PNB Housing Finance to expand corporate lending portfolio to boost margins, says CEO

OPTIMISTIC OUTLOOK. Confident of sustaining Q2 bottomline growth performance in remaining quarters this fiscal

KR Srivats
New Delhi

PNB Housing Finance (PNBHFL), the country's third-largest housing finance lender, plans to resume expanding its corporate lending portfolio this quarter as part of a strategy to enhance overall margins, according to Girish Kousgi, Managing Director & CEO. The corporate book will however remain below 10 percent of the total portfolio at all times, Kousgi emphasised in an interview with *businessline* following the Q2 results announcement.

Currently, PNBHFL is primarily a retail focused player with overall assets under management of ₹69,500 crore, of which corporate book is just ₹1,500 crore. "It is more for strategic reasons that we are restarting corporate book. Portfolio of corporate within the overall mix is going to be less than 10 per cent. When we get into corporate funding (construction finance), it will help us on the margins," Kousgi said.

Girish Kousgi, CEO, PNBHFL

CHANGE OF PLAN

He highlighted that earlier it was a conscious call not to grow corporate book. However, there is now change of plan to restart corporate lending in Q3, Kousgi added.

PNBHFL on Thursday reported a 22.7 per cent increase in consolidated net profit for the quarter ended September 30,2024 at ₹470 crore (₹383 crore). The latest bottomline performance is also higher than the net profit of ₹433 crore recorded in June 2024 quarter. For the first half of the current fiscal, PNBHFL recorded a net profit of ₹903 crore, up 24 per cent over net profit of ₹730 crore recorded in the same period last year.

Kousgi expressed confidence that PNBHFL would be able to sustain its latest bottomline growth performance in the coming quarters as well. "In the second quarter, there has been all-round performance. We have done well in eight out of the last nine quarters. Q2 was the best ever quarter for us," he said.

For the quarter under review, the retail book growth has touched 16.2 percent on a year-on-year basis. This is against a growth guidance of 17 per cent for the current fiscal. This 16.2 percent increase is the highest ever retail book growth in the last five years. "The 16.2 percent growth is reflection of demand and good performance by the company. I am confident that we will sustain and further improve on disbursement growth and we will be able to sustain our profits," he said. On net interest margins (NIM), Kousgi said that NIM now is 3.6 to 3.75 per cent.

"We will be able to maintain that for next two to three quarters time. After that we expect NIM to start inching up," he added, without giving a specific guidance on this front.

Kousgi said that PNBHFL would be able to achieve book size of ₹5,000 crore by March 2025 in this segment. Already the company's affordable home loan book has touched ₹3,000 crore. The company had commenced lending for the affordable housing segment in January 2023.

To a question on capital raising, Kousgi said the company has sufficient capital for the next three and half or four years time. "Our leverage is 3.59. We can go up to 6. We have enough room to grow our business without raising capital," he said. On RBI rate cut expectations, Kousgi said that it would definitely happen this financial year. "I feel the first rate cut will happen in Q4 and not in Q3. I hope RBI will go in for 25 bps cut as cost is going up for banks, HFCs and NBFCs," he said.

Inox Wind logs ₹90 crore profit in Q2 on higher income

Press Trust of India
New Delhi

Inox Wind Ltd (IWL) on Friday posted a net profit of ₹90.20 crore for the quarter ended September 30, helped by higher income. It had incurred a loss of ₹26.84 crore in the July-September period of FY24, the company said in an exchange filing.

Total income increased to ₹741.74 crore from ₹384.40 crore in the year- ago period. Expenses too rose to ₹647.93 crore from ₹412.54 crore.

In a separate statement, the company said its order book touched 3.3 gigawatt (GW), which includes 1.2 GW of fresh orders in the first half of FY25.

During the quarter, Inox Wind signed a consortium agreement with banks for ₹2,200 crore facilities, largely non-fund based, sanctioned on the financial strength of IWL's balance sheet. Its subsidiary Resco Global raised ₹350 crore equity capital from marquee investors. The company's listed subsidiary Inox Green Energy Services has reported a profit of ₹6.06 crore as against ₹5.76 crore in the same quarter of 2023-24.

Govt can waive off GST on health cover, step up focus on insurance penetration: Future Generali CEO Anup Rau

bl.interview

G Naga Sridhar
Hyderabad

Following a slew of regulatory reforms in recent past, general insurance business has been witnessing lot of shifts. While there has been a spurt in demand for health cover, there is a concern on levy of GST on health insurance premium. *businessline* spoke to Anup Rau, MD & CEO, Future Generali India Insurance Company, on a variety of industry issues. *Excerpts:*

How do you think the general insurance industry in India is shaping up, particularly in the light of recent regulatory interventions?

The insurance regulator has been extremely supportive, consistently working towards reducing compliance burdens, supporting product innovations, streamlining product approvals and subsuming a number of regulations. This in turn has allowed companies more freedom to innovate and grow, which is a positive shift.

What are other areas where things can be improved?

There are areas where the industry needs support, particularly around GST and motor third-party rates. Removing GST on health insurance would make it more affordable, driving higher penetration and reducing the government's burden to provide coverage. Motor third-party premiums have been unchanged for five years. These rates need to be revised.

What do you think is stopping the government from reducing GST on health insurance?

It's not an easy decision to make. After all, 18 per cent GST on health insurance represents significant revenue for the government, making it difficult to relinquish. However, I believe there is a solution to every conundrum. In this case, taking away GST and focusing on improving penetration is the key, as this would shift much of the burden of healthcare coverage to the private sector. This would also allow market forces to drive better outcomes — a win-win for all. In fact, we have already seen this in the telecom sector, where private players have delivered affordable services and widespread coverage without heavy state intervention.

There has been significant increase in health cover premiums of late. How do you see this?

Yes, premiums have increased primarily due to two factors: rising hospital and medical costs, and a significant increase in the average sum insured. At FGII, for example, the sum insured has more than doubled between 2020 and 2024. While inflation plays a role, however, the full impact of inflation may be mitigated by intense competition in the market. This is because insurers are cautious about raising prices too much to avoid putting all the burden on the customer.

> There are areas where the industry needs support, particularly around GST and motor third-party rates
>
> **ANUP RAU**
> MD&CEO, Future Generali India Insurance Company

Given the growth in health insurance, what will be the impact on business? How profitable is health insurance at the industry level now?

At this point, it's essential to view the larger picture. In India, the general insurance business is often seen as an asset-under-management (AUM) business rather than one driven by underwriting profits. The focus is on building a large AUM, which generates interest income, with profits primarily coming from there. For shareholders, profit is typically viewed as fungible — whether it's from underwriting or AUM, what matters is the return on equity. Underwriting profits remain rare and relatively low, but they are offset by investment income. The current focus is on building the business, acquiring customers, and scaling up before shifting focus to profitability

Health insurance portability does not seem to have taken off on the expected lines...why?

Correct. Health insurance portability has not gained as much traction as expected, largely due to customer inertia.

Many a times, even when presented with a better product elsewhere, familiarity and comfort are factors that drive policyholders to stay with their existing insurer.

There are not many insurance companies going for IPOs of late. Do you think the market is not ripe for more IPOs from insurance companies?

IPO is not an immediate priority for most promoters of insurance companies as they usually hold a long-term vision, often spanning 20 to 30 years.

Most European-American players see IPO as a residual payoff for three-to-four decades, reflecting a focus on patient capital. This perspective makes insurers adopt a more conservative approach regarding listing.

TiE Global Summit 2024 targets ₹100 crore in funding

Our Bureau
Bengaluru

TiE Bangalore has announced that it is targeting over ₹100 crore to be available in equity funding for its TGS100 Start-up Showcase at the TiE Global Summit (TGS) 2024, hosted annually by TiE.

It focuses on early-stage technology and technology-enabled start-ups. The initiative recognises top startups based on their innovative business models, market traction and strength of IP, providing them with the opportunity to engage with prominent venture capitalists, angel investors, and industry leaders. The TGS100 start-ups will also receive exposure to a global audience of entrepreneurs, investors, and experts at curated events at the Summit. It will take place in Bangalore from December 9-11, 2024, and on December 12 in Mysore.