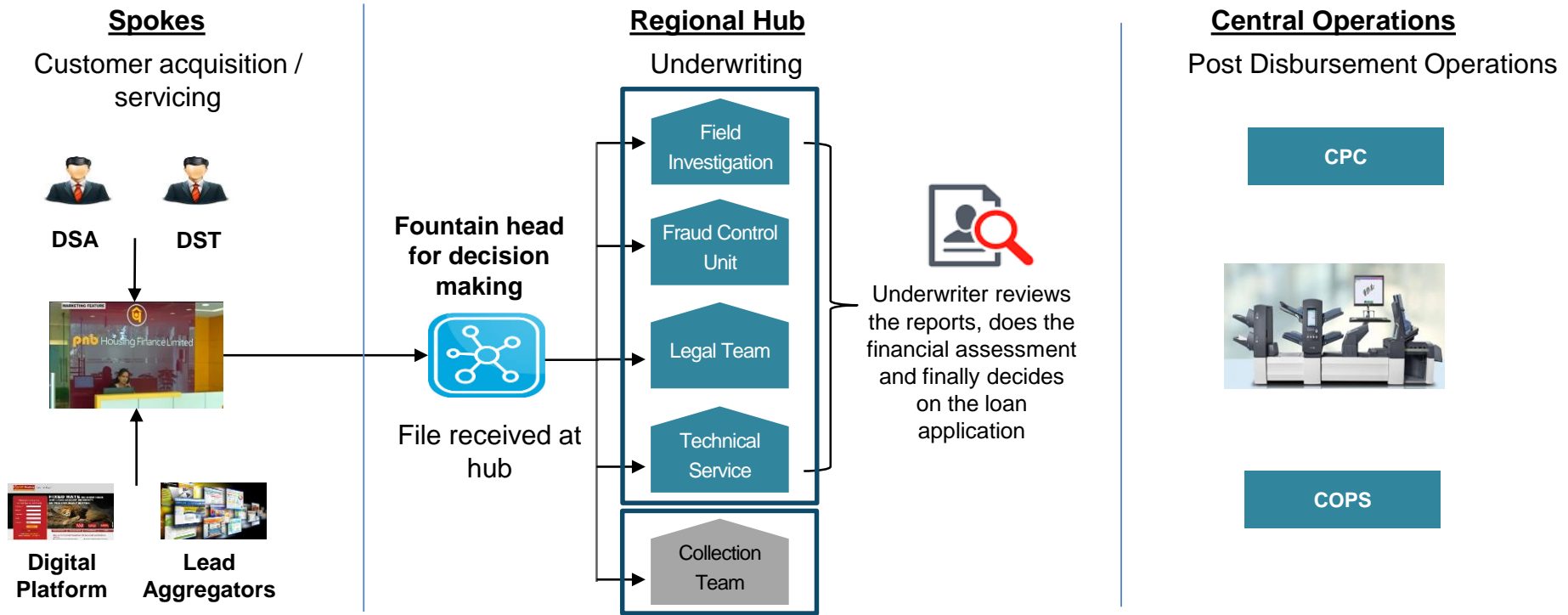
Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

\*Unique cities are part of Branches  
<sup>^</sup>Branches made operational in current FY and two FY prior i.e. FY17 onwards

# Consistency in Underwriting with advent of Technology



## Scalable Hub and Spoke Model



DSA: Direct Sales Agent; DST: Direct Sales Team

**Omni Channel CRM solution** which integrates various modes of communication with the customers for better experience and faster resolution

**Banking analytics** tool to give indepth, easy & faster analysis for self employed retail customers  
**Fraud control** to mitigate fraud incidence  
**Real time** email verification to avoid mis identity of borrowers  
**Underwriting vendor platform** to assist partners “on the go” through various tools viz geo tagging, click to upload etc

**Digitisation**; amalgamation of people, process and technology for customer convenience & eliminating transit risk  
 Robotic intelligent mailing solution to ensure standard, confidential and accurate communication

# Robust Risk Buying Processes



## Underwriting to Collections



### Specialization

- **Professionally qualified** with vast mortgage experience
- **Stable and vintage** cadre of senior personnel
- Specialized roles, **distinguished responsibilities** but collective decision making
- **Predictable** service standards



### Customer profiling

- Selective approach to customer profiling
- **Evidence based** income assessment and established banking relationship
- Seasoned mass affluent customers with multiple assets and credit tested
- **Mandatory touch base** with self employed customer at their work premises



### Other mitigating measures

- Mark to Market policies with **tailor made offering**
- **Multiple checks and balances** with maker-checker approach
- Workflow based assessment on **single IT platform**
- Use of technology in verification of customer data points and **geo tagging of properties**



### 3C Approach

- 3C approach: Counsel, Collect and Cure
- Periodical portfolio scrub for **early warning signals**
- Efficiencies through **centralised banking**
- In house contact center
- Special cadre for resolution through legal tools
- **Collections on-the-go** through mobility for effective supervision

An independent internal audit function for all departments and processes, directly reporting to Audit Committee of Board

Multi pronged control mechanism coupled with regular portfolio review

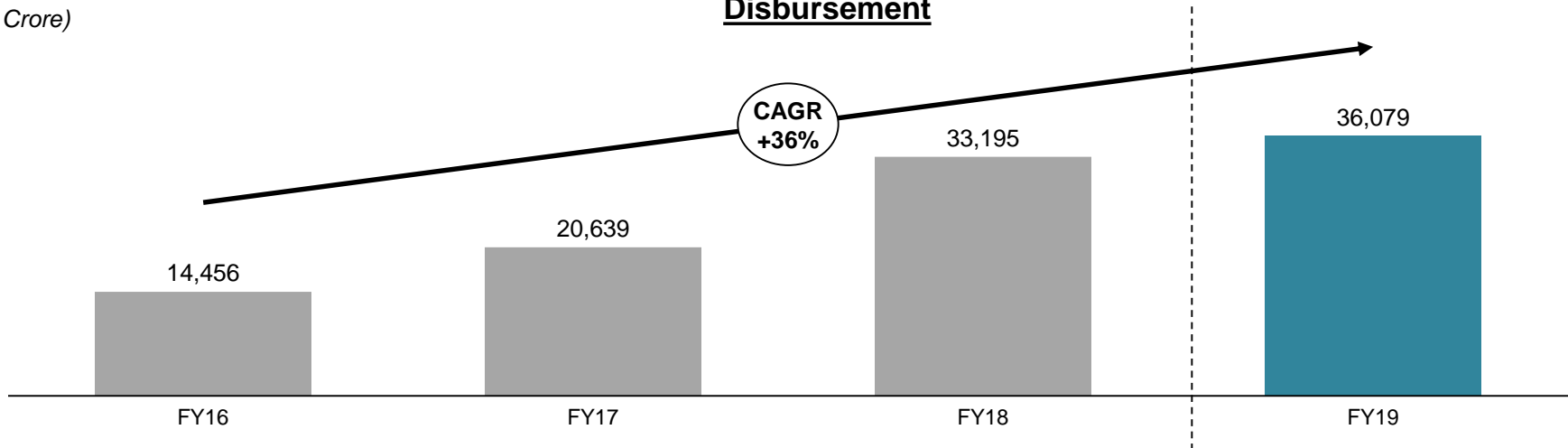
Enterprise Risk Management framework

# Strong Business growth

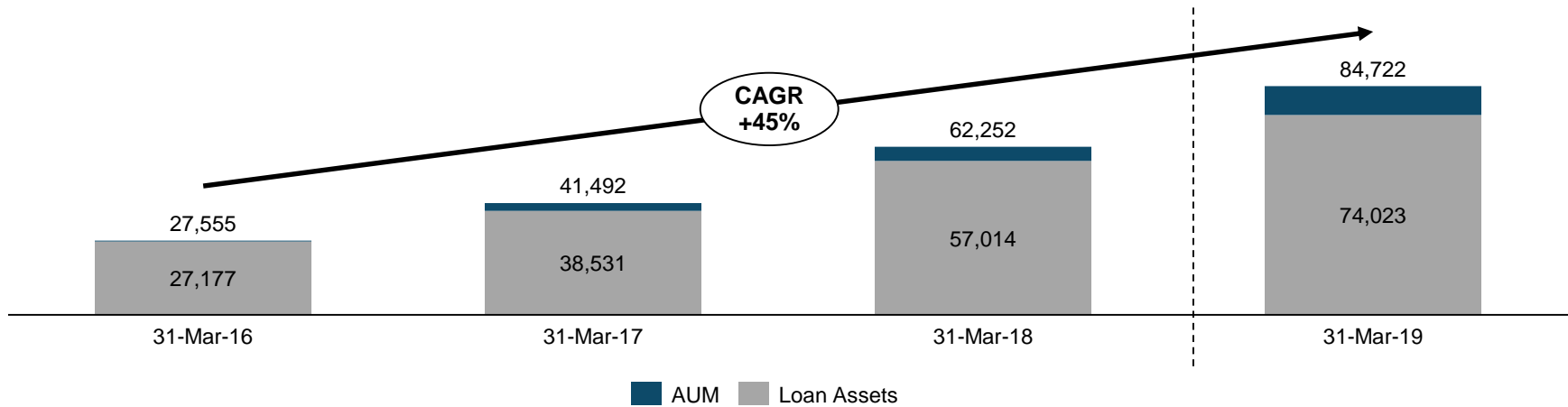


(INR Crore)

## Disbursement



## Asset



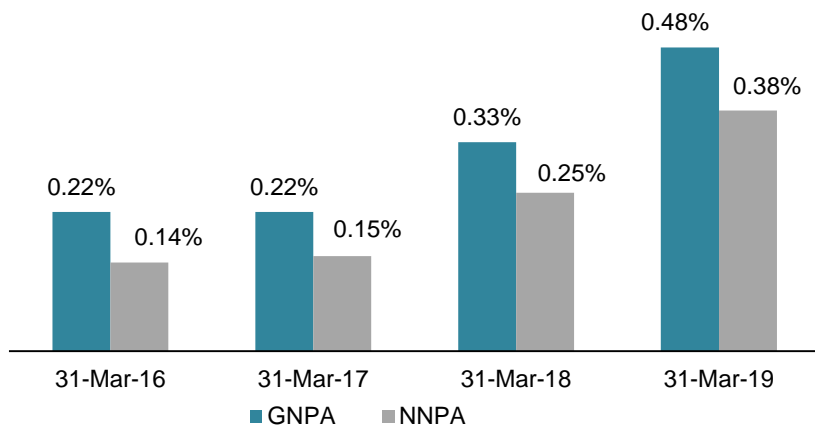
1 Crore = 10 mn

# Lower NPAs and Adequate Credit Cost

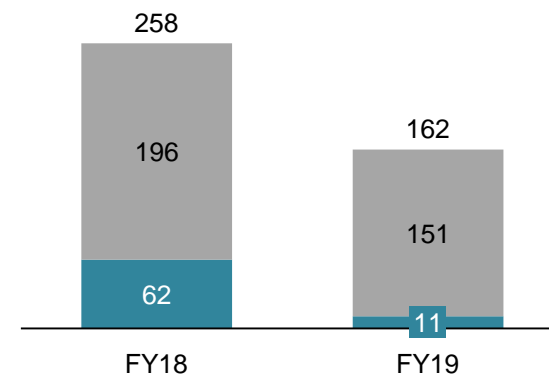


(INR Crore)

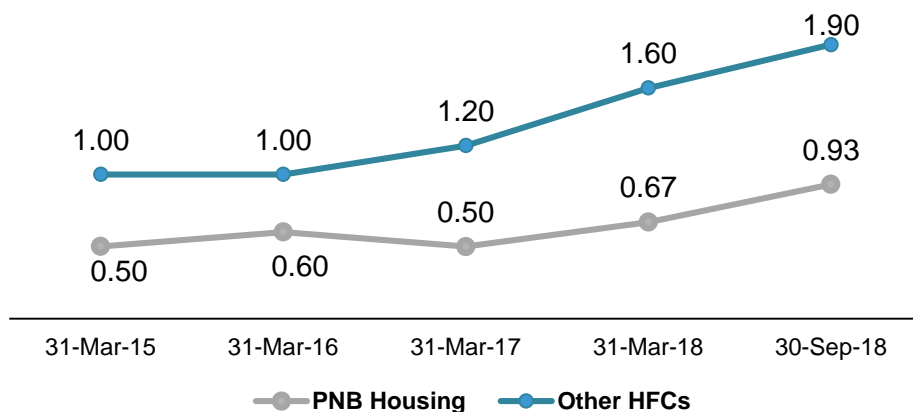
## Non-Performing Assets



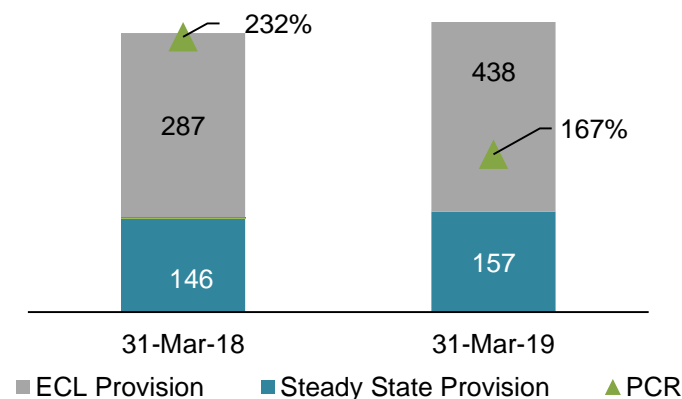
## Credit Cost (ECL Provision)



## 2-years lagged NPA\*



## Total Provisions



**One of the lowest NPA among the HFC sector while maintaining higher provisions**

1 Crore = 10 mn

\*Source: CRISIL



## Sustainable Portfolio Mix

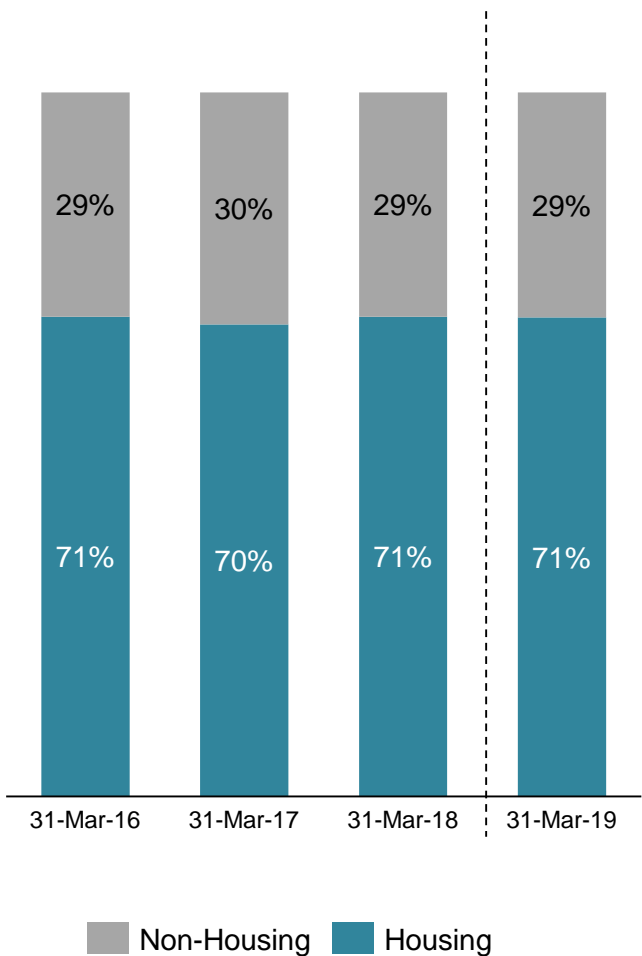




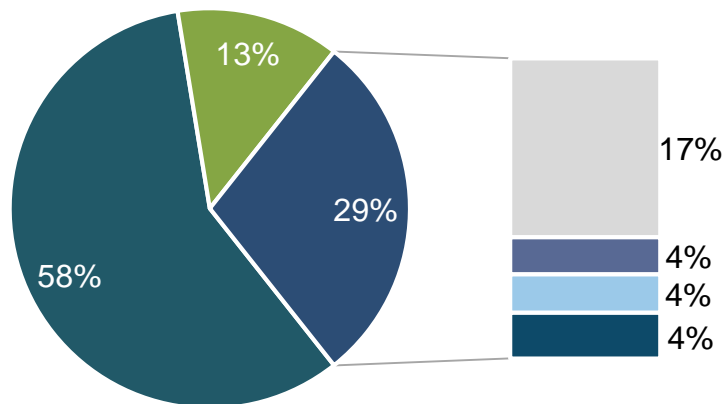
# Asset Under Management



**Consistent Product Mix**  
(% of AUM)

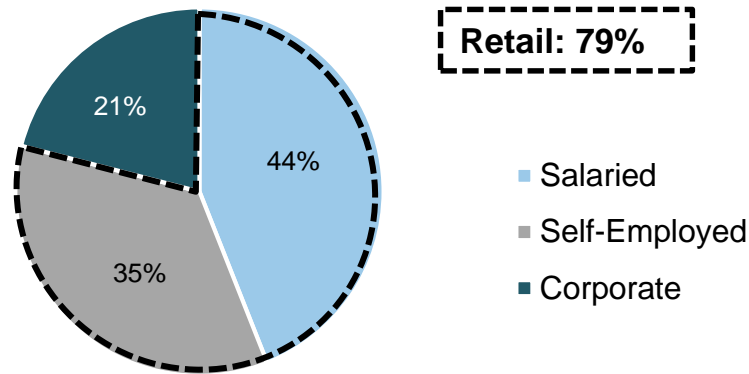


**Product-wise Break-up**  
(As on 31-Mar-19)



- Individual Housing
  - Construction Finance
  - Retail Loan Against Property
  - Retail Non-residential Premises Loans
  - Lease Rental Discounting
  - Corporate Term Loan
- Non-Housing**

**Segment-wise Breakup**  
(As on 31-Mar-19)

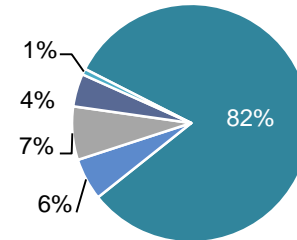
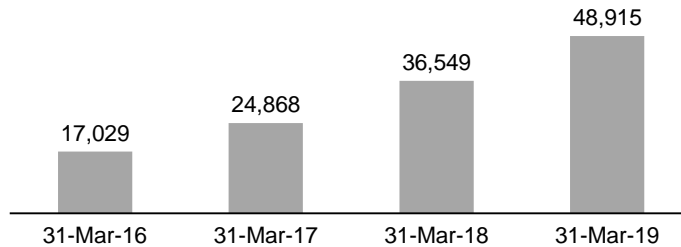


# Well Balanced Growth Across Products

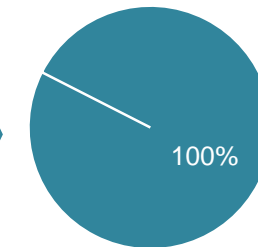
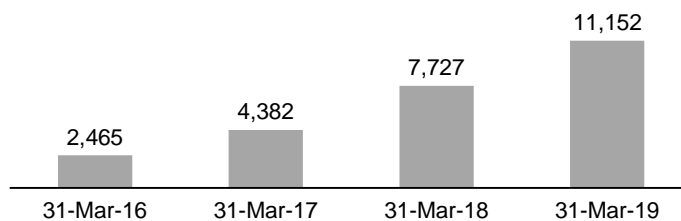


Housing Loans	<b>Individual Housing Loans</b> <i>58% of AUM</i>
	<b>Construction Finance Loans</b> <i>13% of AUM</i>
Non-Housing Loans	<b>Non-Housing Loans</b> <i>29% of AUM</i>

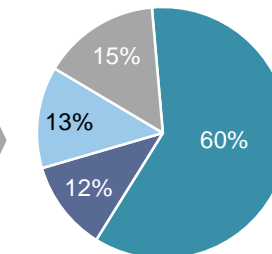
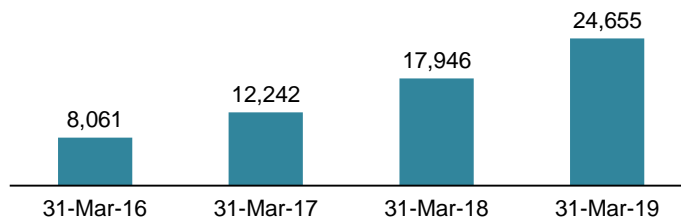
(INR Crore)



- Home Purchase
- Residential Plot
- Residential Plot cum Constr
- Self Construction
- Home Improvement/Extn



- Residential

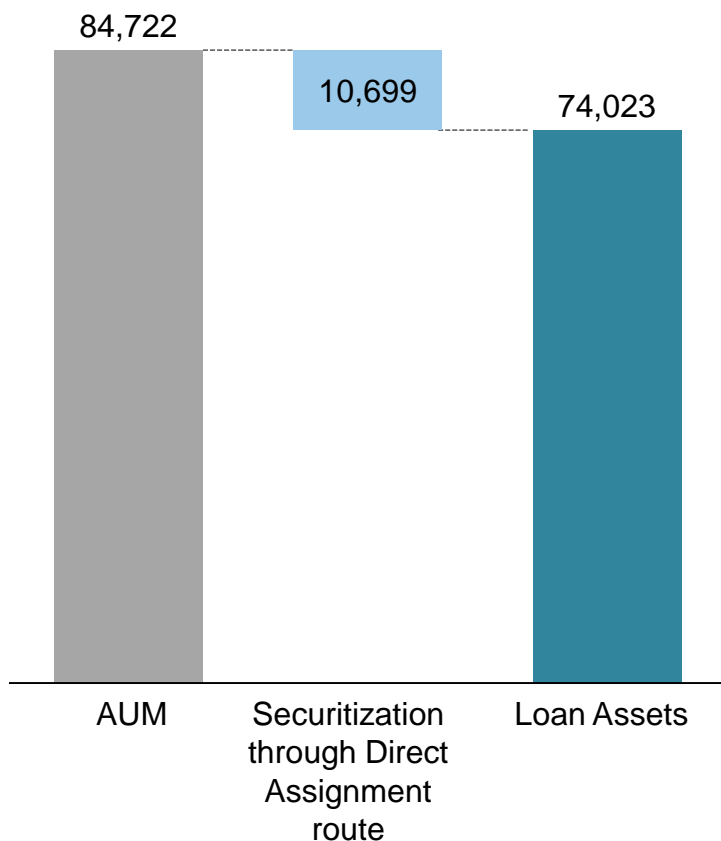


- Retail Loan Against Property
- Retail Non-Residential Premises Loan
- Lease Rental Discounting
- Corporate Term Loan

# Loan Assets Walk and Securitized Pool Highlights



## Asset Bridge (INR Crore)



## Highlights of Securitized Pool

- Securitized book (IHL and Retail LAP) outstanding at ~13% of AUM
- Developed expertise in Securitization
- Average MOB at the time of transaction is 25 months
- Superior asset quality; GNPA at 0.20% with average MOB of 38 months as on 31-Mar-19
- Substantial demand from public / private sector Banks & NBFCs for pool buyout

# Retail Focused Operations



Retail Loans contribute 79% of the AUM

Loans given as Individual Housing Loans, Loan Against Property and Non Residential Premises Loans

**Focus on mass housing segment**; established a niche in self employed segment

**Evidence based income assessment** and established banking relationship

Robust and scalable Hub and Spoke model resulting in **efficient underwriting** process

**Mandatory touch base** with self employed customers at their place of enterprise

Quality of Loan Portfolio stress tested **thrice** in the last 2 years through Demonetisation, GST and tight Liquidity

# Key Loan Profile



## Individual Housing Loans

## Retail Loan Against Property

Average Ticket Size

INR 31 Lakh  
(US\$ 44.8 k)

INR 48 Lakh  
(US\$ 69.4 k)

Weighted Average  
Loan to Value (at  
Origination)

70.6%

49.6%

Salaried vs Self-  
Employed

70% : 30%

19% : 81%

Weighted Average  
Tenure\*

22.3 Years

13.5 Years

Primary Security

Mortgage of Property Financed

Mortgage of Property Financed

*Focus on Mass Housing*

*Robust Credit Underwriting  
Process*

\*Residual Contracted tenure  
Data as on 31-Mar-19



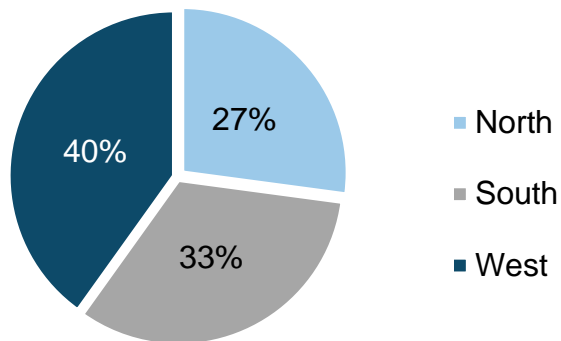
Corporate Book

# Corporate Book Summary

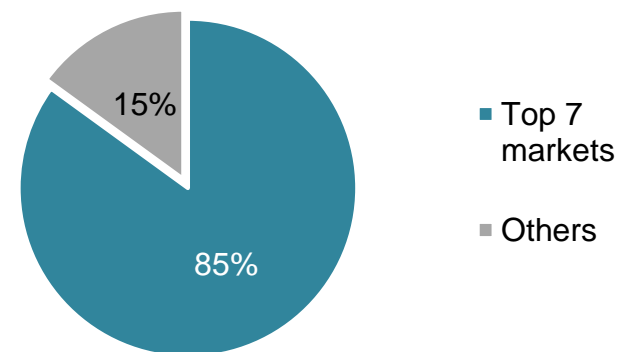


Product Segment	Amount (INR Cr)	% of AUM	Unique Corporate houses ATS INR Cr (US\$ mn)	No. of Unique Corporate houses	No. of Loan Accounts
Construction Finance	11,152	13%	128.3 (18.6)	169	194
Lease Rental Discounting	3,092	4%	159.8 (23.1)		23
Corporate Term Loan	3,678	4%	103.8 (15.0)		74

## Geographical Distribution



## City Concentration



*Funded over 150,000 sq mtr of saleable area*

# Corporate Book Risk Buying and Review Mechanism



## Risk Buying



- External valuation and legal title checks to supplement inhouse expertise
- Centralised team with specialisation across Acquisition, Technical, Legal, Credit, Operations
- Effective risk management with segregation of responsibilities
- Stress test at the start of a relationship with clear guidelines
- Construction linked disbursement

## Credit Covenants



- Over **90%** developers are **rated** by external rating agencies
- Minimum Security Coverage Ratio of **1.5x**
  - Weighted average as on 31-Mar-19 is 2.2x
- Cash Receivable Coverage (net off project expense) of **1.5x**
- Collections through **escrow** mechanism

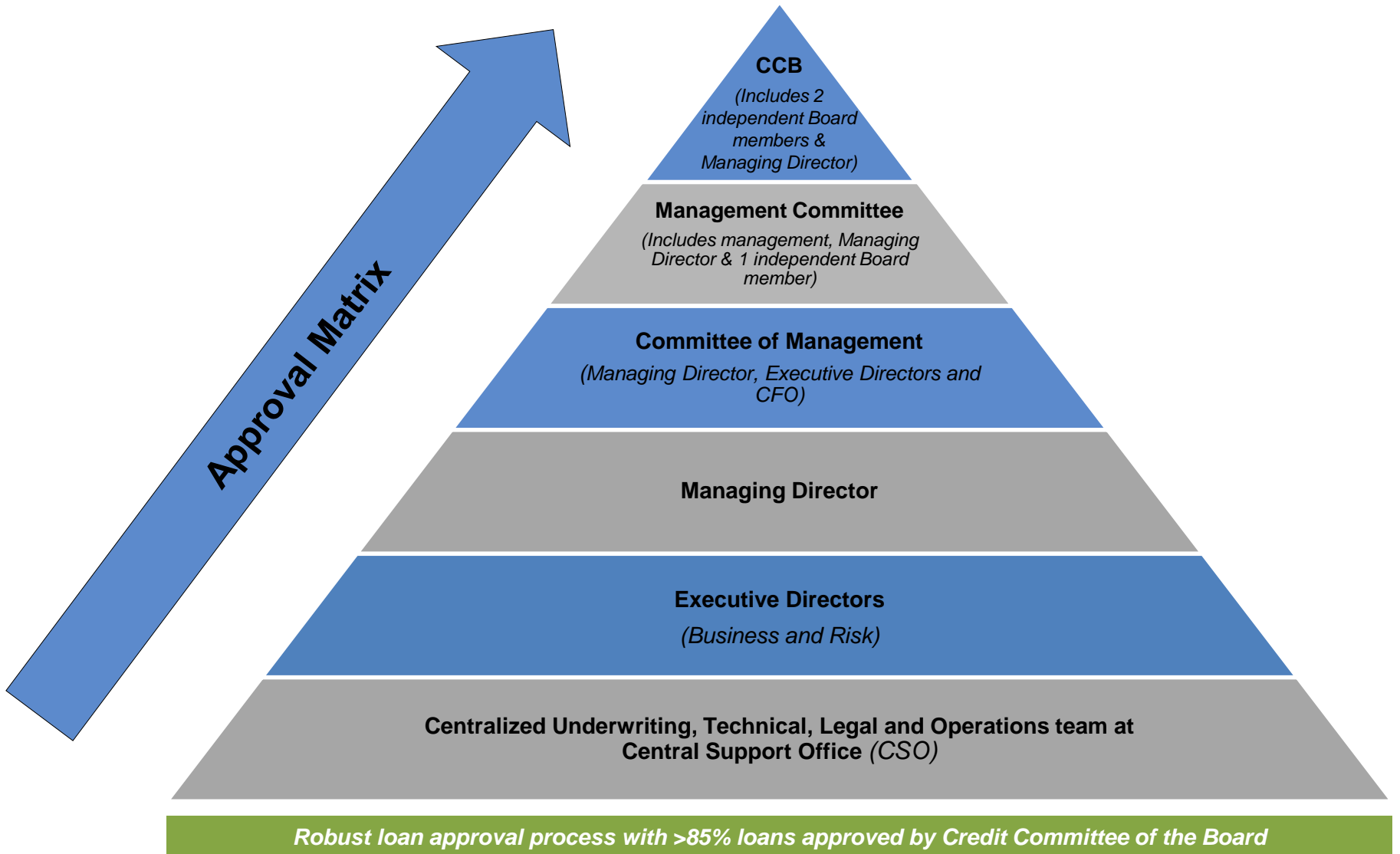
## Monitoring



- Fund utilization, sales velocity, collection efficiency and escrow discipline
- Continuous Monitoring
  - At the time of every subsequent disbursement
  - RAG analysis on a regular basis; presented to the Board
- Helps in early warning signals to take timely corrective measures

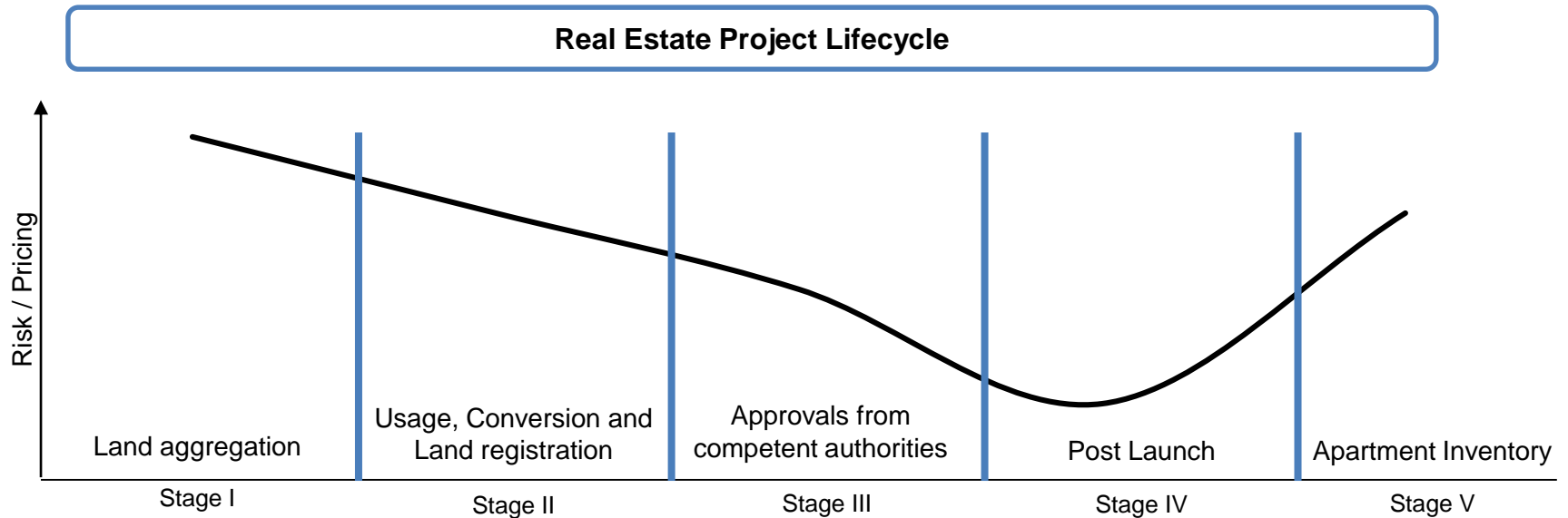


# Corporate Book Approval Process

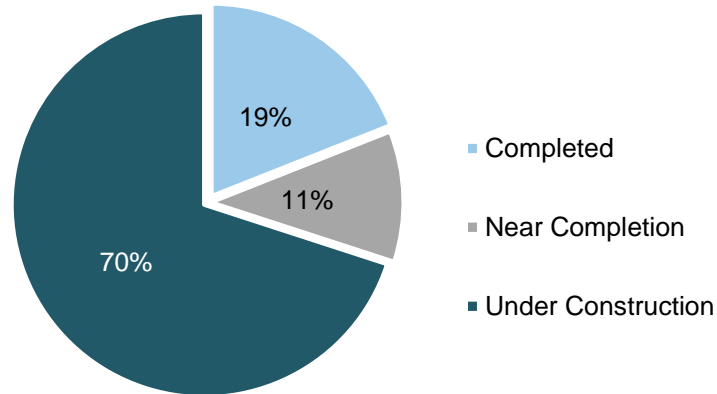


CCB: Credit Committee of Board

# Construction Finance Loan Stages



### PNB Housing Construction Finance Book



Conservative lending process with over 99% of Construction Finance loans at Stage IV



## Corporate Term Loans

- Constitutes 4% of AUM
- Spread across 54 reputed developers
- Top 7 markets contributes over 79%
- Residential : Commercial – 64:36
- Earmarked/Identified cashflows



## Lease Rental Discounting

- Constitutes 4% of AUM
- Spread across 17 reputed developers
- Presence in 9 large cities
- 100% of LRD are backed by leased out commercial office building with multiple tenants
- Class “A” property and tenants



## Corporate Book – Additional Details

# Corporate Book Details



## AUM

Asset Under Management at INR **17,922.5 crore**

## Disbursement

Disbursements in FY18-19 at INR 9,630 crore; **6% growth YoY**

## Repeat Customers

**~70% of FY19** disbursements were made to repeat customers

## Top Exposure

Top 20 developers (by Group) constitute **60% of the Corporate book**

## Construction Progress

Average construction progress for Top 20 developers (by group) is **68%** of the funded project

## Rating

Top 20 developers (by group), except 1, are rated **Investment grade or above**

# Corporate Book Key Exposures under Pro-active Measures



Exposures identified through Early Warning Signals

## **3 Exposures Cured fully during the Year**

Exposure 1: account resolved after initiating legal action against the borrower entity

Exposure 2: scope of the project enhanced; developer moved to another financier for higher loan

Exposure 3: with continuous engagement, loan fully paid by the developer



**Cured with minimal haircut**

## **3 Exposures Under Proactive Measure**

Issue:

- Increase in FSI resulting in scope change
- Slower sales due to market slowdown

Status:

- All approvals in place now
- Stronger partner expected to be on Board through sale or JV



**Average Security Coverage of over 1.7x**

## **2 Exposures Under Remedial Action**

Issue: aberration due to litigation

Status: sale of land parcels underway to potential buyers to clear dues



**Average Security Coverage of over 3.5x**

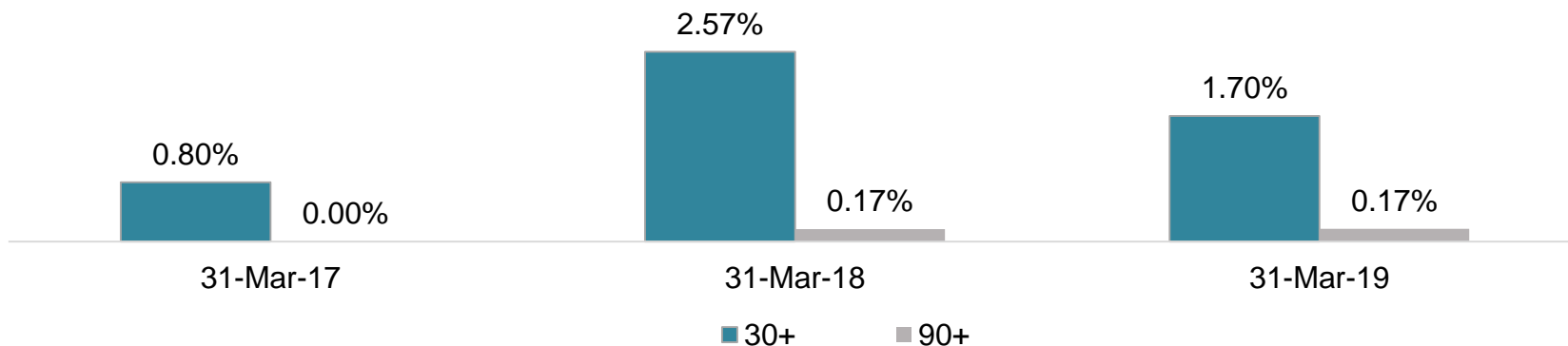
**Apart from ECL provision, Steady State Provision of INR 156.5 crore**

**All the above accounts are standard in our books**

# Corporate Book Robust Asset Quality



## Delinquency



### Exposures moved to NPA bucket as on 31-Mar-19

- 2 exposures under NPA aggregating to INR 30 crore
  - Exposure 1:
    - Slower construction due to delay in completion of municipal infrastructure and inturn sales
    - Sufficient security coverage of ~3.5 times
  - Exposure 2:
    - Slower project progress due to market slowdown
    - Adequate security coverage of ~5 times



- Minimal credit loss of INR 2.14 crore since inception



## Operational and Financial Performance



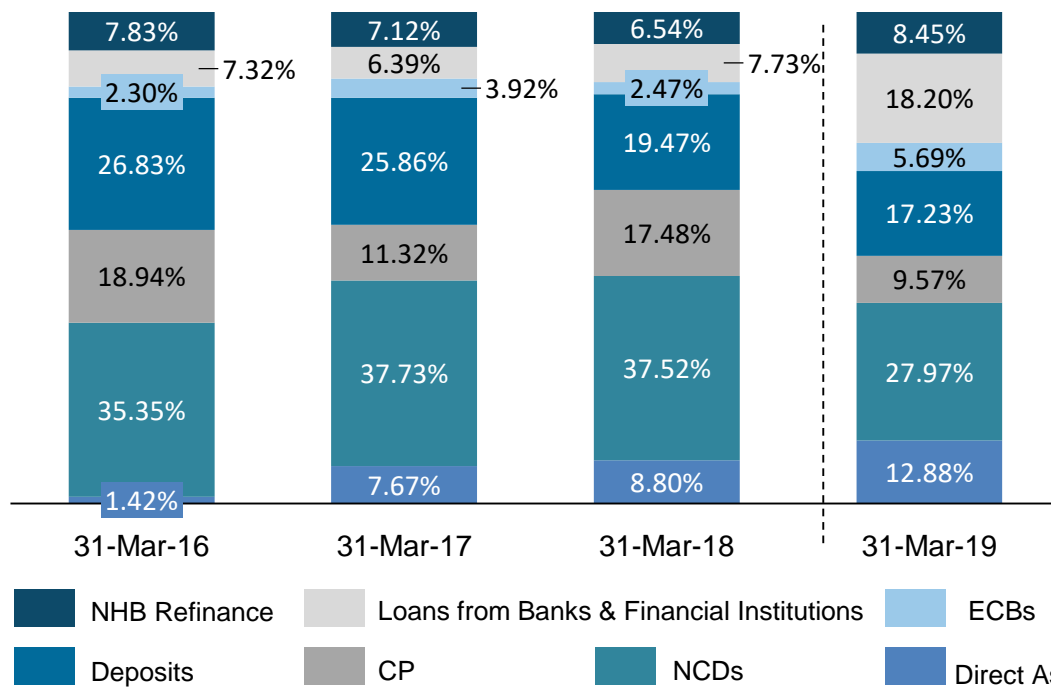


# Well Diversified Resource Profile



(INR Crore)

## Access to a Diverse Base of Funding



## Relationships with multiple lending partners



33 Banks



32 Pension Funds



572 Provident Funds



2 Multilateral Agencies



36 Insurance Companies



Over 1,50,000 Deposit Account



23 Mutual Funds



7 Foreign Portfolio Investors

As on (INR Crore)	Borrowings	Assignment	Total Resource
31-Mar-16	26,159	378	26,537
31-Mar-17	35,657	2,961	38,618
31-Mar-18	54,268	5,238	59,506
31-Mar-19	72,362	10,699	83,061

### Credit Rating

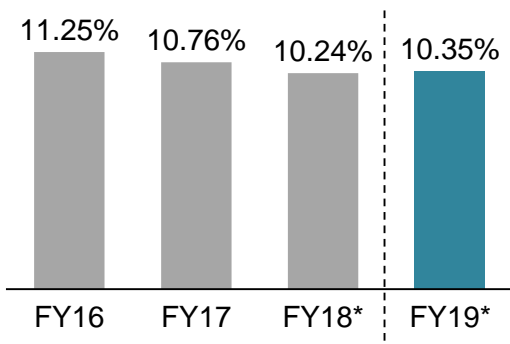
- Fixed Deposit has been rated "FAAA" by CRISIL and "AAA" by CARE. The rating of "FAAA" and "AAA" indicates "High Safety" with regards to the repayment of interest and principal.
- Commercial Paper is rated at "A1(+)" by CARE & CRISIL and Non-Convertible Debenture (NCD) are rated at "AAA" by CARE, "AA+" by India Ratings, "AA+" by CRISIL and "AA+" by ICRA.
- Bank Loans Long Term Rating is rated at "AAA" by CARE and "AA+" by CRISIL.

1 Crore = 10 million

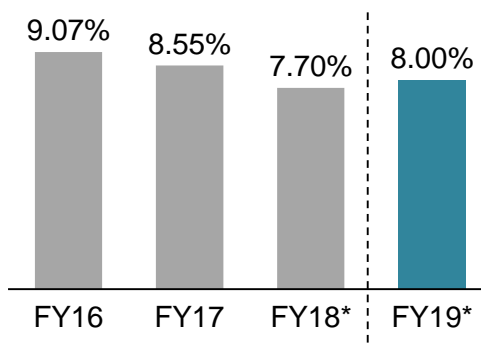
# Margin Analysis



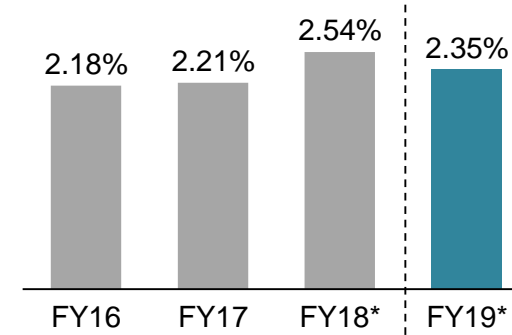
### Average Yield



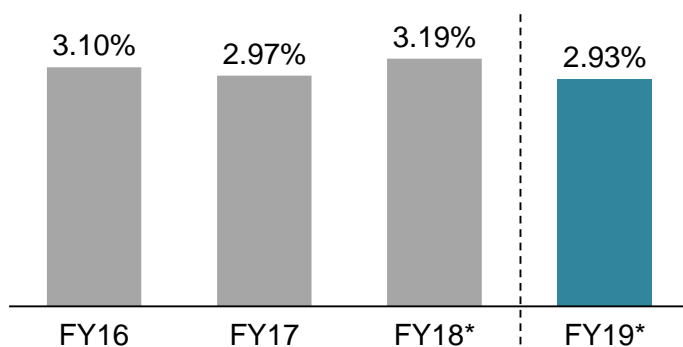
### Average Cost of Borrowings



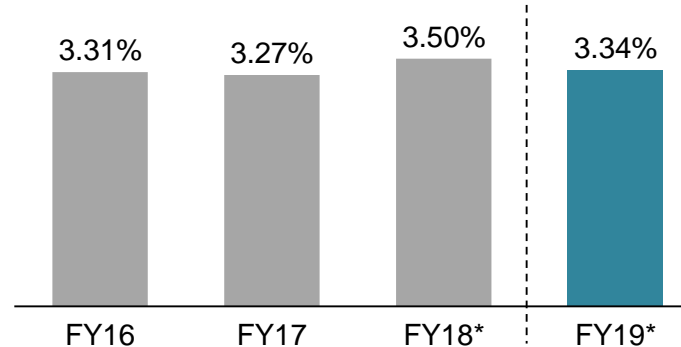
### Spread



### NIM



### Gross Margin



Ratios are calculated on Monthly Average

Gross Margin is net of acquisition cost

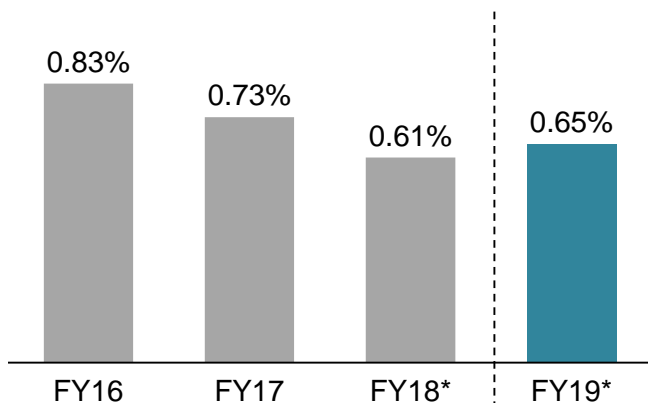
\*As per IndAS

For the calculation of ratios P&L numbers for FY18 & FY19 are as per Ind AS

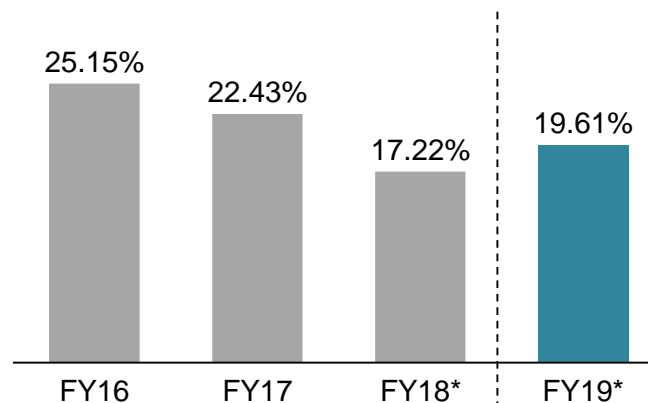
# Operating Leverage playing out with Better Return Profile



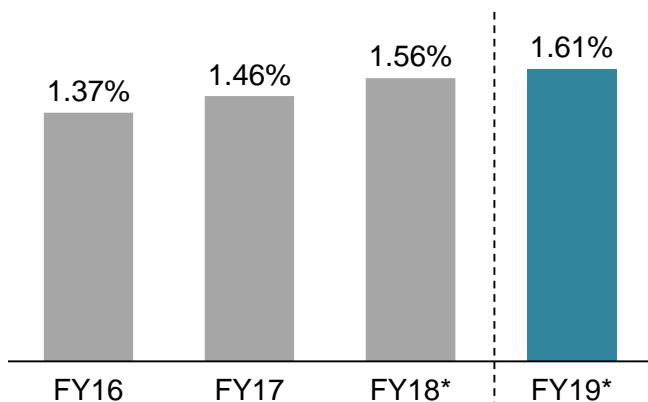
**Opex to ATA Ratio**



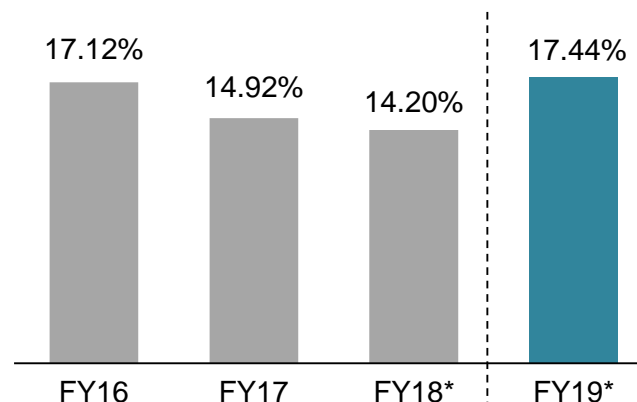
**Cost to Income Ratio**



**Return on Asset**



**Return on Equity**



Ratios are calculated on Monthly Average

\*As per IndAS

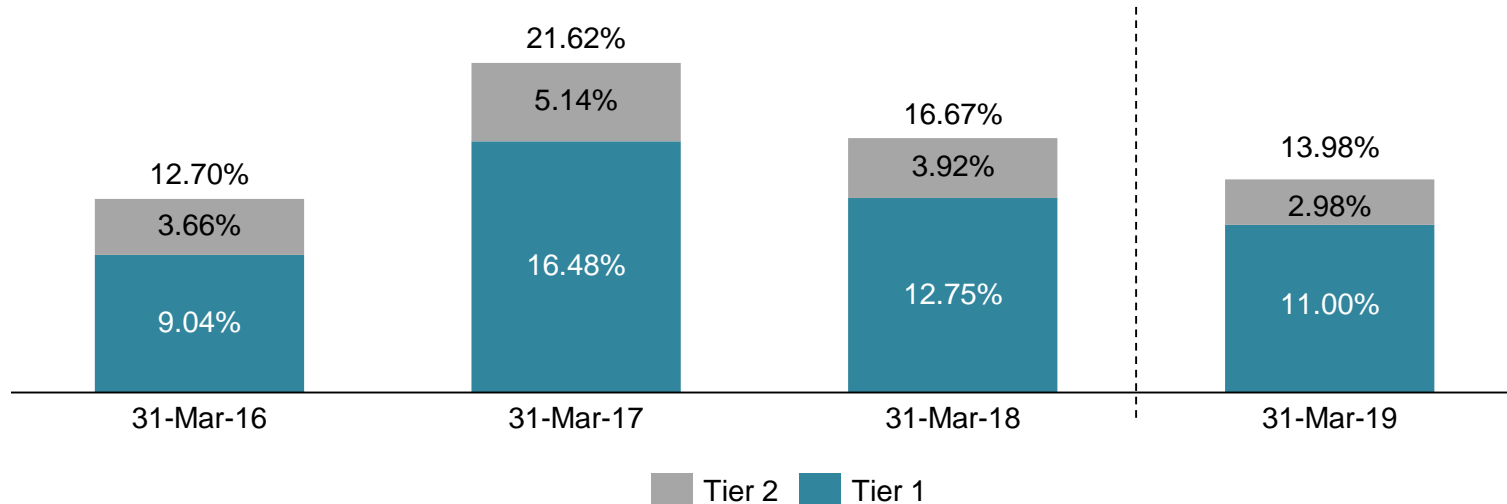
Opex to ATA is calculated as Operating Expenditure(Employee Cost + Other Expenses + Depreciation - Acquisition Cost - ESOP cost - CSR cost)/Average Total Assets as per Balance sheet

For the calculation of ratios P&L numbers for FY18 & FY19 are as per Ind AS

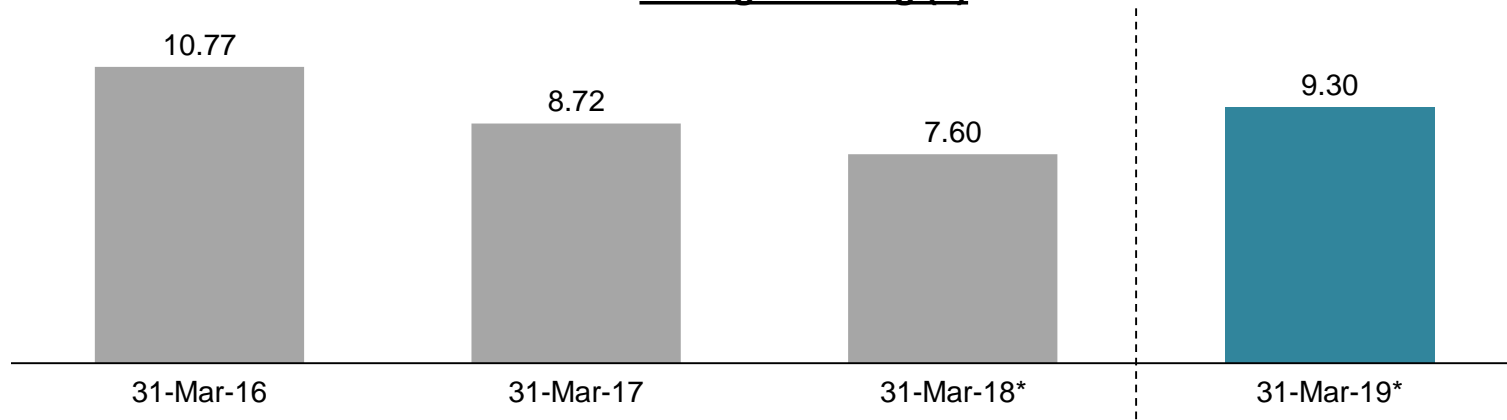
# CRAR and Gearing



## Capital to Risk Asset Ratio



## Average Gearing (x)



Ratio is calculated on Monthly Average  
Based on IGAAP numbers

\*Average Gearing is based on IndAS network



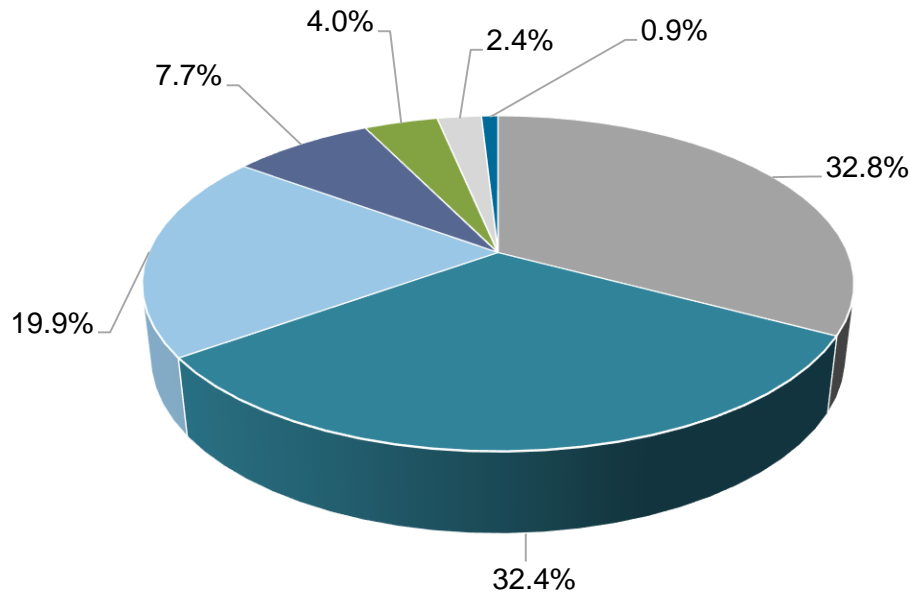
## Shareholding



# Shareholding



## Shareholding as on 31-Mar-19



- Promoters (PNB)
- Foreign Inst. Investors
- Public & Others
- Financial Institutions / Banks
- Quality Investment Holdings (The Carlyle Group)
- Mutual Funds
- Bodies Corporates

**Outstanding Shares – 16,74,69,016 shares**

### Top Shareholders

General Atlantic Singapore Fund, Birla Sunlife MF, Malabar Investments, Reliance MF, SBI MF, Franklin Templeton MF, Vanguard, Wasatch, Fiera Capital, Auburn Ltd



Included in  
**“MSCI Global Small Cap Index”**  
 in November 2018



Detailed Financials and Valuations

# Consolidated Balance Sheet



	Particulars (INR Crore)	31-Mar-19	31-Mar-18
	<b>LIABILITIES</b>		
<b>1</b>	<b>Financial Liabilities</b>		
(a)	Derivative financial instruments	210.8	38.6
(b)	Payables		
	(I) Trade Payables		
	(i) total outstanding dues of micro enterprises and small enterprises		
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	127.2	119.6
(c)	Debt Securities	29,604.9	31,088.3
(d)	Borrowings (Other than Debt Securities)	26,793.2	9,950.7
(e)	Deposits	14,023.0	11,339.8
(f)	Subordinated Liabilities	1,437.7	1,397.9
(g)	Other financial liabilities	2,091.3	854.4
	<b>Sub Total - Financial Liabilities</b>	<b>74,288.1</b>	<b>54,789.3</b>
<b>2</b>	<b>Non-Financial Liabilities</b>		
(a)	Provisions	25.2	18.7
(b)	Other non-financial liabilities	2,011.8	1,639.1
	<b>Sub Total - Non-Financial Liabilities</b>	<b>2,037.0</b>	<b>1,657.8</b>
<b>3</b>	<b>EQUITY</b>		
(a)	Equity Share capital	167.5	166.6
(b)	Other Equity	7,376.4	6,400.8
	<b>Equity attributable to equity holders of the parent</b>	<b>7,543.9</b>	<b>6,567.4</b>
	Non-controlling interest	-	-
	<b>TOTAL – EQUITY &amp; LIABILITIES</b>	<b>83,869.0</b>	<b>63,014.5</b>

	Particulars (INR Crore)	31-Mar-19	31-Mar-18
	<b>ASSETS</b>		
<b>1</b>	<b>Financial Assets</b>		
(a)	Cash and cash equivalents	4,034.0	2,817.0
(b)	Bank Balance other than (a) above	0.1	0.0
(c)	Derivative financial instruments	0.0	0.0
(d)	Trade Receivables	38.8	0.3
(e)	Loans	74,287.9	57,164.8
(f)	Investments	4,560.7	2,413.0
(g)	Other Financial Assets	513.0	240.8
	<b>Sub Total - Financial Assets</b>	<b>83,434.5</b>	<b>62,635.9</b>
<b>2</b>	<b>Non - Financial Assets</b>		
(a)	Current tax assets (Net)	115.6	48.5
(b)	Deferred tax Assets (Net)	61.0	45.5
(c)	Investment Property	0.6	0.6
(d)	Property, Plant and Equipment	78.3	58.4
(e)	Capital work-in-progress	3.8	8.2
(f)	Other Intangible assets	24.2	17.1
(g)	Intangible assets under development	1.4	1.5
(h)	Other non-financial assets	18.5	20.2
(i)	Assets held for sale	131.1	178.7
	<b>Sub Total - Non - Financial Assets</b>	<b>434.5</b>	<b>378.6</b>
	<b>TOTAL - ASSETS</b>	<b>83,869.0</b>	<b>63,014.5</b>

As per IND AS  
1 Crore = 10 mn



# Consolidated Profit & Loss Statement



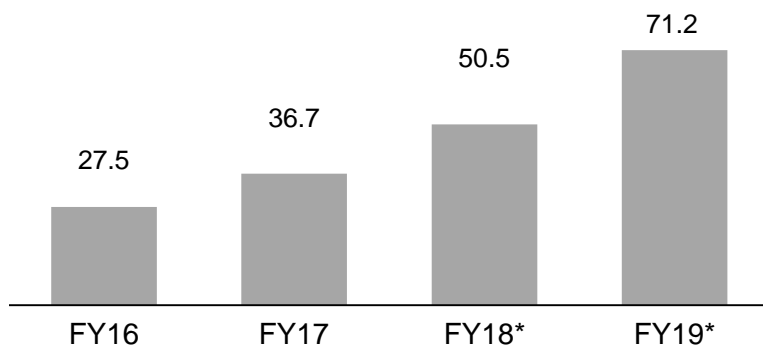
Particulars (INR Crore)	Q4 FY19	Q4 FY18	YoY	Q3 FY19	QoQ	FY19	FY18	YoY
Interest Income	1,892.9	1,424.1		1,764.1		6,792.9	5,046.7	
Add: Net gain on fair value changes	50.4	26.1		51.8		128.9	33.5	
Add: Income on derecognized (assigned) loans	93.9	116.2		152.4		308.1	116.2	
Less: Finance Cost	1,427.5	1,025.6		1,410.3		5,166.4	3,536.6	
<b>Net Interest Income</b>	<b>609.7</b>	<b>540.8</b>	<b>12.7%</b>	<b>558.0</b>	<b>9.3%</b>	<b>2,063.5</b>	<b>1,659.9</b>	<b>24.3%</b>
Add: Fees and commission Income	108.0	71.7		109.5		449.4	292.3	
Less: Fees and commission expense	7.9	21.8		13.0		54.6	83.5	
Add: Other Income	3.0	0.3		<b>0.7</b>		<b>3.9</b>	<b>0.6</b>	
<b>Gross Income</b>	<b>712.8</b>	<b>591.0</b>	<b>20.6%</b>	<b>655.2</b>	<b>8.8%</b>	<b>2,462.2</b>	<b>1,869.3</b>	<b>31.7%</b>
Operating Expenses								
Less: Employee Benefit Expenses	91.3	45.6		81.1		303.9	144.1	
Less: Other Expenses	57.1	76.4		54.8		203.6	189.9	
Less: Depreciation and Amortisation	9.2	7.0		7.6		31.4	24.1	
<b>Pre Provision Operating Profit</b>	<b>555.2</b>	<b>462.0</b>	<b>20.1%</b>	<b>511.7</b>	<b>8.5%</b>	<b>1,923.3</b>	<b>1,511.2</b>	<b>27.3%</b>
Less: Impairment on financial instruments & Write-offs (Expected Credit Loss)	10.1	84.6		70.1		188.9	276.6	
<b>Profit Before Tax</b>	<b>545.1</b>	<b>377.4</b>	<b>44.4%</b>	<b>441.6</b>	<b>23.4%</b>	<b>1,734.4</b>	<b>1,234.6</b>	<b>40.5%</b>
Tax Expense								
-Current Tax	133.7	109.8		117.6		503.5	437.9	
-Deferred Tax	31.7	16.0		21.1		39.4	-44.4	
Less: Total Tax Expense	165.4	125.8		138.7		542.9	393.4	
<b>Net Profit after Tax</b>	<b>379.7</b>	<b>251.6</b>	<b>50.9%</b>	<b>302.9</b>	<b>25.4%</b>	<b>1,191.5</b>	<b>841.2</b>	<b>41.6%</b>
Add: Other Comprehensive Income	-31.3	13.4		-72.6		-102.3	-2.2	
<b>Total Comprehensive Income</b>	<b>348.4</b>	<b>265.0</b>		<b>230.3</b>		<b>1,089.2</b>	<b>839</b>	
EPS (Basic)	22.7	15.1		18.09		71.2	50.5	

As per IND AS  
1 Crore = 10 mn

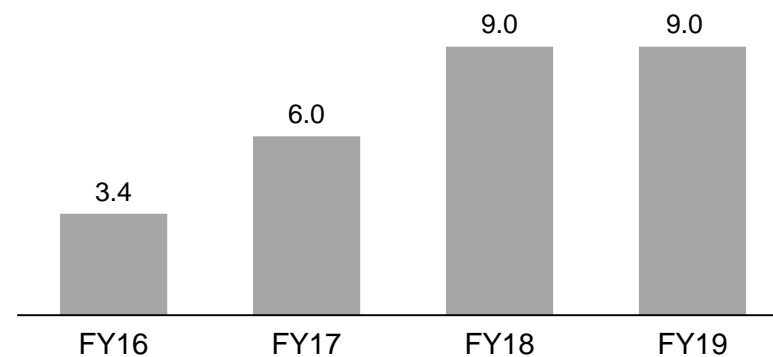
# Return to Shareholders



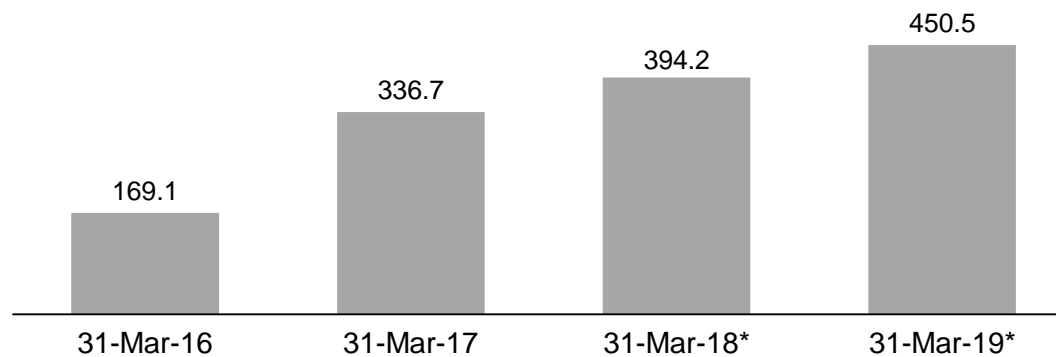
## Earnings Per Share (INR)



## Dividend Per Share (INR)



## Book Value Per Share (INR)



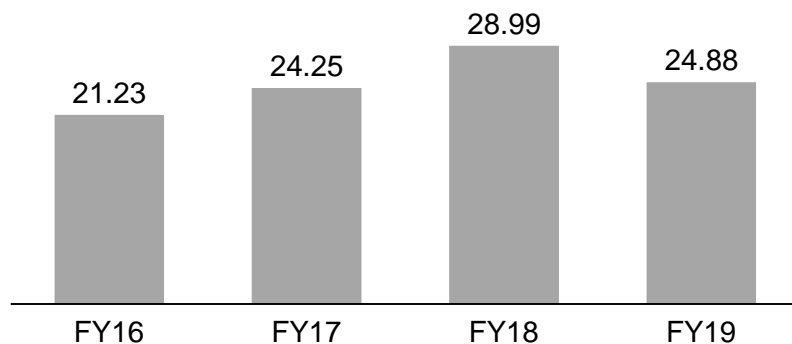
\*As per IND AS

# Employee Efficiency

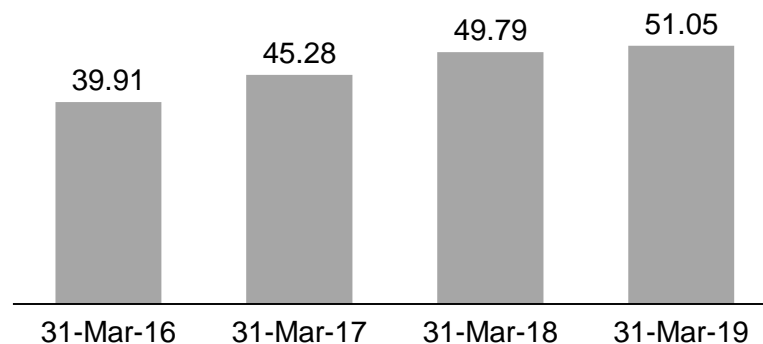


(INR Crore)

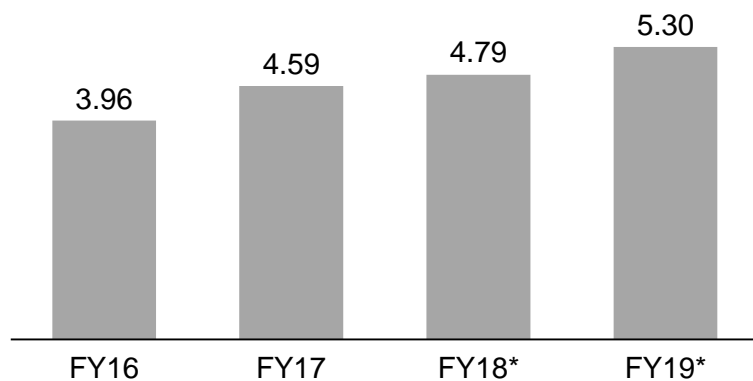
## Disbursement / Employee



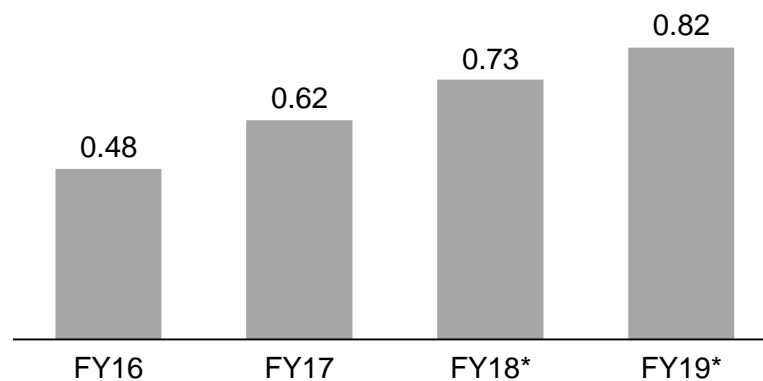
## Loans Outstanding / Employee



## Total Revenue / Employee



## Profitability / Employee



Calculated on average number of employee for the year  
Average no. of employee for FY19: 1,450

1 Crore = 10 mn  
\*As per IND AS



Saksham – Contributing to the Society



# Glimpses of Social Interventions



## Enhancing Human Potential

- Partnered with The Confederation of Real Estate Developers Association of India (CREDAI) to conduct Onsite & Offsite skill enhancement training programmes for construction workers



## Reaching Out, Reaching Far

- Collaborated with various NGOs and real estate developers to establish 33 day care centres on various construction sites
- Children of construction workers are provided with education, hygiene and nutrition at these day care centres



## Investing in Education

- Adopted two schools with VIDYA to provide quality education to the underprivileged children
- Scholarship program for underprivileged children
- In partnership, initiated a badminton training programme for sports development in Government schools



## Improving Access to Health Care

- Supported two government hospitals with an aim to improve infrastructure
- Supported operational cost to run cancer patient helpline and outreach clinic for the patients
- Launched a reproductive health and hygiene programme for young adolescent girls in five villages in UP



*Touched over 40,000 lives during the year*

# Winning Awards & Accolades



Recognised as **Best Brand of India 2019** by The Economic Times



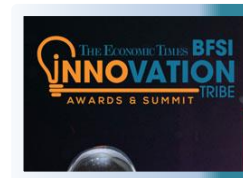
Bagged Gold in 'Home Loan Provider of the Year 2018'



Won **Silver for Annual Report FY2017-18**



Mr. Sanjaya Gupta recognised as One of the 'Most Promising Business Leaders of Asia 2019' at the Economic Times' Asian Business Leaders Conclave.



Conferred bronze award at the SKOCH Awards 2018. The award was felicitated for  $\mu$ Connect, a collaborative service platform for underwriting partners.



Winner at **The Economic Times Innovation Awards 2018**; winning trophy in BFSI category for its innovative digital solution iBox.



Bagged award at **Trescon BIG 50 BFSI Leaders Awards**. The award recognises leaders who identify need of the hour and leverage emerging technologies to provide holistic solutions.



Jointly received the 'Best Stand-out IR' award in the 'Large Cap' category by the prestigious IR Society of India in association with Bloomberg and BNY Mellon."



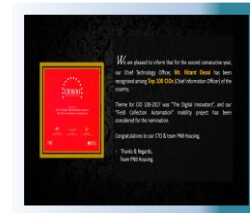
The Penguin TV Commercial has bagged the Gold Award at FICCI's Best Animated Frames (BAF) Awards 2018.



Conferred as the 'Best Housing Finance Company of the Year' by ET Now Rise with India – BFSI Awards



Recognized as 'Symbol of Excellence in the BFSI Sector' at The Economic Times Best BFSI Brands 2018.



Mr. Nitant Desai awarded amongst **Top 100 CIOs of India**



Management Team...



# ...with Extensive Industry Experience



**Sanjaya Gupta**  
**Managing Director**

Age : 56 Years

No. of Years with PNBHF : 8 Years

Prior Engagements : AIG, ABN Amro Bank N.V. and HDFC Limited



**Shaji Varghese**  
**ED - Business Development**

Age : 47 Years

No. of Years with  
PNBHF : 7 Years

Prior Engagements :  
IndusInd Bank  
ABN AMRO Bank NV  
ICICI Bank Limited



**Ajay Gupta**  
**ED - Risk Management**

Age : 53 Years

No. of Years with  
PNBHF : 6 Years

Prior Engagements :  
Religare Finvest Ltd  
GE Money Indiabulls  
Financial Services



**Nitant Desai**  
**Chief Centralised Operation &  
Technology Officer**

Age : 57 Years

No. of Years with  
PNBHF : 8 Years

Prior Engagements :  
HDFC Standard Life  
Insurance, Union National  
Bank, ICICI Bank



**Kapish Jain**  
**Chief Financial Officer**

Age : 46 Years

No. of Years with  
PNBHF : 1 Year

Prior Engagements :  
Xander Finance, Au  
Small Finance Bank,  
ICICI Prudential Life  
Insurance, Deutsche  
Bank



**Sanjay Jain**  
**Company Secretary & Head Compliance**

Age : 55 Years

No. of Years with  
PNBHF : 24 Years

Prior Engagements :  
Ansal



**Anshul Bhargava**  
**Chief People Officer**

Age : 52 Years

No. of Years with  
PNBHF : 7 Years

Prior Engagements :  
ARMS (Arcil)  
Indian Army



# ...under the Aegis of a Highly Experienced Board



**Sunil Mehta**  
Chairman – Non Executive

**Age:**  
59 Years  
**Current Position:**  
MD & CEO of PNB



**Sh. Lingam Venkata Prabhakar**  
Non Executive Director

**Age:**  
56 Years  
**Current Position:**  
Executive Director  
PNB



**Sunil Kaul**  
Non Executive Director

**Age:**  
59 Years  
**Current Position:**  
MD, Carlyle  
Head, SE Asia, FIG,  
Carlyle



**Shital Kumar Jain**  
Independent Director

**Age:**  
79 Years  
**Current Position:** Ex  
Banker & Credit  
Head India, Citi



**Gourav Vallabh**  
Independent Director

**Age:**  
41 Years  
**Current Position:**  
Professor of Finance,  
XLRI



**R Chandrasekaran**  
Independent Director

**Age:**  
61 Years  
**Current Position:**  
Founder and Former  
Executive Vice  
Chairman, Cognizant



**Nilesh S. Vikamsey**  
Independent Director

**Age:**  
54 Years  
**Current Position:**  
Sr. Partner, Khimji  
Kunverji and Co  
Past President-ICAI



**Ashwani Kumar Gupta**  
Independent Director

**Age:**  
64 Years  
**Current Position:**  
Financial Consultant



**Shubhalakshmi Panse**  
Independent Director

**Age:**  
65 Years  
**Current Position:**  
Former Banker,  
CMD, Allahabad  
Bank



**Neeraj Vyas**  
Independent Director

**Age:**  
60 Years  
**Current Position:**  
Former Banker,  
Dy. MD & COO, SBI



**Sanjaya Gupta**  
Managing Director

**Age:**  
56 Years  
**Current Position:**  
MD, PNB Housing  
Finance

# Corporate Governance



## Board of Directors

It has 11 members, 3 are non-executive directors, 7 are independent directors and Managing Director

## Audit Committee (ACB)

It has 3 members, all are independent directors

## Nomination and Remuneration Committee (NRC)

It has 4 members, 2 are independent directors and 2 are non-executive director

## Corporate Social Responsibility Committee (CSR)

It has 4 members, 2 are independent director, 1 is non-executive director and Managing Director

## Credit Committee of the Board (CCB)

It has 3 members, 2 are independent directors and Managing Director

## Stakeholders Relationship Committee (SRC)

It has 4 members, 2 are independent directors, 1 is non-executive director and Managing Director

## Risk Management Committee (RMC)

It has 5 members, 2 are independent directors, 2 are non-executive directors and Managing Director

# Key Takeaways



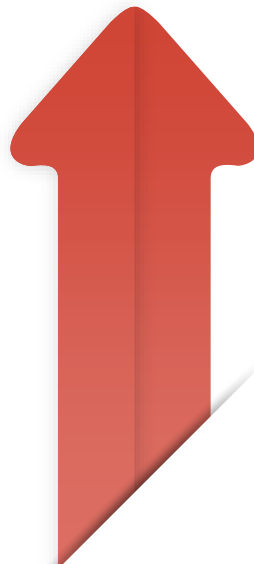
## Strong Retail Distribution Network and Robust TOM

Strong retail distribution network with pan India presence and over 19,000 channel partners across India



## Growth in Loan Book

5th largest by Loan Assets <sup>(1)</sup> and 2nd largest by deposits. <sup>(2)</sup>  
Consistent product mix



## One of the Lowest NPA's amongst HFC's

Robust Asset Quality with one of the lowest GNPA's at 0.48<sup>(3)</sup>



## Efficient Borrowing Mix

Diverse and cost effective funding mix with average cost of borrowing at 8.0%<sup>(4)</sup>



## Improving Cost to Income Ratio

Operating leverage playing out, thereby improving C/I Ratio

1. Source : ICRA Indian Mortgage Finance Market Update  
2. As on 31-Dec-18  
3. As on 31-Mar-19  
4. For FY19



## Annexure



# Glossary



ATA	Average Total Assets	GNPA	Gross Non-Performing Asset
ATS	Average Ticket Size	HFCs	Housing Finance Companies
AUM	Asset Under Management	LAP	Loan against Property
BVPS	Book Value per Share	LIG	Low Income Group
C/I	Cost to Income	LRD	Lease Rental Discounting
CRAR	Capital to Risk Asset Ratio	NCDs	Non-Convertible Debentures
CP	Commercial Paper	NII	Net Interest Income
CTL	Corporate Term Loan	NIM	Net Interest Margin
DPS	Dividend per Share	NNPA	Net Non-Performing Asset
DSA	Direct Selling Agents	NPA	Non-Performing Asset
ECB	External Commercial Borrowing	NRPLs	Non-Residential Premises Loans
ECL	Expected Credit Loss	PAT	Profit After Tax
EIR	Effective Interest Rate	PCR	Provision Coverage Ratio
EPS	Earning Per Share	ROA	Return on Asset
EWS	Economically Weaker Section	ROE	Return on Equity

# Formulas



Ratios	Formulas Used
Average Borrowings (%)	Interest Expense / Average Borrowings
Average Gearing Ratio (x)	Average Borrowings / Average Net worth
Average Yield (%)	(Interest Income + Assignment Income) on Loans / Average Loan Assets
Cost to Income (%)	Operating Expenditure(Employee Cost + Other Expenses + Depreciation - Acquisition Cost – ESOP cost - CSR cost) / (Net Revenue-Acquisition Cost)
Gross Margin (%)	Total Net Income excluding acquisition cost / Average Total Assets as per Balance sheet
NIM (%)	Net Interest Income / Average Earning Assets
Opex to ATA (%)	Operating Expenditure(Employee Cost + Other Expenses + Depreciation - Acquisition Cost – ESOP cost - CSR cost) / Average Total Assets as per Balance sheet
PCR (%)	(ECL Provision + Steady state Provision) as a % of GNPA
ROA (%)	Profit After Tax / Average Total Assets
ROE (%)	Profit After Tax / Average Net worth
Spread (%)	Average Yield - Average Cost of Borrowings

Ratio is calculated on Monthly Average



# Thank You

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**Company:**

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**PNB Housing Finance Limited**

CIN: L65922DL1988PLC033856

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