

PNB Housing Finance

BSE SENSEX	S&P CNX
33,043	10,295
Bloomberg	PNBHF IN
Equity Shares (m)	166
M.Cap.(INRb)/(USDb)	231 / 3.6
52-Week Range (INR)	1715/789
1, 6, 12 Rel. Per (%)	-14/-7/-
Avg Val, INRm	690
Free float (%)	61.1

Financials & Valuations (INR b)

Y/E March	2018E	2019E	2020E
NII	15.7	21.0	27.9
PPP	15.8	21.0	28.1
PAT	8.7	11.0	14.7
EPS (INR)	52.5	66.5	88.8
BV/Sh. (INR)	371.1	423.7	494.0
RoAA (%)	1.7	1.5	1.5
RoE (%)	15.0	16.7	19.4
Payout (%)	20.9	20.9	20.9
P/E (x)	26.5	21.0	15.7
P/BV (x)	3.8	3.3	2.8
Div. Yield (%)	0.7	0.9	1.1

Estimate change



TP change



Rating change



CMP: INR1394

TP: INR1750 (+25%)

Buy

Growth story continues

- PNB Housing Finance's (PNBHF) 2QFY18 PAT grew robustly by 51% YoY to INR2.08b, led by its strong AUM growth, YoY improvement in margins and lower C/I ratio (albeit off a high base).
- Disbursements grew 45% YoY to INR74b. While this is certainly a very strong performance, it was a tad lower than disbursements in 1QFY18, suggesting some impact of RERA, and possibly GST. **Generally, the second quarter is seasonally strong in terms of disbursements for an HFC.**
- AUM growth of 47% YoY was in line with estimates. The mix has remained largely stable on both QoQ and YoY basis.
- C/I ratio (calculated) declined over 1,200bp YoY and 160bp QoQ to 23%. The sequential improvement is commendable, in our view. **One of the key factors driving this is improving employee productivity.** As per company disclosures, both disbursements/employee and loans outstanding/employee have increased at ~20% CAGR over the past two years (note that this number does not account for off-roll sales staff). We believe continued operating leverage is key to RoA/RoE improvement, and thus, for valuations to sustain.
- Valuation view:** PNBHF continues to deliver strong growth in its loan book. Increasing geographical spread and new branch openings (110 branches in FY20E v/s 66 in FY17) are expected to result in the loan book growing to ~INR1t by FY20 (37% CAGR). With the pace of investments slowing down, coupled with operating leverage benefits kicking in, the expense ratio is set to decline meaningfully. Credit costs, however, are expected to inch up marginally on account of portfolio seasoning. All these factors put together are expected to drive 41% PAT CAGR over FY17-20E, with RoE inching toward high-teens over the medium term. We upgrade our FY18-20 EPS estimates by 2-9%. **Buy** with a target price of INR1,750 (3.8x Sep 2019E BVPS, 22x Sep 2019E EPS).

PNBHF: Quarterly performance

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	8,172	9,130	9,376	10,106	10,965	12,225	13,203	14,277	36,785	50,671
Interest Expenses	6,080	6,847	6,731	6,779	7,529	8,361	9,030	9,448	26,437	34,367
Net Interest Income	2,092	2,284	2,645	3,327	3,436	3,865	4,174	4,829	10,348	16,304
YoY Growth (%)					64.2	69.2	57.8	45.1	45.3	57.6
Other income	457	572	611	654	958	933	950	984	2,294	3,825
Total Income	2,549	2,856	3,257	3,981	4,394	4,798	5,124	5,814	12,642	20,129
YoY Growth (%)					72.4	68.0	57.3	46.0	50.6	59.2
Operating Expenses	797	1,008	870	898	1,082	1,101	1,075	1,101	3,573	4,359
YoY Growth (%)					35.7	9.2	23.6	22.7	41.7	22.0
Operating Profits	1,752	1,848	2,387	3,083	3,312	3,697	4,049	4,712	9,069	15,770
YoY Growth (%)					89.1	100.1	69.6	52.8	54.5	73.9
Provisions	280	-225	308	667	481	503	650	748	1,029	2,381
Profit before Tax	1,472	2,073	2,079	2,416	2,831	3,194	3,399	3,964	8,040	13,388
Tax Provisions	513	696	702	892	984	1,114	1,190	1,398	2,803	4,686
Profit after tax	959	1,377	1,378	1,524	1,848	2,080	2,209	2,566	5,237	8,703
YoY Growth (%)					92.6	51.1	60.3	68.4	60.0	66.2
Cost to Income Ratio (%)	31.3	35.3	26.7	22.6	24.6	23.0	21.0	18.9	28.3	21.7
Tax Rate (%)	34.8	33.6	33.7	36.9	34.7	34.9	35.0	35.3	34.9	35.0

E: MOSL Estimates

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 1: Quarterly performance and reason for deviations

Y/e March	2QFY18E	2QFY18A	Var (%)	Comments
Interest Income	11,952	12,225	2	
Interest Expenses	8,207	8,361	2	
Net Interest Income	3,745	3,865	3	Margins better than expected
YoY Growth (%)	64.0	69.2		
Other income	900	933	4	
Total Income	4,645	4,798	3	
YoY Growth (%)	62.7	68.0		
Operating Expenses	1,150	1,101	-4	Lower C/I ratio
YoY Growth (%)	14.0	9.2		
Operating Profits	3,496	3,697	6	Better margins and lower opex
YoY Growth (%)	89.2	100.1		
Provisions	500	503	1	
Profit before Tax	2,996	3,194	7	
Tax Provisions	1,048	1,114	6	
Profit after tax	1,947	2,080	7	Better margins and lower opex
YoY Growth (%)	41.4	51.1		
Cost to Income Ratio (%)	24.7	23.0		
Tax Rate (%)	35.0	34.9		

Source: Company, MOSL

AUM growth of 47% YoY;
loan book mix largely stable

Business momentum remains healthy; AUM crosses INR500b

- Disbursements grew 45% YoY to INR74b. However, there was 5% sequential decline, which implies some impact of RERA on growth. Generally, for HFCs, disbursements in 2Q are seasonally stronger than in 1Q.
- AUM growth was healthy at 10% QoQ/47% YoY, with AUM crossing INR500b.
- This has been driven by several new branch openings in the past few quarters. **PNBHFI increased its branch count by 55% over the past six quarters (taking the total count to 73).** With new branch openings and seasoning of recently opened branches, AUM growth is likely to remain robust.

Spreads declined 7bp YoY,
but margins improved 40 bp
YoY

NIM improves 40bp YoY; C/I ratio declines 160bp QoQ

- Calculated margins increased 40bp YoY to 3.15%. However, this was driven solely due to higher share of equity capital on the balance sheet. Spreads, in fact, declined 7bp YoY
- C/I ratio (calculated) declined over 1200bp YoY and 160bp QoQ to 23%. The sequential improvement is commendable, in our view. **One of the key factors driving this is improving employee productivity.** As per company disclosures, both disbursements/employee and loans outstanding/employee have increased at ~20% CAGR over the past two years (Note that this number does not account for off-roll sales staff).

Upgradation of four of the
five large accounts that
slipped into NPL in 1QFY18

Asset quality stable

- Of the five large accounts (INR 500m) that slipped into NPL in 1QFY18, 4 accounts were upgraded in 2QFY18. The GNPL ratio stood at 34bp v/s 43bp in 1QFY18.
- Contingency provision buffer stands at INR655m

Valuation and view

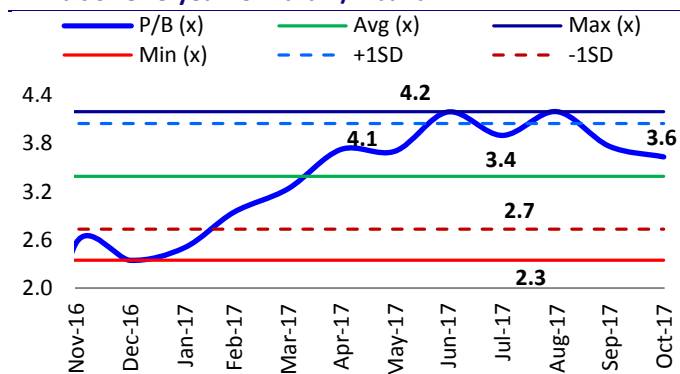
- Over the past six years, PNBHF has scripted an enviable turnaround, positioning itself to become the fifth largest player in the HFC segment. Strong underwriting and execution skills have ensured that growth has not come at the cost of asset quality.
- The company has been able to offset the pressure on yields and high opex with superior liability management and asset mix.
- Strong loan growth, stable margins and moderating expense ratio should drive 41% PAT CAGR over FY17-20. RoE is expected to improve from 13.6% in FY17 to 20% in FY20.
- On the back of strong macro factors and geographical diversification, we expect AUM CAGR of 37% over FY17-20. Strong operating leverage will negate the expected rise in credit cost. Overall we expect stable ROAs and improving ROEs with rising financial leverage. Superior execution, strong EPS growth and healthy return ratios/asset quality will ensure premium valuations to sustain. We use RI model to value the company, with Rf of 7%, CoE of 13.5% and terminal growth rate of 5%. We initiate coverage with a Buy rating, valuing the stock at INR1,750 (3.8x Sep 2019 BVPS, 22x Sep 2019E EPS).

Exhibit 2: We increase estimates marginally to factor in stronger top-line growth

INR b	Old Est.			New Est.			Change (%)		
	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
NII	14.8	19.9	26.4	15.7	21.0	27.9	5.5	5.7	5.8
Other Income	4.2	5.3	6.8	4.5	5.4	7.0	5.8	2.3	2.2
Total Income	19.1	25.2	33.2	20.1	26.4	34.9	5.5	5.0	5.1
Operating Expenses	4.7	5.9	7.3	4.4	5.4	6.8	-7.6	-7.6	-7.6
Operating Profits	14.4	19.3	25.9	15.8	21.0	28.1	9.8	8.8	8.7
Provisions	2.1	2.7	3.7	2.4	4.0	5.5	13.6	50.0	50.0
PBT	12.3	16.6	22.2	13.4	16.9	22.6	9.2	2.1	1.9
Tax	4.3	5.8	7.8	4.7	5.9	7.9	9.2	2.1	1.9
PAT	8.0	10.8	14.4	8.7	11.0	14.7	9.2	2.1	1.9
Loan book	567	781	1,046	567	781	1,046	0.0	0.0	0.0
NIM (%)	2.9	2.8	2.8	3.1	2.9	2.9			
Spreads (%)	2.2	2.1	2.1	2.3	2.3	2.3			
ROAA (%)	1.5	1.5	1.5	1.7	1.5	1.5			
RoAE (%)	13.8	16.6	19.2	15.0	16.7	19.4			

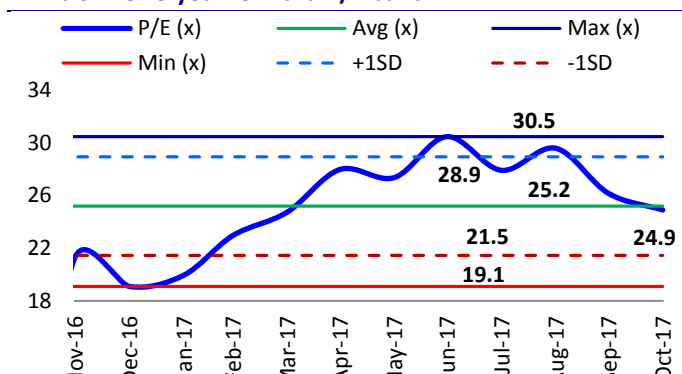
Source: MOSL, Company

Exhibit 3: One-year forward P/B band



Source: MOSL, Company

Exhibit 4: One-year forward P/E band



Source: MOSL, Company



Conference call highlights

Business Updates

- 48% YoY increase in logins in 1HFY18.
- Management looks to increase the share of affordable housing segment in the home loan portfolio.
- 21 states have started RERA registration. But registration of projects has been slow. There was some impact of this on disbursements in the quarter. Growth could pick up if registrations improve (expected in 2-3 quarters).
- Management reiterated spread guidance of 210-225bp.
- PNBHF will open 23 new branches and 4 hubs in FY18.
- Management expects industry-level growth of 16-17% in FY18, with HFCs growing 18-19%.
- The company will look to raise capital when leverage hits 12-13x.
- Average ticket size to go down to INR2.6-2.7m in next two years.
- CAR was at 18.38% and Tier 1 ratio was at 13.99%.

Asset Quality

- Four of the five accounts that slipped into NPL in 1QFY18 have rolled back into the standard bucket as SARFAESI was invoked.

Others

- New subsidiary PHFL Home Loans has been floated to house the off-roll staff.
- 26-27% of home loan disbursements are related to primary home sales.
- Dividend policy to remain same going forward.

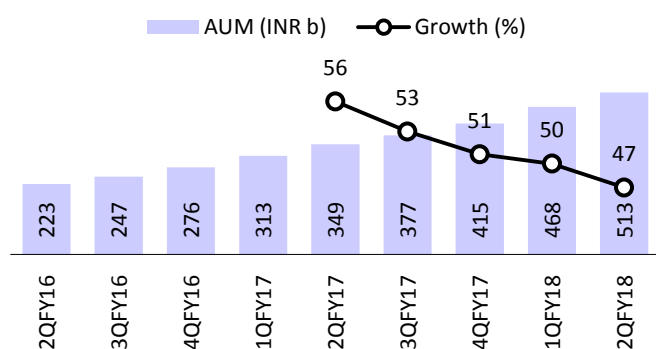
Exhibit 5: Quarterly Snapshot

	FY16			FY17				FY18		Variation (%)	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	QoQ	YoY
Profit and Loss (INR m)											
Interest Income	6,144	6,753	7,474	8,172	9,130	9,376	10,106	10,965	12,225	11	34
Interest Expenses	4,461	4,867	5,249	6,080	6,847	6,731	6,779	7,529	8,361	11	22
Net Interest Income	1,683	1,886	2,225	2,092	2,284	2,645	3,327	3,436	3,865	12	69
Other Income	288	345	379	457	572	611	654	958	933	-3	63
Net Income	1,971	2,231	2,605	2,549	2,856	3,257	3,981	4,394	4,798	9	68
Operating Expenses	612	615	727	797	1,008	870	898	1,082	1,101	2	9
Employee	209	202	159	221	266	250	276	289	331	14	24
Others	403	413	568	576	742	620	622	792	770	-3	4
Operating Profits	1,359	1,616	1,878	1,752	1,848	2,387	3,083	3,312	3,697	12	100
Provisions	197	159	312	280	-225	308	667	481	503	5	-323
PBT	1,162	1,458	1,565	1,472	2,073	2,079	2,416	2,831	3,194	13	54
Taxes	390	554	540	513	696	702	892	984	1,114	13	60
PAT	772	903	1,026	959	1,377	1,378	1,524	1,848	2,080	13	51
Asset Quality											
GNPA	NA	NA	597	834	838	1,270	848	1,892	1,657	-12	98
NNPA	NA	NA	380	587	580	927	578	1,452	1,267	-13	118
Gross NPAs (%)	NA	NA	0.2	0.3	0.3	0.4	0.2	0.4	0.3		
Net NPAs (%)	NA	NA	0.1	0.2	0.2	0.3	0.2	0.3	0.3		
PCR (Calculated, %)	NM	NM	36.4	29.6	30.8	27.0	31.8	23.3	23.5		
Ratios (%)											
Cost to Income	31.1	27.6	27.9	31.3	35.3	26.7	22.6	24.6	23.0		
Provision to operating profit	14.5	9.8	16.6	16.0	-12.2	12.9	21.6	14.5	13.6		
Tax Rate	33.6	38.0	34.5	34.8	33.6	33.7	36.9	34.7	34.9		
RoA - reported (YTD)	1.4	1.4	1.4	NA	1.5	1.5	1.5	1.7	1.7		
RoE - reported (YTD)	15.4	16.3	17.1	NA	20.7	17.0	14.9	13.0	13.6		
Margins Reported (%)											
Yield on earning assets	11.0	11.5	11.4	11.1	11.0	10.3	10.2	9.9	10.0		
Cost of Funds	NA	NA	8.0	8.7	8.9	8.6	8.1	8.0	7.9		
Spreads	NM	NM	3.4	2.5	2.1	1.7	2.1	1.9	2.1		
NIMs	3.0	3.2	3.4	2.8	2.8	2.9	3.4	3.1	3.2		
Business Details (INR b)											
Loans											
Individual Home Loans	NA	NA	167	NA	196	210	229	259	286		
Loans against Property	NA	NA	81	NA	91	95	113	133	144		
Total Loans	NA	NA	248	NA	287	305	341	391	430		
AUM Mix (%)											
Individual Home Loans	NM	NM	67	NM	68	69	67	66	67		
Loans against Property	NM	NM	33	NM	32	31	33	34	33		
Total Borrowing Mix (%)											
- NCD	NA	NA	35.9	NA	43.0	44.1	40.9	40.9	45.8		
- CP	NA	NA	19.2	NA	14.0	8.1	12.3	16.4	15.2		
- Public deposit	NA	NA	27.2	NA	25.0	28.3	28.0	25.3	23.1		
- ECB	NA	NA	2.3	NA	5.0	4.9	4.2	3.8	3.3		
- Bank term loans	NA	NA	7.4	NA	3.0	5.4	6.9	6.8	7.1		
- NHB Refinance	NA	NA	7.9	NA	10.0	9.2	7.7	6.7	5.7		

Source: Company, MOSL

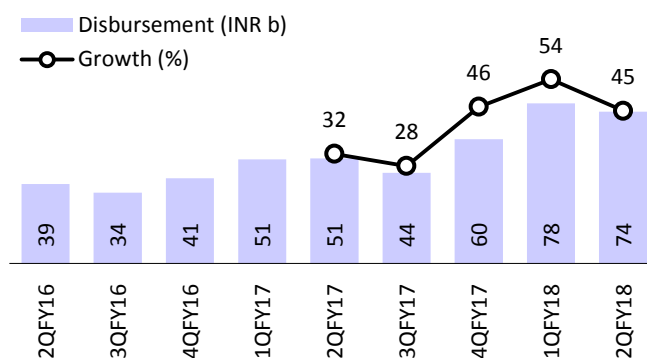
Story in charts

Exhibit 6: AUM growth remains robust



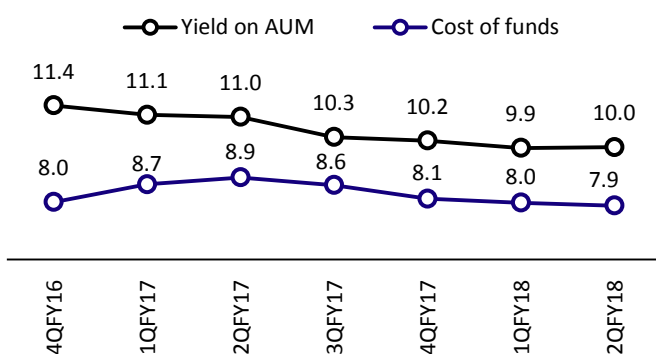
Source: Company, MOSL

Exhibit 7: Disbursement trend



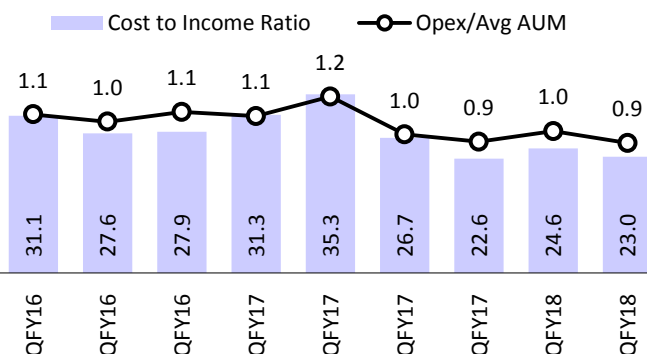
Source: Company, MOSL

Exhibit 8: Targeted spread of 210-225bp



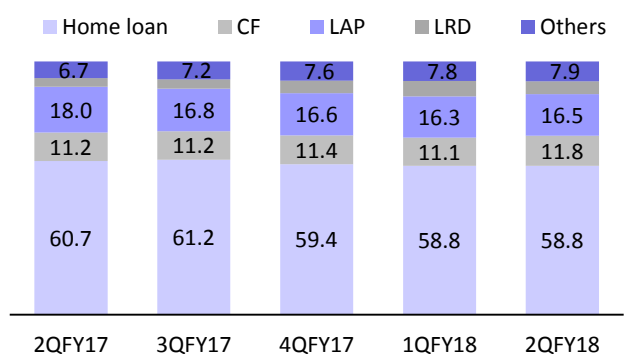
Source: Company, MOSL

Exhibit 9: Declining C/I ratio



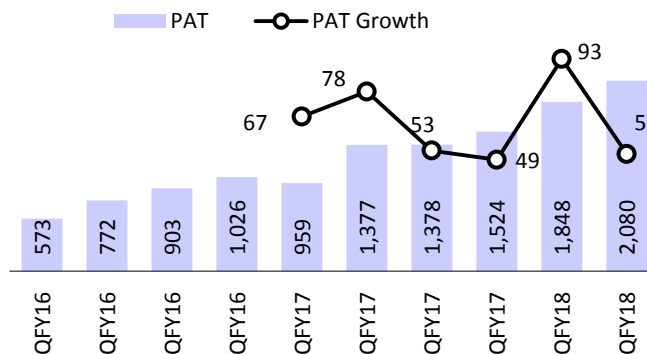
Source: Company, MOSL

Exhibit 10: Loan mix trend (%)



Source: Company, MOSL

Exhibit 11: PAT growth of 51% YoY



Source: Company, MOSL

Exhibit 12: Financials: Valuation metrics

	Rating	CMP	Mcap	EPS (INR)		P/E (x)		P/BV (x)		RoA (%)		RoE (%)	
		(INR)	(USDb)	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
ICICI* [*]	Buy	306	26.3	14.5	16.6	15.0	12.2	1.49	1.28	1.14	1.15	8.6	9.3
HDFCB	Buy	1,795	73.6	68.7	84.7	26.1	21.2	4.71	3.99	1.86	1.92	18.8	20.4
AXSB	Neutral	473	16.7	18.1	29.9	26.1	15.8	1.92	1.74	0.67	0.97	7.6	11.6
KMB*	Buy	1,010	30.2	32.4	41.0	31.1	24.6	4.35	3.71	1.84	1.99	15.0	16.3
YES	Buy	328	12.2	18.5	22.9	17.8	14.3	3.02	2.59	1.78	1.80	18.3	19.5
IIB	Buy	1,594	15.3	60.9	78.6	26.2	20.3	4.12	3.52	1.82	1.89	16.9	19.0
IDFC Bk	Neutral	58	3.0	2.8	3.2	20.7	17.8	1.27	1.20	0.74	0.71	6.3	6.9
FB	Buy	121	3.3	5.5	6.6	21.8	18.2	1.91	1.75	0.81	0.86	9.6	10.0
DCBB	Neutral	177	0.9	8.5	10.5	20.8	16.9	2.11	1.89	0.98	1.00	11.5	11.8
JKBK	Neutral	83	0.6	3.9	8.3	21.5	10.0	0.74	0.70	0.23	0.44	3.5	7.2
SIB	Buy	31	0.7	1.9	3.8	16.7	8.2	1.14	1.03	0.42	0.75	6.7	12.6
Equitas	Buy	151	0.8	1.7	6.1	88.6	24.9	2.23	2.06	0.58	1.65	2.5	8.6
RBL	Buy	524	3.1	17.2	22.5	30.5	23.3	3.28	2.94	1.28	1.28	13.0	13.3
Private Aggregate													
SBIN (cons)*	Buy	325	33.8	14.6	26.8	20.1	10.8	1.29	1.16	0.36	0.60	7.0	11.4
PNB	Buy	202	4.5	5.8	11.0	34.6	18.3	1.10	1.05	0.17	0.30	3.2	5.9
BOI	Neutral	188	2.3	-11.2	6.6	-16.7	28.5	0.87	0.86	-0.19	0.10	-5.2	3.0
BOB	Buy	188	5.1	9.5	20.8	19.7	9.1	1.18	1.08	0.31	0.61	6.1	12.4
CBK	Neutral	438	2.7	30.1	47.0	14.6	9.3	0.88	0.81	0.29	0.41	6.2	9.1
UNBK	Neutral	176	1.4	9.0	19.1	19.5	9.2	0.58	0.55	0.14	0.27	3.0	6.1
OBC	Neutral	151	0.6	17.1	21.4	8.9	7.1	0.40	0.37	0.22	0.26	4.6	5.4
INBK	Buy	328	2.0	34.4	38.3	9.5	8.6	1.00	0.92	0.73	0.72	10.9	11.2
Public Aggregate													
Banks Aggregate													
HDFC*	Buy	1,678	41.8	39.9	45.4	23.5	18.3	4.12	2.89	1.79	1.81	18.6	17.8
LICHF	Neutral	618	4.9	41.6	48.9	14.9	12.6	2.52	2.17	1.44	1.51	18.2	18.5
IHFL	Buy	1,276	8.7	83.6	105.1	15.3	12.1	3.98	3.50	3.16	3.09	27.6	30.7
PNBHF	Buy	1,394	3.7	48.1	65.1	29.0	21.4	3.79	3.33	1.52	1.48	13.8	16.6
GRHF	Neutral	518	2.8	9.9	12.0	52.5	43.0	15.64	12.83	2.40	2.40	32.8	32.8
REPCO	Buy	616	0.6	33.7	38.4	18.3	16.0	2.90	2.49	2.18	2.14	17.1	16.7
DEWH	Buy	577	2.9	37.6	46.0	15.3	12.6	2.05	1.80	1.23	1.28	14.1	15.3
Housing Finance													
SHTF	Buy	1,090	3.9	80.0	102.4	13.6	10.6	1.95	1.69	2.67	3.06	15.0	16.9
MMFS	Buy	409	3.6	13.9	17.8	29.5	23.0	3.41	3.13	1.73	1.90	12.0	14.2
BAF	Buy	1,727	16.1	45.7	63.7	37.8	27.1	6.06	5.09	3.45	3.55	20.2	20.4
CIFC	Buy	1,094	2.8	56.0	68.1	19.6	16.1	3.37	2.85	2.85	2.94	18.6	19.2
SCUF	Buy	2,069	2.2	118.3	155.3	17.5	13.3	2.41	2.09	3.34	3.84	14.6	16.8
LTFH	Buy	196	5.9	6.8	10.1	28.7	19.4	3.88	3.32	1.61	2.09	14.7	18.5
MUTH	Buy	487	3.1	38.7	44.4	12.6	11.0	2.53	2.15	4.82	4.94	21.8	21.2
CAFL	Buy	711	1.1	32.8	42.4	21.6	16.8	2.70	2.35	1.74	1.80	13.2	15.0
SKSM	Neutral	949	2.1	29.9	54.9	31.8	17.3	4.34	3.50	3.24	4.03	15.1	22.4
Asset Finance													

*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

Source: MOSL, Company

Financials and valuations

Income statement							(INR Million)		
Y/E March	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Interest Income	4,435	6,346	10,559	16,708	25,461	36,401	50,025	68,669	92,872
Interest Expended	3,144	4,620	8,016	12,648	18,603	26,437	34,367	47,670	64,971
Net Interest Income	1,291	1,727	2,543	4,060	6,858	9,964	15,658	20,998	27,901
Change (%)		33.7	47.3	59.6	68.9	45.3	57.1	34.1	32.9
Other Operating Income	175	317	644	1,095	1,534	2,678	4,471	5,422	6,978
Net Income	1,466	2,044	3,187	5,155	8,393	12,642	20,129	26,420	34,879
Change (%)		39.4	56.0	61.8	62.8	50.6	59.2	31.3	32.0
Operating Expenses	347	631	1,093	1,830	2,521	3,573	4,359	5,427	6,760
Operating Income	1,119	1,412	2,094	3,326	5,872	9,069	15,770	20,993	28,120
Change (%)		26.2	48.3	58.8	76.6	54.5	73.9	33.1	33.9
Provisions/write offs	63	125	304	381	832	1,029	2,381	4,046	5,481
PBT	1,056	1,287	1,790	2,945	5,040	8,040	13,388	16,947	22,639
Extraordinary Items	0	0	0	0	0	0	0	0	0
Reported PBT	1,056	1,287	1,790	2,945	5,040	8,040	13,388	16,947	22,639
Tax	282	359	493	1,004	1,766	2,803	4,686	5,932	7,924
Tax Rate (%)	27	28	28	34	35	35	35	35	35
Reported PAT	774	928	1,297	1,941	3,273	5,237	8,703	11,016	14,715
Change (%)		19.9	39.7	49.6	68.7	60.0	66.2	26.6	33.6
Proposed Dividend	77	120	176	290	486	1,196	1,817	2,300	3,073

Balance sheet							(INR Million)		
Y/E March	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Capital	300	500	657	1,038	1,269	1,656	1,656	1,656	1,656
Reserves & Surplus	3,699	5,680	8,684	14,749	20,190	52,921	59,806	68,522	80,164
Net Worth	3,999	6,180	9,341	15,787	21,459	54,577	61,462	70,178	81,821
Borrowings	38,597	66,954	101,077	164,808	260,137	354,971	531,929	739,281	993,274
Change (%)		73.5	51.0	63.1	57.8	36.5	49.9	39.0	34.4
Other liabilities	1,767	3,417	4,978	9,695	14,809	19,579	26,431	34,360	44,669
Total Liabilities	44,363	76,551	115,396	190,290	296,405	429,127	619,822	843,819	1,119,764
Loans	39,487	66,008	105,660	168,006	271,813	385,452	567,088	781,481	1,045,552
Change (%)		67.2	60.1	59.0	61.8	41.8	47.1	37.8	33.8
Investments	3,783	7,769	6,455	15,860	16,223	32,796	36,075	39,683	43,651
Change (%)		105.4	-16.9	145.7	2.3	102.2	10.0	10.0	10.0
Net Fixed Assets	51	177	288	577	622	604	619	635	651
Other assets	1,042	2,596	2,993	5,847	7,747	10,275	16,039	22,021	29,910
Total Assets	44,363	76,551	115,396	190,290	296,405	429,127	619,822	843,819	1,119,764

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Spreads Analysis (%)									
Avg yield on loans		11.5	11.7	11.7	11.2	10.6	10.1	9.8	9.8
Avg. cost of funds		8.8	9.5	9.5	8.8	8.6	7.8	7.5	7.5
Interest Spread		2.1	1.8	1.8	2.0	1.7	2.0	2.1	2.2
Net Interest Margin		3.0	2.7	2.7	2.9	2.8	3.1	2.9	2.9
Profitability Ratios (%)									
RoE		18.2	16.7	15.4	17.6	13.8	15.0	16.7	19.4
RoA		1.54	1.35	1.27	1.35	1.44	1.66	1.51	1.50
Int. Expended/Int.Earned	70.9	72.8	75.9	75.7	73.1	72.6	68.7	69.4	70.0
Other Inc./Net Income	11.9	15.5	20.2	21.2	18.3	21.2	22.2	20.5	20.0
Efficiency Ratios (%)									
Op. Exps./Net Income	23.7	30.9	34.3	35.5	30.0	28.3	21.7	20.5	19.4
Empl. Cost/Op. Exps.	44.4	40.3	37.0	36.6	29.9	28.3	29.7	29.9	30.0
Asset Quality (%)									
Gross NPAs		371	337	341	598	858	1,821	3,239	5,193
Gross NPAs to Adv.		0.6	0.3	0.2	0.2	0.2	0.3	0.4	0.5
Net NPAs		0	164	114	381	590	1,184	2,105	3,375
Net NPAs to Adv.		0.0	0.2	0.1	0.1	0.2	0.2	0.3	0.3

VALUATION

Book Value (INR)	133.3	123.6	142.2	152.0	169.1	329.5	371.1	423.7	494.0
EPS Growth YoY		-7.3	15.0	6.9	11.2	94.9	12.6	14.2	16.6
Price-BV (x)						4.2	3.8	3.3	2.8
EPS (INR)	25.8	18.6	19.7	18.7	25.8	31.6	52.5	66.5	88.8
EPS Growth YoY		-28.1	6.4	-5.3	38.0	22.6	66.2	26.6	33.6
Price-Earnings (x)						44.1	26.5	21.0	15.7
Dividend per share (INR)	2.2	2.5	3.0	3.0	3.4	6.0	9.5	12.0	16.0
Dividend yield (%)						0.4	0.7	0.9	1.1

E: MOSL Estimates

Corporate profile: PNB Housing Finance

Company description

PNBHF is the fifth largest housing finance company (HFC) in India in terms of loan book size (INR415b as of FY17). It has a diverse product suite offering retail home loans, loans against property (LAP), corporate term loans, non-residential property loans, construction finance, and lease rental discounting (LRD). It conducts operations from a network of 66 branches and 18 processing units. PNBHF was incorporated in 1988 as a subsidiary of Punjab National Bank (PNB).

Exhibit 1: Exhibit 19: Sensex rebased

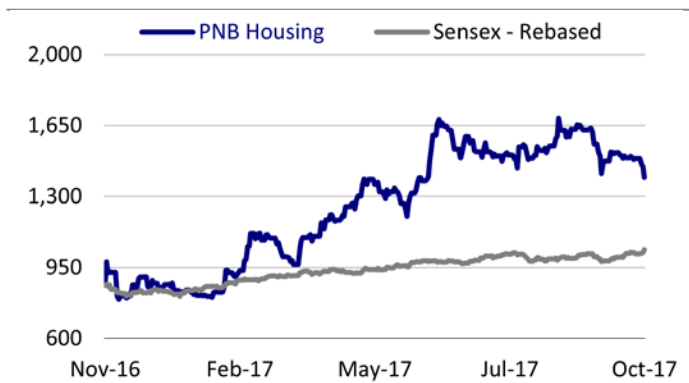


Exhibit 13: Shareholding pattern (%)

	Sep-17	Jun-17	Sep-16
Promoter	38.86	38.86	39.08
Public	61.14	61.14	60.92
Others	-	-	-
Total	100.00	100.00	100.00

Note: FII Includes depository receipts

Exhibit 14: Top holders

Holder Name	% Holding
Quality Investment Holdings	37.3
General Atlantic Singapore Fund Fii Pte Ltd	6.9
Motilal Oswal Most Focused Multicap 35 Fund	1.8

Exhibit 15: Top management

Name	Designation
Sunil Mehta	Non-Executive Chairman
Sanjaya Gupta	Managing Director
Jayesh Jain	Chief Financial Officer

Exhibit 16: Directors

Name	Name
Ram S Sangapure	Ashwani Kumar Gupta
Sunil Kaul	Shubhalakshmi Panse
S K Jain	Nilesh S Vikamsey
R Chandrasekaran	
Gourav Vallabh	

*Independent

Exhibit 17: Auditors

Name	Type
B R Maheswari & Co.	Statutory

Exhibit 18: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	52.5	-	-
FY19	66.5	-	-
FY20	88.8	-	-

NOTES

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