

PNB Housing Finance Ltd

Issuer Profile

February 2018



About CRISIL Issuer Profile

CRISIL Issuer Profile is part of CRISIL Ratings' ongoing efforts to enhance lenders' and investors' understanding of the credit risk profiles of large and regular issuers in India's debt market and banking system.

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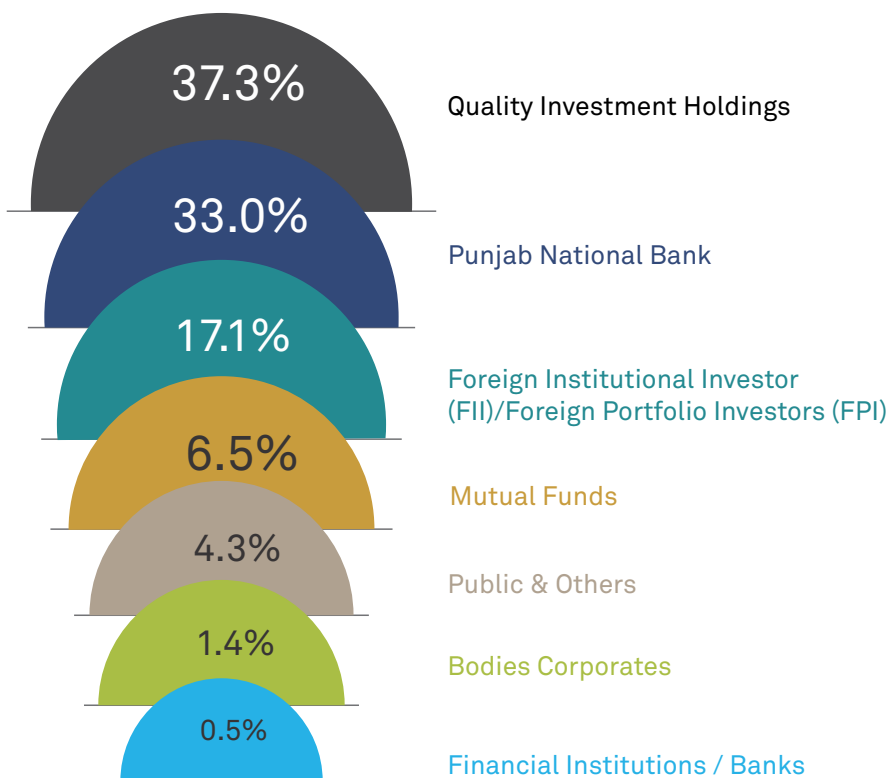
Company Description

About the company

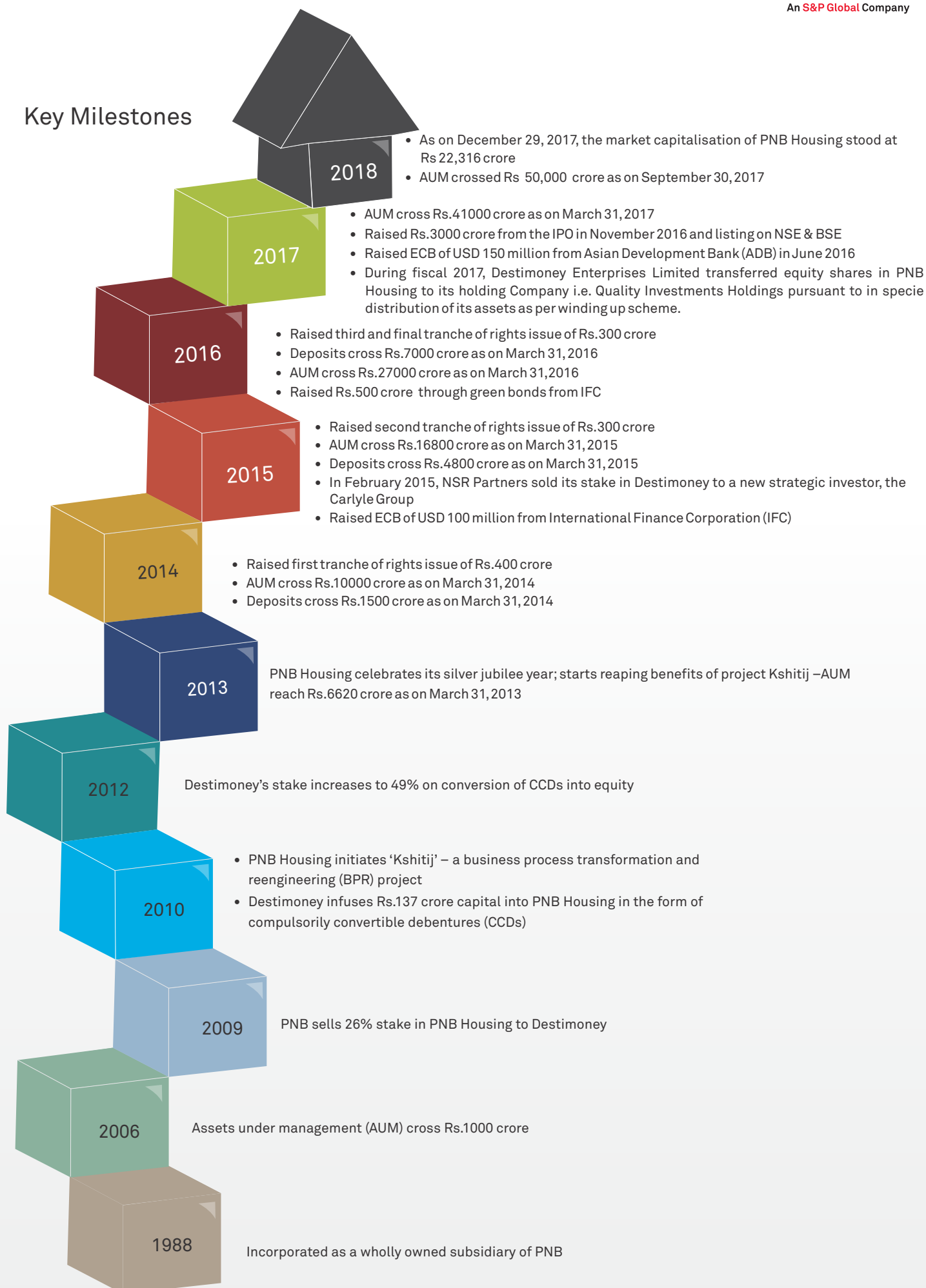
PNB Housing is amongst top five housing finance companies (HFCs) in India. The company benefits from the strong brand of PNB as well as from its customer-oriented business model which enables it to maintain strong growth. It has a pan-India presence through a network of 73 branches as on September 30, 2017.

PNB Housing provides retail housing loans for construction, purchase, repair, and upgradation of houses, as well as purchase of residential plots. It also provides loans against property (LAP) and loans for commercial property. On the wholesale side, the company provides construction finance, lease rental discounting (LRD) and Corporate term loans (CTL) to real estate developers.

Shareholding Pattern as on December 31, 2017



Key Milestones



Ratings

CRISIL Rated Debt Instruments

CRISIL has been rating PNB Housing's debt instruments since 1995. The rated debt instruments are:

Table 1: PNB Housing's CRISIL-rated debt instrument details

Instruments	Rs. Crore	Rating
Non-convertible Debentures	4600	CRISIL AA+/Stable
Bonds	1100	CRISIL AA+/Stable
Lower Tier-II Bonds	500	CRISIL AA+/Stable
Long-Term Bank Facilities	4000	CRISIL AA+/Stable
Commercial Paper Programme	16000	CRISIL A1+
Fixed Deposit Programme	14500	FAAA/Stable

Rating History

Date	Rating	Outlook	Rating Action
June 2017	CRISIL AA+/FAAA/CRISIL A1+	Stable	Revision in outlook
March 2016	CRISIL AA+/FAAA/CRISIL A1+	Negative	Revision in outlook
December 2013	CRISIL AA+/FAAA/CRISIL A1+	Stable	Rating upgrade on long-term debt instruments and fixed deposit programme
July 2013	CRISIL AA/FAA+/CRISIL A1+	Positive	Revision in outlook
February 2010	CRISIL AA/FAA+/CRISIL A1+	Stable	Rating downgrade on long-term debt instruments and fixed deposit programme
December 2009	CRISIL AA+/FAAA/CRISIL A1+	-	Ratings on long-term debt instruments and fixed deposit programme placed on 'Ratings Watch with Developing Implications'
April 2009	CRISIL AA+/FAAA/CRISIL A1+	Negative	Revision in outlook
September 2004	CRISIL AA+/FAAA/CRISIL A1+	Stable	Rating upgrade on long-term debt instruments and fixed deposit programme
September 2003	CRISIL AA/FAA+/CRISIL A1+	Stable	-
August 2002	CRISIL AA/FAA+	-	-
July 2002	FAA+	-	Rating upgrade on fixed deposit programme
October 2000	FAA-	-	Rating upgrade on fixed deposit programme
December 1999	FA+	-	Rating upgrade on fixed deposit programme
December 1998	FA-	-	Rating downgrade on fixed deposit programme
September 1995	FA	-	-

Board of Directors

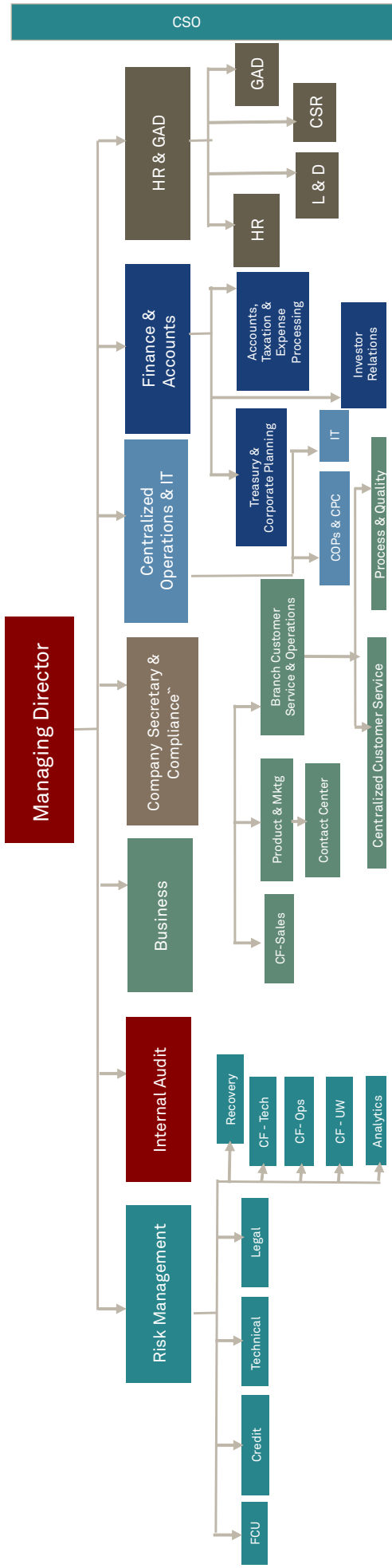
Name	Designation	Profile
Shri Sunil Mehta MD and CEO, PNB	Chairperson (PNB Nominee)	A seasoned banker with over 35 years of rich experience in various administrative and functional capacities at Branches, Zonal, Head Offices. Prior to assuming the position of MD & CEO of Punjab National Bank, he was Executive Director of Corporation Bank.
Dr. Ram S Sangapure Executive Director, PNB	Director (PNB Nominee)	Executive Director of PNB. Prior to joining PNB, he had worked with IDBI Bank and Central Bank of India.
Mr. Sunil Kaul	Director (Carlyle Group Nominee)	He has over 25 years' experience in corporate and consumer banking of which more than 15 years have been in Asia. He has served as the president of Citibank Japan, overseeing the banks corporate and retail banking operations. He concurrently served as the chairman of Citi's credit card and consumer finance companies in Japan.
Mr. Shital Kumar Jain	Independent Director	He retired from Citibank in June 2000 after working for more than 31 years. He held the post of Senior Credit Officer for more than 18 years
Mr Ashwani Kumar Gupta	Independent Director	A chartered accountant with an experience of over 30 years in corporate finance, treasury, capital management and asset reconstruction.
Mr. R Chandrasekaran	Independent Director	He is the Executive Vice Chairman of Cognizant India
Prof. (Dr) Gourav Vallabh	Independent Director	He is Professor of Finance XLRI Jamshedpur, Xavier School of Management, Jamshedpur
Mr. Nilesh S Vikamsey	Independent Director	He is senior partner at KHIMJI KUNVERJI & CO, Chartered Accountants.
Mrs. Shubhalakshmi Panse	Independent Director	She has 38 years' experience in the field of Banking, particularly in Corporate Credit appraisal, Credit Monitoring, NPA management, Planning, Project appraisal and also in Economics, Finance and Information Technology
Mr. Sanjaya Gupta	Managing Director	He has experience of over 30 years in the financial industry spanning organisations like HDFC Ltd, ABN Amro Bank NV, AIG INC

Ratings

Top Management

Name	Designation	Experience in Years
Mr. Sanjaya Gupta	Managing Director	30 years
Mr. Shaji Varghese	ED & Business Head	22 years
Mr. Ajay Gupta	ED & Chief Risk Officer	27 years
Mr. Nitant Desai	Chief Centralised Operations and Technology Officer	33 years
Mr. Anshul Bhargava	Chief People Officer	25 years
Mr. Sanjay Jain	Company Secretary and Head Compliance	29 years

PNB Housing's Organisation Structure: Summary



Summary Credit Risk Profile

Parent Support

- PNB Housing continues to benefit from the expectation of support from its promoter shareholder, PNB given the increasing strategic importance of PNB Housing to PNB and the latter's high moral obligation.

Business risk profile

Market position

- Fifth-largest player among HFCs; however, market share in overall housing finance is moderate
- AUM grew by 47% (y-o-y) to Rs. 51,320 crore as on September 30, 2017; company to maintain higher-than-industry average growth over the medium term
- AUM comprised of housing loans (59%), construction finance (12%), LAP# (21%), and corporate term loan* (8%) as on September 30, 2017
- AUM is well diversified across India; with northern, western and southern India contributing around 34%, 37% and 29%, respectively, as on September 30, 2017

Asset Quality

- PNB Housing has robust credit underwriting, monitoring, and collection processes
- Two-year lagged gross NPAs have remained comfortable at 0.51% as on March 31, 2017, supported by improved systems and processes
- Impact of seasoning, however, remains to be seen given the strong growth over the past four years, especially in the non-housing portfolio
- Ability to maintain asset quality while increasing scale remains a monitorable

Resources

- Well-diversified resource profile comprising bank loans, bonds debentures, fixed deposits, NHB refinance and external commercial borrowings and green bonds.
- Second largest deposit base among HFCs
- Significant increase in focus on relatively stable fixed deposits (23% of borrowings as on September 2017) over the past two years to lend stability and diversify the investor profile
- Better than peers' cost of borrowing

Financial risk profile

Capital adequacy

- Comfortable capitalisation with net worth and Tier-I capital adequacy ratio (CAR) of Rs. 5880 crore and 13.99%, respectively, as on September 30, 2017
- The company raised Rs. 3000 crore through an IPO in November 2016, and this will support its strong growth plans in the medium-term
- Adjusted Gearing decreased to 8.1 times as on September 30, 2017 given the infusion through the IPO. Over the medium-term, gearing is expected to remain between 11-12 times on a steady state basis
- Comfortable net worth coverage of net non-performing assets (NPAs) provides cushion against asset-side risks

Earnings

- Average earnings profile with return on assets (RoA, annualised) of 1.63% in the first half of fiscal 2018. Profitability to remain lower than industry average over the near-term because of continued investment in infrastructure, technology, manpower and processes to support scale-up of operations
- Profitability expected to improve gradually over the medium-term, supported by enhanced operating efficiencies with ramp-up of operations
- Net interest margins (NIMs) expected to remain stable despite high proportion of non-housing loans, given the increased focus on highly competitive salaried customer segment for growth in the housing loan segment

Liquidity

- Comfortable asset-liability management (ALM) profile with manageable negative cumulative mismatches
- Policy of maintaining unutilised bank lines/liquid investments for cash outflows over the next two months
- Adequate unutilised bank lines of Rs. 923 crore as on September 30, 2017

Management

- Management has strong domain knowledge and established track record; instrumental in transformation of PNB Housing into a professionally managed company

LAP includes Retail LAP (16%) + Retail LRD (2%) + NRPL (3%)

* Corporate term loan includes corporate term loan (5%) + corporate LRD (3%)

Detailed Credit Risk Profile

Expectation of Support from Promoter Shareholder, PNB

- PNB Housing continues to benefit from the expectation of support from its promoter shareholder, PNB (33% ownership currently) given the increasing strategic importance of PNB Housing to PNB and the latter's high moral obligation towards PNB Housing. While PNB's stake has reduced from 51% following an initial public offering (IPO) and offer for sale (OFS), CRISIL believes the bank will remain the key strategic shareholder of PNB Housing and will continue to play a key role in the latter's strategic decision-making process.
- PNB will continue to have representation on the board of PNB Housing. PNB's Managing Director and Chief Executive Officer is the Chairperson of PNB Housing and one Executive Director of PNB is part of the company's Board of Directors.
- PNB Housing will continue to benefit from common branding with its parent, which is a leading public sector bank in India, having a strong retail and corporate presence.
- PNB Housing's strategic importance remains high for its parent, as the company's loan portfolio grew at a healthy pace over the past four years, and constitutes around 81% of the overall housing loan portfolio of the PNB group.

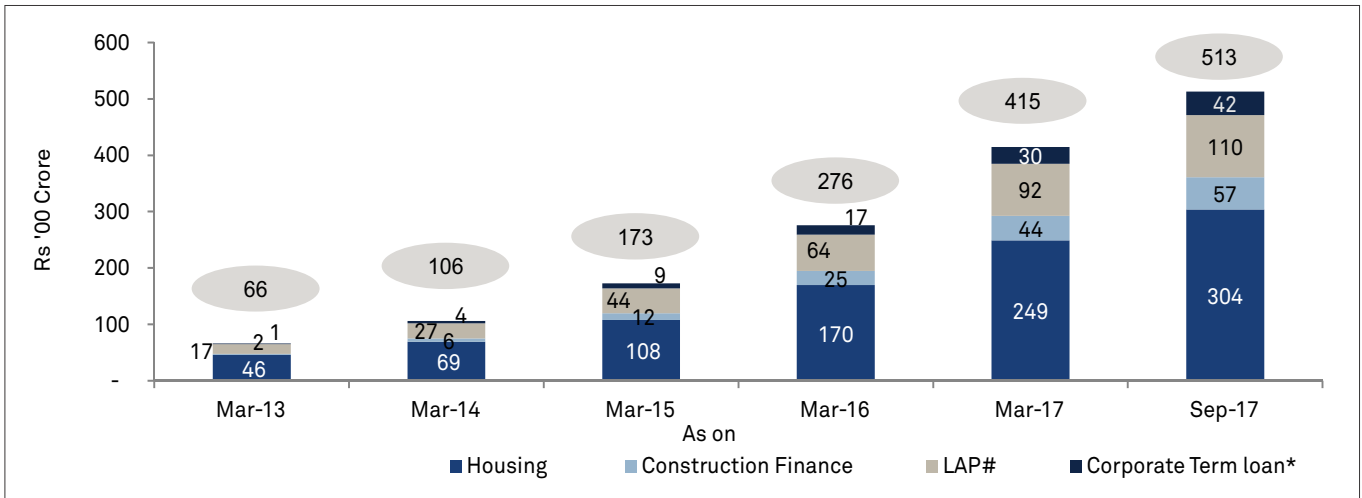
CRISIL believes that PNB Housing will continue to benefit from the expectation of support from its promoter shareholder, PNB, over the medium term. The extent of ownership by, and support from, PNB, and any change in CRISIL's opinion on PNB Housing's strategic importance to PNB, or any change in CRISIL's ratings on PNB, will, however, remain key rating sensitivity factors.



Ratings

Market Position

Chart 1: Trend in AUM



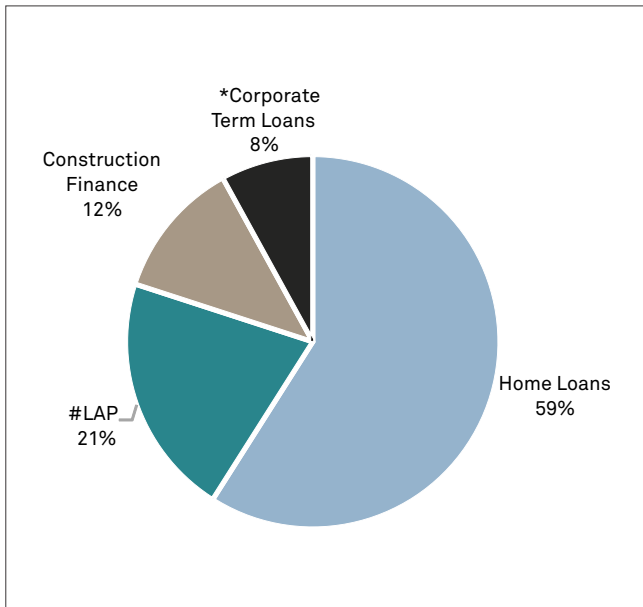
#LAP includes Retail LAP +Retail LRD+ NRPL

*Corporate term loan includes corporate term loan + Corporate LRD

CRISIL believes that the company will maintain its above-industry-average growth rate over the next few years, which will result in increase in its market share in the highly competitive industry

- The company has managed to develop a good in-house team which has sourced 64% of the incremental business in the first half of fiscal 2018. A total of 21 underwriting hubs support its operations and will support the scale-up over the medium-term.

Chart 2: Portfolio Constitution**

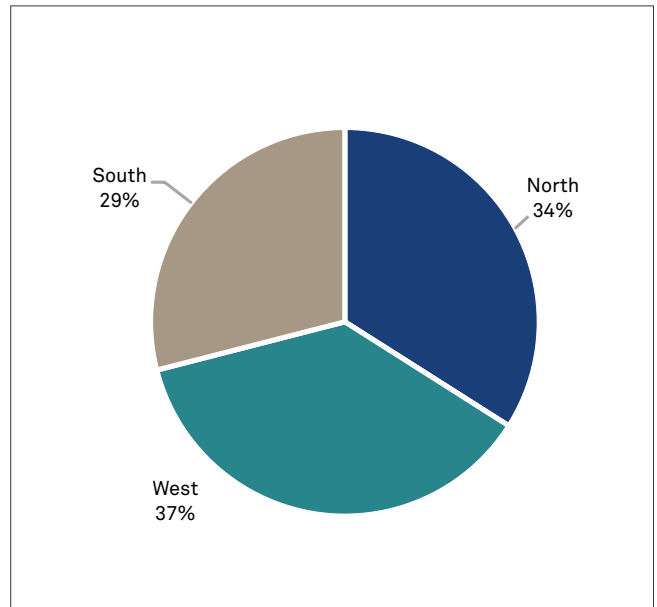


**based on AUM

#LAP includes Retail LAP +Retail LRD+ NRPL

*Corporate term loan includes corporate term loan + Corporate LRD

Chart 3: Geographical Split**



**based on AUM

Over the medium -term, PNB Housing is expected to maintain a similar proportion of housing loans, non-housing loans (loans against property and corporate term loans) and construction finance.

- Within the housing loan segment, focus remains on sourcing business from employees of large corporates by offering competitive value proposition relative to other lenders. In the home loan portfolio, salaried segment accounted for 65% of the total home loan as on September 30, 2017 compared to 61% as on March 31, 2016.
- About 33% of the incremental housing loan business continues to be from self-employed—higher-income individuals with relatively higher-ticket-size loans and better debt-servicing capacity. PNB Housing also intends to increase its focus on affordable housing segment given the strong demand potential and strong impetus given to the sector by the Government of India.
- In line with target customer and product strategy, PNB Housing has expanded its branch network to 73 by September 30, 2017. The company has opened 10 new branches in the first half of fiscal 2018.



While PNB Housing is the fifth-largest and the fastest-growing HFC, it is still a relatively small player in the overall housing finance market, which is dominated by banks. Furthermore, it faces intense competition from both banks and other housing finance companies given their strong focus on mortgage finance. Notwithstanding, CRISIL believes PNB Housing is well poised to continue to report higher than industry average growth in AUM

Asset Quality

- PNB Housing’s gross non-performing assets (NPAs) have declined steadily over the past four years supported by complete revamp of business model and continued focus on recoveries from delinquencies in old portfolio. Its gross NPAs at 0.34% as on September 30, 2017, were significantly lower than that of many of its peers.
- Even on a segment wise basis, GNPA’s remain comfortable. However, impact of seasoning is yet to be seen as nearly 77% of the loan book is relatively new, having a tenor of less than 24 months. Furthermore, given the rising proportion of large-ticket wholesale loans, asset quality performance in this segment remains to be seen.
- Strong credit underwriting, monitoring, and collection mechanisms support its asset quality:
 - Centralised hubs for standardised credit decision-making process.
 - Strengthened the underwriting team by induction of qualified and experienced subject matter experts.
 - Dedicated team at head office for underwriting construction finance.
 - Regular review of all large value loans and the delinquent portfolio.
 - Focused risk management team for monitoring the portfolio risk characteristics. Detailed portfolio analysis on a regular basis to evaluate the portfolio quality.
 - Regular portfolio review by the Credit Committee of Board of PNB Housing to identify early warning signs.
 - Streamlined collection process through centralised recovery monitoring, dedicated collection resources at branches, and regular follow-up from hubs.

Chart 4 : Trend in Gross NPAs

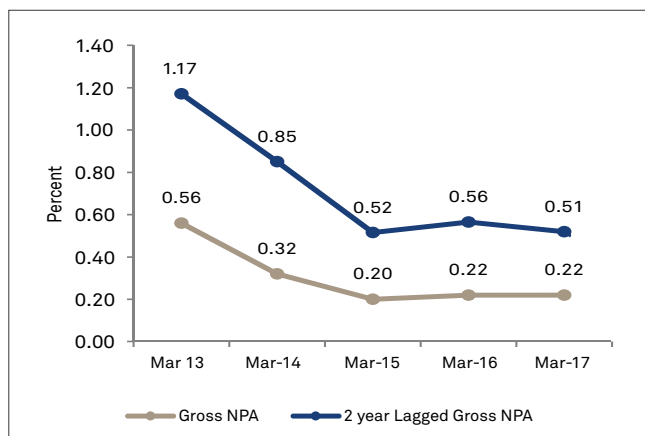
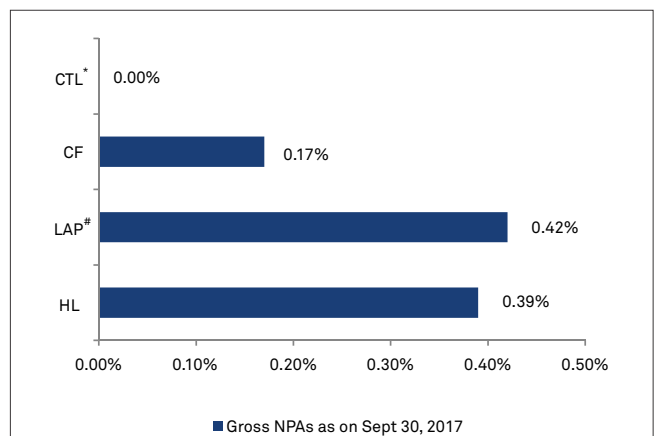


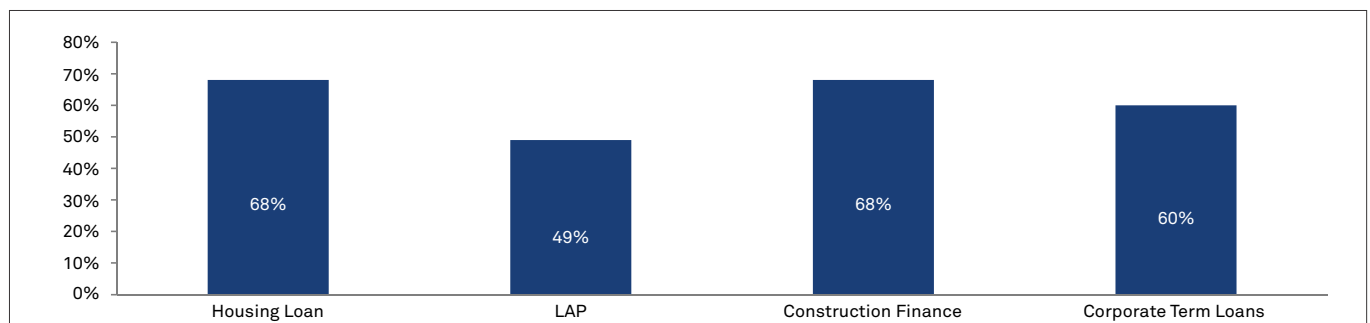
Chart 5: Segment-wise Gross NPAs



#LAP includes Retail LAP +Retail LRD+ NRPL

*Corporate term loan includes corporate term loan + Corporate LRD

Further, PNB Housing’s average weighted loan-to-value (LTV) ratio across segments remain comfortable



CRISIL believes PNB Housing’s focus on strengthening and standardising its systems and processes has started to yield benefits for the company. Reported asset quality metrics have remained better than the industry average; however, seasoning in the portfolio is limited. The company’s ability to manage asset quality along with increasing scale remains a key monitorable, especially for its non-housing loan book.



Resources

- Resource profile is well-diversified with adequate proportion of wholesale and retail borrowings. The company benefits from the PNB brand in accessing both institutional and retail investors, especially long-term investors such as insurance companies, provident, and pension funds.
- A significant proportion of its funding is long-term to match the longtenure of its loan portfolio.
- PNB Housing has increased focus on mobilising relatively stable retail fixed deposits. Significant investments have been made in building teams, technology and systems to mobilise retail fixed deposits and enhance customer service. PNB Housing is one of the few HFCs to have such high proportion of relatively stable retail fixed deposits and plans to further increase the share of deposits in the near-term.
- PNB Housing had a competitive cost of borrowing of 7.9% (annualised) for the first half of fiscal 2018 against 8.6% for fiscal 2017 and 8.7% for fiscal 2016.
- Further, PNB Housing has managed to attract diversified set of investors for their issuances

Chart 6: Trend in Resource Mix

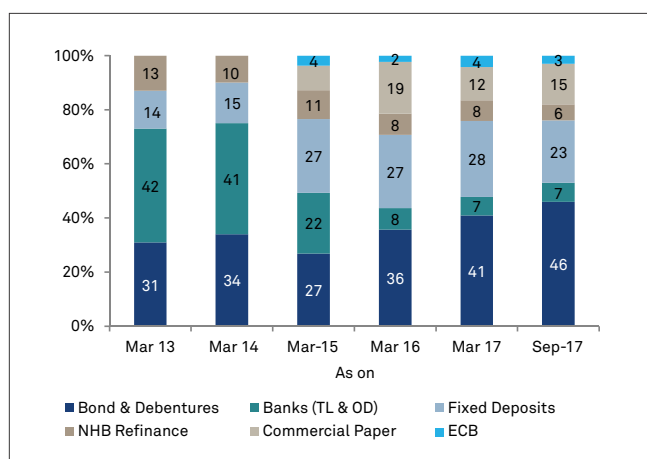


Chart 7: Trend in Cost of Borrowing

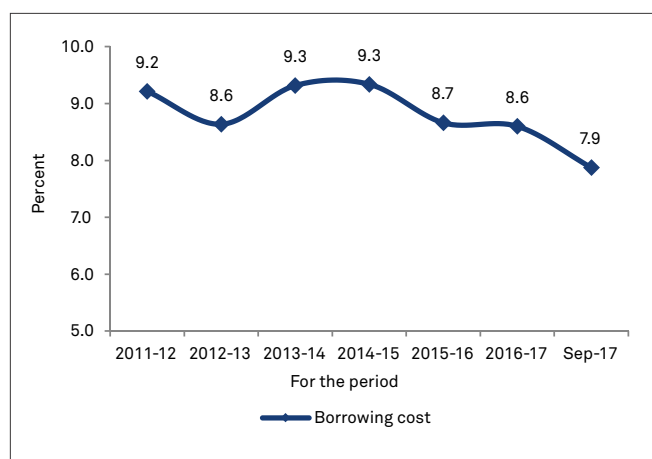


Chart 8: investors in bonds

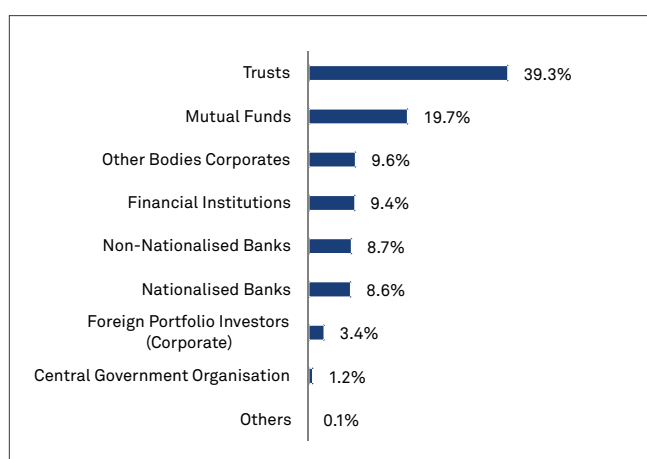
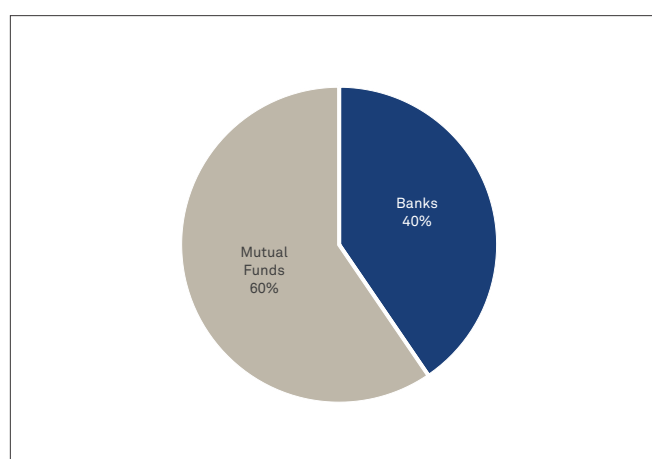


Chart 9: investors in CP



CRISIL believes PNB Housing will maintain a well-diversified resource profile and competitive borrowing costs over the medium term.

Ratings

Capitalisation

- PNB Housing has comfortable capitalisation metrics with networth, and Tier-I, and overall CAR of Rs. 5880 crore, 13.99%, and 18.38%, respectively, as on September 30, 2017.
- PNB Housing's adjusted gearing (including securitisation) was 8.1 times as on September 30, 2017. PNB Housing plans to maintain gearing between 11-12 times on a steady-state basis over the medium term.
- PNB Housing's capitalisation has been supported by regular equity capital support from its shareholders over the past few years. In November 2016, PNB Housing raised Rs. 3000 crore via an IPO which will support its strong growth plans over the medium-term.
- PNB Housing had very high networth coverage of net NPAs at 46 times, as on September 30, 2017, which provides adequate cushion against asset-side risks.

Chart 10: Trend in Net worth and Net worth to Net NPAs Ratios

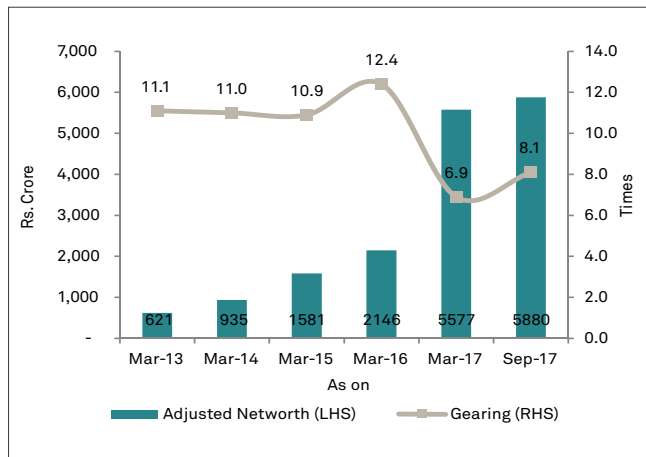
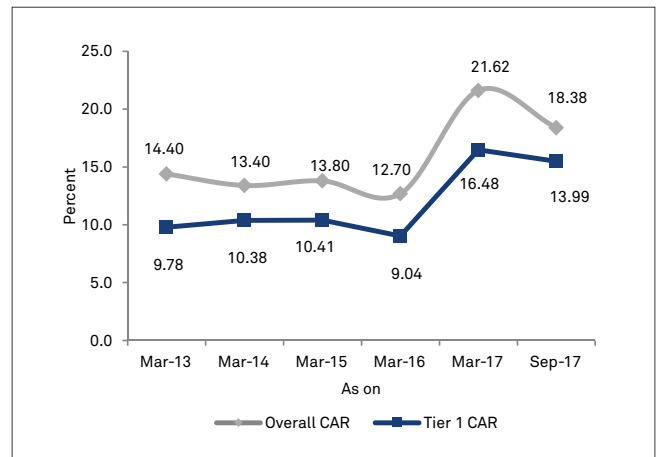


Chart 11: Trend in Capital Adequacy Ratios



CRISIL believes PNB Housing's successful listing has enhanced its ability to raise equity capital and will regularly support its ambitious growth plans, improve accretions to net worth, and maintain steady-state gearing between 11-12 times will remain key monitorables.



Earnings

- PNB Housing’s return on assets (RoA) has improved to 1.63% for the first half ended September 2017 against 1.44% for fiscal 2017; in line with industry average, however, sustainability of the improvement in profitability needs to be demonstrated.
- Operating costs for PNB housing remained high mainly because of the large investment in the enterprise system solution, people, infrastructure, and refurbishment of branches. These investments will yield benefits as the company scales up operations. Increase in operating costs has also been because of an increase in the cost of loan acquisition, driven by higher-than-industry-average growth, which the company amortises over the average tenure of loans. Operating expenses will remain high over the near term primarily because of the branch expansion plans to support the company’s future growth plans and increased spend on the advertising campaign.
- PNB Housing’s profitability will improve further over the medium-term, supported primarily by increased operating efficiencies. PNB Housing’s earnings profile remains susceptible to increase in credit costs because of the impact of seasoning of loan book and increase in delinquencies in the non-housing loan portfolio. Furthermore, the company’s ability to maintain interest spreads amid increased competition remains to be seen.
- Company has made contingency reserve of INR 65.48 Crore as on Sep-17.

Chart 12: Trend in RoA and RoE

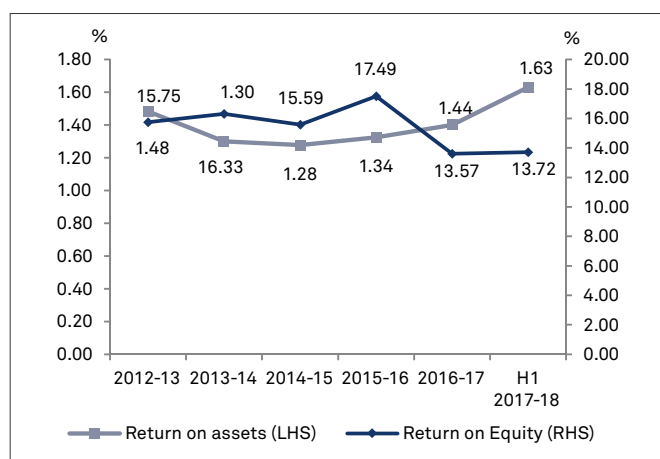
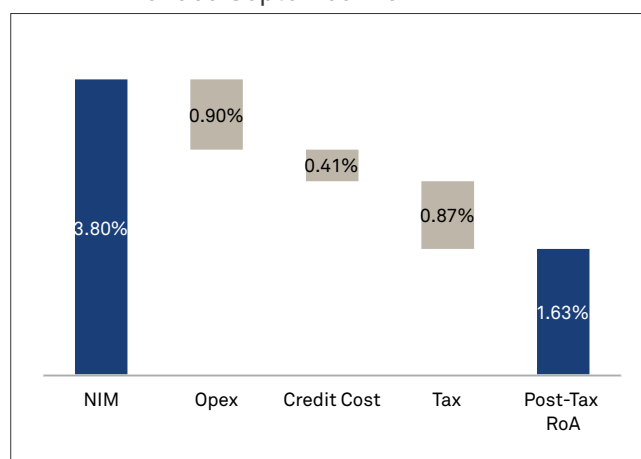


Chart 13: RoA (annualised) breakup for first half ended September 2017



CRISIL believes PNB Housing’s ability to increase its scale of operations to leverage significant upfront investments while maintaining its asset quality, and hence, controlling credit costs, will be key to achieving gradual improvement in its earnings profile.

Ratings

ALM and Liquidity

- PNB Housing has a comfortable ALM profile, with positive cumulative mismatches in maturity buckets of up to one year as on September 30, 2017. The company has positive cumulative mismatches in the first maturity bucket of up to 30 days, supported by liquid investments.
- PNB Housing has a policy of maintaining unutilised bank lines/liquid investments to meet cash outflows over the next two months.
 - PNB Housing has adequate liquidity in the form of unutilised bank lines of Rs.923 crore, including from the parent PNB (Rs.155 crore as on September 30, 2017)
- PNB Housing has investment in Statutory Liquidity Ratio (SLR) securities of Rs.1103 crore, against a requirement of Rs 1,089 crore and in current investment of Rs. 2173 crore as on September 30, 2017

Management

- Despite PNB being a large promoter shareholder, in line with the private-partnership model with its strategic partner, PNB Housing is being managed by an independent management team. The management team under the leadership of Mr. Sanjaya Gupta has played a key role in transformation of PNB Housing's business model and improvement in the performance over the past five years.
- The top management team has strong domain knowledge and experience of over 25 years in the mortgage business with leading private sector financial services companies. Experienced professionals from the industry have been inducted to lead separate business verticals. About 65% of the employees are post-graduates or have professional qualifications.
- PNB Housing's focus is on building capacity, improving efficiency, and fostering a performance-driven culture across the organisation.

Product and Process overview

Product Overview

- PNB Housing provides retail housing loans for construction, purchase, repair, and upgrade of houses. It also provides loans against property (LAP), loans for commercial property and loans for purchase of residential plots. On the wholesale front, the company provides, construction finance to builders/developers and lease rental discounting/corporate term loan to corporates.

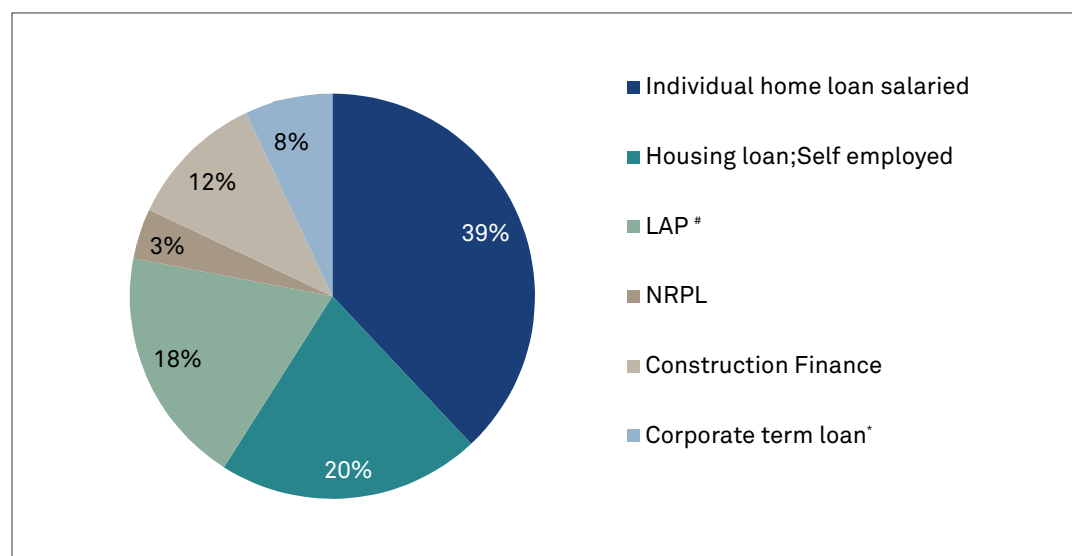
As on September 30, 2017	Average Ticket Size (Rs.Crore)	Average LTV (Percent)	Residual Tenor (Years) [§]
Home Loans	0.31	68	17
- Salaried	0.28	72	18
- Self-employed	0.40	63	15
Loan Against Property [#]	0.54	49	12
- Salaried	0.23	50	14
- Self-employed	0.71	48	11
Construction Finance	56.96	68	4
Corporate Term Loan [*]	74.52	60	9

[§]for fully disbursed cases

[#]Loan against property includes Retail LRD and NRPL

^{*}Corporate Term Loan includes Wholesale LRD

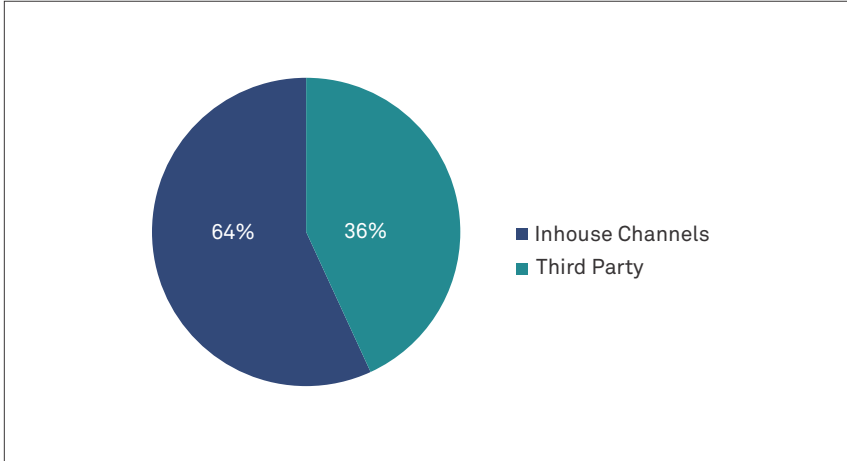
Chart 14: Occupation-wise loan asset break-up as on September 30, 2017



[#] LAP includes Retail LRD, ^{*}Corporate Term Loan (CTL) includes wholesale LRD

Process Overview

Chart 15 - Incremental sourcing mix as on 30th September 2017



Based on retail disbursements of fiscal 2017

- PNB Housing intends to significantly increase its focus on in-house channels for business – direct sales team and branches/referrals continue to contribute more than 59% to the overall disbursement of fiscal 2017.
- PNB Housing also plans to focus on increased construction finance business through relationship management with the real estate developers.

Loan Underwriting and Risk Structure

- The entire loan appraisal and monitoring happens through the enterprise system solutions.
- Underwriting at hubs: To manage the increasing scale of business and for better control and standardised processes, PNB Housing follows a hub-and-spoke model. It has fully equipped 21 hubs (Noida, Bengaluru (3), Jaipur, Chandigarh, South Delhi, Chennai, Hyderabad, Dehradun, Lucknow, Kolkata, Kochi, Ahmedabad, Pune (2), Indore, Coimbatore, Mumbai (2) and Surat) to process the business of 73 branches across India. Each hub has a team of underwriters and subject matter experts such as legal, technical, and fraud containment unit to manage end-to-end credit processing for all branches within their vicinity. Underwriters have authority limits as per their experience and vintage
- Technical services group: A group of civil engineers formulate policies and processes to evaluate projects for home loans and conduct periodic review of the approved projects along with conducting valuation of non-home loans also.
- Legal team: A team of internal legal experts for legal verification of all loan applications.
- Fraud control unit (FCU): A team of experts has been set up to identify frauds at the early stage of loan processing. PNB Housing has empanelled FCU vendors for its branches. Each hub to have one FCU expert to strengthen fraud control process.

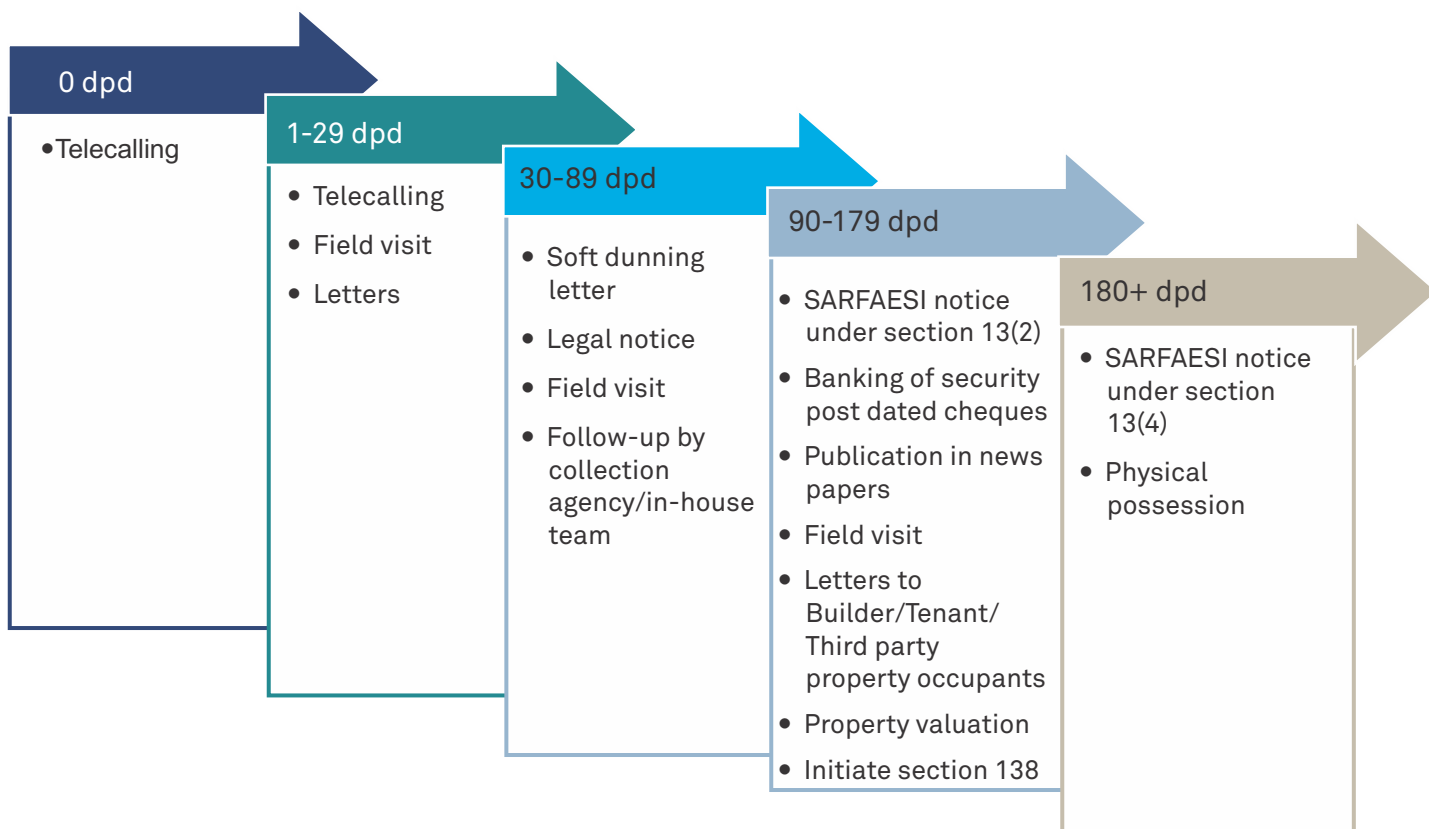
Further, with the ongoing technological innovations in lending space, PNB Housing has introduced various digital initiatives which will not only replace some of the physical processes in part/full but will also mitigate the risk of fraud.

Ratings

Collection Process

PNB Housing has created a robust collection mechanism as part of its BPR exercise. Some of the initiatives are:

- Increased focus on replacing external agencies with in-house collection resources to have better control and cost effectiveness
- New incentive scheme for recovery executives
- Periodical portfolio scrub through credit bureaus to counter early warning signals
- Development of mobile application framework for collection resources for better supervision



Business process transformation and re-engineering (BPR) initiative

In 2011, PNB Housing has successfully implemented a comprehensive business process transformation and re-engineering exercise 'Kshitij'. The exercise was aimed at combining the solidity and stability of the traditional public sector with nimble responsiveness and dynamism of the private sector. The transformation included revamping of business processes, organisational restructuring, relook at policies, creating and implementing a strong and scalable target operating model, upgradation of information technology, and changing service delivery model.

The BPR initiative has changed the face of PNB Housing and resulted in significant improvement in its competitive position and scale of operations. The revamped business model has transformed the company into a contemporary and customer-centric organisation. The BPR exercise is enabling the company to continue to achieve higher-than-industry-average growth in its loan book. The BPR exercise has also resulted in significant changes in functions such as credit underwriting and monitoring, back-office operations, and human resources.

Change in origination and sourcing strategy, target customer segment, and enhanced customer service

- Changes in product composition, customer profile, and ticket size
- Branches focused on origination, collection, and enhancing customer service, while relegating other functions to centralised processing hubs
- Introduced in-house sales team to reach out to new customers along with tapping of quality direct sales agents
- Besides the branch delivery model, channels of distribution such as customer service portal and toll free call centres have been created to make services easily accessible

Credit underwriting, monitoring, and recovery

- Standardisation of policies and processes across the business origination and credit chain, and building robust capacities to evaluate risks
- Creation of separate credit underwriting regional hubs to enhance quality of credit decisions and productivity
- Induction of in-house legal, technical, and property valuation specialists from industry
- Appointment of senior fraud specialists and dedicated collection resources at branches

Repositioning of PNB Housing brand

- Re-launch of company website to enhance brand image, provide online and easy access to product information, and source business
- Refurbishment of all offices to enhance efficiency and customer convenience
- Brand positioning designed around the theme 'Ghar Ki Baat' signifying the level of comfort experienced by customers
- Launch of multimedia brand campaign in January 2016 with major spends on Television backed by balanced mix of radio, digital, print and outdoor
- Improved brand visibility achieved through remodelling of logo and brand guidelines

Ratings

- Change in organisation structure and strengthening of management team by inducting experienced industry professionals to lead business verticals
- Implementation of enterprise system solution, which will cover all business activities, resulting in automation of all processes, furthering business growth, and improved efficiency and quality

Human capital and people initiatives

- Defining and mapping roles, and aligning employee skill sets
- New performance management system with revised pay scales commensurate with industry standards
- Revamped rewards and recognition programme across functions
- Focus on building capability through training programmes to develop functional, behavioural, and leadership competencies

Information Technology

- Technology innovation has been driven by Enterprise System Solution (ESS) and its seamless integration with all the activities of the organization. The ESS has enabled business automation eradicating manual efforts and improved operational efficiency across all functions leading to enhanced customer service standards.
- The technology initiatives are designed to make the overall business framework more scalable, secure and supporting sustainable business growth. The architecture of Enterprise System Solution, being agile, secured, scalable & modular, has paved the way for various initiatives, realizing its vision to provide a collaborative business environment among frontend team, customers and business partners, further making the transactions and sharing of information easy and user friendly.
- The customer portal module provides customers with a single-window online view of their relationship with the company and a self-service platform.
- Digital initiative for our business associates have redefined the ease of doing business with PNB Housing and enabled them to render better customer service. Similarly tablet based digital collection initiative has enabled improvement in productivity of recovery agent by complete automation of recovery process.
- The robust, agile, modular and yet simple IT infrastructure ensures that information is secured throughout the lifecycle of a customer relationship. Through its data centres, the company ensure data security, integrity, scalability and business continuity.

PNB Housing in Comparison with other HFCs

Chart 16: Trend in AUM growth rate

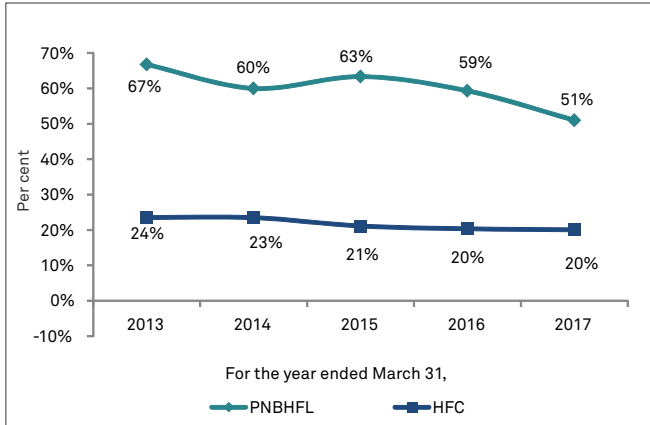


Chart 17: Trend in gross NPAs (2 year lagged)

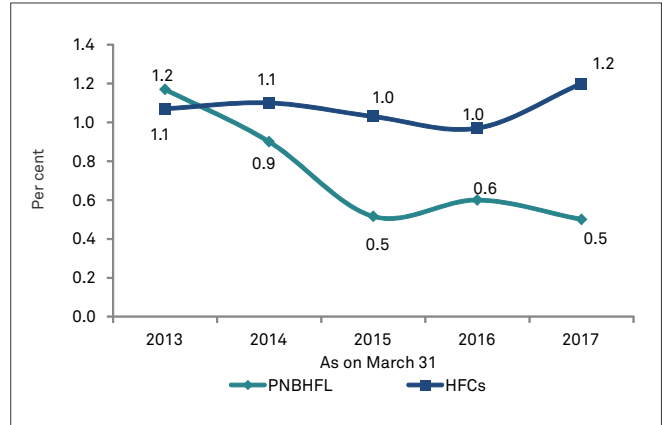


Chart 18: Trend in cost of borrowing

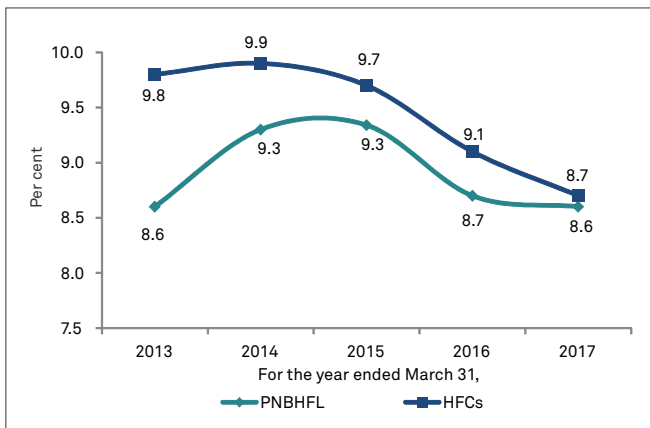


Chart 19: Trend in adjusted gearing

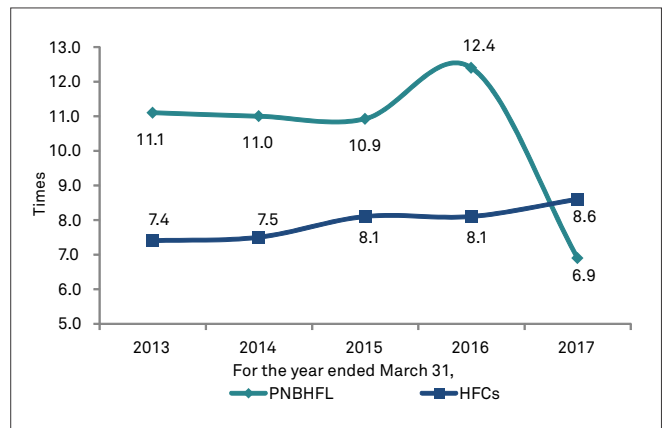


Chart 20: Trend in NIMs

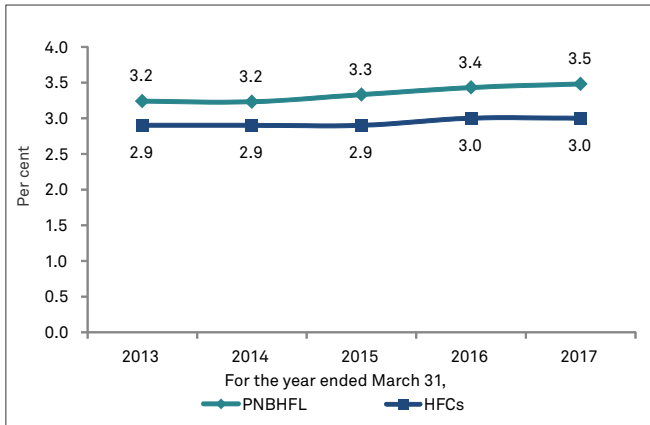
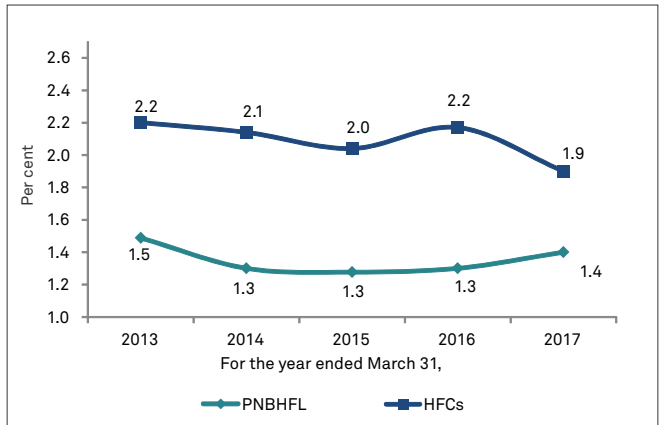


Chart 21: Trend in return on assets



Note: HFC industry data based on CRISIL estimates

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Key Financials

As at / For the Year ended March 31		2017	2016	2015	2014	2013
Total Loan Disbursements	Rs.crore	20639	14456	9440	5500	3682
Assets Under Management	Rs.crore	41492	27555	17297	10591	6620
Equity Capital	Rs.crore	166	127	104	66	50
Reported Networth	Rs.crore	5577	2146	1581	935	621
Adjusted Networth*	Rs.crore	5577	2146	1581	935	621
Total Adjusted Borrowing (including Securitisation)	Rs.crore	38618	26537	17272	10289	6902
Total Assets	Rs.crore	42960	29671	19033	11685	7833
Funds Deployed	Rs.crore	41854	28961	18597	11311	7563
Interest Income	Rs.crore	3640	2546	1671	1056	634
Total Income	Rs.crore	3908	2696	1777	1116	661
Interest Expense	Rs.crore	2644	1860	1265	801	462
Operating Expenses	Rs.crore	357	252	178	109	61
Credit Costs	Rs.crore	103	83	38	30	12
Profit After Tax	Rs.crore	524	326	196	127	92
Ratios						
Interest income/ Average funds deployed	%	10.28	10.70	11.17	11.19	10.67
Interest expense/Average borrowings	%	8.60	8.70	9.34	9.32	8.64
Cost to income	%	28.24	29.66	34.75	34.50	30.53
PAT/ Average total Assets	%	1.44	1.34	1.28	1.30	1.48
PAT/ Average adjusted net worth	%	13.57	17.49	15.59	16.33	15.75
Gross NPA	%	0.22	0.22	0.20	0.32	0.56
Gross NPA (2 year lagged)	%	0.51	0.56	0.52	0.85	1.17
NNPA	%	0.15	0.14	0.07	0.20	0.35
Capital adequacy	%	21.62	12.70	13.76	13.40	14.40
Total adjusted gearing (including securitisation)	Times	6.92	12.37	10.92	11.01	11.12

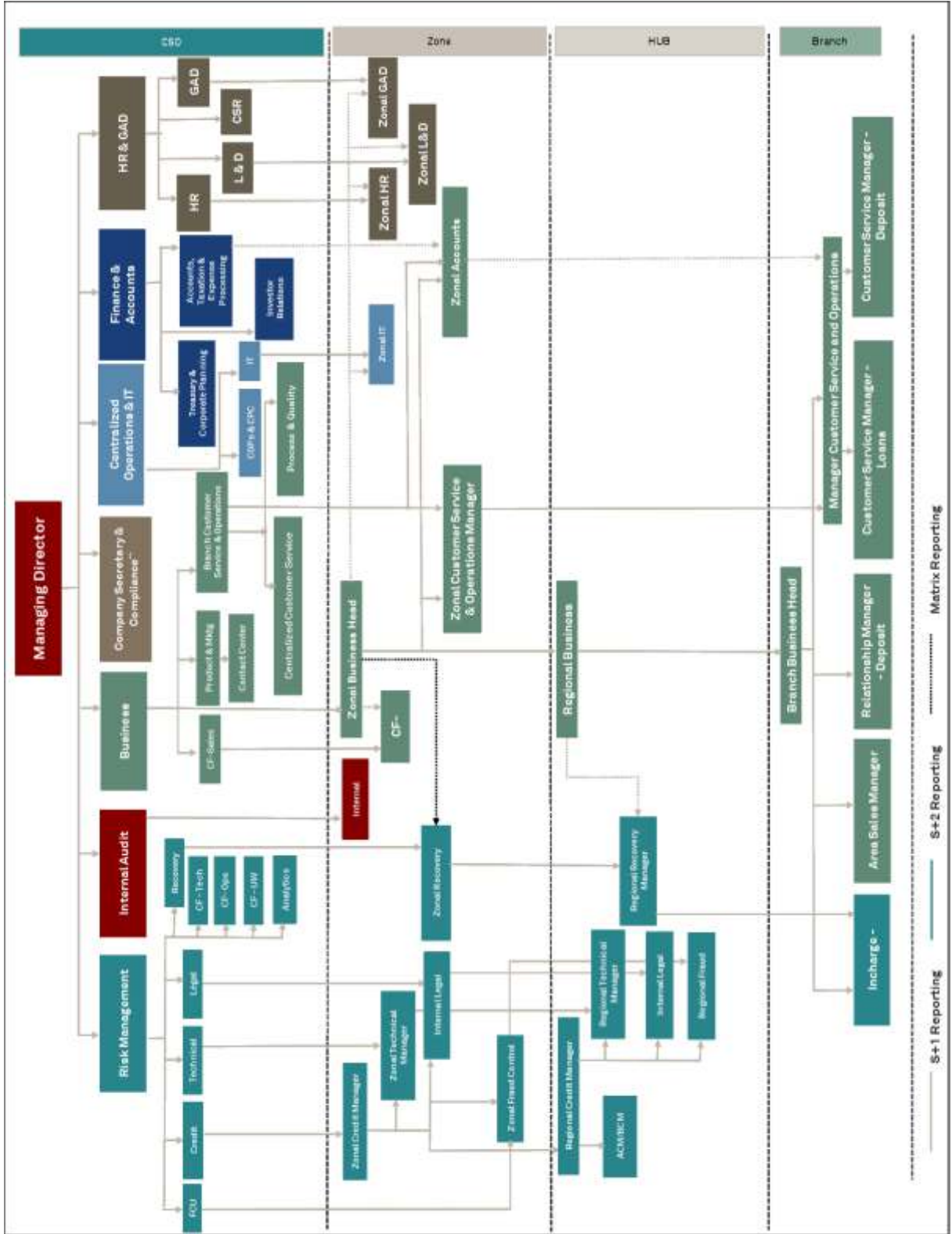
*Adjusted for compulsory convertible debentures of Rs.137 crore

#Cost to income ratio is calculated as: operating expense/ (Total Income-Interest Expense)*100

Key Financials

As on / For the half year ended September 30		Sept 2017	Sept 2016
Total Loan Disbursements	Rs.crore	15179	10175
Assets Under Management	Rs.crore	51320	34896
Equity Capital	Rs.crore	167	127
Reported Net Worth	Rs.crore	5880	2379
Total Adjusted Borrowing (including Securitization)	Rs.crore	47643	34139
Total Assets	Rs.crore	53740	35435
Interest Income	Rs.crore	2319	1730
Total Income	Rs.crore	2508	1833
Interest Expense	Rs.crore	1589	1293
Total Income (net of interest expenses)	Rs.crore	919	540
Operating Expenses	Rs.crore	218	181
Provisioning Costs	Rs.crore	98	5
Profit After Tax	Rs.crore	393	234
Ratios			
PAT/Average Total Assets	%	1.63	1.44
PAT/Average Adjusted Net Worth	%	13.72	20.69
Gross NPAs	%	0.34	0.26
Net NPAs	%	0.26	0.18
Overall Capital Adequacy Ratio	%	18.38	13.16
Reported Gearing	Times	7.67	13.23
Adjusted Gearing (including Securitisation)	Times	8.10	14.35

Detailed organisation structure



Notes

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Notes

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