

Press Release

For Immediate Release

02nd November 2021, New Delhi

Consolidated Unaudited Financial Results for Q2 & H1 FY2021-22 Ended 30th September 2021

The Board of Directors of PNB Housing Finance Limited today approved the Consolidated Unaudited Financial Results for the quarter and half year ended 30th September 2021. The accounts have been subjected to a limited review by the Company's Statutory Joint Auditors in line with the regulatory guidelines. The financial numbers are based on IndAS.

Capital Raise

- The Board of Directors of the Company in its meeting held on 14th October 2021 decided not to proceed with the Preferential Issue of INR 4,000 crore approved on 31st May 2021. The primary objective is to raise capital to support the growth of the Company, and the Board believes that the current situation of protracted litigation, continuation of Securities Appellate Tribunal interim order and pending regulatory approvals is not in the best interests of the Company and its stakeholders.
- The Company has filed an application to withdraw its appeal to Securities Appellate Tribunal.
- Further to above, the Supreme Court on 20th October 2021, dismissed the appeal filed by SEBI stating that since an application has been moved for withdrawal of the appeal before the Securities Appellate Tribunal, the appeal with SC becomes infructuous.
- The Company is evaluating other alternatives to raise capital.

Financial performance (Q2 FY21-22 vs Q2 FY20-21)

- Profit after Tax stood at INR 235 crore vs INR 313 crore registering a decline of 25%.
- Net Interest Margin stood at 3.0% as compared to 3.5%.
- Gross Margin, net of acquisition cost, stood at 3.3% compared to 3.5%.
- Net Interest Income stood at INR 503 crore compared to INR 651 crore registering a decline of 23%. During Q2 FY22, there is a net income reversal of INR 61 crore on derecognized loans due to unwinding impact of Spread contraction whereas during Q2 FY21, there was a net positive impact of INR 105 crore on derecognized loans due to fall in buying Banks' MCLR.
- Operating Expenditure increased by 11% to INR 119 crore vs INR 107 crore.
- Pre provision Operating Profit stood at INR 433 crore vs INR 575 crore registering a decline of 25%.

Financial performance (H1 FY20-21 vs H1 FY19-20)

- Profit after Tax is at INR 478 crore vs INR 570 crore registering a decline of 16% YoY.
- The Spread on loans for H1 FY21-22 stood at 2.5% compared to 2.7% for H1 FY20-21. Excluding the net impact on securitization transactions, the Spread for H1 FY21-22 is 2.8%.

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CIN: L65922DL1988PLC033856

- Net Interest Margin stood at similar levels of 3.1% YoY.
- Gross Margin, net of acquisition cost, stood at 3.3% compared to 3.1% YoY.
- Operating Expenditure is at INR 234 crore vs INR 209 crore registering an increase of 12%.
- Pre provision Operating Profit decreased by 7% to INR 908 crore from INR 980 crore.
- The ECL provision as on 30th September 2021 is INR 2,828 crore resulting in the total provision to assets ratio at 4.8%. The Stage 3 provision coverage ratio is at 44%.
- Return on Asset is at 1.4% during H1 FY21-22 as compared to 1.5% during H1 FY20-21
- Gearing as on 30th September 2021 is 5.9x compared to 7.8x as on 30th September 2020.
- Return on Equity of 10.4% for H1 FY21-22 vis a vis 13.8% for H1 FY20-21.

Business Operations

- The disbursements during Q2 FY22 stood at INR 2,961 crore compared to INR 2,444 crore in Q2 FY21 registering an increase of 21%. Retail disbursements were 96% of the total disbursements in Q2FY22. The retail disbursements grew by 23% YoY in Q2 FY22.
- Asset under Management (AUM) degrew by 3% QoQ at INR 69,810 crore as on 30th September 2021. The degrowth in AUM is on account of sell sown/accelerated payments and no new sanctions in the corporate book. Retail book contribute 86% of the AUM.
- Loan Assets stood at INR 59,283 crore as on 30th September 2021. The de-growth in the Retail book has been arrested as on 30th September 2021 to INR 49,298 crore as compared to 30th June 2021 to INR 49,450 crore. The Retail Loan asset declined by INR 152 crores in Q2 FY22 as compared to INR 1,019 crore in Q1 FY22.
- Sourcing under co-lending partnership with Yes Bank has been initiated.

Project Ignite – Business Transformation Project

- Phase 1 i.e. Diagnostic phase has been successfully completed with various projects identified across the value chain of the organization
- Phase 2 i.e. Design and Implementation, initiated across Business, Underwriting, Collections and Cost.

Distribution and Service Network

- As on 30th September 2021, the Company has 94 branches with presence in 64 cities and 22 Hubs.
- The Company also services the customers through 17 outreach locations.

Asset Quality

- Gross Non-Performing Assets (NPA) at an AUM level is at 5.4% while it is 5.9% at Loan Assets as on 30th September 2021.
- Net NPA stood at 3.3% of the Loan Assets as on 30th September 2021 as compared to 3.6% as on 30th June 2021.

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Borrowings

- Total borrowings are at INR 55,636 crore as on 30th September 2021 as against INR 66,237 crore as on 30th September 2020 registering a decline of 16%.
- The Deposit portfolio stood at INR 17,383 crore as on 30th September 2021 as compared to INR 16,600 crore as on 30th September 2020 registering an increase of 5%.
- Total assigned loans outstanding as on 30th September 2021 is at INR 10,527 crore as compared to INR 14,270 crore as on 30th September 2020 registering a decline of 26%. No new loan assignment done in H1 FY22.

Capital to Risk Asset Ratio (CRAR)

- The Company's CRAR based on IndAS stood at 20.7% as on 30th September 2021, of which Tier I capital was 17.8% and Tier II capital was 2.8%. RBI issued Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 ("Directions") on September 24, 2021 where it directed that any unrealised gains on the transferred loans (direct assignment) shall be deducted from net owned funds for the calculation of CRAR resulting into lower CRAR on 30th Sept 2021 compared to 30th June 2021.
- The risk-weighted assets as on 30th September 2021 stood at INR 43,869 crore.

Covid-19 Update

As advised by various State and Central Government, PNB Housing has complied with all the directives issued with respect to Covid-19. All the offices of the Company are currently open for business while taking necessary precautions. Over 98% of our employees have been vaccinated with atleast one dose.

As on 30th September 2021, INR 2,408 crore (4.1% of Loan Asset) has been restructured under the RBI's resolution framework for Covid19 related stress i.e OTR 1 & 2. Upto 30th September 2021, disbursed INR 432 crore under Emergency Credit Line Guarantee Scheme (ECLGS).

As a socially responsible corporate, we pledged support towards aiding the ongoing efforts of the government to control the pandemic by setting up 70 bedded ICU Facility, provide oxygen concentrators, establish PSA based oxygen plant and provide ambulances for emergency pre-hospital care.

Commenting on the performance Mr. Hardayal Prasad, Managing Director & CEO said:

"The Company has registered healthy growth in disbursements with 96% disbursements in retail segment during the quarter. With focus on the retail segment, the degrowth in retail loan asset is controlled during the quarter. With opening up of the field movement and legal machinery post second wave of Covid, we witnessed improved resolutions in Q2 FY22 resulting in retail NPA down by 14% on absolute basis during the quarter. "

About PNB Housing Finance Limited

PNB Housing Finance Limited (NSE: PNBHOUSING, BSE: 540173) is promoted by Punjab National Bank and is a registered Housing Finance Company with National Housing Bank (NHB). The Company got listed on the Indian stock exchanges on 7th November 2016. The Company's asset base comprises retail loans and corporate loans. The retail business focusses on organized mass housing segment financing for acquisition or construction of houses. In addition, it also provides loan against properties and loans for purchase & construction of non-residential premises. Corporate loans are mainly to developers for construction of residential / commercial properties, corporate term loans and lease rental discounting. PNB Housing Finance is a deposit taking Housing Finance Company.

Disclaimer

No representation or warranty, express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained in this release. The information contained in this release is only current as of its date. Certain statements made in this release may not be based on historical information or facts and may be "forward looking statements", including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects, and future developments in its industry and its competitive and regulatory environment. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in the Company's business, its competitive environment and political, economic, legal and social conditions in India. This communication is for general information purpose only, without regard to specific objectives, financial situations and needs of any particular person. This release does not constitute an offer or invitation to purchase or subscribe for any shares in the Company and neither any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The Company may alter, modify or otherwise change in any manner the content of this release, without obligation to notify any person of such revision or changes.

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Statement of consolidated financial results for the quarter and half year ended September 30, 2021

		Quarter ended			Half year ended		(₹ in crore)
S.no.	Particulars	30-Sep-21	30-Jun-21	30-Sep-20	30-Sep-21	30-Sep-20	Year ended
		(Unaudited)			(Unaudited)		31-Mar-21
							(Audited)
	Revenue from operations						
(i)	Interest income	1,499.88	1,611.40	1,960.31	3,111.28	3,761.83	7,189.83
(ii)	Fees and commission income	45.53	38.65	24.62	84.18	43.37	181.23
(iii)	Net gain on fair value changes	37.91	41.76	30.58	79.67	80.37	162.33
(iv)	Income on derecognised (assigned) loans	-	-	-	-	-	70.53
I	Total revenue from operations	1,583.32	1,691.81	2,015.51	3,275.13	3,885.57	7,603.92
II	Other income	3.09	1.07	5.99	4.16	8.26	20.16
III	Total income (I+II)	1,586.41	1,692.88	2,021.50	3,279.29	3,893.83	7,624.08
	Expenses						
(i)	Finance cost	1,034.78	1,102.88	1,339.67	2,137.66	2,703.20	5,099.78
(ii)	Impairment on financial instruments & write-offs	141.83	159.51	179.55	301.34	254.64	861.90
(iii)	Employee benefits expenses	56.50	55.83	55.02	112.33	116.02	211.29
(iv)	Depreciation and amortisation	13.43	12.82	14.63	26.25	30.62	59.01
(v)	Fees and commission expense	0.73	1.68	1.14	2.41	2.02	11.61
(vi)	Other expenses	47.94	44.91	35.92	92.85	62.28	173.46
IV	Total expenses	1,295.21	1,377.63	1,625.93	2,672.84	3,168.78	6,417.05
V	Profit before tax (III-IV)	291.20	315.25	395.57	606.45	725.05	1,207.03
	Tax expense:						
	-Current tax	74.91	118.02	105.81	192.93	208.22	413.25
	-Deferred tax ((credit)/charge)	(18.92)	(46.05)	(23.53)	(64.97)	(53.64)	(136.12)
VI	Total tax expense	55.99	71.97	82.28	127.96	154.58	277.13
VII	Net profit after tax (V-VI)	235.21	243.28	313.29	478.49	570.47	929.90
VIII	Other comprehensive income						
	A (i) Items that will not be reclassified to profit or loss: Remeasurement gain/ (loss) on defined benefit plan	(1.70)	1.16	0.62	(0.54)	0.43	2.43
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.43	(0.29)	(0.16)	0.14	(0.11)	(0.61)
	B (i) Items that will be reclassified to profit or loss: Cash flow hedge	17.21	(15.16)	25.44	2.05	(89.30)	(30.08)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(4.34)	3.82	(6.40)	(0.52)	22.48	7.57
IX	Total comprehensive income (VII+VIII)	246.81	232.81	332.79	479.62	503.97	909.21
	Earnings per share (of ₹ 10 each)*						
	-Basic (₹)	13.96	14.45	18.63	28.41	33.92	55.29
	-Diluted (₹)	13.92	14.44	18.63	28.34	33.92	55.26
	Paid-up equity share capital (Face value of ₹ 10)	168.58	168.51	168.19	168.58	168.19	168.27
	Reserves (excluding revaluation reserves) as at March 31						8,754.76

* EPS for the quarters are not annualised

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Consolidated Statement of Assets and Liabilities

(₹ in crore)

S.no.	Particulars	As at		
		30-Sep-21	30-Sep-20	31-Mar-21
		(Unaudited)		(Audited)
	ASSETS			
1	Financial assets			
(a)	Cash and cash equivalents	5,693.17	7,472.26	6,968.56
(b)	Bank balance other than (a) above	0.07	0.07	0.07
(c)	Derivative financial instruments	13.64	-	-
(d)	Trade receivables	10.06	1.17	44.94
(e)	Loans	57,514.71	65,868.83	60,644.72
(f)	Investments	2,201.01	2,080.19	2,044.82
(g)	Other financial assets	818.15	839.38	906.58
	Sub total - financial assets	66,250.81	76,261.90	70,609.69
2	Non - financial assets			
(a)	Current tax assets (net)	-	13.55	-
(b)	Deferred tax assets (net)	494.06	354.88	429.63
(c)	Investment property	0.54	0.55	0.54
(d)	Property, plant and equipment	74.67	94.87	81.75
(e)	Right of use assets	71.48	97.64	78.09
(f)	Capital work-in-progress	0.14	0.90	0.01
(g)	Other Intangible assets	17.41	21.76	20.89
(h)	Intangible assets under developments	2.48	3.70	2.37
(i)	Other non-financial assets	34.76	59.12	32.75
(j)	Assets held for sale	124.03	175.93	136.48
	Sub total - non - financial assets	819.57	822.90	782.51
	TOTAL - ASSETS	67,070.38	77,084.80	71,392.20
	LIABILITIES			
1	Financial liabilities			
(a)	Derivative financial instruments	-	91.52	51.44
(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	106.36	97.31	111.88
	(II) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(c)	Debt securities	7,742.07	14,338.83	11,461.48
(d)	Borrowings (other than debt securities)	29,001.82	33,647.26	29,746.34
(e)	Deposits	16,774.47	15,979.33	16,746.04
(f)	Subordinated liabilities+B29	1,438.70	1,438.58	1,438.58
(g)	Other financial liabilities	1,716.59	2,229.59	1,652.18
	Sub total - financial liabilities	56,780.01	67,822.42	61,207.94
2	Non financial liabilities			
(a)	Current tax liabilities	52.17	-	62.93
(b)	Provisions	25.46	27.79	18.39
(c)	Other non-financial liabilities	795.49	725.56	1,179.91
	Sub total - non financial liabilities	873.12	753.35	1,261.23
3	EQUITY			
(a)	Equity share capital	168.58	168.19	168.27
(b)	Other equity	9,248.67	8,340.84	8,754.76
	Subtotal - equity	9,417.25	8,509.03	8,923.03
	TOTAL - EQUITY AND LIABILITIES	67,070.38	77,084.80	71,392.20

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Notes:

1. The consolidated financial results have been prepared in accordance with Ind AS 110 – Consolidated Financial Statements, prescribed under section 133 of the Companies Act, 2013 (the “Act”) read with the relevant rules issued thereunder and the other relevant provisions of the Act.
2. The above financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India. The financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles prescribed under Section 133 of the Companies Act, 2013, and other recognised accounting practices generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations”).
3. The Company is principally engaged in the business of providing loans for purchase or construction of residential houses. All other activities of the Company revolve around the main business and accordingly, there are no separate reportable segments, as per the Ind AS 108 “Operating Segment” specified under section 133 of the Companies Act, 2013.
4. The extent to which the ongoing COVID 19 pandemic, including the current and any further spread would impact the Company's future results will depend on economic situation, which is highly unpredictable. The Company will continue to closely monitor any material changes to future economic conditions. However, operating in the secured mortgage asset business we believe we hold a much stable asset class which can withstand the pandemic relatively better compared other asset classes.
5. Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020 are given below.

Format A

(₹ in crore)					
Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window (\$)	(B) Exposure to accounts mentioned at (A) before implementation of the plan #	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution
Personal Loans*	2,444	1,359.41	Nil	Nil	122.97
Corporate persons					
of which, MSMEs	Nil	Nil	Nil	Nil	Nil
Others^	14	341.14	Nil	Nil	20.51
Total	2,458	1,700.55	Nil	Nil	143.48

*Retail loans

^Corporate finance loans

\$ Implemented under the Resolution Framework for Covid-19 related stress as per RBI circular dated August 6,2020 (Resolution Framework 1.0)

Exposure to accounts before implementation of plan is of September 2020.

Format B

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) (\$)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year (#)	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (@)
Personal Loans*	2,021.24	60.03	Nil	46.44	2,071.49
Corporate persons					
of which, MSMEs					
Others^	337.62	Nil	Nil	11.19	336.26
Total	2,358.86	60.03	Nil	57.63	2,407.75

* Retail loans

\$ Principal outstanding as on March 31, 2021 for live restructured accounts as on September 30, 2021 for Resolution framework 1.0 dated August 6, 2020 (as mentioned in Format A above) and Resolution framework 2.0 dated May 5, 2021.

Principal paid during the half year ended September 30, 2021

@ Principal outstanding (including capitalised interest) as on September 30, 2021 for live restructured accounts as on September 30, 2021.

^Corporate finance loans

6. (i) Details of resolution plan implemented under Resolution Framework – 2.0 dated May 21, 2021: Resolution of Covid-19 related stress of Individuals and Small Businesses:

(₹ in crore)

Sl. No.	Description	Individual Borrowers		Small businesses*
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	2343	676	813
(B)	Number of accounts where resolution plan has been implemented under this window	456	273	341
(C)	Exposure to accounts mentioned at (B) before implementation of the plan #	134.89	198.57	327.68
(D)	Of (C), aggregate amount of debt that was converted into other securities	Nil	Nil	Nil
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Nil	Nil	Nil
(F)	Increase in provisions on account of the implementation of the resolution plan	4.77	10.08	18.56

* Including MSMEs

Principal Outstanding as on March 31, 2021.

(ii) There were 80 borrower accounts having an aggregate exposure of ₹ 49.64 crore to the Company, where resolution plans had been implemented under RBI's Resolution Framework 1.0 dated August 06, 2020 and now modified under RBI's Resolution Framework 2.0 dated May 05, 2021.

7. During the quarter ended September 30, 2021, the Company has allotted 69,450 equity shares of ₹ 10 each pursuant to exercise of stock options by employees.
8. During the quarter ended September 30, 2021, there were no transactions in the nature of exceptional items.
9. Figures for the previous periods have been regrouped wherever necessary in order to make them comparable with the current period.

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The Statutory Auditors of the Company have reviewed the consolidated financial results for the quarter and half year ended September 30, 2021, in compliance of Regulations 33 of SEBI (LODR) Regulations, 2015, as amended. The above consolidated financial results has been reviewed and recommended by the Audit Committee of Board and subsequently approved by Board of Directors at their meeting held on November 02, 2021.

For and on behalf of the Board of Directors

Date: November 02, 2021
Place: New Delhi

Hardayal Prasad
Managing Director & CEO
DIN: 08024303