

## PNB HOUSING FINANCE LTD

Issue Details	
Issue Opens	25-Oct-16
Issue Closes	27-Oct-16
Issue Size (Rs. Crore)	3000
Face Value (per equity share)	10
Price Band (Rs.)	750- 755
Lot Size (No of Share)	19
No of Shares on Offer (crore)	3.87
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	7- Nov -16

**Issue Date: 25 Oct - 27 Oct 2016**  
**Price Band (Rs.) : 750 - 755**  
**Lot Size (No. of Share) : 19**

### Company Background

PNB Housing Finance Limited is a 28 years old public sector housing finance company (HFC). It is evolving as the fifth largest and fastest growing HFC among the leading HFCs in India. The company is a subsidiary of Punjab National Bank and is registered with state owned bank and regulation authority of India - National Housing Bank (NHB). The company provides housing loans & loan against property as a part of its product portfolio and also holds the license to accept public deposits.

### Financial

Particulars	For the year/period ended (in Rs. Million)					
	FY-16	FY-15	FY-14	FY-13	FY-12	FY-11
<b>Total Assets</b>	346,816	296,725	190,352	115,392	76,551	44,362
<b>Total Revenue</b>	8,634	26,995	17,804	11,203	6,663	4,610
<b>Profit After Tax</b>	960	3,276	1,941	1,297	928	774

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	51	39.08
Public (incl institutions and employees)	49	60.92
Total	100	100

### Concerns

- Operational risk caused by insufficient or failed internal processes, system, people or from external events.
- Credit risk is the inability or unwillingness of the customer to meet the financial obligations to the Company.
- Business and financial performance may be adversely affected by volatility in interest rates.

### Strengths

- Diversified product offering with specific focus on self-employed customers
- Customer-centric approach resulting in strong brand recognition
- Managed by experienced and qualified professionals with strong industry expertise

### Our View

At an upper price band of Rs 750 and EPS of FY2016 of Rs 27.58, P/E Ratio works out to be 29.6. Company is having higher price band in the range of 28x to 29.6x P/E ratio. Its peers HDFC is trading at 28x, LIC Housing Finance at 15x and Deewan Housing finance at 8x. Hence, the issue is overpriced. PNB HFL Ltd revenues are showing good growth in last 5 years. It is generating competitive margins of over 10% in the last couple of years. Its IPO price is highly price. High risk investors can invest. Otherwise, one can wait for this shares to list and buy at lower price in case these are available at discounted prices later-on.

### Objects of Issue

- Augment the capital base to meet their future capital requirement.
- General corporate purpose.
- Enhance visibility and brand name among existing and potential customers.