



Strong Disbursement Growth!

7th Aug, 2017

CMP: Rs.1543
Target Price: Rs.1701
Recommendation: HOLD

PNB Housing Finance Ltd. reported strong growth this quarter. Net profit increased to Rs 185 Cr registering robust growth of 93% YoY & 21% sequentially. Net Interest Income registered a growth of 64% to INR 343.6 crore from INR 209.2 crore YoY.

Stock Info

BSE Group	B
BSE Code	540173
NSE Symbol	PNBHOUSING
Bloomberg	PNBHOU IN
Reuters	-
BSE Sensex	32,325
NSE Nifty	10,066

NIMs & Disbursements:

NIM for the quarter came in at 3.16% increasing by 42 Bps from 2.74% YoY. Company's disbursements increased by 54% to INR 7,794 crore during Q1 FY17-18 from INR 5,068 crore during Q1 FY16-17. Disbursements towards housing loan accounted for 65.6% and non-housing loan at 34.4%. Disbursement for Q4 FY16-17 was INR 6,047 crore. Management is conservative while lending in construction finance.

Deposits & Borrowings:

The Deposit portfolio grew by 35% to INR 10,025 crore as on 30th June, 2017 from INR 7,436 crore as on 30th June, 2016. Cost of funds decreased by 39 bps sequentially to 6.6%. Borrowings for this quarter were Rs.39564 cr vs. 35657 cr QoQ. Borrowings portfolio was majorly funded by NCDs (40.9%), Deposits(25.3%), Commercial paper (16.4%). Average cost of borrowing reduced by 66 Bps to 8.09% vs. 8.75% YoY.

Asset quality:

Gross Non-Performing Assets (NPA) stood at 0.43% of the Loan Assets as on 30th June, 2017 against 0.27% as on 30th June, 2016. The Gross NPAs on AUM basis were 0.40% as on 30th June, 2017. Net NPA stood at 0.33% of the Loan Assets as on 30th June, 2017 against 0.19% as on 30th June, 2016.

Expansion:

Company has added 3 new branches taking the total to 66 and company also services the customers through 28 outreach locations. Cost to income ratio for the company stood at increased to 18.2%.

Valuation:

We have pegged a multiple of 3.9(x) to FY 19E ABV & arrived at a fair value of Rs 1701 per share. At CMP of Rs 1543 the stock is available at its FY 19E P/ABV of 3.5(x). We have "HOLD" rating on the stock.

(Rs Cr)	FY17	FY18E	FY19E
Net interest income	996	1,372	1,778
Operating Profit	1,264	1,744	2,262
PAT	524	761	1,011
EPS (Rs)	31.6	45.9	61.0
EPS Growth (%)	23.0%	45.3%	32.9%
RoE (%)	13.6	12.8	14.8
P/E (x)	48.9	33.6	25.3
ABV	337	376	436
P/ABV (x)	4.0	4.1	3.5

Market Info

Market Capital	Rs 26,022 cr
Equity Capital	Rs 167 cr
Avg. Trading Vol.	7,06,510
52 Wk High/ Low	Rs 1693/775
Face Value	Rs 10

Shareholding Pattern (%) (June 2017)

Promoters	38.9
Domestic Institutions	4.5
Foreign Institutions	14.5
Public & Others	42.1

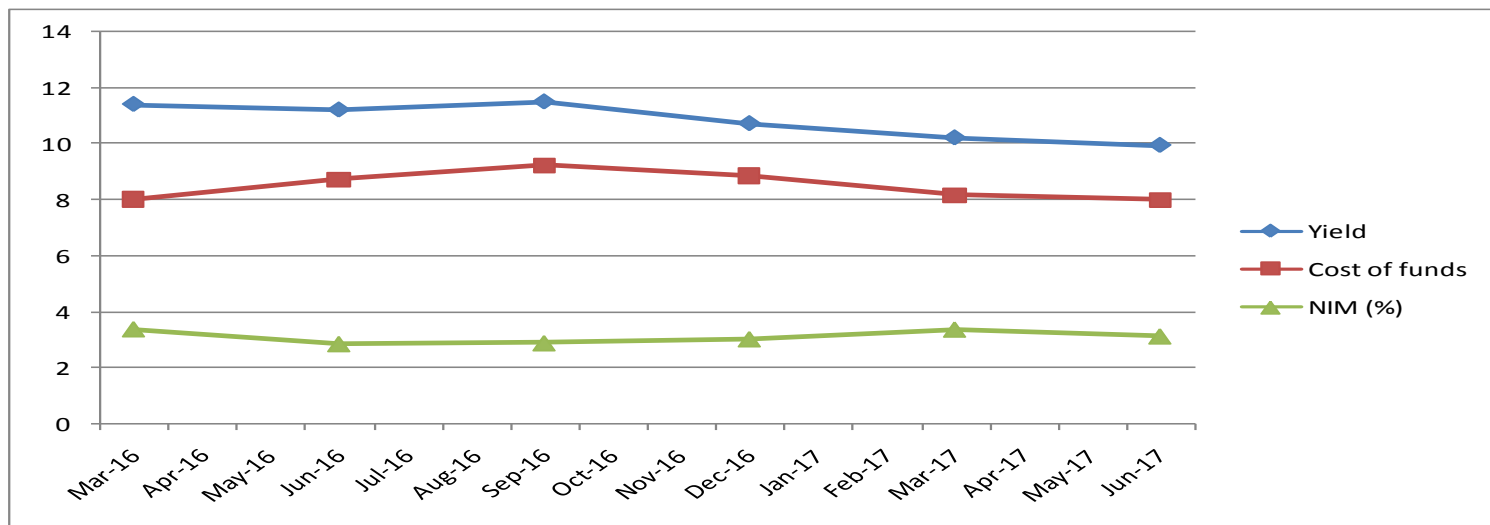
Price Vs Sensex Chart





Q1 FY18 EARNINGS UPDATE- SNAPSHOT

Reported Quarterly Results (Rs. cr)					
Particulars	Q1 FY18	Q1FY17	YoY(%)	Q4FY17	QoQ(%)
Income:					
Interest Income	1192	817	45.9	1076	10.8
Fees & Other operating Income	0	46	-99.7	0	140.0
Income from operations	1192	863	38.2	1076	10.8
Expenditure:					
Finance cost	753	608	23.8	678	11.1
Employee benefit expenses	29	22	30.7	28	4.8
Other expenses	74	53	39.6	57	29.3
Depreciation expense	5	4	13.6	5	5.2
Provisions and write - offs	48	28	71.8	67	-27.9
Total Expenditure	909	716	27.0	834	9.0
Profit before Other Income	283	147	92.4	242	17.2
Other Income	0.12	0.02		0.05	
Profit Before Tax	283	147	92.4	242	17.0
Tax Expenses	98	51	91.9	89	10.3
Net Profit After Tax	185	96	92.6	153	20.9
EPS	11.1	7.6	46.8	9.2	20.3
Disbursement	7794	5068	53.8	6047	28.9
Borrowings	39564	29560	33.8	35657	11.0
(%)					
GNPA	0.43	0.27	59.3	0.22	95.5
NNPA	0.33	0.19	73.7	0.15	120.0
NIM	3	2.85	9.5	3.36	-7.1



Income Statement

Year to 31st March (Rs.Cr)	FY17	FY18E	FY19E
Interest Income	3,640	4,947	6,638
Interest Expenses	2,644	3,575	4,860
Net Interest Income	996	1,372	1,778
Other Income	102	140	181
Fee-based Income	166	233	302
Operating Income	1,264	1,744	2,262
Operating Expenses	357	447	536
Gross Profits	907	1,298	1,726
Provisions	103	162	217
Profit Before Taxes	804	1,136	1,509
Taxes	280	375	498
Profit After Taxes	524	761	1,011

Balance Sheet

As on 31st March (Rs. cr)	FY17	FY18E	FY19E
LIABILITIES			
Capital	166	166	166
Reserves & Surplus	5,412	6,173	7,184
Networth	5,577	6,338	7,349
Borrowings	35,497	50,687	66,480
Other liabilities & provisions	1,885	2,282	2,735
Total Liabilities	42,960	59,308	76,564
ASSETS			
Advances	38,531	53,984	70,177
Fixed assets	60	73	87
Other assets	4368	5251	6300
Total Assets	42,960	59,308	76,564

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Stock Rating Scale

	Absolute Return
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

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