



May 03, 2022

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 Sir(s),

**Sub: Transcript of the Earnings Conference Call held on April 28, 2022**

Please find attached herewith the transcript of the Earnings Conference Call for Q4 and Financial Year 2021-22 held on April 28, 2022.

A copy of the same is placed on the website of the Company [www.pnbhousing.com](http://www.pnbhousing.com)

You are requested to take note of the above.

Thanking You,

For PNB Housing Finance Limited

SANJAY JAIN  
SANJAY JAIN

Sanjay Jain  
Company Secretary & Head Compliance  
Membership No.: F2642

## “PNB Housing Finance Limited Q4 & FY'21-22 Earnings Conference Call”

**April 28, 2022**

**Participants from PNB Housing Finance:**

Mr. Hardayal Prasad	Managing Director & Chief Executive Officer
Mr. Kaushal Mithani	Interim Chief Financial Officer
Mr. Sanjay Jain	Company Secretary and Head Compliance
Mr. Pankaj Jain	Business Head – Retail
Mr. Jatul Anand	Credit Head – Retail
Mr. Neeraj Manchanda	Chief Risk Officer
Mr. Amit Singh	Chief People Officer
Mr. Saurabh Suri	Head- Remedial Management Group
Ms. Deepika Gupta Padhi	Head - Investor Relations
Mr. Manish Gupta	Head – Accounts

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 & FY'21-22 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, Margaret. Good evening, and welcome everyone. And sorry for the delay from our end. We are here to discuss PNB Housing Finance Q4 and Financial Year 2021-22 Results. You must have seen our business and financial numbers in the press release, and the presentation is also uploaded just now, shared with the Indian stock exchanges, and it's also available on our website, [www.pnbhousing.com](http://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 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 #40 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. Thank you, Margaret. Good evening, everyone, and welcome to our Q4 and Financial Year 2021-22 Results. On behalf of the Company, I extend a very warm welcome to all of you.

Let me start with the Business Update. As we informed during the last quarter, we intensified our focus on retail disbursements. In Q4 FY22, we have disbursed Rs.3,698 crores, registering a growth of 31% on a quarter-on-quarter basis. For financial year 2021-22, we have disbursed Rs.11,246 crores, registering a growth of 8% as compared to the previous financial year. Of the total disbursement done during the year, 97% was in the retail segment. On the back of the retail disbursements, we arrested decline in the loan assets during the quarter. The loan assets stand at Rs.56,889 crores as on 31st March 2022 as compared to Rs.56,798 crores as on 31st December 2021. The retail loan assets increased by Rs.693 crores to Rs.49,730 crores and corporate loan assets decreased by Rs.602 crores to Rs.7,159 crores.

The corporate book has registered a decline of 39% during the year, primarily on account of sell-down/accelerated payments of Rs.2,664 crores during the financial year. As per our stated strategy, we have reduced our corporate assets to 11% of the assets under management.

As on 31st March 2022, our AUM for the Unnati segment was Rs.3,108 crores. With our focus on this segment, we have increased our presence through 29 new locations operationalized during the second half of this financial year.

Talking about our asset quality – as a result of our continuous efforts to improve our asset quality, our retail GNPA registered a decline of 140 basis points quarter-on-quarter to 3.6% as on 31st March 2022. The corporate book GNPA stood at Rs.2,561 crores as on 31st March 2022. The increase in corporate GNPA is on account of one large Gurgaon-based developer that moved from stage-2 to stage-3. With this, the gross NPAs of the Company stood at Rs.4,332 crores which is 7.61% of loan assets as on 31st March 2022. The net NPA as on 31st March 2022 stood at 4.49%.

The retail collection efficiency for Q4 FY22 stood at 99.5% as compared to 98.5% in Q3 FY22 and maintained around 98% during the whole year.

Talking about the liabilities, the Company has registered downward trajectory in the cost of borrowings on a quarterly basis. The incremental cost of borrowing for FY22 stood at 5.8%, registering a decline of 96 basis points as compared to FY21. The cost of borrowings declined by 61 basis points to 7.3% as on 31st March 2022. The Company has maintained liquidity of around Rs.5,400 crores as on 31st March 2022.

The net interest income during the quarter stood at Rs.377 crores compared to Rs.593 crores, registering a decline of 37%. During Q4 FY22, there is a net income reversal of Rs.58 crores on derecognized loans due to unwinding impact of spread contraction and run offs, whereas there was a net positive impact of Rs.58 crores on derecognized loans due to fall in assignees' MCLR in the same quarter previous year. Further, in Q4 FY'22, there is an IndAS adjustment. The net interest income reversal of ~Rs.70 crores. The profit after tax for Q4 FY22 increased by 33% to Rs.170 crores versus Rs.127 crores for Q4 FY21.

The Company is comfortably capitalized with CRAR at 23.4% and tier-one at 20.7%. The leverage has come down to 5.4x as on 31st March 2022 with reduced share of corporate book. On the back of improvement in PNBHFL's leverage and reduction in the share of corporate book, ICRA on 12th April 2022 revised the non-convertible debentures rating outlook to 'Stable' from Negative.

On the strategic priorities laid by the Company in January '21, we are pleased to inform you that we have achieved sustainable business performance for a few key monitorables, which are maintaining adequate provisions, maintaining over 80% of turnaround time, maintaining healthy mix of retail.

The Company will continue its focus on retail loans including self-employed and affordable housing, enhanced credit underwriting processes, improved collections and upgrade its technologies to grow and improve efficiencies.

The Board of directors on 9<sup>th</sup> March 2022, approved capital raise of upto Rs.2,500 crores through Rights Issue.

With this, I would like to open the floor for questions-and-answers. We have the entire management team sitting over here, and we welcome any questions that you have, and we'll be more than happy to answer them. Thank you very much.

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

**Aditya Doshi:** My question was from the long-term industry perspective. With a large HFC merging into a bank and recent regulations have been amended in line to be for NBFC, how do you think a sustainable model can be made for NBFC HFC in a long-term horizon? I understand we need NBFC in a country like us as we do different segments. Second was a data keeping question. What is the BT out percentage? And third, the large corporate slippage in stage three of the Gurgaon account, how much provision has been made in the books up till now?

**Hardayal Prasad:** I'll talk to you a little about the growth strategy and the impact of the announcement that has been made within the merger. So, as a retail-focused housing finance Company, we are clear about that we leverage our expertise in self-employed and mass housing, where the Company has a niche in terms of distribution network. In the market, we are known to be extremely good, not only in acquisition, but also in underwriting of the self-employed and other books. So, we want to continue to look at it. There are massive opportunities coming in and there is an upcycle in the housing industry that is very clearly visible. So, the underwriting capabilities services will play a major role in terms of the acquisition and underwriting. Additionally, the Company will also focus on affordable segment as we have mentioned it earlier, which is Unnati segment, we have created a vertical, where we have opened 29 branches in tier-2 and 3. So the retail disbursement is going to continue to be the major focus area. And what we are going to do is that we have already brought down our corporate book to about 11%, which is something that we have very clearly said that we will take it down to 10% and after that, we will start looking at it. So once a decision is taken at the right appropriate time on what exactly we are going to do at the corporate book, that is one which has an opportunity of giving us higher reach and it also has an opportunity of retail linkages that come. We have already opened up massive amount of APF tie-ups that we have. And this builder tie-ups play a very important role in terms of the linkages that we have. We have again reconnected with all the DMA, DSTs and everybody to ensure that there is significant amount of business that keeps on coming in and flowing in. One of the biggest things is actually going forward that should be an important milestone. So, we are actually in the process of upgrading our technology. Our acquisition platform, i.e. our business rule engine, these are some of the things that will help us significantly in handling very large volumes. Once we start handling large volumes with the acquisition model and the automated

underwriting model, it is at that stage that we should be in a position to break even very quickly and start handling large volumes, which the market today is ready. If you go and talk to the markets and markets say, there's a massive opportunity, all of us are fully aware. Another important significant thing that we have done is that we are also tied up with two banks on the co-lending. The last one has been with the largest bank. And they are very upbeat, we are also very upbeat. So wherever we find that there is interest rate arbitrage and we can sell a product, we are going to push that. As the capital raise as it comes, we are going to ensure that these things are taken care of.

**Pankaj Jain:** BT out for the year was 16.7% approximately so that's how it was. Earlier it was more than 18% which has come down now to some extent and it's already under control.

**Aditya Doshi:** Regarding the large NPA account of Gurgaon which has slipped to stage-3, how much provision as of now we have on the books?

**Neeraj Manchanda:** The Company at overall level in the corporate book in stage-3, we are maintaining the stage 3 provision ratio of around 46%. We have been building up sufficient provision for all the fresh slippages we have.

**Moderator:** The next question is from the line of Himmat Anand, an individual investor. Please go ahead.

**Himmat Anand:** I'm actually not really happy on looking at the financial numbers. And I would like to know what's your view, why the Company has not been able to bring any growth since its IPO and the share price has been suffering massively because of that? What would you like to say on the rising percentage of gross NPA and net NPA as well as something concrete about the rights issue, which got approval last month?

**Deepika Gupta Padhi:** On the rights issue, what we can say is that the board has approved the capital raise of up to Rs.2,500 crores and we have started the process and with the bankers and legal counsels all onboard. The timelines would be of course contingent on the market conditions as well as the final approval from the board. PNB has already applied to the RBI. This is the communication which we have received last from them as well. So, this is where we are. We can just say that the work has already begun on rights issue, and we are working on to that front with all the counsels and bankers on board.

**Himmat Anand:** But when Reliance Industries announced rights issue, they were ready with the upcoming details of ratio and everything in the next 10-days. And it's been already a month that the Company doesn't look like in a position to have the details.

**Deepika Gupta Padhi:** If you recall, when we have announced, after that PNB had also shared it to the stock exchanges where it was clearly mentioned that they have the intention, but they need the approval from the regulator. So this is where the status is, I mean, the example which you are taking, there are a few regulatory approvals which are required and because of which we will not be in a position

to give any further details to this thing. Yes, as I mentioned, the counsels, the bankers, everyone is on board, we are working with them on the requisite documentation and everything.

**Hardayal Prasad:** Two things. One is that actually was the Company. The Company has done everything possible to ensure that the moment the approval is there to the PNB from the regulator, we are ready to go. So, it's just that approval that is expected whenever it is going to come from the regulator. Everybody remains committed towards raising the capital as quickly as possible.

**Himmat Anand:** Anything that you would like to tell the shareholders as well regarding why the gross NPA is rising so much that it is becoming so threatening that in the coming year it can't be denied that the Company might go into liquidation because of that?

**Neeraj Manchanda:** See, I think we have to see the things in a better perspective. Truly saying is that there is a rise in NPA, but we need to understand the reasons behind this rise. I think we have already discussed this thing and the Company has taken a lot of initiatives. I would just like to put the things into right perspective. On the retail side, if you see the Company's NPA numbers in absolute term, it has risen from the level of Rs.600 crores to Rs.1,200 crores in March 2020. Then due to the COVID impact, it shoots up to a level of Rs.1,600-odd crores, then with the RBI circular of November 12 where they clarified that, there was an addition of Rs.829 crore, I'm talking about just retail. So, that takes us to the level of somewhere around Rs.2,431 crores of NPA. And today, after the tremendous efforts, once we get all the legal resolution channels available at our disposal, which is SARFAESI, our retail NPA numbers are standing at Rs.1,770 crores. The COVID impact was large. There is no denial that we should have been done better. Because our total dependence on the resolution goes through a legal SARFAESI channel. We learned during this period, we strengthened lot of early delinquency behavior resolutions, we strengthened our team, we worked on the advanced analytics and today our position is that from the level of Rs.2,431 crores of NPA, we're at 1,770-odd crores on the retail side. And we are quite confident that going forward, our NPA resolution with these efforts will continue and will perform better. I have talked about the absolute numbers. Now, if you look at the denominator side, the denominator continues to de-grow, I mean, after nine quarters, the organization has achieved in this quarter per se a positive growth in the portfolio on the retail side. On the corporate side, yes, we have our own share of problems. We are resolving it, we have resolved in the last two years some big ticket accounts, we have given already information about this, in many of the accounts, resolution is going on. Unfortunately, we have got a one large exposure slipping into NPA in this quarter. We are working on it. Hopefully, we will get a resolution very soon around those. But rest assured, in all those assets, wherever we're working, we have got good cash flows underlying, good security and resolution is also on the cards.

**Hardayal Prasad:** I don't want to say that the situation is so bad that it could go in liquidation, it's very clear. One is that there are two very good green shoots. One is the first time after a long time, the Company actually has shown a positive growth. It's almost about Rs.600-700 crores of growth that has come in the retail. The second is almost about Rs.600-700 crores reduction in the NPAs of the retail which is significant let me tell you. After all the COVID-related problems, the kind of book that we have, there were these issues, but, however, the Company has started. Lastly, the

total provision to total asset is 4.5%. If this Gurgaon-based developer account would not have turned NPA, it would have looked absolutely good. I'm not saying it's absolutely amazing, but the journey towards that would have started very clearly. Now, this is one of the largest builders of India, with a tie-up with another second largest, third largest builder in India. There are some disputes that are going on, but those disputes have resulted into this account, which has gone into NPA. We are trying to resolve our best. We have already taken symbolic possession of the property. So, we are trying to resolve it as quickly as possible. It is multiple times then the value of outstanding of the loan. The way we are working with these players, we should be in a position to actually start resolving, lot of accounts that we have already done and we will continue to look at this.

**Himmat Anand:** Don't you think that the absence of the valuation report last year when the QIP was done in favor of Carlyle and General Atlantic and which was bringing Mr Aditya Puri onboard, the Company has suffered a massive setback that if Aditya Puri could have come on board, the shareholder value would have been tremendously unlocked and the Company would have readily gone into a very positive perspective from the market approach? And just a mere absence of valuation report caused all that Supreme Court, legal trauma, all that happened and then appeal and everything, because of that the Company lost opportunity as well as growth?

**Hardayal Prasad:** We will not like to comment on it as the matter stands closed. Whatever was required to be done, we have done it. And at this stage, going back six-seven months and reopening something that happened –

**Himmat Anand:** Almost 11-months.

**Hardayal Prasad:** I would not like to comment on it. We'd like to move forward now. And by announcing the rights issue, we are moving forward.

**Moderator:** The next question is from the line of Riken Shah from Credit Suisse. Please go ahead.

**Riken Shah:** I wanted to understand if you could help simplify, what is driving this net interest income reversal on the derecognized loans due to unwinding of that spread contraction versus the gain in the previous year? And for how many quarters do we expect this to continue -- is there any kind of indication you could provide when this could stabilize?

**Manish Gupta:** When you look at the yield, this spread contraction is primarily on account of particular reasons, two large accounts fully provided in this particular quarter. So on account of that as standards, whatever interest which we have recognized earlier in those accounts needs to be reversed back to the P&L. It is on account of that particular piecethere is a contraction in the yield which we are looking at as of now. So, if we adjust that particular one-time adjustment which has been made in the books of accounts on account of making provision against a large account, our yield would be up by 50 bps.



- Riken Shah:** We have been having these reversals for a few quarters now. So, any indication on when this could stabilize or we do expect this reversals to continue in the near term?
- Manish Gupta:** These are the accounting adjustment depending upon when a particular account is turning into bad and needs to be written off. So, the income needs to be reversed back. So, we are on a growth trajectory and is on a recovery phase. So, we don't think that in the near future, we would be having a subsequent reversal. These are the IndAS related adjustment on notional adjustments, but the overall yield on the pool is pretty much stable.
- Deepika Gupta Padhi:** Riken, just to add to what Manish mentioned, there are three reasons because of which the interest income has come down. One is that there is a decline in the corporate loan book which is of a higher rate, it gives us higher yield. The second reason is the repricing of my retail book, to some extent that also impact. But two major further reasons because of this, the interest income has come down. One is a reversal of income because of securitization. We have seen a negative impact of Rs.58 crores during this quarter, which is Q4 FY22. This was actually positive Rs.58 crores in Q4 FY21. So, that's the kind of impact we have seen because of the securitization impact. And the fourth is there is some IndAS adjustment on the reversal of interest income on some of the corporate accounts. Net of that is around Rs.70 crores. So, overall, because of these two factors of securitization and the reversal of interest income, we see an impact of around 50 to 60 basis points on our yield, and accordingly the impact of course comes on to the spread and NIMs as well. On FY22 when we talk about the same thing, the primary impact is because of the securitization. So, there is a negative impact of Rs.216 crores in FY22 because of the securitization, whereas it was a positive impact of Rs.178 crores in FY21. Net Impact actually is like approximately Rs.400 crores which comes on to the year.
- Riken Shah:** Just wanted to understand, what is your best interest rate on the retail mortgages is what I'm looking at? And what's your view on interest rate and trajectory from here in the sense that, are you going to take any further cuts or this is pretty much bottom of where we are?
- Pankaj Jain:** On the incremental side, we are doing business at 8.44%. That was what the incremental yield for the financial year 22. So we have seen that last few quarters, our interest rate gap was too much and our book was also not growing. So to ensure that we also have the positive growth on the Loan Asset and the business growth, we try to seek out the opportunities wherever that was possible, due to the lower cost of borrowing also, some impact on the cost of borrowing. Because of that we had those opportunities and that's how we had been able to bring down some amount of rate of interest. There were two reasons. One was to ensure that we were able to retain our existing book and second was also to have an incremental upside on the fresh disbursements.
- Moderator:** The next question is from the line of Miten Lathia from Fractal Capital Investments. Please go ahead.
- Miten Lathia:** Just wanted to understand the Unnati outlook. So we've similar AUM at year end as last year. If you could sort of give some sense of what that book should be a couple of years out or three years out basis your plan?

- Pankaj Jain:** On Unnati, yes, the Company's focus has remained and in this particular quarter, we have been able to open 29 new branches across pan India, and the focus will continue to remain there and we will also open a few more branches in the next couple of quarters where the business opportunities would be there. So, as of now, we are doing approximately close to about Rs.90-94 crores kind of a business in a month. And this will grow as we open up new locations and new branches. For the pan India we had done Rs.794 crores worth of disbursement in financial year '22 and that will continue to grow from here on with the increased focus on the Unnati business.
- Miten Lathia:** So, if you overlay the last year end closing AUM on Unnati and the disbursement that you did, the rundown on the book seems pretty steep. So, I was just trying to understand what am I missing?
- Hardayal Prasad:** What we're looking at Unnati as a completely new Unnati portfolio. It's going to be a new product with these 29 branches, the model is totally different. We are no longer going to work on this product as we source business on the prime segment. The way we do business, the same people, going ahead and bringing in, now here we are looking at ticket sizes which are actually going as low as Rs.5 lakhs. It's a totally different model. So, the growth you will see in the long term. It's the numbers that are going to get reflected. And secondly, based on the risk metrics, the interest rates will also vary. So, there is going to have a little more maybe about 100 basis points more yield on the total loan. I think that is more critical from our perspective. These 29 branches, which we have opened from December and they are functioning now, because you have to give about two, three months to these branches. Once they start kicking in. I think then we would like to talk to you on the number of loans book and the portfolio will come subsequently.
- Miten Lathia:** I was wondering if you had a target in mind to get for that book.
- Deepika Gupta Padhi:** As you are aware, we are in the midst of this rights issue and we are working on it. So, we are not talking about what is the targeted numbers per se. But what Pankaj has mentioned that the focus is on Unnati. We have opened till now 29 locations in tier-two and tier-three cities and we are looking forward to add more locations in the coming financial year, which will help us in increasing our disbursements in this particular segment and hence the AUM. As of now, the disbursements in Unnati is around 8% of our individual housing loan disbursements and we are looking forward to increase these numbers.
- Moderator:** The next question is from the line of Ankit Agarwal from Arc Capital. Please go ahead.
- Ankit Agarwal:** I have a question on the corporate book level. So do we see this corporate book level stabilizing, when do we plan to start disbursing on this book?
- Saurabh Suri:** As of now, you must have seen that, as a deliberate strategy, we have been bringing down this book to a very comfortable level now, which is close to 11% of our AUM. So, we somehow reached our target which we had in mind in terms of reducing our corporate exposure, because

of the market scenario at that point in time. So, we are re-evaluating the scenario now, I mean, we are relooking at this segment, and at the opportune time we will probably look at this disbursements again. So that is something in the works right now, but definitely what we plan to achieve by reducing the book that more or less we are there.

- Moderator:** The next question is from the line of Akhil Hazari from RoboCapital. Please go ahead.
- Akhil Hazari:** Just regarding the statement about the green shoots shown in the AUM growth right now. So, going forward, what would the growth look like, has the management focus now on increasing growth or is it more focused on credit asset quality and reducing the NPAs further?
- Neeraj Manchanda:** From the organization perspective, growth is also important, and as well as the credit quality is also important, right. Now, in terms of the growth, as we told you, that after the nine quarters of negative territory, as Pankaj talked about various initiatives we have taken in terms of realigning our interest rate and sales and marketing strategy, so that mojo of the disbursement is coming back, that will continue. But, as we have reduced the retail NPAs by a large quantity of almost Rs.700-odd crores, that efforts will always continue. In line with that, wherever realignments we have done in the policy platform, that has been done, the technology framework has been enhanced, and from here on both will go parallel.
- Pankaj Jain:** So, I would also like to add, here, we all know that the markets have really moved positively; there is an upside in the developer sentiments and a lot of positivity has come in. So we have also seen green shoots in our last four or five months disbursement, we have started increasing our monthly disbursements login, sanctions and disbursements, all. We have also put a lot of rigors. We have improved our productivity. We have reconnected with a lot of good developers and we have also reconnected with the DMAs, the corporate channel partner. So, we are coming back in a very strong manner and we are increasing our efficiencies at across all levels. So yes, we are very, very positive. And as far as forward outlook is concerned, exact numbers can't be given as we all know that we are in the midst of the right issue. So it will not be appropriate for us to share the exact numbers of what, but what we can just add at this point in time, we can reassure that yes, we are looking forward to a positive Loan Asset growth with lots of offers, internal efficiencies that we have brought in, and that would continue to be the endeavor of ours.
- Moderator:** The next question is from the line of Bhuvnesh Garg from Investec Capital. Please go ahead.
- Bhuvnesh Garg:** So just want to understand, what is driving this reversal of securitization income, I mean, what all parameters you are having different experience from the assumptions that you had made earlier, which is leading to the reversal of the securitization income? Secondly, how are you calculating those assumptions so that such volatility where you recognize the income aggressively earlier and latter have to reverse, that doesn't happen again? And thirdly, is there any third-party verification of audit on those assumptions, while recognizing this securitization?
- Manish Gupta:** Securitization income, see, as you're aware that we actually not do any securitization, we are doing the assignment of transactions, assignment of loans. So, as per the standards, you need to

upfront that particular income on the date on which you are selling that particular pool. So, that needs to be unwinded based on the assumptions which you have factored on the day one itself. So, based on the run off of that particular pool and the differential spread, you have to unwind it over the remaining life of that particular pool. So if we compare the March 21 results and March 22 results in March 21 what happened is that we have securitized the pool of Rs.700 odd crores whereby there is an incremental income which is coming to our P&L plus in March 21, 2021, there is a reduction in the MCLR. Normally the rates on which we have sold the loans to the bankers early to MCLR because of the widening of the MCLR and that is not under our control there is an increase in the spread which we have find on that particular pool which resulted in the upfronting of an income so last year same time we have recorded an income somewhere close to Rs.177 crores in your financial statements because of two factors one is we have sold the new pools, secondly there is an increase in the spread on account of change in the MCLR. Now in this financial year what happened is there is no change in the MCLR and we have not sold any new additional pool so there will be a natural unwinding of the pool which will happen and there will be a reversal of so-called unwinding of income on account of securitization. As far as the assumptions are concerned the run off of the pools is being utilized to arrive at the unwinding impact in the P&L. As far as vetting is concerned the same has already been vetted by the internal and the statutory auditors and the assumptions are looked after by them thoroughly.

**Moderator:** Thank you. The next question is from the line of Piyush Jain from BNP Paribas. Please go ahead.

**Piyush Jain:** Just a quick question that since all the HFCs are growing in a phenomenal manner and we all believe that the housing market is in a boom, but we are still yet to come out of the woods, so can you just tentatively tell us that what timelines we are looking that we would be in the same growth phase where other HFCs are growing and secondly because since last 8 quarters, 9 quarters we are hearing the same story we are trying to do this, we are trying to do that, but things are not happening the way we are as a shareholder we want, can you just obviously brief us on that also because one HFC has already been devastated so that opens up a huge space for us and we being a huge brand we cannot even enter there so what is stopping us I do not understand?

**Hardayal Prasad:** I think we have made it very clear we have had a very positive growth this time. We have already done about almost about 700 crores of growth in the retail segments the growth journey has already started. All the problems that we have in terms of our NPA, in terms of pricing, in terms of our very deliberate decisions on bringing down the book to certain extent ensuring the profitability is there, ensuring that the productivity and efficiency remains over there we have actually for more or less we have factored in we have overcome it and now the journey has started. The industry is expected to grow this year by 9% to 11% I think we expect to do the same thing where we will try and do and rest is possible then ICRA very clearly says that the industry will grow by about 9% to 11% and that is what we are targeting and we will also be over there in terms of the HFCs. When you start comparing with the previous numbers that this Company has one of the important thing was actually the corporate book that grew by slouching pace and that is the business that we are not doing it, we can very easily ramp up the numbers

when somebody is doing a corporate book. Retail is one that we have started and we have shown a growth in this quarter.

**Piyush Jain:** So just a quick question in that the other HFCs are actually eating up our market size, so how do we plan to reach there which we have already lost?

**Hardayal Prasad:** There are couple of things I did mention to you in terms of the reactivation that we did.. We had moved out completely of the APF market which is actually the builder tie up. We have reactivated everything and there are almost about 1,000 APF that we have restarted and we are sourcing business from there, but the DMA channel where we had decided that we will exit from large ticket loan so we have reactivated and those are the ones who bring it we have reactivated those channels and we are going ahead and done that. We have reconnected with almost all builders they were very clear and you say it very frankly that they have lot of confidence in PNB Housing. More important to give that what kind of service you provide, what kind of PAT you have and how quickly can you deliver the loans even if it is a little expensive maybe 25 basis points 15-20, 25-40 basis point, but can you actually handle it, do you have the ability to underwrite. I think we have the ability and that is why in this quarter there is a significant amount, with the certain thing that have happened, very clearly we are seeing a change in the mix of the business also and the way we are sourcing business. It is all time high numbers that we are actually looking at it as we move forward.

**Piyush Jain:** Sir I have to ask one thing that maybe after two quarters or three quarters we would be in a much better picture is that what you are trying to say?

**Hardayal Prasad:** Deepika very clearly says that no forward-looking statement and all that, but I told you that we have started the journey.

**Piyush Jain:** 9 month we already had the statement that we are coming out of the wood that was always a forward looking statement, but you have been always giving us this statement that yes we are trying, we are trying and we are trying and every time the results are getting worse and worse now the whole point is that other HFCs are growing and we are not growing so at least you can give us this statement that yes we are looking for the next two quarters, three quarters we would be in a much better shape at least this much assurance can be given to the shareholders?

**Hardayal Prasad:** Definitely we will be in a better shape there is no second thought about it.

**Moderator:** Thank you. The next question is from the line of Sanket Chheda from B&K Securities. Please go ahead.

**Sanket Chheda:** As of now we source about the 40% from DSA for the next year how do we plan to go for in our channel checks one of the largest DSA we have setup a very ambitious target at the start of the year I just wanted to know what is the thought process as in FY23 how much do we plan to source through DSA or how much we will do it organically?

- Pankaj Jain:** MD sir has also mentioned that yes we have improved our strategies on the sourcing mix. Our internal channel was always doing well so we have improved our sourcing in our internal channel, we have improved the efficiencies there, but what is importantly what we have done simultaneously is also in last four - five months we have reconnected with lot many DMAs who had been disassociated with us due to our internal issues and last couple of years that we had faced, but then we are regaining their confidence, we are re-igniting those relationships and we are getting our increase pie of business, but yes since market has gone away from us and those large bigger deal size and important channel partners they are now returning back they are also reposing faith in the team and we have increased our business share which was I can share those numbers we were doing close to about 30%-35% kind of business now which has already move to 40%-41% kind of numbers and we have already reached that level. So, I can only at this point in time I can only say that yes with the increased rigors, with increased connectivity with increased better relationship with better management, we would be increasing both our internal channel business as well as DMA business and that should reassure everyone that yes we are on the right path and we are doing all the right things.
- Sanket Chheda:** So just one more additional question so off late I have been hearing that all these DSAs whatever loans they sold they kind of have some tie up with the ARCs also for the resolution wherein you could have some sort of recalls it may not be direct recalls, but do they provide these kind of services that DSA have a partnership with some ARCs which helped resolve the asset in case it goes bad?
- Pankaj Jain:** No, we do not have such kind of clauses and we do not work in that manner.
- Neeraj Manchanda:** We do not subscribe to this kind of the work culture.
- Sanket Chheda:** So, my question was rather not for us so they kind of setting are prevailing or coming up in the stage as we would have witnessed the orders?
- Neeraj Manchanda:** We are not aware of any such practices within the market and since you asked you are informing us we are clearly saying we do not subscribe to any kind of the structure or a facility in demand.
- Moderator:** Thank you. The next question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.
- Abhijit Tibrewal:** So I joined about 10 minutes late so I missed a part of your opening remarks is it possible for us to remind what color did we share on the corporate books on which accounts kind of moved in or slipped into NPA in this quarter and what was the quantum of exposure?
- Hardayal Prasad:** So, on the corporate side only one large account which is a Mumbai based asset a very prominent one had moved into NPA in Q4 and that is the only forward movement in terms of corporate account apart from that if you look at 64% of the books still remains to be in stage 1.
- Abhijit Tibrewal:** And what was the exposure to this Mumbai account?

- Hardayal Prasad:** 659 crores.
- Abhijit Tibrewal:** And have you seen the resolutions in the last two quarters this quarter let us say Q4 and Q3 have you seen any resolutions if I am looking at slide number 18 where we are talking about corporate book remedial actions I do not think but there is this Radius account sitting there this is the project mix where is it the radius account where you used to have exposure of about 250 crores?
- Deepika Gupta Padhi:** Radius is an account which we have written off last quarter.
- Abhijit Tibrewal:** We have already written off radius is it?
- Hardayal Prasad:** Yes we have technically written it off we fully provided for it.
- Abhijit Tibrewal:** But we are still kind of trying to pursue resolutions in radius?
- Saurabh Suri:** It was just a technical write off we will continue to work to resolve the account and move forward, but from the balance sheet we have fully written it off.
- Abhijit Tibrewal:** These four account that I see on Slide #18 I mean I am guessing three of them are Supertech, Ornet and Vipul which should be the fourth account here?
- Saurabh Suri:** There is arena, which is so in the final stage of resolution there is one arena which is there which we are very close to resolution and apart from that the account that we mention which is moved into NPA in Q4.
- Neeraj Manchanda:** And just to add one more point since you joined late and missed out the opening comments and the commentary given by the Managing Director this particular slippage is coming from one of the top end developer in India and they are into joint venture with the second top most developer in India. So, it was we will say it is unfortunate because of their some internal issues it had happened the underlying asset and collateral and the security value is superb and it was never into delinquency it just slipped into the delinquency in one shot.
- Abhijit Tibrewal:** Is it then fair to say that given that this is the largest developer in India JV will be the second largest developer you expect a resolution in this?
- Saurabh Suri:** So, it is basically an inter-se dispute we are working with the developer to solve the issue there, but otherwise we are still going strong on the asset itself we have already taken the symbolic position as well. We are putting all kinds of resolution strategies in place to resolve it as early as possible.
- Abhijit Tibrewal:** My last question is I mean while I understand working on the rights issue and which is why maybe we are shying away from giving any forward looking guidance, but lately our management team has been seeing some churn or exits what I am trying to get is I mean recall I mean last quarter we informed about our CFO kind of deciding to move on I mean recently I

gathered our business heads retail has moved on to another peer, I have heard of few state heads I think moving on I mean what is your sense I mean is it because purely personal reason is better opportunities that we are seeing the churn in our team or do you think that the team that we have now is kind of stable and we can look forward to I mean similar times ahead?

**Amit Singh:**

See we have no doubt a few senior leadership exits during the course of the year, but we have also kind of added a few senior leaders within the teams. We also have focused a lot on bringing in internal talent and grooming them for leadership roles. So, that is one thing that we have done quite successfully this year. In fact quite a number of people have been provided an opportunity to pick up senior roles and this is a process which will continue to happen over a period of time. I think we also have not faced significant challenges in attracting talent over a period of time so we have done in fact significant amount of hiring this year in terms of filling positions starting from junior level to senior level so that has happened quite well for us. We have not faced any challenges. I do not think there is also significant business pressure that we have experienced on account of attrition just on the attrition front on overall we are in line with industry. In fact quarter-on-quarter comparison we in fact have been able to sustain the same level of attrition and that has not kind of increased in Q4 so which means that we have been able to arrest that and it has been in line with what the industry is today.

**Moderator:**

Thank you. As there are no further questions 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 and the audio of the call will also be uploaded on our website that is [www.pnbhousing.com](http://www.pnbhousing.com). Thank you.

**Moderator:**

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