



Weekly Wealth

May 29, 2023

Week Gone

- In the week ended on Friday, 26 May 2023, the S&P BSE Sensex jumped 772.01 points or 1.25% to settle at 62,501.69. The Nifty 50 index rallied 295.95 points or 1.63% to close at 18,499.35.
- The BSE Mid-Cap index rallied 2.49% to settle at 26,803.15.
- The BSE Small-Cap index gained 1.39% to close at 30,162.66.

Week Ahead

- Overseas, investors continue to monitor the US debt ceiling negotiation as well as comments from Federal Reserve head Jerome Powell. The deadline is 1 June 2023
- The US Non-Farm Payrolls data for May will be announced on 2 June 2023
- China will announce the NBS Manufacturing PMI for May on 31 May 2023.

Technical View

The index opened the week on an optimistic note and continued its upward momentum to end the week at multi-month highs. The strong up move has led the index to surpass 78.6% retracement levels and its previous swing high of 18450. Going ahead, till the index manages to sustain above 18450, the index is expected to continue to scale higher towards 18630-18750. On the flip side, support past 18450 comes at 18300-18180.



Source: StoxBox

DOMESTIC INDICES

Index	26-May-23	19-May-23	Weekly % Chg
Nifty 50	18,499.4	18,203.4	1.6
Nifty Next 50	41,684.7	40,546.2	2.8
Nifty 100	18,393.1	18,060.4	1.8
Nifty 500	15,696.8	15,407.6	1.9
NIFTY MIDCAP 100	33,425.1	32,550.4	2.7
S&P BSE SENSEX	62,501.7	61,729.7	1.3
S&P BSE 100	18,862.8	18,529.7	1.8
S&P BSE 200	7,945.3	7,793.0	2.0
S&P BSE 500	24,962.8	24,504.1	1.9
S&P BSE MidCap	26,803.2	26,152.3	2.5
S&P BSE SmallCap	30,162.7	29,748.1	1.4

NIFTY TOP GAINERS (WEEKLY)

Scrip	26-May-23	19-May-23	Weekly % Chg
ITC	443.6	419.9	5.7%
Adani Ports &Special	726.9	688.1	5.6%
Vedanta	297.7	282.0	5.6%
Indian Oil Corp.	90.2	86.1	4.8%
Sun Pharma Inds.	969.9	925.9	4.8%

NIFTY TOP LOSERS (WEEKLY)

Scrip	28-Apr-23	21-Apr-23	Weekly % Chg
HDFC	2650.6	2710.95	-2.2%
HDFC Bank	1615.8	1646.9	-1.9%
Grasim Industries	1688.3	1716.1	-1.6%
Tata Motors	518.45	524.95	-1.2%
ONGC	163.75	164.9	-0.7%

WORLD INDICES

Index	26-May-23	19-May-23	Weekly % Chg
Nikkei Index	30,916.3	30,808.4	0.4
Hang Seng Index	18,746.9	19,450.6	-3.6
Kospi Index	2,558.8	2,537.8	0.8
Shanghai SE Composite	3,212.5	3,283.5	-2.2
Strait Times Index	3,270.5	3,270.5	0.0
Dow Jones	33,093.3	33,426.6	-1.0
NASDAQ	12,975.7	12,657.9	2.5
FTSE	7,627.2	7,756.9	-1.7

FOREX

Currency	26-May-23	19-May-23	Weekly % Chg
US\$ (Rs.)	82.6	82.9	-0.4
GBP (Rs.)	101.9	103.3	-1.4
Euro (Rs.)	88.5	89.7	-1.3
Yen (Rs.) 100 Units	58.8	60.2	-2.4

FII - ACTIVITY

(INR. Cr.)

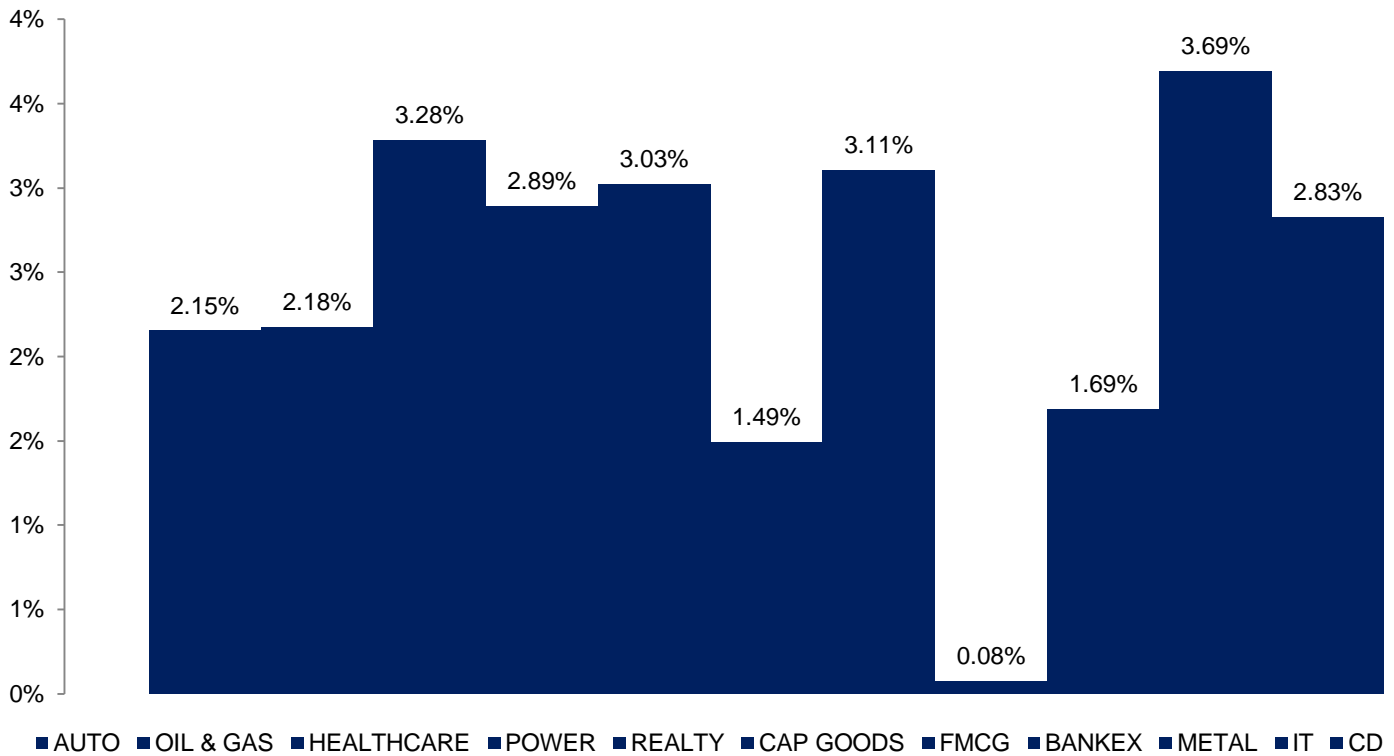
Date	Purchases	Sales	Net
26-May-23	8,203.3	7,853.2	350.2
25-May-23	8,521.1	7,932.0	589.1
24-May-23	8,548.5	7,362.7	1,185.8
23-May-23	7,829.5	7,647.0	182.5
22-May-23	6,956.6	6,033.7	922.9
MTD	1,14,305.7	96,929.4	17,376.3

DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
26-May-23	7,705.6	5,864.6	1,841.0
25-May-23	5,522.8	5,184.4	338.4
24-May-23	5,880.8	5,579.9	300.9
23-May-23	5,543.1	5,145.8	397.3
22-May-23	5,486.8	4,882.3	604.6
MTD	81,503.9	86,178.6	-4,674.7

BSE WEEKLY SECTORAL PERFORMANCE



TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	26/05/23 Share Price (Rs.)	19/05/23 Share Price (Rs.)	Weekly % Chg	26/05/23 Open Interest	19/05/23 Open Interest	Weekly % Chg
DALBHARAT	2,081.15	2,074.65	0.3	1704000	63500	2583.5
OBEROIRLTY	940.65	923.65	1.8	5987800	286300	1991.4
APOLLOHOSP	4,645.25	4,485	3.6	1719250	96750	1677.0
PIDILITIND	2,602.15	2,579.7	0.9	2235750	133250	1577.9
MARICO	548.2	529.55	3.5	9856800	619200	1491.9

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	26/05/23 Share Price (Rs.)	19/05/23 Share Price (Rs.)	Weekly % Chg	26/05/23 Open Interest	19/05/23 Open Interest	Weekly % Chg
GRASIM	1,698.95	1,729.4	-1.8	12653525	7197200	75.8
RAMCOCEM	874.5	839.75	4.1	2760800	1525750	80.9
L&TFH	103.4	100.45	2.9	66778292	31992540	108.7
INFY	1,306.5	1,262.65	3.5	43232400	19458000	122.2
ITC	445.85	423.5	5.3	67686400	27363200	147.4

Company Overview

PNB Housing Finance Limited is promoted by Punjab National Bank and is a registered Housing Finance Company with National Housing Bank (NHB). The company's asset base comprises retail loans and corporate loans. The retail business focuses on organized mass housing segment financing for the acquisition or construction of houses. In addition, it also provides loans against properties and loans for the purchase & construction of non-residential premises. Corporate loans are mainly to developers for the construction of residential/commercial properties, corporate term loans and lease rental discounting. PNB Housing Finance is a deposit-taking Housing Finance Company. With over three decades of specialised experience in housing finance, PNB Housing has a robust network of branches spread across the country that help its customers to avail of financial services (loans and deposits) seamlessly. The company has 189 branches/outreach locations and 22 decision-making hubs. The affordable business presence has expanded to 82 branches/outreaches as of 31st March 2023.

Investment Rationale

Diversified Source of Funds and Improved Asset Quality to Improve Profitability

PNB HFL has a well-diversified funding profile comprising funding from banks, NHB, non-convertible debentures (NCDs) & bonds, deposits and external commercial borrowings (ECBs). The recent successful completion of the rights issue in May 2023 of Rs. 2,493.76 crores, with around 1.21 times subscription, will help the company to reduce its managed gearing further and support future growth while maintaining prudent capitalisation. There has been an improvement in the asset quality, evidenced by the decline in Gross NPA. The sharp drop in both GNPA (down 430bps YoY) and NNPA (down 230bps YoY) was supported by write-offs, resolutions, rundown and accelerated prepayments in the corporate book. The restructured book is majorly a COVID-restructured account and have already started making payments. Hence, we are of the view that recoveries have been sharp which will continue in the forthcoming quarters as well.

Entry Into Affordable Housing Segment to Aid Growth

The company has increased its focus towards the affordable housing segment since Q4FY23 and disbursed around Rs. 137 crores via dedicated affordable housing branches. We expect to see good contribution from this segment in the coming quarters. The company also raised capital via a rights issue of Rs. 2,494 crores which will be used for this growth. The company has increased its lending rates by 30bps in the March quarter whose impact will be seen in Q1FY24. The company has shifted its focus on the retail business over the corporate business as the yields are better and can maintain GNPA under control. As per the management, the corporate book will not grow over 10% of the overall book at any given point in time. PNB HFL has built a dedicated vertical concentrating on sales, collections and credit underwriting teams for the affordable housing business and its presence has been expanded to 82 branches.

Stock Rating		
BUY	HOLD	SELL
>15%	-5% to 15%	<-5%

Stock Details	
CMP (INR)	472
Target Price (INR)	543
NSE Symbol	PNBHOUSING
BSE Code	540173
Bloomberg	PNBHOU5I IN
Reuters	PNBH.BO

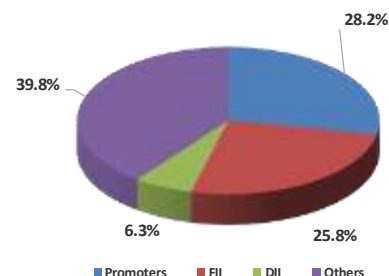
Key Data	
NIFTY	18,499
52Week H/L (INR)	542 / 263
O/s shares (mn)	260
Market Cap (INR bn)	123
Face Value (INR)	10

Average Volume	
3 months	11,48,418
6 months	13,73,858
12 months	9,49,222

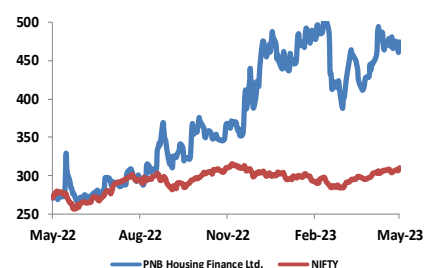
Valuation and Outlook

PNB Housing Finance has significantly improved its position in the housing finance sector over the past few years. The company's gradual shift to focus on profitability while maintaining stable asset quality has been seen in the performance of the company. Also, the company has been able to achieve the highest retail disbursement and loan assets as an outcome of the ongoing efforts to build the retail business. With the appointment of Mr. Girish Kousgi as the MD and CEO of PNB Housing Finance who took charge in October 2022, there has been a transformation in the business that now focuses on degrowth in the corporate book and improving the retail book aggressively. A gradual increase in the rating due to capital raise will help the company to reduce the cost of funds by 40-50 bps. With the recent increase in capital and improvement in GNPA and NPA, the company will be able to raise cheaper funds from National Housing Bank. Also, the management has guided that there shall be disbursement growth of about 22%, primarily in the prime and affordable segment in the next 2-3 years. These factors will play out positively for the company in the foreseeable future. On the valuation front, we assign a P/BV multiple of 0.8x of FY24E book value and arrive at a target price of Rs. 543 (Upside 15%). Thus, we are positive about the company and have assigned a "Buy" rating.

Share Holding Pattern



Relative Price Chart



Key Financials

YE March (Rs. crores)	FY18	FY19	FY20	FY21	FY22	FY23
Net Interest Income	1986	2064	2308	2322	1869	2346
Growth %		3.9%	11.9%	0.6%	-19.5%	25.5%
Total Income	1986	2513	2615	2523	2136	2052
Growth%		26.5%	4.0%	-3.5%	-15.3%	-3.9%
Net Profit	831	1192	646	930	836	1046
Growth %		43.4%	-45.8%	43.9%	-10.0%	25.0%
EPS	49.89	71.19	38.45	55.29	49.64	62

Profitability & Valuation

NIM (%)	3.19	2.93	3.00	3.20	2.80	3.73
RoA (%)	1.6	1.6	0.8	1.2	1.2	1.6
RoE (%)	14.2	17.4	8.1	10.9	8.9	10.2
BV per Share (INR.)	393	394	451	476	586	652
P/E (x)	9.5	6.6	12.3	8.5	9.5	7.6
P/BV (x)	1.2	1.2	1.0	1.0	0.8	0.7

Source: Company, Stoxbox Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification :

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