

Press Release

For Immediate Release

23rd July 2020, New Delhi

Consolidated Unaudited Financial Results for Q1 FY 2020-21 Ended 30th June 2020

The Board of Directors of PNB Housing Finance Limited today approved the Consolidated Unaudited Financial Results for the quarter ended 30th June 2020. The accounts have been subjected to a limited review by the Company's Statutory Auditors in line with the regulatory guidelines. The financial numbers are based on IndAS.

Financial performance (Q1 FY20-21 vs Q1 FY19-20)

- Net Interest Income at INR 487.8 crore vs INR 625.5 crore registering a decline of 22%.
- Pre provision Operating Profit decreased by 30% to INR 404.6 crore from INR 578.2 crore.
- Profit after Tax at INR 257.2 crore vs INR 284.5 crore registering a decline of 10% YoY.
- The Spread on loans for Q1 FY20-21 stood at 2.19% compared to 2.53% for Q1 FY19-20. The Company has not done any securitization during the quarter. Excluding the assignment income generated in Q1 FY2019-20, i.e. on the IGAAP basis, the Spread for Q1 FY20-21 is 2.28% compared to 1.98% in Q1 FY2019-20, an increase of 30 basis points.
- Net Interest Margin for Q1 FY20-21 stood at 2.66% compared to 3.14% for Q1 FY19-20 declined owing to nil securitization during Q1FY20-21 compared to INR 2,318 crore during Q1 FY19-20.
- Gross Margin, net of acquisition cost, for Q1 FY20-21 stood at 2.61% compared to 3.44% for Q1 FY19-20 due to lower fee and other operating income and nil securitization during Q1 FY20-21.
- The cumulative ECL provision as on 30th June 2020 is INR 1,837.1 crore resulting in the total provision to assets ratio at 2.7%. The total provision coverage ratio is at 98%.
- Return on Asset is at 1.33% during Q1 FY20-21 as compared to 1.37% during Q1 FY19-20
- Gearing as on 30th June 2020 was 8.24x compared to 9.19x as on 30th June 2019.
- Return on Equity of 12.6% for Q1 FY20-21 vis a vis 14.8% for Q1 FY19-20.

Business Operations

- The disbursements stood at INR 694 crore during Q1 FY20-21 compared to INR 7,634 crore during Q1 FY19-20. The lower disbursements were due to the impact of lockdown and economic slowdown. The disbursements, however, registered an increase on a month on month basis. Retail disbursements were at INR 674 crore and Corporate disbursements at INR 20 crore during Q1 FY20-21.
- Asset under Management (AUM) is at INR 83,495 crore as on 30th June 2020 as compared to INR 88,333 crore as on 30th June 2019 registering a decline of 5% YoY with share of Retail Loans being 82% and Corporate loans being 18% of the AUM down from 20% as on 30th June 2019.
- Loan Assets degrew by 10% YoY to INR 68,009 crore as on 30th June 2020 from INR 75,933 crore as on 30th June 2019.

Moratorium

- On 27th March 2020, in order to mitigate the burden of debt servicing and provide relief to borrowers, Reserve Bank of India announced moratorium on loans for three months from March 2020 to May 2020 (Phase 1). This was further extended by another three months upto August 2020 (Phase 2).

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CIN: L65922DL1988PLC033856

- Company adopted Opt-in route for accepting customer requests for moratorium.
- As on 30th June 2020, approx. 39% of Company's AUM have opted for moratorium which has reduced substantially from 56% in Phase 1.
 - Retail Loans under moratorium account for 29% of the Retail AUM which has also reduced from 49% in Phase 1.

Borrowings

- Total borrowings are at INR 67,283 crore as on 30th June 2020 from INR 72,261 crore as on 30th June 2019 registering a decline of 7% during the period.
- The Deposit portfolio grew by 5% to INR 16,203 crore as on 30th June 2020 from INR 15,446 crore as on 30th June 2019 with expanding retail penetration.
- Total assigned loans outstanding as on 30th June 2020 is at INR 15,486 crore.

Distribution and Service Network

- As a part of cost rationalization, the Company has merged two branches with other branches. As a result, as on 30th June 2020 the Company has 103 branches with presence in 64 unique cities and 23 Hubs.
- The Company also services the customers through 27 outreach locations.

Asset Quality

- Gross Non-Performing Assets (NPA) at an AUM level is at 2.32% and 2.76% at Loan Assets as on 30th June 2020. Retail book GNPA stood at 1.29% and Corporate book GNPA stood at 8.05% as on 30th June 2020
- Net NPA stood at 1.67% of the Loan Assets as on 30th June 2020 against 0.67% as on 30th June 2019.

Capital to Risk Asset Ratio (CRAR)

- The Company's CRAR based on IGAAP stood at 18.05% as on 30th June 2020, of which Tier I capital was 15.33% and Tier II capital was 2.72% compared to 15.13% with Tier I at 12.04% and Tier II at 3.09% as on 30th June 2019.
- The risk-weighted assets as on 30th June 2020 stood at INR 50,661.22 crore.

Credit Rating

- As on 23rd July 2020, PNB Housing Finance Fixed Deposit programme has been rated "FAA+" by CRISIL and "AA" by CARE. The Company's Commercial Paper (CP) is rated at "A1(+)" by CARE & CRISIL and Non-Convertible Debenture (NCD) are rated at "AA" by CARE, India Ratings, CRISIL and ICRA. Further the bank loans long term rating is "AA" by CARE and CRISIL.

Commenting on the performance Mr. Neeraj Vyas, Managing Director & CEO said:

"During the quarter, the Covid-19 pandemic had a significant impact on the disbursements resulting in the lowest quarterly disbursements in more than 24 quarters. However, with all our branches now operational we are witnessing an increasing trend in disbursement on a month on month basis. The Company has rolled out its business plan for the FY 20-21 and will continue to focus on the lower risk weighted retail assets, resulting in higher percentage of retail book in the total AUM. As a part of

cost rationalisation, the Company has merged two branches during the quarter and will merge few more over next few months.

During the year, the Company will continue its focus on recovery, liquidity, sell down of the corporate book, cost rationalisation and strengthen its balance sheet by further reduction in gearing.”

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.

Safe Harbour Statement

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 herein. 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. This release cannot be copied and/or disseminated in any manner.

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Statement of Consolidated Financial Results for the Quarter Ended June 30, 2020

		(₹ in Crore)			
S. No.	Particulars	Quarter ended			Year ended
		30-Jun-20	31-Mar-20	30-Jun-19	31-Mar-20
		(Reviewed)			(Audited)
	Revenue from Operations				
(i)	Interest Income	1,801.52	1,802.57	1,979.41	7,688.21
(ii)	Fees and commission Income	18.75	78.38	92.77	298.84
(iii)	Net gain on fair value changes	49.79	62.74	39.43	158.64
(iv)	Income on derecognised (assigned) loans	-	2.75	119.32	336.15
I	Total Revenue from Operations	1,870.06	1,946.44	2,230.93	8,481.84
II	Other Income	2.27	5.40	1.65	7.71
III	Total Income (I+II)	1,872.33	1,951.84	2,232.58	8,489.55
	Expenses				
(i)	Finance Cost	1,363.53	1,379.97	1,512.68	5,874.95
(ii)	Impairment on financial instruments & Write-offs	75.09	754.84	164.16	1,251.37
(iii)	Employee Benefit Expenses	61.00	35.24	67.97	233.06
(iv)	Depreciation and Amortisation	15.99	14.54	16.39	65.85
(v)	Fees and commission expense	0.88	1.85	3.47	8.92
(vi)	Other Expenses	26.36	92.64	53.88	244.39
IV	Total Expenses	1,542.85	2,279.08	1,818.55	7,678.54
V	Profit Before Tax (III-IV)	329.48	(327.24)	414.03	811.01
	Tax Expense:				
	-Current Tax	102.41	87.97	137.95	389.24
	-Deferred Tax (net)	(30.11)	(173.15)	(8.39)	(224.47)
VI	Total Tax Expense	72.30	(85.18)	129.56	164.77
VII	Net Profit after Tax (V-VI)	257.18	(242.06)	284.47	646.24
VIII	Other Comprehensive Income (net of taxes)	(86.00)	(81.95)	27.00	(55.30)
IX	Total Comprehensive Income (VII+VIII)	171.18	(324.01)	311.47	590.94
	Earnings per Share (of ₹ 10 each)*				
	-Basic (₹)	15.29	(14.39)	16.95	38.45
	-Diluted (₹)	15.29	(14.38)	16.89	38.41
	Paid-up Equity Share Capital (Face value ₹ 10)	168.19	168.19	168.06	168.19
	Reserve (excluding Revaluation Reserves) as at March 31				7,829.58

* EPS for the quarters are not annualised

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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 by the Companies (Indian Accounting Standards) Rules, 2016. The financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the the Companies Act, 2013, and other recognized 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. Assets under management (AUM) have decreased from ₹ 88,333 crore as on June 30, 2019 to ₹ 83,495 crore as on June 30, 2020 registering a decline of 5%. AUM as on March 31, 2020 was ₹ 83,346 crore. Loan Assets have decreased from ₹ 75,933 crore as on June 30, 2019 to ₹ 68,009 crore as on June 30, 2020 registering a decline of 10%. Loan assets as on March 31, 2020 was ₹ 67,571 crore.
4. Gross NPA as on June 30, 2020 is 2.76% of the loan assets as against 0.85% as on June 30, 2019 and 2.75% as on March 31, 2020. Net NPAs of the Company is 1.67% of the loan assets as on June 30, 2020, against 0.65% as on June 30, 2019 and 1.75% as on March 31, 2020.
5. 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.
6. Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019 provides an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate since 30 September 2019 and the taxes has been computed accordingly.
7. Reserve Bank of India (“RBI”) has issued guidelines relating to COVID 19 Regulatory Package dated March 27, 2020, Apr 17, 2020 and May 22, 2020. In accordance with the RBI guidelines, the Company has offered a moratorium on the payment of instalments falling due between March 01, 2020 and August 31, 2020 to all eligible borrowers classified as standard. Based on the current indicators of future economic conditions, the Company has retained ECL provision of ₹ 471 crore for COVID 19 built as of March 31, 2020 in addition to normal ECL provision. Further, the Company has created additional ECL provision of ₹ 71 crore during this quarter. The Company believes ECL provision to be adequate.

The extent to which the COVID 19 pandemic will impact the company’s future results will depend on economic developments, which are highly uncertain, including among other thing, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company. 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.

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8. During the quarter ended June 30, 2020, there were no transactions in the nature of exceptional or extraordinary items.
9. Figures for the quarter ended March 31, 2020 are the balancing figures between audited figures for the full financial year and the reviewed year to date figure upto the third quarter of the financial year.
10. Figures for the previous periods have been regrouped wherever necessary in order to make them comparable.

The Statutory Auditors of the Company have reviewed the consolidated financial results for the quarter ended June 30, 2020. 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 July 23, 2020.

For and on behalf of the Board of Directors

Date: July 23, 2020
Place: New Delhi

Neeraj Vyas
Managing Director
DIN: 07053788