November 03, 2021

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

Scrip Code: 540173

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

Symbol: PNBHOUSING

Dear Sirs,

Sub: Earnings Call Transcript

Please find attached herewith the transcript for Q2 and H1 FY 2021-22 Earnings Call held on November 02, 2021. A copy of the same is also available on the website of the Company at www.pnbhousing.com.

This is for your information and records.

Thanking You.

For PNB Housing Finance Limited

SANJAY JAIN

Sanjay Jain
Company Secretary & Head Compliance

Encl: a/a

"PNB Housing Finance Limited Q2 & H1 FY'22 Earnings Conference Call"

November 2, 2021

Participants from PNB Housing Finance:

Mr. Hardayal Prasad	Managing Director & Chief Executive Officer
Mr. Kapish Jain	Chief Financial Officer
Mr. Nitant Desai	Chief Centralized Operations & Technology Officer
Mr. Sanjay Jain	Company Secretary and Head Compliance
Mr. Rajan Suri	Business Head – Retail
Mr. Jatul Anand	Credit Head – Retail
Mr. Neeraj Manchanda	Chief Risk Officer
Mr. Saurabh Suri	Head- Remedial management Group
Ms. Deepika Gupta Padhi	Head - Investor Relations

Moderator: Ladies and gentlemen, good day and welcome to the Q2 & H1 FY'22 Earnings Conference Call of PNB Housing Finance Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Deepika Gupta Padhi. Thank you and over to you, ma'am.

Deepika Gupta Padhi: Thank you, Margreth. Good evening and welcome everyone. We are here to discuss PNB Housing Finance Q2 & H1 Financial Year '21-22 Results.

You must have seen our Business and Financial Numbers in the Presentation and the Press Release shared with the Indian stock exchanges and also available on our website, www.pnbhousing.com

With me, we have our entire management team across verticals sitting over here, led by Mr. Hardayal Prasad – Managing Director and CEO.

We will begin this call with the Performance Update by the Managing Director and CEO, followed by an interactive Q&A Session.

Please note this call may contain forward-looking statements which exemplify our judgment and future expectations, concerning the development of our business. These forward-looking statements involve risks and uncertainties that may cause actual developments and results to differ materially from our expectations. PNB Housing Finance undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances. A detail disclaimer is on slide #36 of the Investor Presentation.

With that, I will now hand over the call to Mr. Hardayal Prasad. Over to you, sir.

Hardayal Prasad: Thank you, Deepika and good evening everyone and welcome to our Q2 & H1 FY'22 Results. On behalf of the company, I extend a very warm welcome to all of you and wish you all a very happy safe and healthy festive season.

Before I share business and financial update, let me give you an update on the transformational project, Project IGNITE that the company embarked upon in the last financial year. The Phase-1 which was a diagnostic phase of the project was successfully completed with various projects identified across the value chain of the organization. The Phase-2 of the project, which is design and implementation; has kicked off well and is within timelines.

The key structural initiatives identified by the diagnostic phase and the design and implementation are:

- Scale up the high yield affordable housing Unnati business by focusing on tier-2 and tier-3 geographies. We are on track to open 13 Unnati locations in this quarter itself;

- Enhance our core capability of serving self-employed, non-professionals across segments; c
- Create differentiators to remain competitive in salary segment. This can be generated through enhanced customer experience with improved PAT and revamped digital customer journey.
- Improved collections and recovery by leveraging digitization and building advance analytics. We have initiated multiple projects and these projects are on track to be delivered within this fiscal year.
- Optimize productivity and right-size infrastructure to derive higher profitability. A core team comprising of senior leaders is in place in the company to implement the identified initiatives.

Let me now share business and financial update. With opening up of restrictions post second wave of COVID, the company registered a healthy 68% growth in disbursements in Q2 FY'22 as compared to the previous quarter. The company disbursed INR 2,961 crores during the quarter with 96% of the disbursements in retail segment in line with our agenda. With retail focus approach, we were able to control the degrowth in retail loan portfolio assets during the quarter.

Our affordable segment which is the Unnati is currently at INR 3,043 crores of AUM. With focus on the affordable segment, the company has identified 13 locations in tier-2 and tier-3 geographies to be operationalized. 6 of these 13 locations are operationalized last month itself.

With the opening of field movement and legal machinery, we witnessed improvement in resolutions. The collection efficiency for Q2 FY'22 stood at 98.3% as compared to 95.4% in Q1 FY'22. As a result, the retail gross NPA reduced by healthy 14% on absolute basis in September '21 compared to June '21. The gross NPA of the company stood at 5.92% as on 30th September '21 on loan asset basis. The net NPA as on 30th September '21 stood at 3.32%.

The company as a prudent measure has made adequate provisions and our total provisions to total asset is at healthy 4.8%.

In terms of the percentage, the retail GNPA stood at 3.3% as on 30th September '21 compared to 3.8% as on 30th June '21. The corporate book GNPA stood at 19.1% as on 30th September '21 as compared to 15.9% as on 30th June '21 on a depleting book which further reduced by 9% in June '21. The increase in corporate GNPA is from the already identified SICR accounts.

The Remedial Management Group continues to work towards accelerated resolution of corporate accounts. The company has seen some positive traction in two accounts worth INR 359 crores during the quarter. In one account, the resolution plan is finalized by the Committee of Creditors and is awaiting NCLT approval. The account is resolved; however, it will continue to be in our NPA book for some time. For both these accounts on lines of prudence, we have retained the existing provisions. On an overall basis, the company carries 18.3% provision on the loan assets in the corporate book with coverage ratio of 58% in stage-III accounts.

During the half year, the company has sold and received accelerated payments of INR 1,214 crores. The Corporate book has degrown by 44% in absolute terms in September '21 from March '19.

Talking about the liabilities, the incremental cost of borrowing stood at 5.74% for the quarter. The average cost of borrowing declined by 68 basis points to 7.41% as on 30th September '21 compared to the same time last year.

The company has maintained liquidity of INR 5,772 crores as on 30th September '21.

On the capital raise, as informed time-to-time, the board of the company on 14th October '21 decided not to proceed with the preferential allotment of INR 4,000 crores. The decision was taken considering various factors, which are not to divert the attention and resources of the company into protracted legal proceedings, no visibility or certainty as to the timeline for judicial determination of the legal issues and to move ahead to achieve the primary objective of the company to raise capital. The company has filed an application to withdraw its appeal with SAT. Further, the Supreme Court on 20th October '21 dismissed the appeal filed by SEBI, stating that the appeal has become infructuous due to subsequent developments. The company is working with SEBI to close the issue.

The company is presently comfortably capitalized with CRAR at 20.66% and tier-1 at 17.82%. The leverage has come down to less than 6x at 5.89x as on 30th September '21 with reduced share of corporate book at 17% of loan assets in September '21 from 22% of loan assets in March '20.

The promoters and key shareholders of the company have always been supportive of the company. Having said so, the company will work with the board to enable capital to augment growth through other modes.

With this, I would like to open the floor for questions-and-answers. We have the whole management team sitting over here and thank you very much.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Gautami Desai from Chanakya Capital. Please go ahead.

Gautami Desai: Sir, we have been hearing of late there is some middle management and above leaving from the PNB Housing Finance more so in the last six months. So any particular reason for that?

Hardayal Prasad: Ma'am, churning of an organization is always good. However, as far as the management is concerned, we definitely are seeing some more attrition in the Company. However, the top management continues to remain. There will always be a few people who will move out of the organization, looking for better opportunities or for other considerations, family considerations, personal reasons. However, we do not see that it is a very big issue in terms of the attrition. We are continuously monitoring the situation. Wherever required, we are also going ahead and doing the recruitments. With the business coming down to some extent, we still feel that on the productivity side and on other considerations, the company is well human capitalized and we will continue to attract very good talent.

Gautami Desai: And sir the way wholesale has been running down, we believe that there have not been as many mishaps the market has expected earlier. So at some point of time, would PNB Housing Finance think of restarting the wholesale funding?

Hardayal Prasad: At this moment, we remain extremely committed to three things: One is a very clear agenda that we have set for ourselves in January. The second is that the retail focus is very-very strong with almost 96% of the disbursements under the retail. The third is that we believe that we need to deplete the corporate book at this stage. At some point of time, we will think about it, but right now, it's a little early to say that whether the company will go ahead and look for that opportunity. Right now, we believe that it is time that we need to conserve capital and the capital that is freed by the rundown and the corporate allows us to grow in the retail segment. I think that is very critical for the company at this stage.

Gautami Desai: Sir, actually what we fear is that your affordable as a percentage of the whole company is small, even you have a stellar growth on that side, the overall growth of the company might be extremely limited and now that the differential between your borrowing cost and the larger bank, their book growing and plus the other banks and NBFCs going so aggressive on home loans. Would our business model kind of allow us to have that kind of growth for the entire company?

Hardayal Prasad: There is a silver lining over there in terms of what we have done in the retail segment. In this quarter if you look at it, it's almost a flat growth that has come in. So after about eight or nine quarters of negative growth, the company has only degrown by INR 152 crores or INR 157 crores. I think that's a strong statement because our disbursements grew significantly. We will continue to focus on the retail segment, which continues to improve. And more importantly, if you look at the past of the company, the company has a very-very strong distribution network, the company has specialized itself in retail, especially self-employed, salaried as well as it is building strength on the Unnati platform. And I don't see any reason with the kind of interest rates we are now quoting, with the last reduction being done during October itself that there will be a challenge.Yes, there will always be challenges with the bank, but I think we are reaching a sweet spot where we should be able to have a complete flat growth and then going forward we will continue to grow on our asset side. I think with the mortgage industry showing very-very good sign, there is room for everyone to grow. We have the right talent, we have the right people working over there, and we have the right distribution and the strength to grow. It's just a matter of time that we will be back in the business and very strongly we will come and grow. But please remember that the company is very-very mindful of the fact that we would like to have a very calibrated growth so that the profitability is protected. So there are two things that we will take care of; one of them is on the top line, we were continuously monitoring the top line and we will continuously do it; and the second is the bottom line. These two will remain the cornerstone of our growth story that PNB HFL will focus right now.

Gautami Desai: Is 15%, 20% kind of a growth there in the near-term visibility?

Hardayal Prasad: We are not coming out with any kind of guidance because you have seen in the last about eight or nine quarters, we have had a negative growth. The first milestone is to ensure that we have a flat numbers and then the growth story will start. Maybe in the next quarter or March quarter when we meet, it is at that time that we should be in a position to give you a much better guidance on where exactly we are going to move forward.

Moderator: The next question is from the line of Krishnendu Shah from Quantum Mutual Fund. Please go ahead.

Krishnendu Shah: Could you talk a little bit about the spreads and your NIM, how do you see compression in the spreads to 2.8% from 3.3% for the quarter, because you are showing a retail heavy portfolio? And if I remember, Unnati was supposed to be a high yielding product. So just some thoughts on the NIM, how do you look at the next one year maybe?

Kapish Jain: Unnati is something that we are building up and it is not that Unnati is becoming a big part Of the entire portfolio. As you would have heard earlier as well under the Project IGNITE, we are looking at all aspects of this particular business on a 360 degree basis to build the right infrastructure and the support to go ahead and build the entire business. So today the business is largely what it is from a retail side and the corporate business. So as we have shared earlier as well, our spread not considering securitization is around 2.8% and 2.8% is something that we have consistently maintained in Q1, Q2 and also for the half year as well. If you look into Q4 of last year as well, the spread has been on similar line for the company. Also in Q2 FY 21, our Spread (excluding the securitization income) is at 2.7%. So for us, as we build the retail franchise, the yield might come down but we also get that benefit of lower borrowing cost as we have a larger share of retail it opens new avenues to raise fund, whether it's from the regulator, whether it's from the bank, PSL borrowings or through the route of ECBs, for us it's overall spread and margin which is something very critical to maintain and we have demonstrated that we have been able to maintain the healthy spread which is in the upwards of around 2.5% and plus, even with the lower and downward movement of the corporate book.

Krishnendu Shah: Will we actively pursue securitization in the near future also?

Kapish Jain: No, we don't intend to progress any securitization in the near future. As what MD mentioned, the objective of this company is to build the retail asset and build the asset on our balance sheet. In his speech, you would have heard that we are adequately well placed with regard to our capitalization, we are at a 21% of capital adequacy with 5.9x gearing, with a lower share of corporate book. So in spite of capital not coming in as a primary way, we are anyway releasing capital with lower share of corporate book. So, in a different manner, the capital is anyway getting accumulated and buffered into the organization to enable and progress the retail growth which is what we are eyeing for. We are not looking for any securitization or any sell-down. If we get good opportunity to buy assets, we would like to go and look to buy assets as well.

Moderator: The next question is from the line of Pratik Chheda from IIFL Securities. Please go ahead.

Pratik Chheda: My question is more towards competition right now. Banks are very aggressive in home loan front. Just wanted some data on what is the level of balance transfer you are accepting right now. How will the trend be over say around 12-18 months?

Rajan Suri: You are absolutely right, I mean, the rates of interest in the market is very-very competitive as on date and if you talk about the balance transfer (BT), 18% of the BT out is happening on our portfolio, but we are in a process of retaining the customers in a very strong way. As just mentioned by Kapish also, we have reduced our rates in the last month only. We will be able to hold on to our customers and reduce this BT out portfolio going forward.

Pratik Chheda: How much is the decline in AUM would you attribute to the BT out right now?

Rajan Suri: As I told, it is 18%, I mean, in terms of value, I don't have the exact number of BT out, so we will share with you offline.

Moderator: The next question is from the line of Subramanian Iyer from Morgan Stanley. Please go ahead.

Subramanian Iyer: Just some data keeping questions. So if you can help us with the breakdown of stage-II as well as restructured loans into retail and corporate? And also, what proportion of the restructured has been classified as stage-I?

Neeraj Manchanda: In the retail book, the total restructuring book is INR 2,071 crores, in the corporate the book it is INR 336 crores, and INR 796 crores is in stage-2 of the retail portfolio.

Subramanian Iyer: If you can also break up the stage-2 into retail and corporate?

Neeraj Manchanda: These numbers actually we are giving annual reviews only but our stage-2 has reduced in this quarter for corporate book as well as for retail book.

Subramanian Iyer: Just wanted to understand this impact of securitization and compression which has impacted the NII. How should we think about this going forward, I mean, in terms of impact on NII if you can please articulate that?

Kapish Jain: It's been our constant endeavor to keep working on reducing our cost of borrowing. As you would have heard in MD's address as well there's been 68 basis points decline between H1 of last year to H1 of this year. Incremental cost of borrowing is touching around 5.74% which means that we are working on continuously supporting the two aspects of our business; one is the new acquisition rate which we can potentially get at a lower rate and also the element on repricing of my old book. We as recent as last month only have reduced our rates to enable repricing at lower rates and retain good customers. So these efforts will help us in getting further traction and retain good customers in the portfolio and then enable us to help and retain our good quality assets so that our securitization assets behave the way they have been envisaged and don't have negative impact coming into our P&L for that book. The securitization book has now come down to around INR 10,500 crores. In history we've done an aggregate of around INR 20,000-INR 22,000 crores of securitization. That book is less than half today. So as the book shrinks further, the impact of that on the P&L will only go lesser and therefore we will be able to get our spread and NIM more from the BAU business that we are building for ourselves.

Subramanian Iyer: Is there a possibility of such further one-off impacts as well?

Kapish Jain: So the one-off impact can only be to the extent that if we see higher runoffs for that portfolio compared to earlier envisaged, then of course there will be a reversal on the income that's potentially factored earlier. But with these efforts, we do see some traction which should help us in arresting these runoff in that book in particular. More particularly, as you see the markets are moving towards a little hardening side, these hardenings would also help us getting ourselves more competitive compared to others and the gap also narrows down for us to be more attractive when I'm offering in the market.

Subramanian Iyer: Just to summarize that basically this one-off impact is largely because of run off in the portfolio as well to a certain extent?

Kapish Jain: Yes, one-off impact is largely because of the higher than anticipated run off behavior of the securitized portfolio which is causing this deduction on the income there.

Neeraj Manchanda: One additional piece of information on the restructuring. In the retail of INR 2,071 crores which I talked about, around INR 700 plus crores is in the stage-2, of that INR 550 plus odd crores is because of the SICR.

Moderator: The next question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal: Is it possible to talk about some of those corporate accounts that have slipped for you during the quarter? I'm not sure if you already covered it in the opening remarks which accounts were those, if you can give some qualitative color on the accounts which have slipped in your portfolio?

Saurabh Suri: So what we can just tell you is that it's just a single account which is a INR 159 crores account which has moved into NPA only and that was already part of the SICR which we had declared in March earlier. So nothing new which has come out, it is just one account which is forward flow.

Abhijit Tibrewal: Second question that I had was on the disbursements. I am not sure and please correct me if I'm wrong but I recall that in the past you guided for about 50% growth in disbursements in FY'22. I understand we are in consolidation more than our AUM has been declining, but given that we did about INR 10,500 crores in FY'21, we have done about I think INR 4,700 crores in the first half of the year, do you think we can kind of reasonably do anything between 11,000 crores to 12,000 crores in this financial year?

Rajan Suri: Absolutely right, we have been talking about that we will be clocking a growth of 40% to 50% and we still stand by it, there is no doubt on that because if you see overall sentiments in the markets have improved and people are going out and buying properties and all those things, a lot of transactions are happening in the market. That's the overall economy factor that is playing, one. Internally, also we have done a lot of changes in terms of sourcing business. So if I can talk about all those things, maybe we have reduced the rates as I said earlier also and that gives us a lot of impetus in the market to go out and source good quality business. Second, yes, we have opened up a little bit of market for our builder segment which is on retail side. And third, we are coming out with some kind of changes towards sourcing pattern for our customers. So all these things are happening and obviously we have got a vast, vast distribution which is always our strength. It's just about time we start taking advantage of that and we go all out in the market. And yes, as you know, we have always been very aggressive on giving the stats and all those things in the market and we'll maintain that and these numbers will not be a problem going forward.

Abhijit Tibrewal: I might sound a little bit critical but just trying to understand this better that most of the other housing finance companies, I mean the two largest housing financiers in our country and if I kind of even look at some of the smaller affordable housing financiers, everyone talked about very-very strong demand momentum in housing finance during Q2 FY'22 and something which continued in October as well. I think we have had a fairly stable leadership team at least over the last let's say two to three quarters. Then what is it that is still kind of holding it back? I'm seeing we see improvement on the cost of borrowings, we are targeting a slightly different customer segment than what we did in the past. Then what is it that is kind of holding us back at least in disbursement. I understand the book could continue to run off. There could be higher BT outs because there is a lot of aggression from banks and larger HFCs. But what is it that is holding us back on disbursements? And maybe another question for Mr. Prasad. Sir I understand this might be a little bit of a sensitive issue, but the fact that we have kind of decided that we will not go ahead with the announced capital raise and that we will be kind of looking at other alternatives for this capital raise. Did today in the board meeting we kind of sit with the Board and present what are the other alternative options which are available and if you can just show us through some color from your perspective in terms of what are the options which are available and which could be presented to the board?

Rajan Suri: I'll take the first one and second one obviously MD sir will take. So on the disbursements side, I think if you have seen the presentation we have again come up with a good number for disbursement; we are 50% over last H1 of FY'21. In terms of logins and sanctions and all those things, we are way-way ahead of our numbers as far as the business plan is concerned. So overall if we see on the disbursement growth, we are far ahead in terms of logins, and in terms of sanctions also, we are way ahead of our business plan numbers. I've earlier also explained, it's just about time now, we are ramping up things now and as I said there was a difference in the rate of interest between us and the competition earlier. Now even that is also covered to a larger extent, though I would say, yes, we are not there but yes, we have covered in a larger extent and we're in a fighting spirit, and we will do better than what is expected as mentioned earlier and 40% to 50% growth we will be maintaining and that's how we will move forward.

Hardayal Prasad: I think it's very important to understand that the company was undergoing a transition and it has almost reached a level where this quarter I mentioned to you there was a flat growth. We have had a very good disbursement if you take into account YoY or sequentially also. So we will continue to work towards that to grow and to ensure that we have a calibrated growth. Very important for us in our state where we had a capital constraint, we can have only calibrated growth and that is what the company is very steadfastly doing. So having said that on the disbursement and on the retail side, the company presently is comfortably capitalized with CRAR at 20.66% and tier-1 is at 17.82%. The leverage actually because of all that has happened and all that the company has done has come down to less than 6% at 5.89x as on 30th September with reduced share of corporate book. I think this is very critical which frees away significant amount of capital to be lent towards the retail. And that is one thing that the company was always looking at. It was stuck with the corporate book, utilizing very high capital and now with the freeing of the capital, we have great opportunity to grow on the retail. Having said so, the board actually recognizes the need for capital in the medium to long term basis. And secondly the promoter as well Carlyle and other stakeholders have been extremely supportive. I mean the very fact that we came out with such a large issue, is a demonstration of the fact that stakeholders have strong faith in the company. So the need of the capital remains over there, we will look at it and we will take it to the board as and when it is actually required. Presently I can only say to you that we are pretty well capitalized, the promoters and other stakeholders remain committed towards the company's growth cycle and at the appropriate time the company will take it forward for any kind of mode to raising the capital.

Abhijit Tibrewal: Is it fair to say that in the near term we will not be pursuing the equity capital raise and it will be business as usual?

Hardayal Prasad: No, I am not saying that. I'm just saying that at the right time we will go back and we will talk to the board to see that what best options we can have. But presently keeping in view the depleting corporate book, the availability of capital to grow, the retail segment, the CRAR at 20.66%, tier-1 at 17.82%, I think the company can look forward for growth at these numbers also. This is what we will continue to look at it, but I'm also telling you that the moment we feel the need to raise capital, we will approach the stakeholders who have been supportive towards the company in terms of the capital raise.

Moderator: The next question is from the line of Anuj Singla from Bank of America. Please go ahead.

Anuj Singla: One question regarding the restructuring book. I couldn't get that number. The retail book on the restructure side is INR 2,071 crores, out of which INR796 crores is in stage-2. Is my understanding correct?

Neeraj Manchanda: Yes, 750-plus odd in stage-2, which includes SICR proportion of 550-odd crores or so.

Anuj Singla: Rest of the book is all in stage-1?

Neeraj Manchanda: Yes, majority is in stage-1.

Anuj Singla: What kind of provisioning have we provided there for the restructured book?

Neeraj Manchanda: At overall level for a restructuring portfolio in the retail book, we have provisions in the range of 12% to 13%.

Anuj Singla: And corporate side?

Neeraj Manchanda: INR 336 crores is the restructured book. The provision would be around 15%, tosub-20% kind of a number on an average.

Anuj Singla: Lastly, on the adverse one-off related to the performance of the securitized portfolio. What is the parameter because of which you have to take the adverse one-off impact and can you quantify that? And the second one when you talked about adverse behavior is it that because of the runoff of the book or you had some maybe on the performance side the stage-III and the write-offs were higher than what you were earlier expecting?

Kapish Jain: No-no, the securitized portfolio gets an adverse impact in the P&L because of two elements. One is that when I'm securitizing the portfolio, at that point in time we have a history of its performance with regard to its life. And because of BT pressure if they are running off sooner, then there are potential future earning which I will not get in my book and therefore I have to undo the entire working here because of which the P&L gets impacted. So that is the negative P&L variance impact which I was talking about. This portfolio is a very high quality and I would say gold standard kind of a portfolio and therefore the asset quality here is very good. There's absolutely no doubt about the asset quality part of this book and that's essentially why this is on target as well with regards to acquisition by others and that's the only element that i was talking about. So whatever we envisage with regard to run off experience, it's actually more than what we had factored in our working when we did this sell down of portfolio.

Anuj Singla: Possible to quantify that for this quarter, how much was the impact?

Kapish Jain: The impact for this particular quarter with regard to the income reversal or unwinding is INR 61 crores and last quarter this amount was INR 18 crores. Just to tell you, in FY'21, same quarter with the reduction in MCLRs of the bank, we could earn more from these assets because our yield was not going down and that resulted in a positive experience of around INR 105 crores. So the anomaly between Q2 of this year to Q2 of last year is a differential of around INR 166 crores because it was INR 105 crores positive compared to a INR 61 crores negative.

Moderator: The next question is from the line of Kunal Shah from ICICI Securities. Please go ahead.

Kunal Shah: Firstly, in terms of Unnati book so when we look at the scale up in fact that seems to be like tapering down maybe it went up from INR 1,700 to 2,600 crore, INR 2,600 to 3,000 crore. So we saw almost like INR 400 crores of accretion last year during COVID and in the first half no doubt our first quarter would have got impacted, but still that hardly INR 60 crores, INR 80 odd crores. So, I am not able to get as to what is actually hampering the growth in that segment when it is such a focus area and when do we see the scale up happening on the Unnati book?

Rajan Suri: On Unnati book if you talk about in same time last year we were at AUM of INR 2,787 crores and currently we are at INR 3,043 crores of AUM which is 9% of increase on AUM side and yes we are opening up as mentioned earlier we are opening up location/branches which will be Unnati specific location and branches and from there we will be definitely getting. So, we are in the process so that is how this transformation team, IGNITE team is working on where we will be getting on to this piece and we are picking up very strongly in future. Currently the infrastructure and everything remains the same we are of the same structure. Going forward we are building on to it and it is a real big portfolio out of this Unnati business.

Hardayal Prasad: Kunal just one thing, January we decided that we will bring focus on the retail book with special emphasis on the Unnati portfolio, which is the affordable piece. Now having said that we have started working on it, you would appreciate that it is a completely different business as against the kind of business that the company was doing. Company was between mid and premium segment which it was doing on the salaries and on the self employed and it was decided that it is now going to focus on the Unnati affordable piece. So, first thing that was done was to create a vertical within the chief sales officer a vertical was created to actually start monitoring those. So, we first of all started concentrating and building the portfolio and sourcing the business from our existing branches. Now this time when we along with the results we have told that we have gone to open 13 branches out of which 6 branches were opened last month. Now it is not just opening of the infrastructure it is actually that you have to create the separate kind of a sales force, the underwriting team and the collection team also. So, it is definitely going to take little bit time, but we might be able to reach the inflection point in the next three months and it is at that time that you will see the buildup of asset taking place.

Kunal Shah: Second question is with respect to the corporate so compared to 31st March wherein we used to disclose the breakup between retail and corporate Stage-3 it used to be 12.5% now it is almost 20% and when we look at the breakup or maybe the disclosure wherein we say that 65% is say zero plus, so should we broadly assume that maybe there would have been forward flows from Stage-2and even from stage 1 to Stage-2and Stage-2 would have been broadly be flat or overall Stage-2 plus Stage-3 there would have been an improvement compared to March, how should we look at it because I think that number is still I think it is going up in terms of maybe non zero DPD so I think Stage-2 is getting sticker plus the flows are there into Stage-3?

Saurabh Suri: There is definite improvement there you have given out two numbers. One is 75% of the book as on 30th September is stage 1 and out of that 19% separately is Stage-3. So, Stage-2 has actually improved and moved into stage 1 there has been an improvement there.

Kunal Shah: So maybe it is overall 75% so broadly 25% between Stage-2 and Stage-3 of which 20% is in Stage-3 then Stage-2 ideally should have been down compared to what we have disclosed in March?

Neeraj Manchanda: Let me just rearrange the number little bit for you. Look the portfolio sell down is a deliberate activity which we have been doing. It is a conscious corporate call for a capital release, Kapish also talked about. In the percentage term the Stage-3 has increased and in the absolute term whatever is gone into a Stage-3 is an identified SICR account. So, first of all there is no unexpected risk which has arisen in the book yet that is the first thing. Second thing on the Stage-2 whatever SICR we have declared those had gone into high risk. There is a one account which is in Stage-2 worth INR 100 crore which is still bucket zero. We are going well with that, that is a part of the Stage-2. We do not see any unexpected risk in the near future also. So, company will relook into this in the March and probably we may revert it back. If I compare those numbers vis-a-vis the last quarter when the COVID had impacted us in Quarter 1 since then there is a backward movement also in the corporate book. Going forward as MD also talked about there are two cases where we have got resolution, in one case we have already ticketed many boxes and we will see some backward movement for Stage-3 also.

Kunal Shah: Sir the only thing was maybe Stage-2 is still down so I was just getting to that number that maybe it is compared to 13 odd percent even though we do not disclose, but that is like almost 5%, 4%?

Neeraj Manchanda: We will disclose those numbers as a policy it is being coming in the annual event only, but we are assuring that the company is working on the resolution, the traction is good, positive and results will be out on a positive manner very soon.

Moderator: Thank you. The next question is from the line of Krishnendu Saha from Quantum Mutual Fund. Please go ahead.

Krishnendu Saha: Just on the capital raise fund as you spoke about that we do not want to grow the book fast and the profitability increasing, ROE is decreasing , do you see some of the money coming back from the asset which we have said to resume, but do we see capital being raise even after year or later this opportunity will be there and the book will not be growing so are we enough capitalized for the next two years at least or one and half year for FY23?

Hardayal Prasad: I think I have already mentioned to you on the capital raise that right now we are in a position where the CRAR as well as Tier-1 is in good shape. The gearing has come down because of the depleting corporate book, we have significant amount of capital available for our retail book to grow, however, because of the various factors that go into any company's capital plans, we will take a call, we will approach the board at a right time. I am not saying that it is short, long it could be any time, but we are definitely reviewing everything possible in terms of our strategy and all options are being evaluated for the capital raise. The first thing was to undo whatever had been done from 31st May onwards which be it is in the public domain we have taken a conscious call; we have done everything possible. So, we are just out of that particular transaction. Now it is the time to rethink and presently as our results are coming up I have given you a very clear idea of where we stand in terms of our capital adequacy, in terms of our Tier-1, in terms of our leverages, depleting book and that is one of the reason why now is the time that the management team will sit together to evaluate the options that it has and then take it forward to the board that what best is required for the company. I can only tell you that not only the board, but all stakeholders are extremely supportive of the way the company is trying to navigate the capital requirements as well as whatever is possible in terms of the businesses.

Hardayal Prasad: I thought you also asked one more question, you can respond on the reversal of provisions

Neeraj Manchanda: We have not done any reversal of provisions so far. In the future, it's a model driven thingand we will evaluate how things are moving and accordingly will take a call on that.

Moderator: Thank you. As there are no further questions from the participant. I now hand the conference over to Ms. Deepika Gupta Padhi for closing comments.

Deepika Gupta Padhi: Thank you everyone for joining us on the call if you have any questions and answer please feel free to get in touch with investor relations. The transcript of this call will be uploaded on our website. Thank you and wish you all a very Happy Diwali.

Moderator: Thank you. On behalf of PNB Housing Financial Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.