



# Investor Presentation

## May 2017



**pnb Housing**  
SUNBELT CAPITAL LIMITED

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HOME LOAN | NON HOME LOANS | FIXED DEPOSIT

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Owning a home isn't just a keystone of wealth, it's what gives us and our families, stability...  
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- ◆ **Fixed vs Floating rate of interest - What suits you the best**  
A home purchase is probably the biggest financial decision and transaction in a person's financial life...  
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- ◆ **How to choose a home loan lender**  
Buying a dream home isn't something you do every day. The same goes for your home loan...  
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- ◆ **A fine balance between EMI amount and Home Loan Tenure**  
A home loan helps you realize your dream of having your own home. A home loan comes...  
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# Safe Harbor



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## About PNB Housing Finance



# One of the Leading Housing Finance Company...



**Strong Parentage, Independent Professional Management** and an Autonomous Board

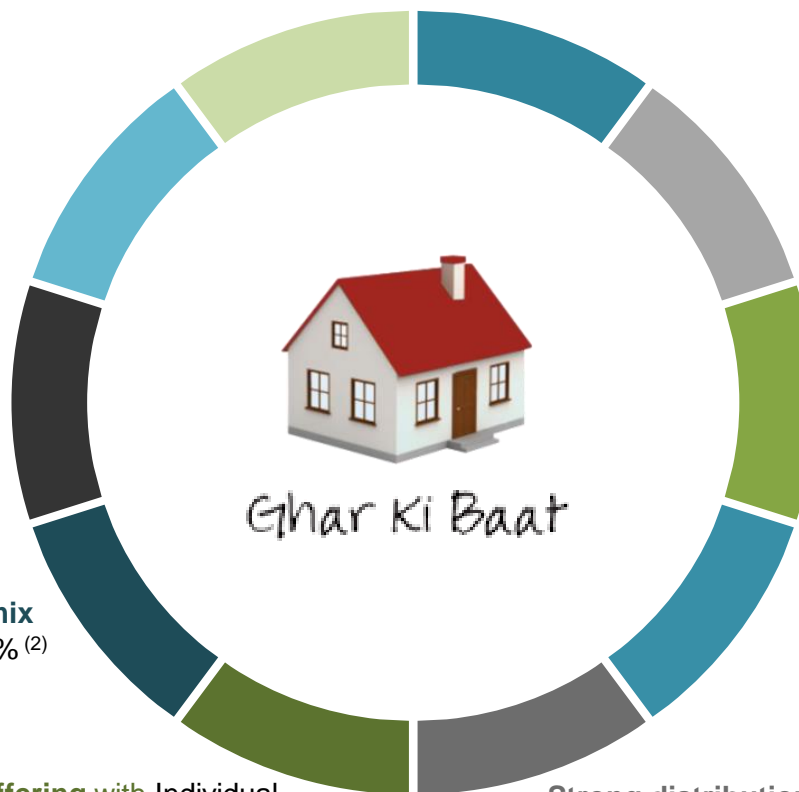
**5th largest by Loan Assets** and **2nd largest by deposits** <sup>(1)</sup>

**Efficient capital utilization** and delivering **healthy RoEs**

Loan Assets of **INR 38,531 Crore** <sup>(2)</sup>

**Robust Asset Quality** with one of the lowest Gross NPAs at 0.22%<sup>(4)</sup>

**Fastest growing HFC** amongst the Top 5 HFCs in India <sup>(3)</sup>



**Diverse and cost effective funding mix** with average cost of borrowing at 8.55% <sup>(2)</sup>

**Robust and scalable** technology-enabled target operating model

**Wide product offering** with Individual housing loans, Construction Finance, LAP, Corporate Term Loans

**Strong distribution network** with pan India presence and over 9,700<sup>(2)</sup> channel partners across India

3. Source: ICRA Industry Update for 9MFY2017; Based on growth rate of Loan assets as on Dec-16 over Mar-16  
4. As a % of total loan assets as of 31-Mar-17

1. Source: ICRA Industry Update for 9MFY2017 (amongst housing finance companies)  
2. As of 31-Mar-17

# ...started in 1988



Business process re-engineering sponsored by the Parent

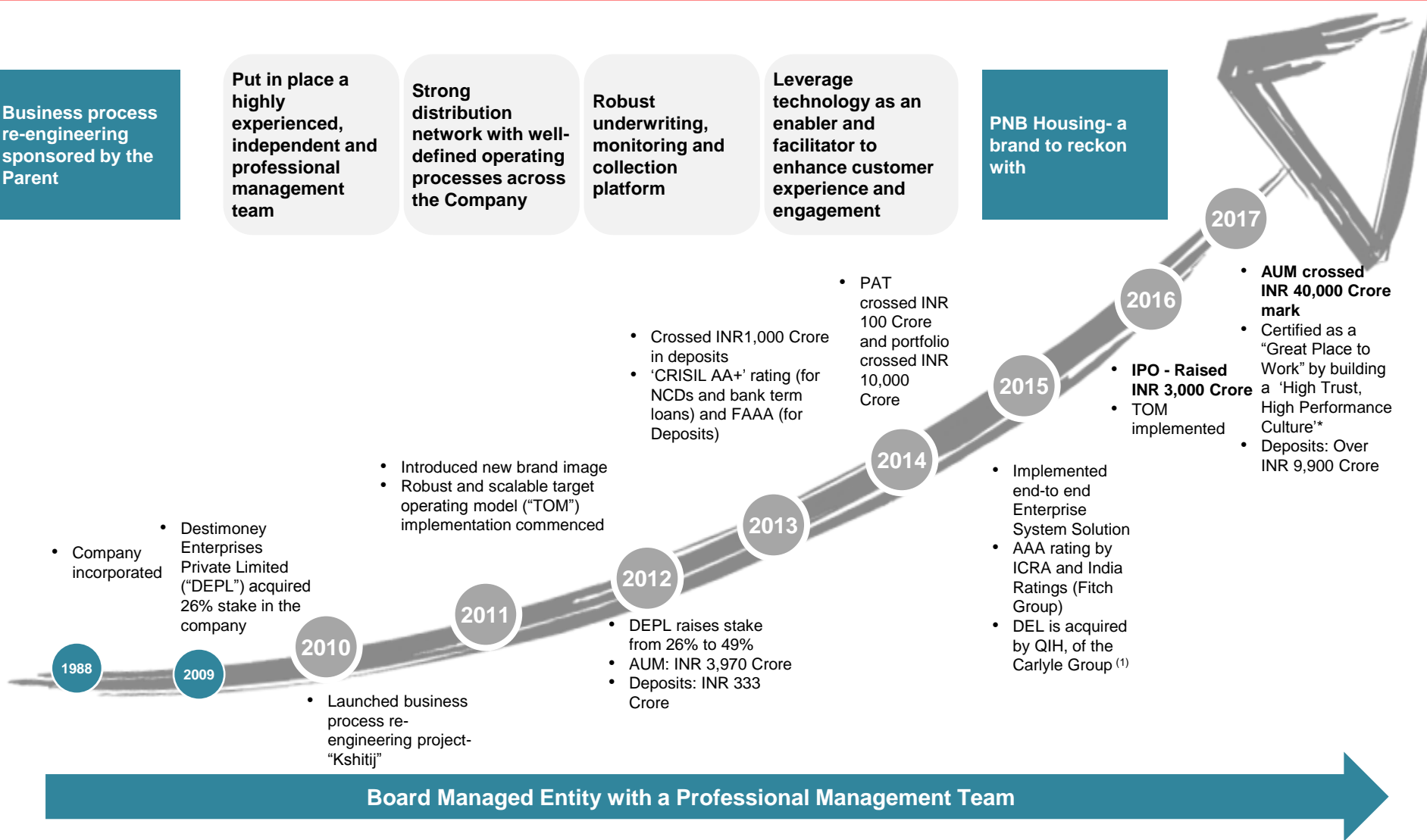
Put in place a highly experienced, independent and professional management team

Strong distribution network with well-defined operating processes across the Company

Robust underwriting, monitoring and collection platform

Leverage technology as an enabler and facilitator to enhance customer experience and engagement

PNB Housing- a brand to reckon with



1988

2009

2010

2011

2012

2013

2014

2015

2016

2017

- Company incorporated
- Destimoney Enterprises Private Limited ("DEPL") acquired 26% stake in the company

- Launched business process re-engineering project- "Kshitij"

- Introduced new brand image
- Robust and scalable target operating model ("TOM") implementation commenced

- DEPL raises stake from 26% to 49%
- AUM: INR 3,970 Crore
- Deposits: INR 333 Crore

- Crossed INR 1,000 Crore in deposits
- 'CRISIL AA+' rating (for NCDs and bank term loans) and FAAA (for Deposits)

- PAT crossed INR 100 Crore and portfolio crossed INR 10,000 Crore

- Implemented end-to end Enterprise System Solution
- AAA rating by ICRA and India Ratings (Fitch Group)
- DEL is acquired by QIH, of the Carlyle Group<sup>(1)</sup>

- IPO - Raised INR 3,000 Crore
- TOM implemented

- AUM crossed INR 40,000 Crore mark
- Certified as a "Great Place to Work" by building a 'High Trust, High Performance Culture'\*
- Deposits: Over INR 9,900 Crore

Board Managed Entity with a Professional Management Team

1 QIH (Quality Investment Holdings) is an affiliate of Carlyle Asia Partners IV, L.P.

\*Source: Great Place to Work Institute (GPTW)



HFC Sector well placed...

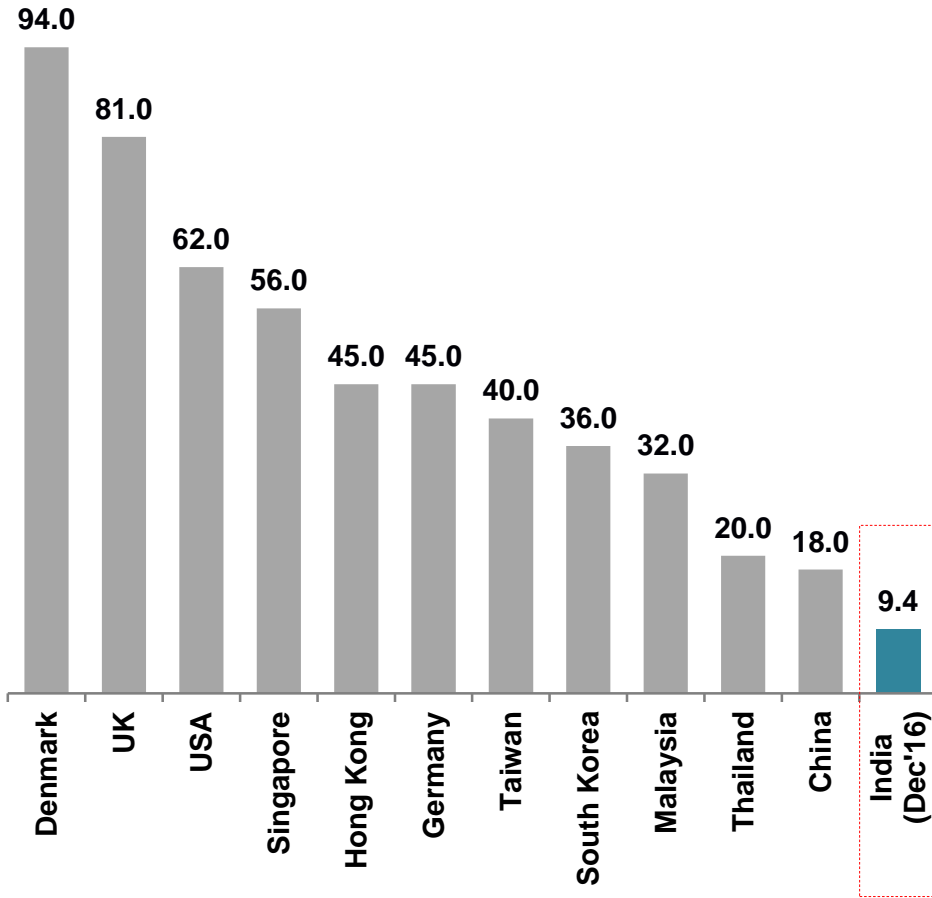


# India's Mortgage Market...



## Indian Mortgage Market is Significantly Under-penetrated

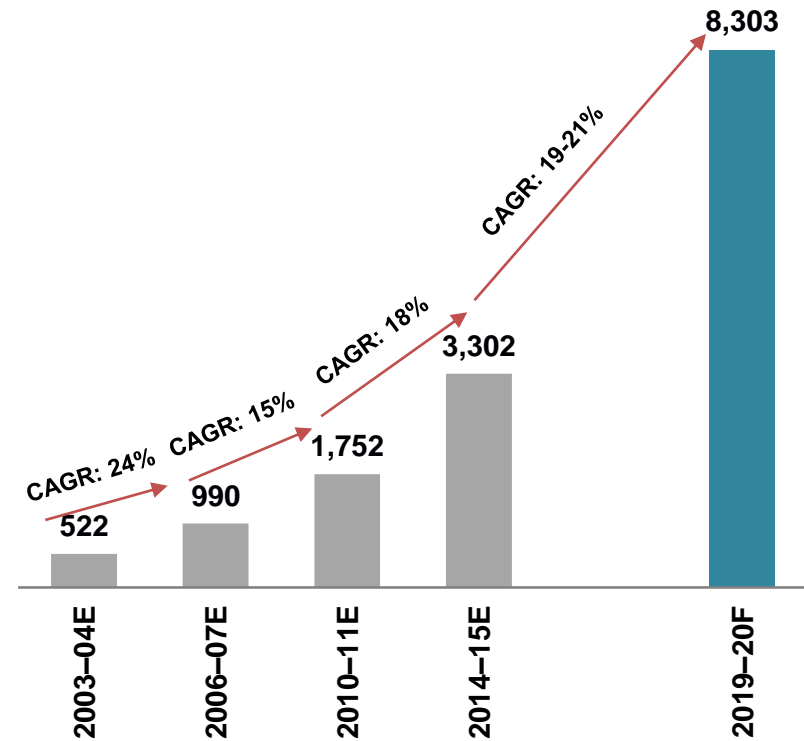
Mortgage to GDP Ratio for FY2015 (%)



Source: CRISIL, NHB, RBI and ICRA Industry Update for 9MFY2017, RBI

## Ramp-up Opportunity for Mortgage Market in India

Annual Disbursements (INR Bn)



E- Estimated

F- Forecast

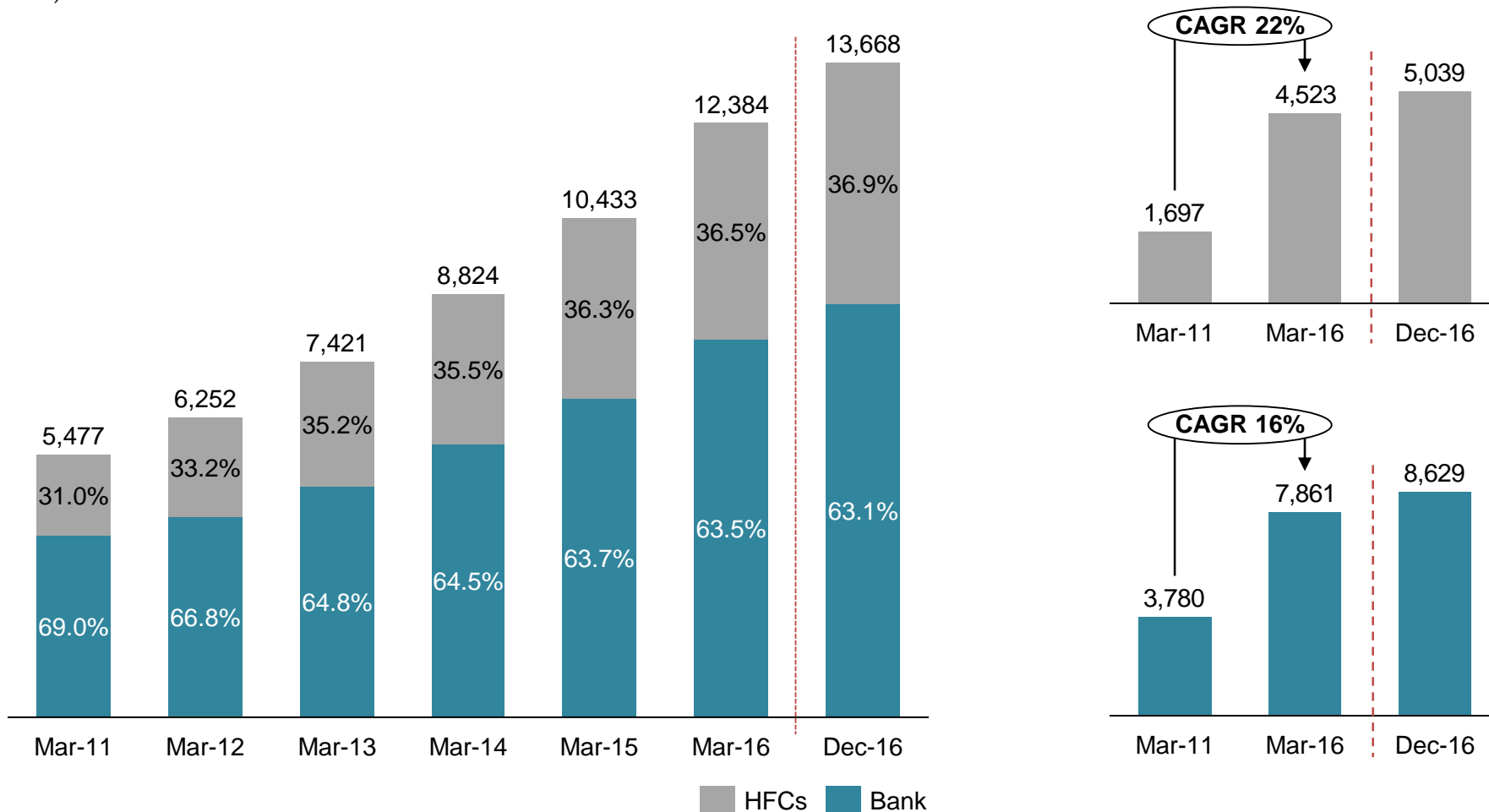


# ...outpacing traditional channels with...



## Increasing HFCs Share in a Steadily Expanding Home Loan Portfolio

(INR Bn)



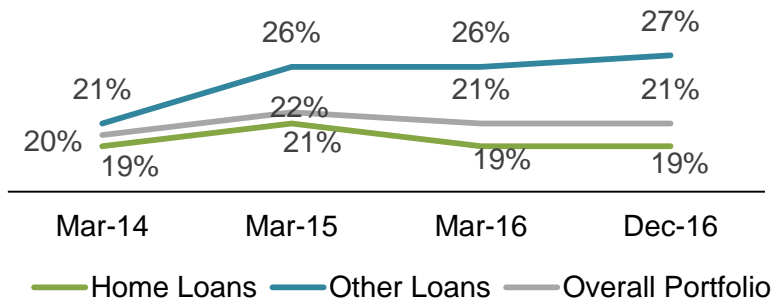
Source: ICRA Industry Update for 9MFY2017



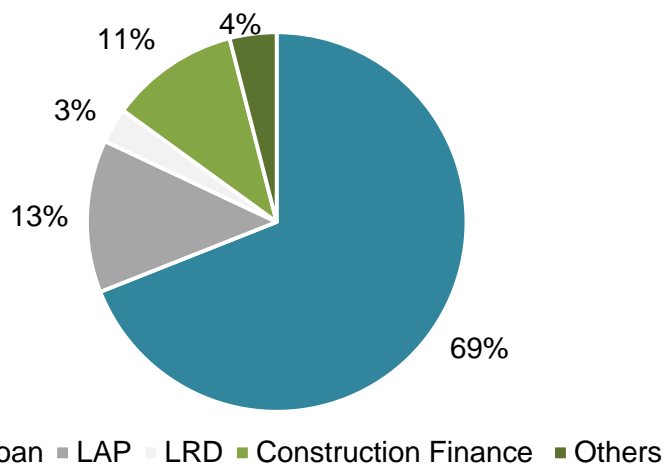
# ....Sustainable Growth of HFCs



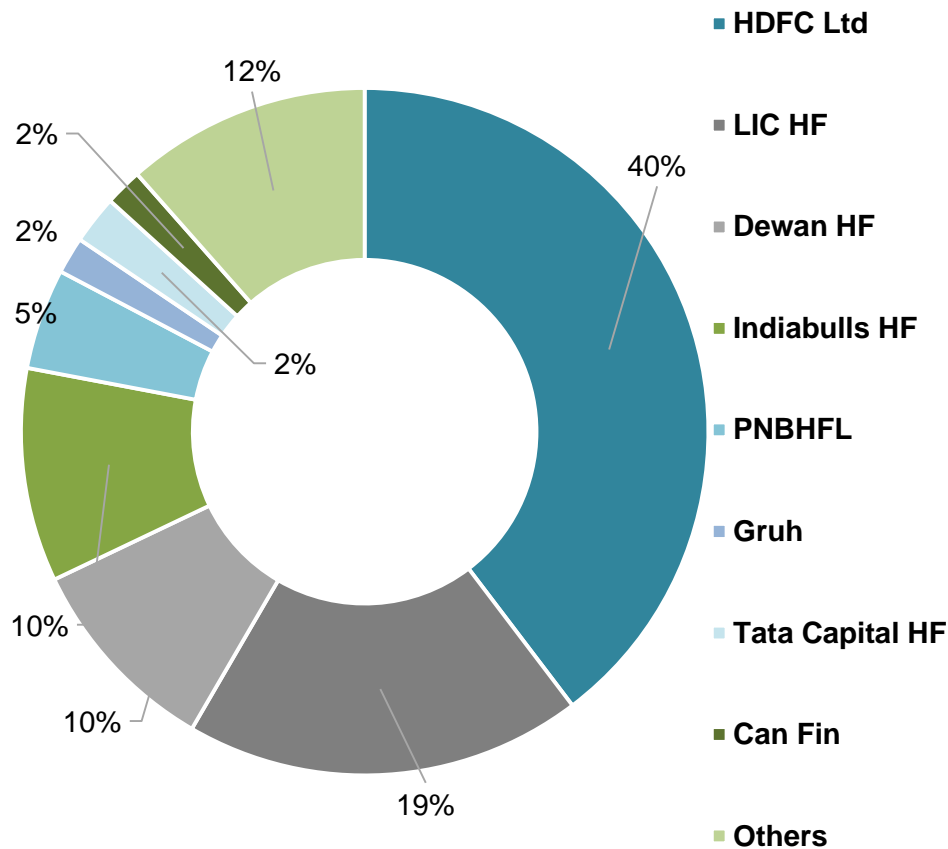
**Portfolio Growth of HFCs**



**Portfolio Composition of All HFCs as on 31<sup>st</sup> Dec'16**



**Total Loan of all HFCs: INR 7,233 Bn as on 31-Dec-16**



Source: ICRA Industry Update for 9MFY2017



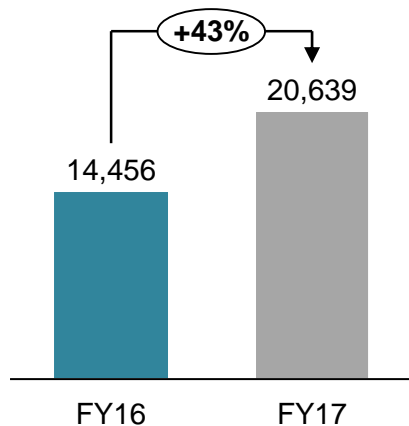
## Financial Performance of the Company



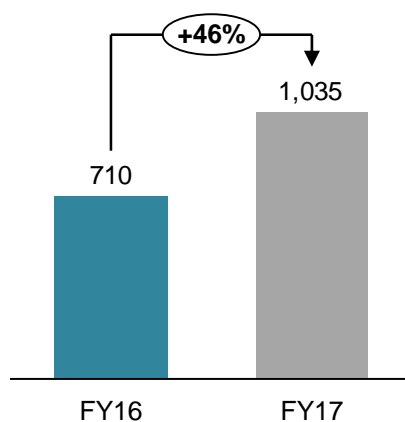
# Key Highlights – FY17 vs FY16



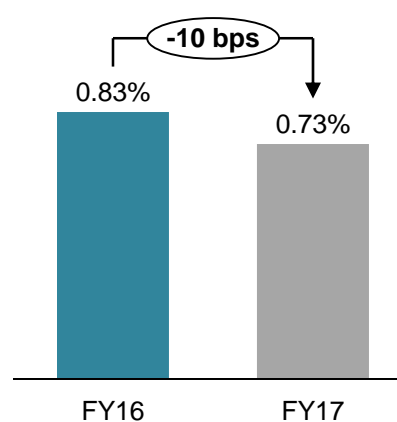
**Disbursement (INR Crore)**



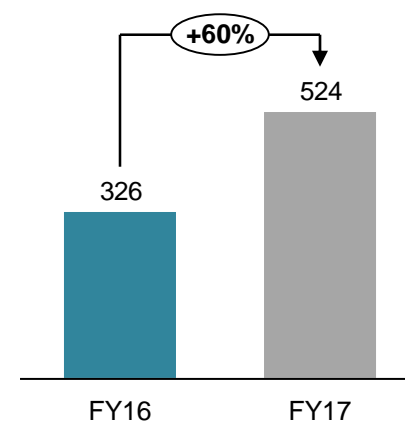
**NII (INR Crore)**



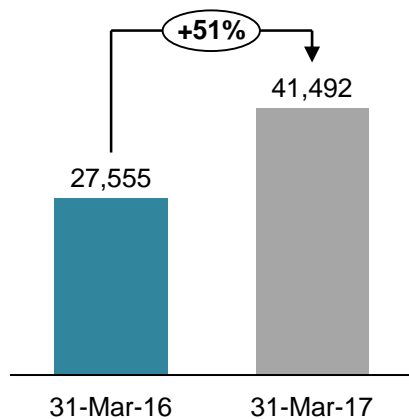
**Opex to ATA (%)**



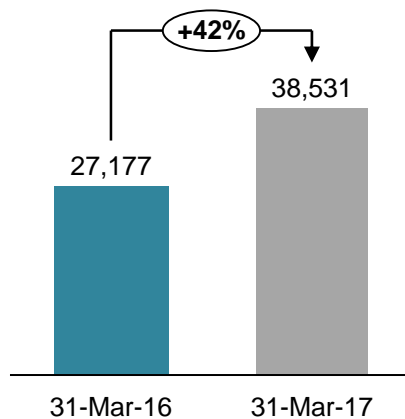
**PAT (INR Crore)**



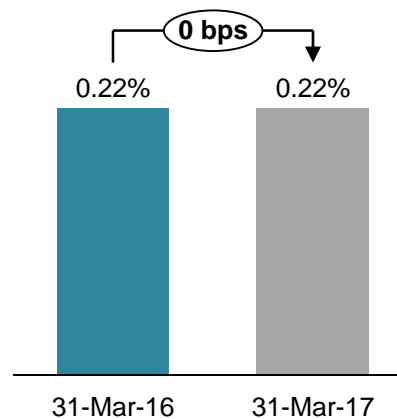
**AUM (INR Crore)**



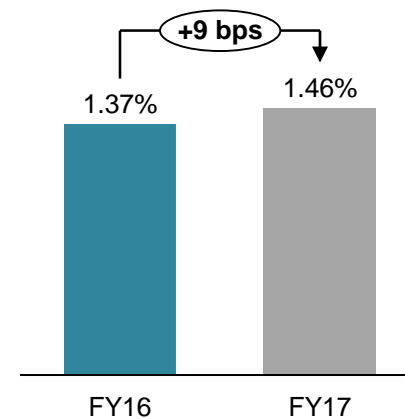
**Loan Assets (INR Crore)**



**GNPA\* (%)**



**ROA (%)**



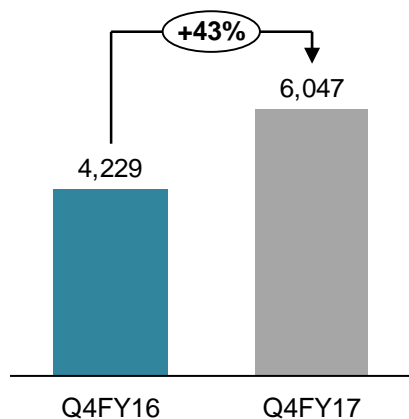
Ratios are Calculated on Monthly Average

\*GNPA as a % of loan assets

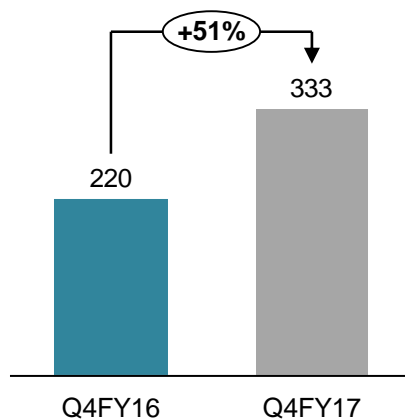
# Key Highlights – Q4 FY17 vs Q4 FY16



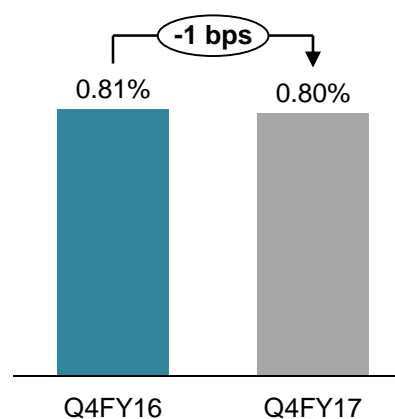
**Disbursement (INR Crore)**



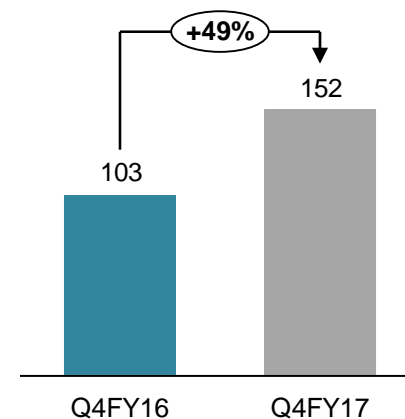
**NII (INR Crore)**



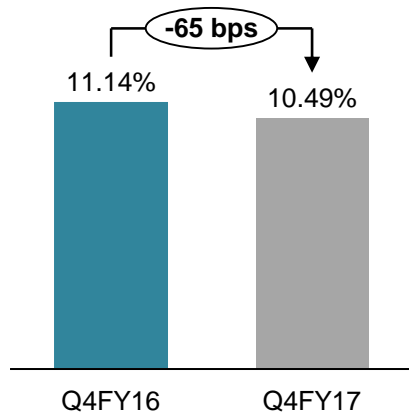
**Opex to ATA (%)**



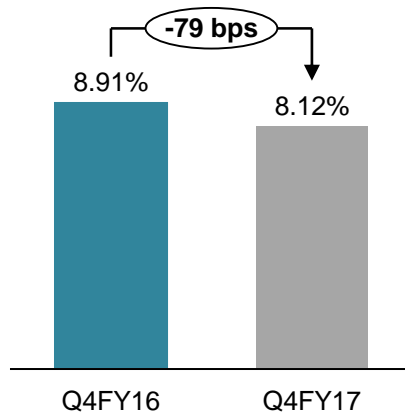
**PAT (INR Crore)**



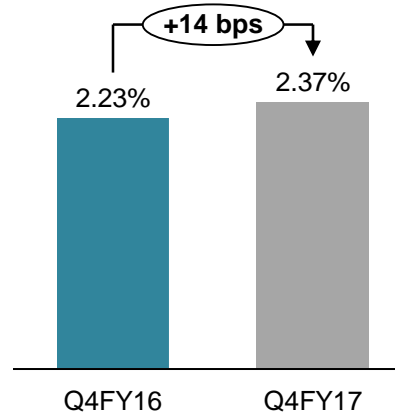
**Average Yield (%)**



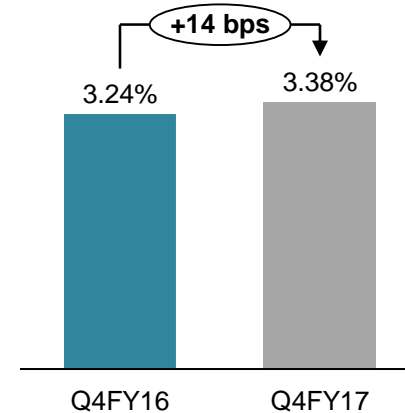
**Average Cost of Borrowings (%)**



**Spread (%)**



**NIM (%)**



Ratios are Calculated on Monthly Average



Expansion Led Growth and Robust TOM

# Expanding Footprints...

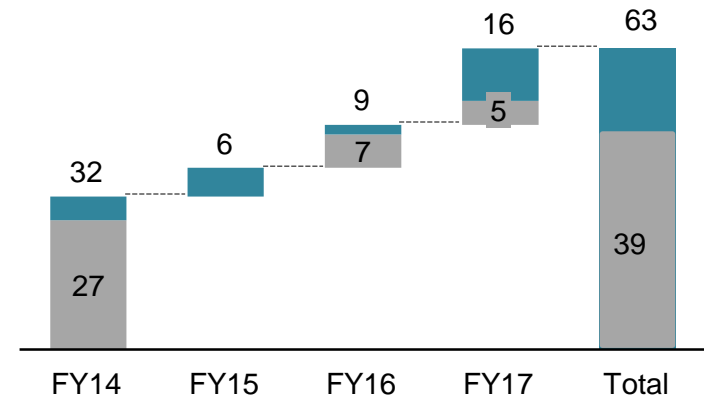


**Branches** – Point of Sales & Services  
**HUBS** – Fountain head for Decision Making  
**Zonal Hubs** - Guides, Supervises & Monitors the HUB

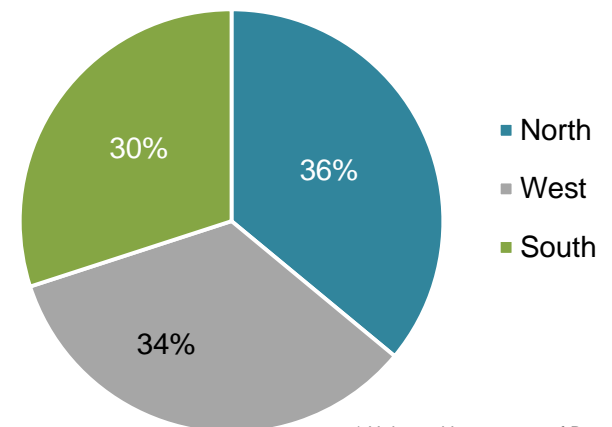


## No. of Branches

No. of Branches  
 Unique Cities\*



## AUM- Geographical Distribution



1: Includes three or more branches in the city  
 2: Includes two branches in the city  
 3: Includes two Hubs in the city

\* Unique cities are part of Branches

Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

# ...with Robust Delivery Model...



## Robust Delivery Model...

Hub and Spoke Branch Model



In-House Sales Team



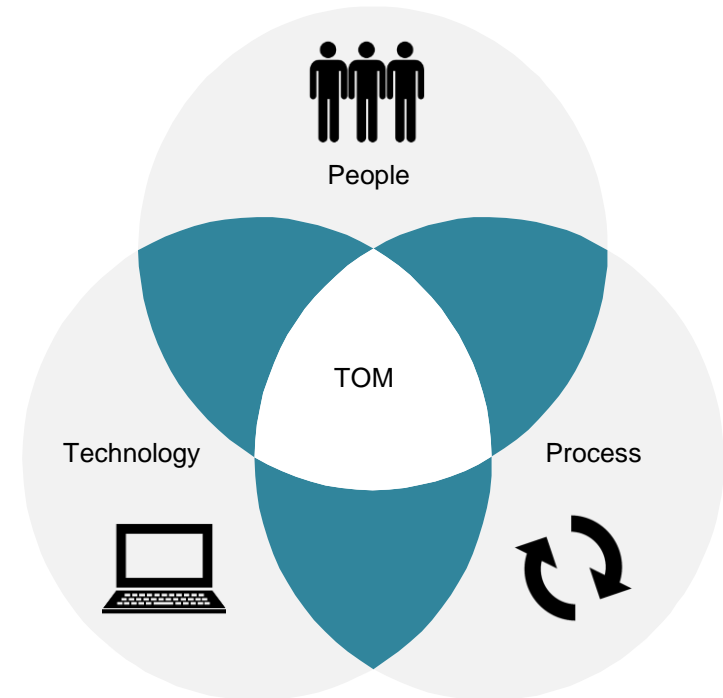
Third Party DMAs and Market Aggregators



Developer Relationships



Target Operating Model (TOM)

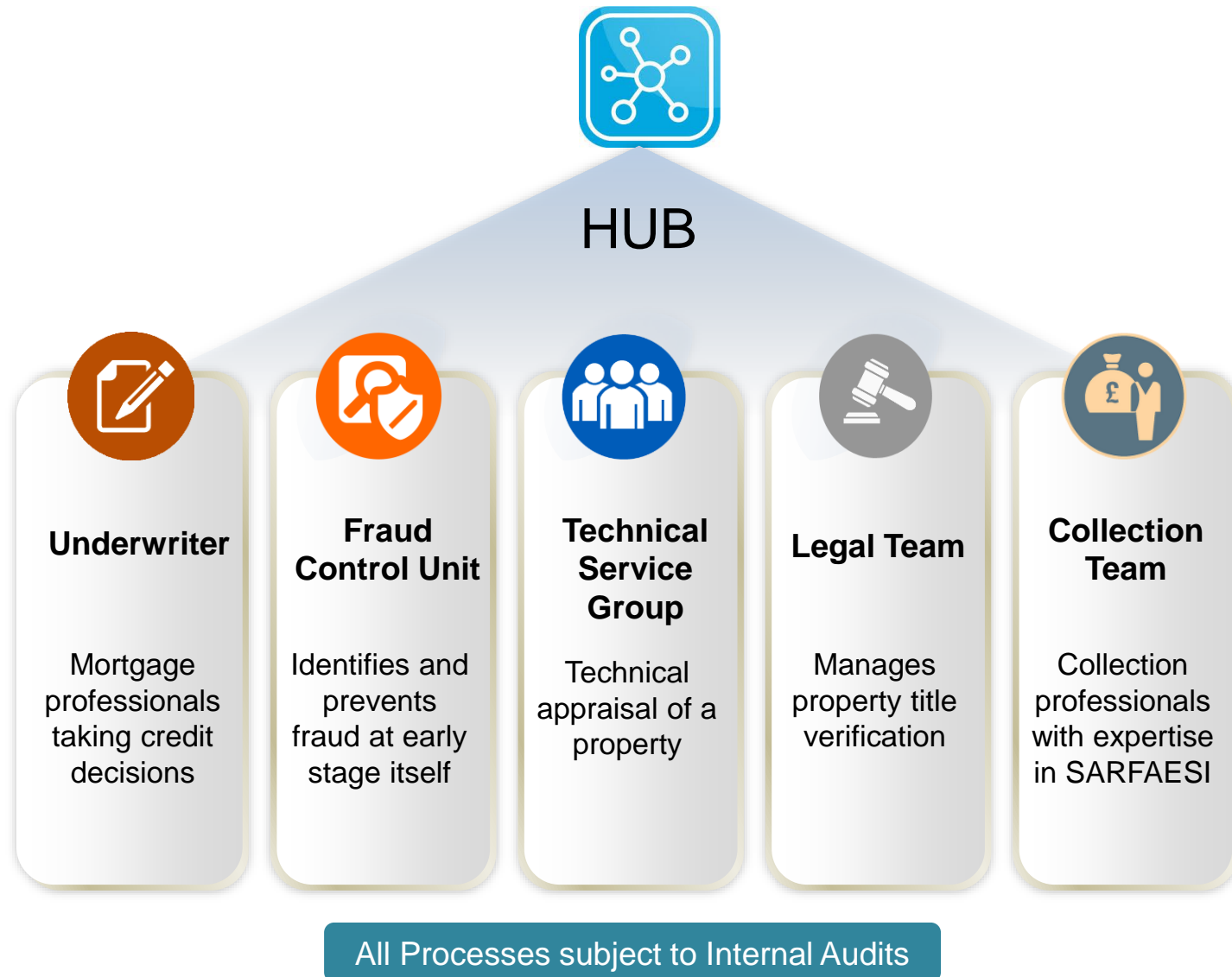


Focus on productivity, efficiency and quality

Supported by End-to-End Technology



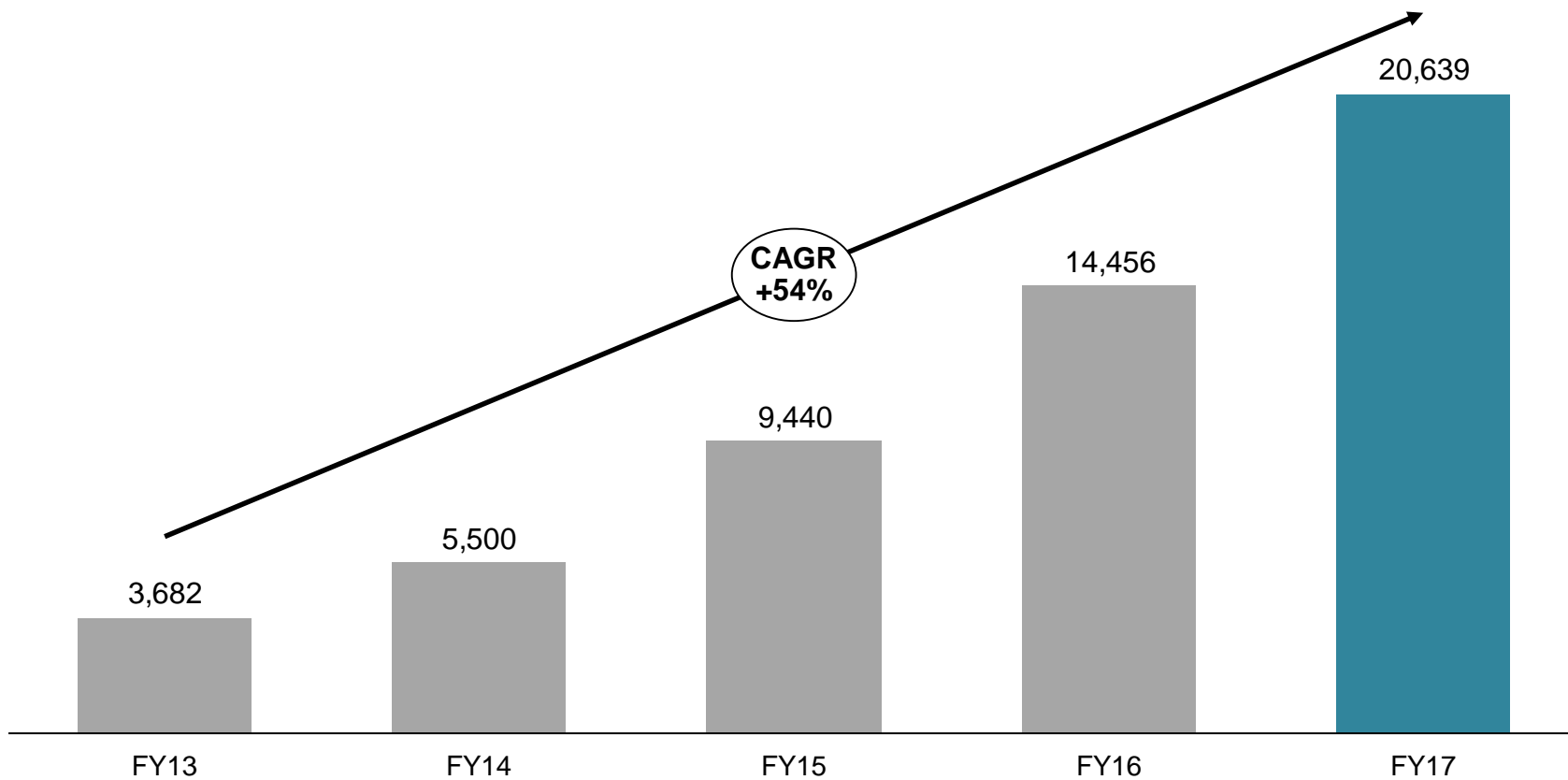
# ...and strong Credit Underwriting Processes and Control



# ...leading to Disbursement...



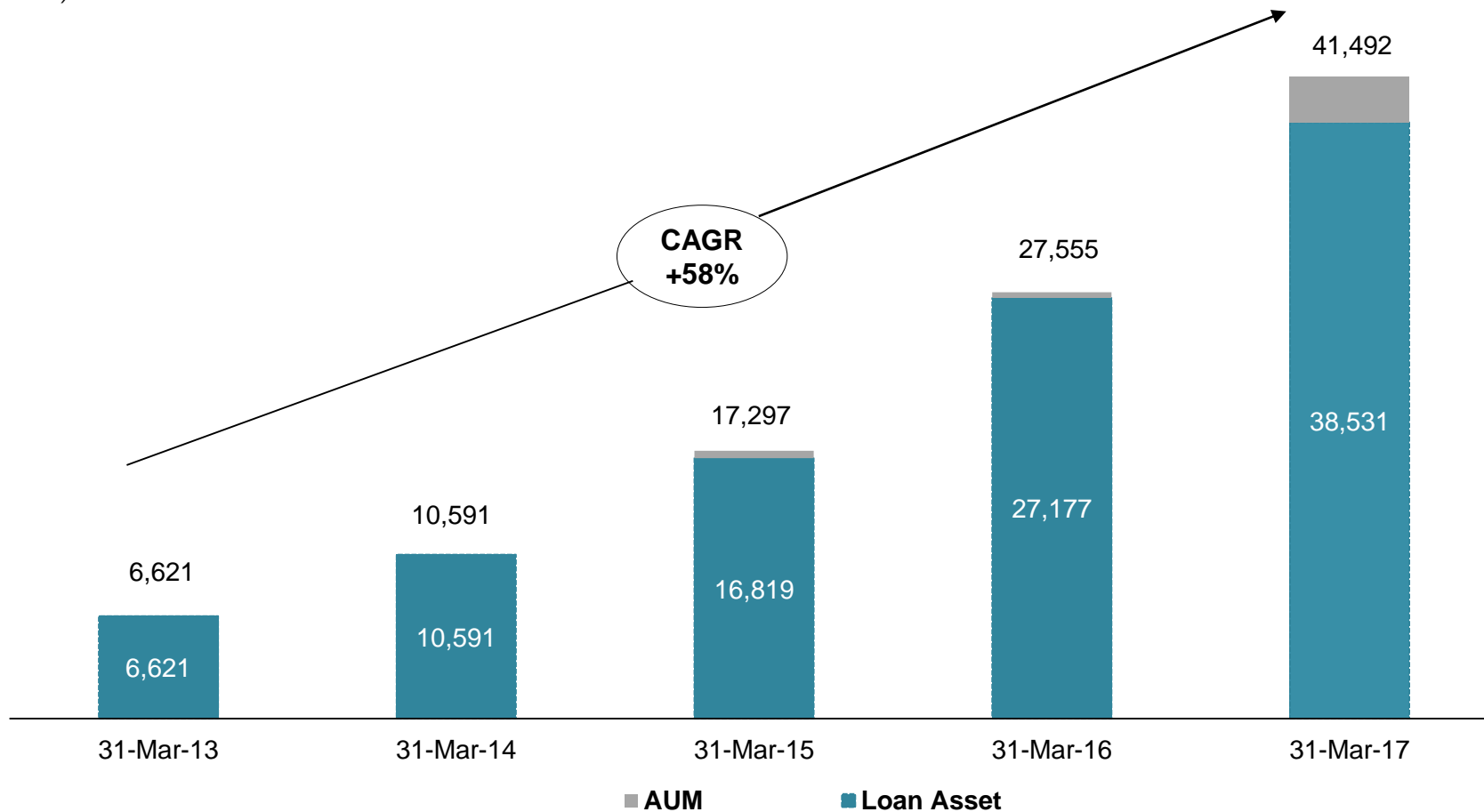
(INR Crore)



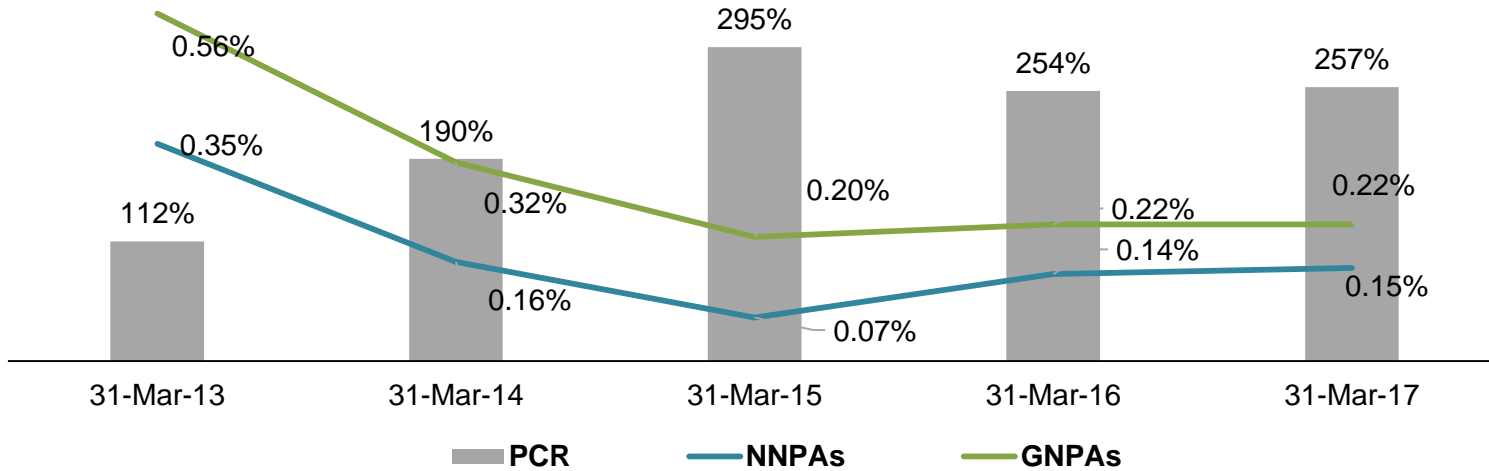
# ...and Asset growth...



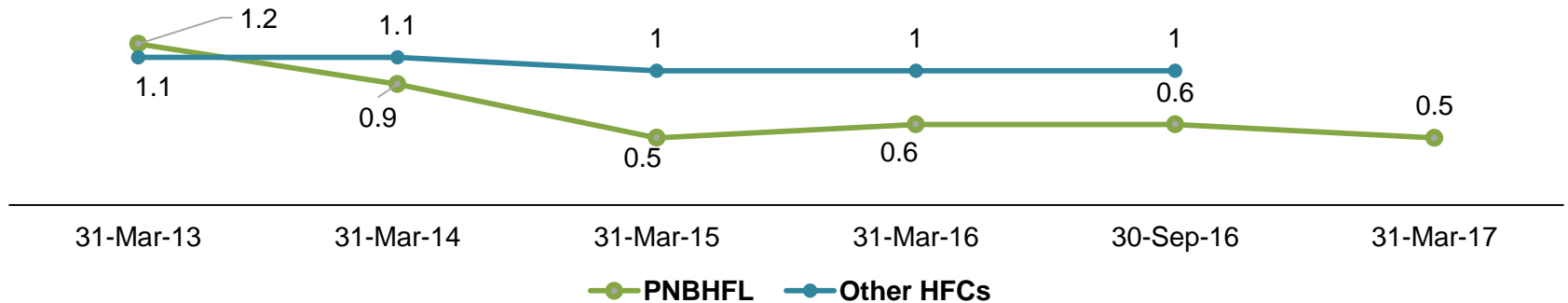
(INR Crore)



# ...with Lower NPAs...



## 2 years Lagged NPA\*



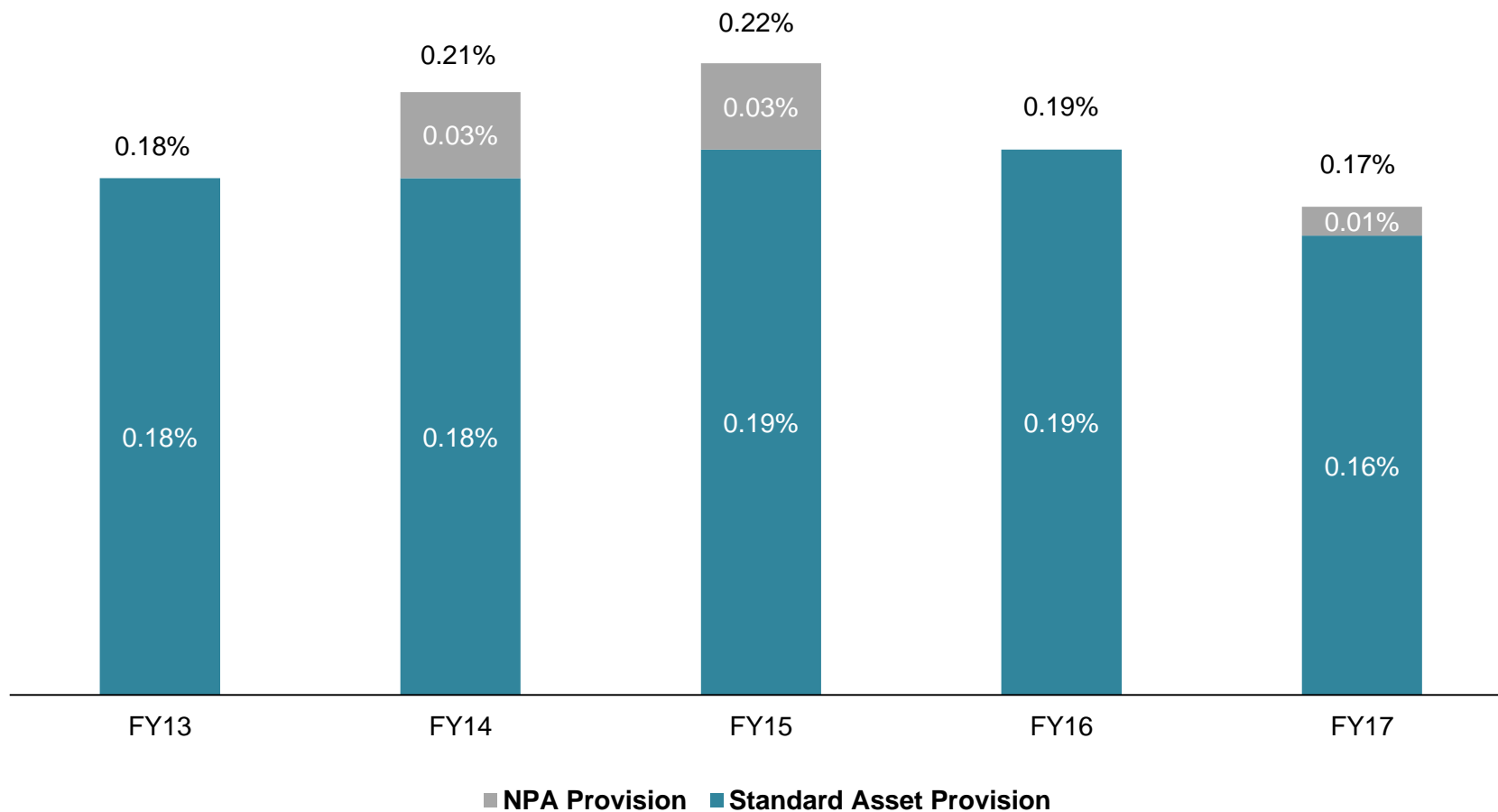
Provision Coverage Ratio is calculated as Total Provisions for NPA & Standard Asset as % of GNPA

\*Source: CRISIL except for 31-Mar-17 data of PNBHFL

# ...and Credit Cost



## Credit Costs\* (% of Loan Assets)



\*Credit Cost: defined as total of standard asset provision and NPA provision for the year as a % of loan assets



## Sustainable Portfolio Mix

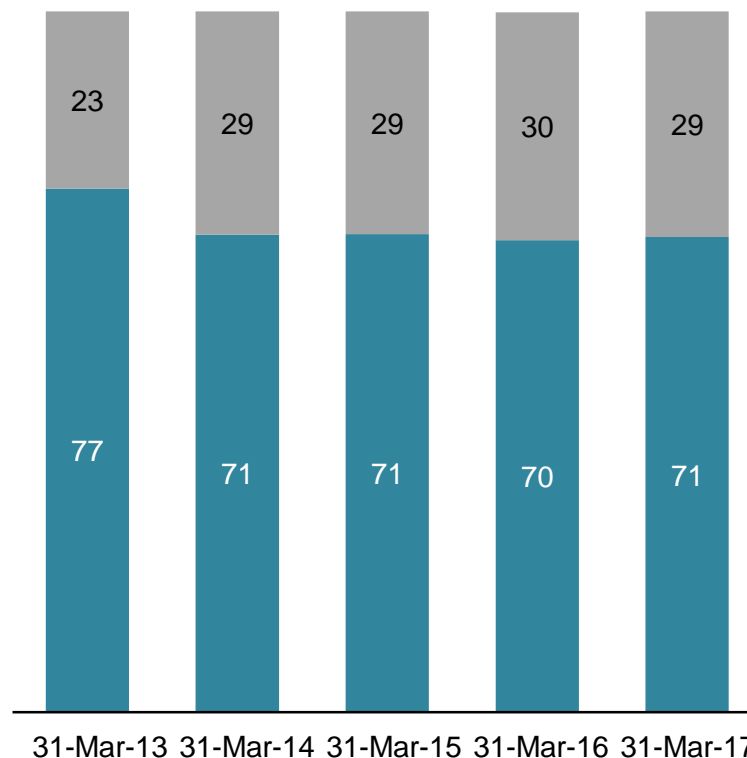
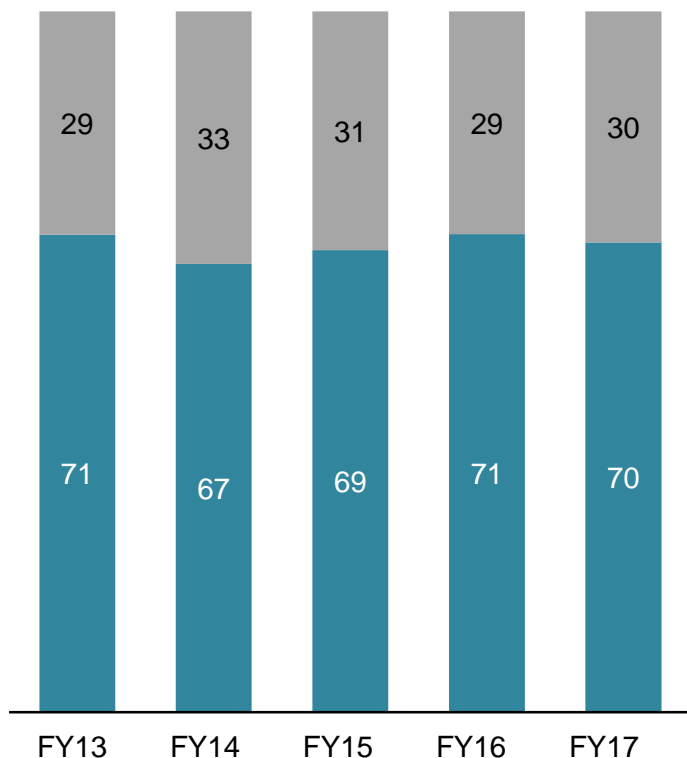


# Sustainable Portfolio Mix



**Share of Housing Loans  
(% of Annual Disbursements)**

**Wide Product Offering  
(% of Loan Assets)**



■ Non-Housing ■ Housing



# Housing Loan Assets Distribution

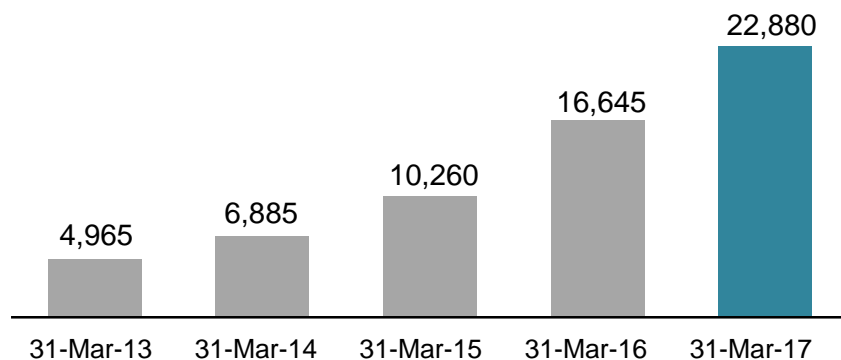


## Housing Loan – 70.7% (1)

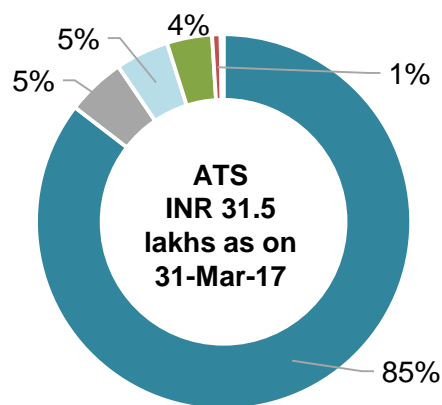
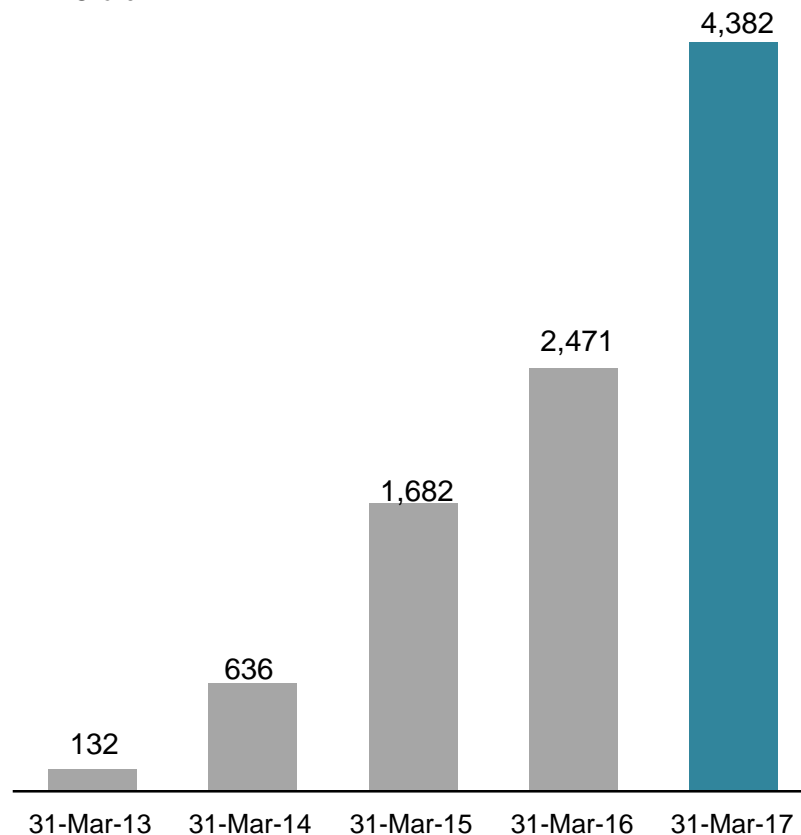
### Individual Housing Loan (1) – 59.4%

### Construction Finance Loans (1) – 11.4%

INR Crore



INR Crore



- Home Purchase Loans
- Residential Plot Loans
- Residential Plot cum Construction Loans
- Self Construction Loans
- Home Improvement Loans
- Home Extension Loans

1. As a % of loan assets on 31-Mar-17

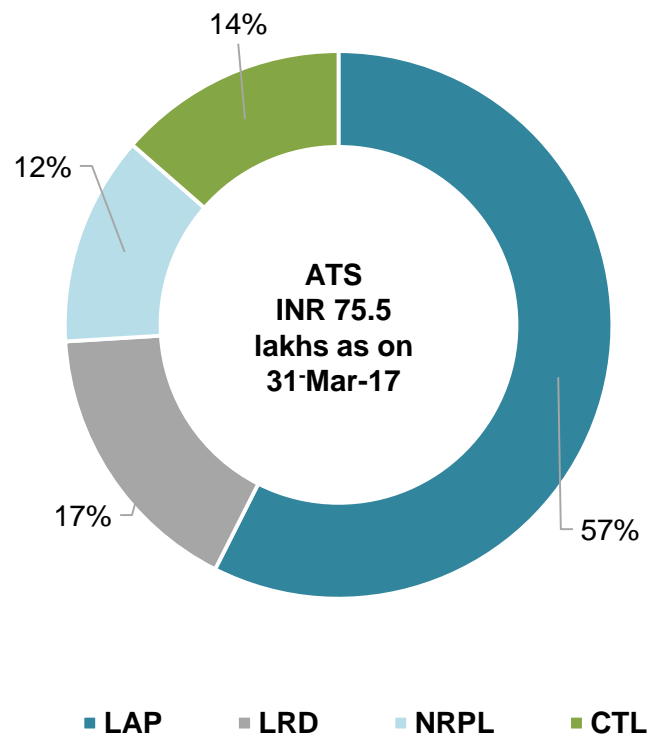
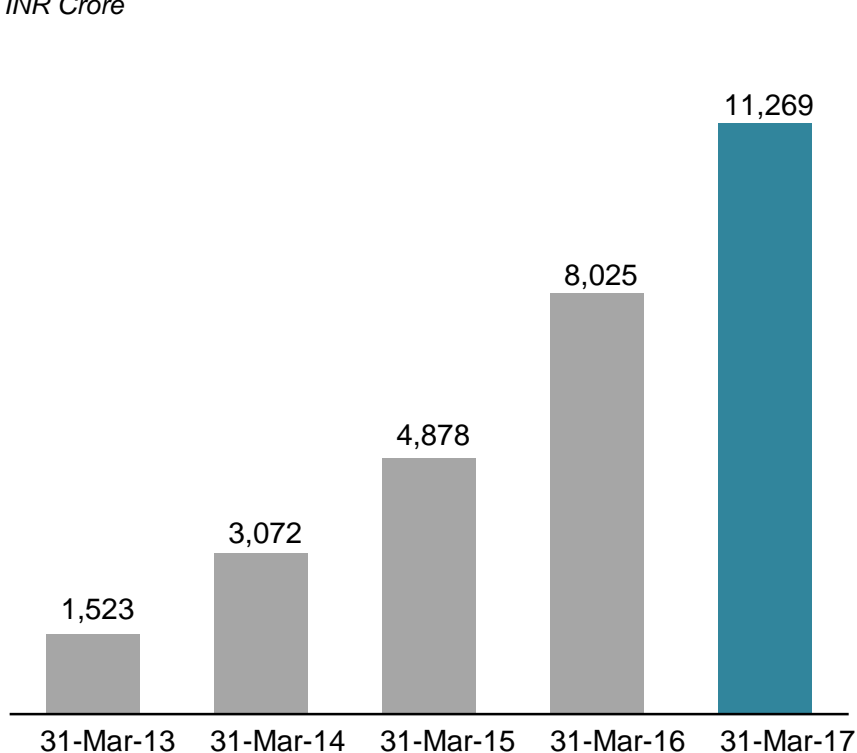
ATS: Average Ticket Size

# Non- Housing Loan Assets Distribution



## Non-Housing Loan<sup>(1)</sup> - 29.2%

INR Crore



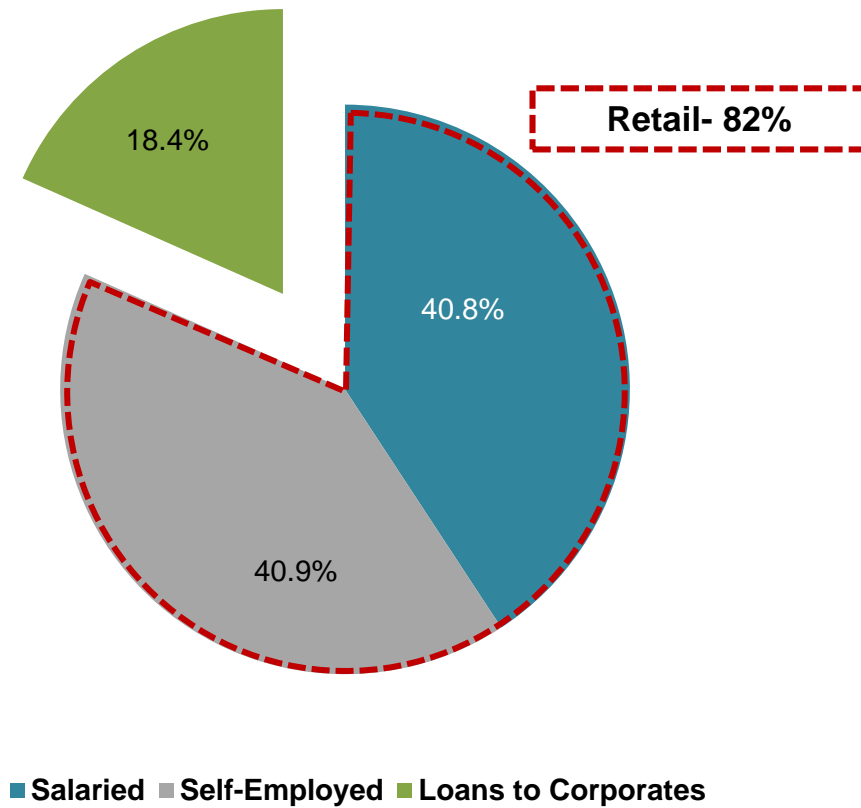
1. As a % of loan assets on 31-Mar-17

ATS: Average Ticket Size

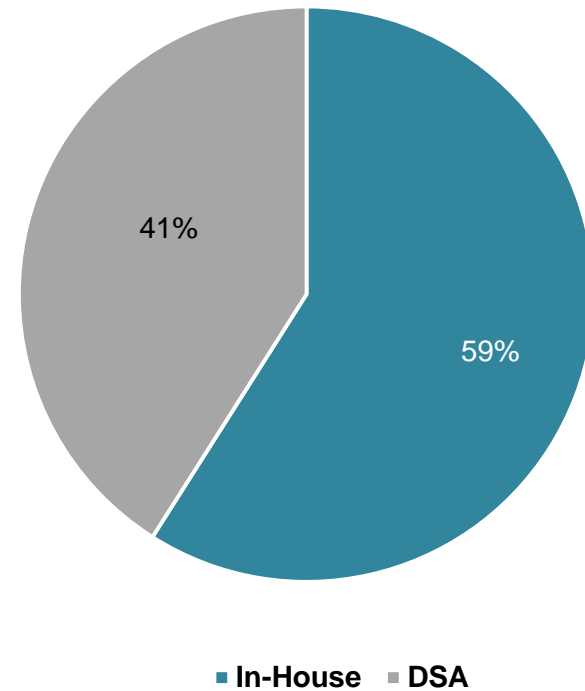


# Customer Segment & Origination

Loan Book Composition (%)



Disbursement Origination (%)



Data as on 31-Mar-17



## Operational and Financial Performance

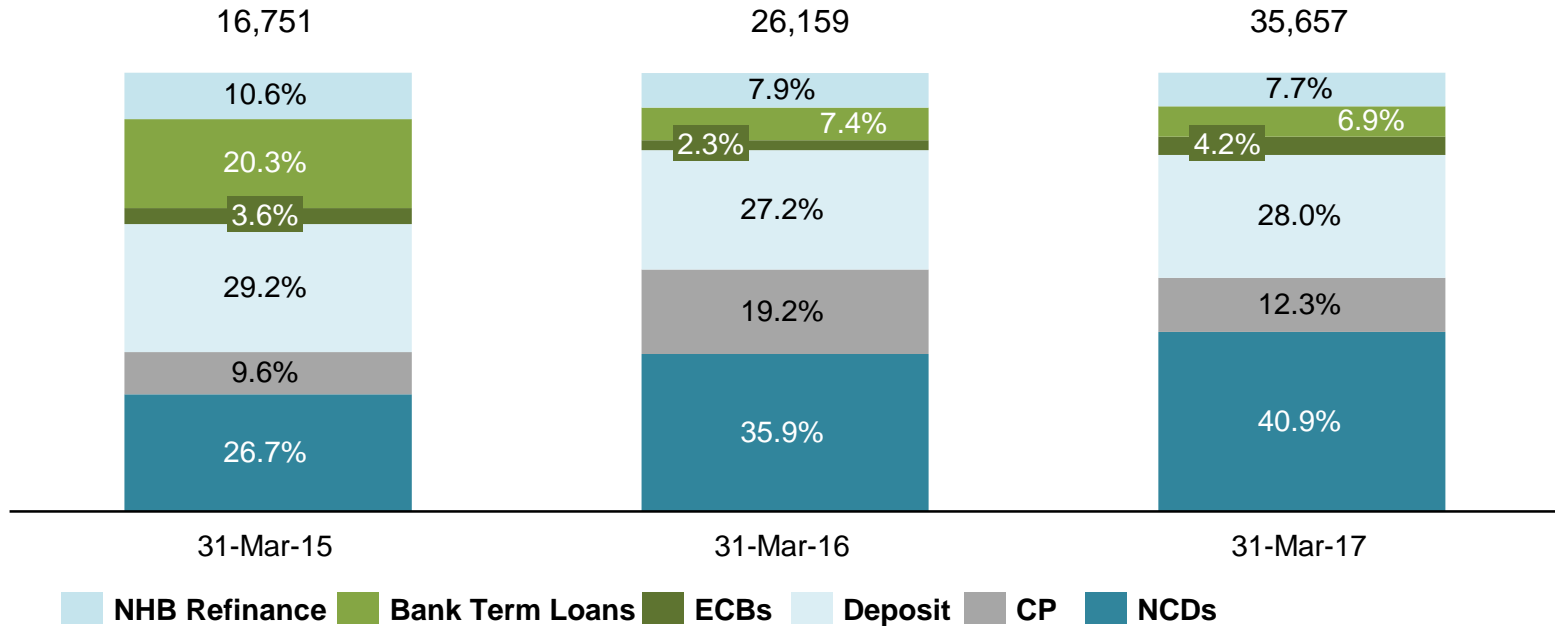




# Well Diversified Borrowing Profile

## Access to a Diverse Base of Funding...

Total Borrowing  
(INR Crore)



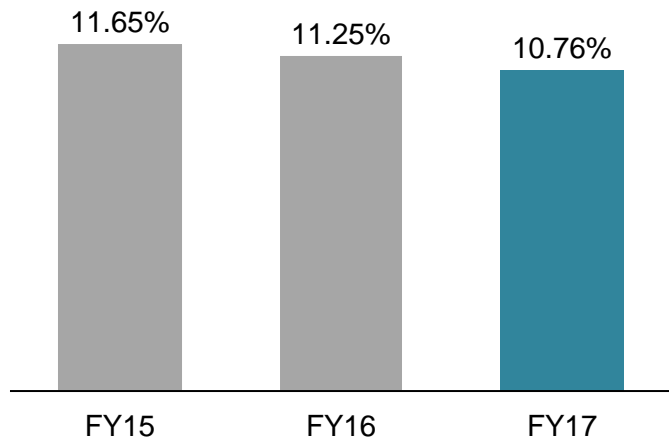
### Credit Rating

- Fixed Deposit has been rated “FAAA” by CRISIL and “AAA” by CARE. The rating of “FAAA” and “AAA” indicates “High Safety” with regards to the repayment of interest and principal.
- Commercial Paper is rated at “A1(+)” by CARE & CRISIL and Non-Convertible Debenture (NCD) are rated at “AAA” by CARE, “AAA” by India Ratings, “AA+” by CRISIL and “AA+” by ICRA
- Bank Loans Long Term Rating is rated at “AAA” by CARE and “AA+” by CRISIL

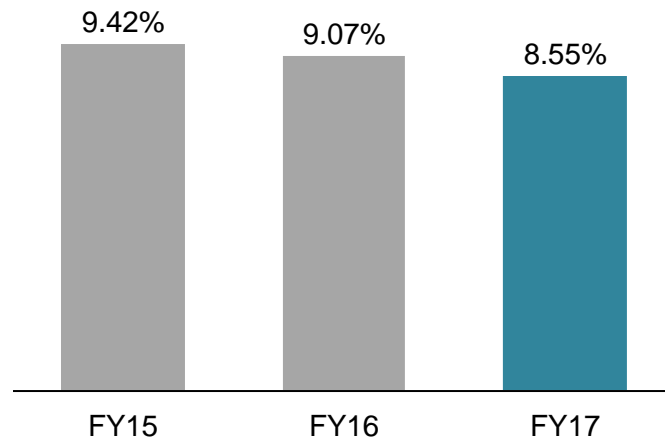
# Better Earnings Ability



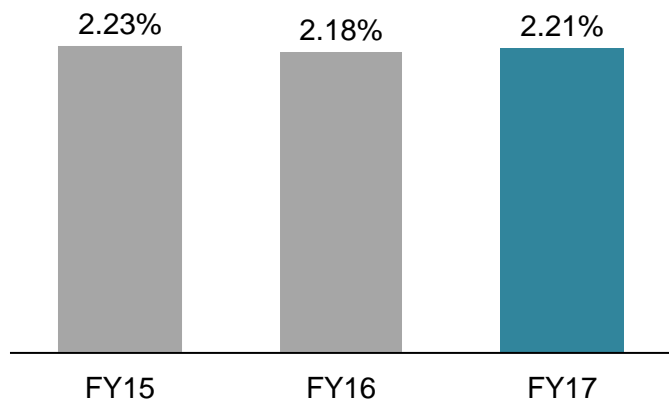
**Average Yield (%)**



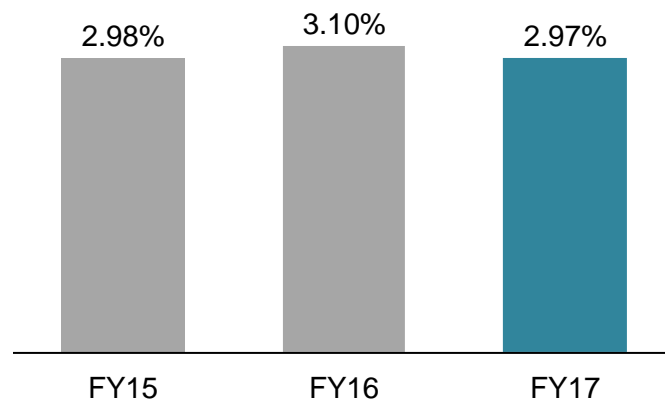
**Average Cost of Borrowings (%)**



**Spread (%)**



**NIM (%)**

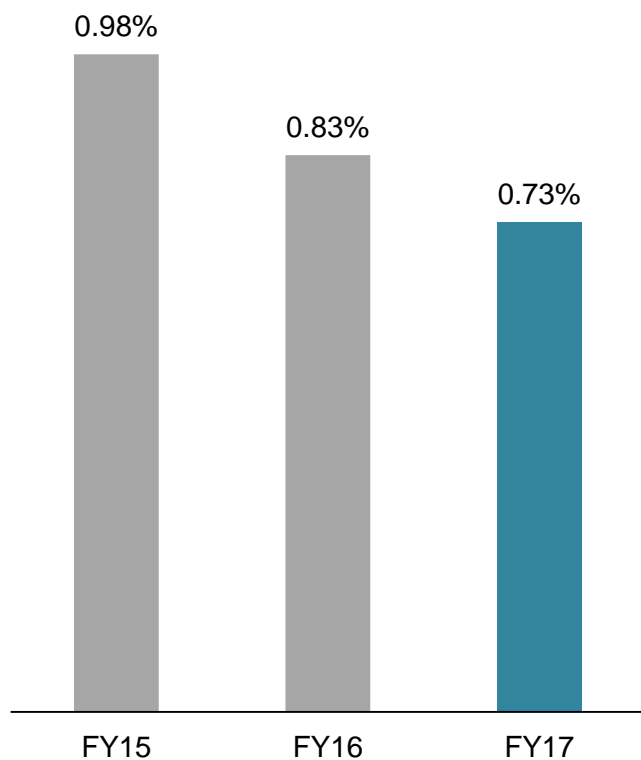


Ratios are Calculated on Monthly Average

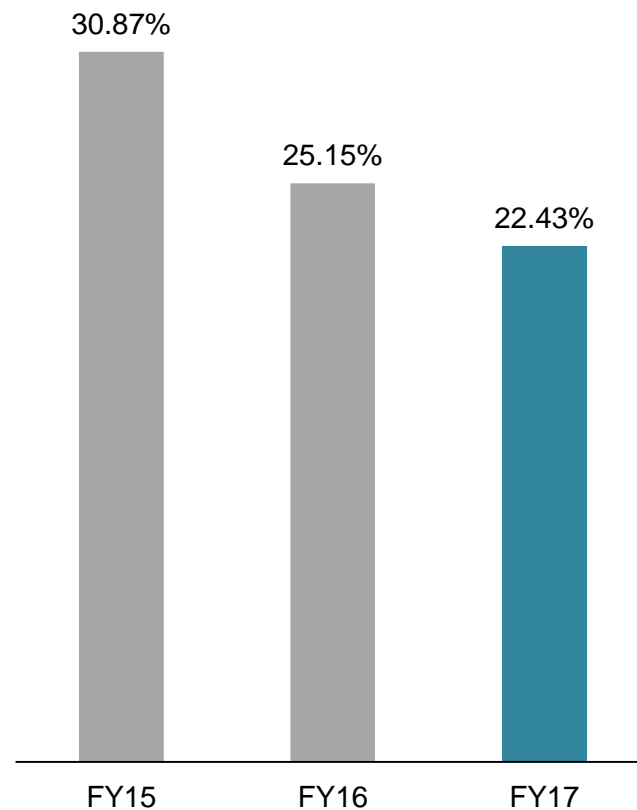
# Operating Leverage playing out



Opex to ATA Ratio (%)



Cost-Income Ratio (%)



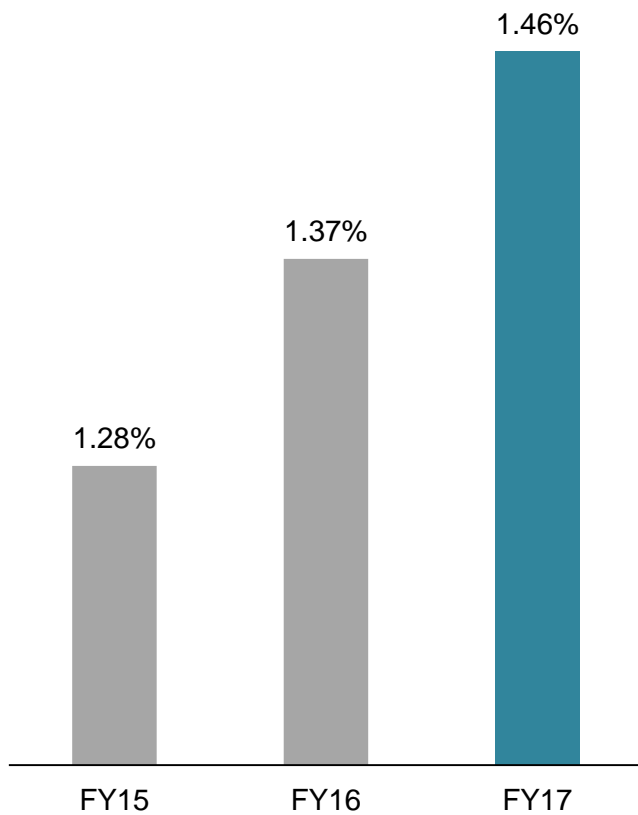
Ratios are Calculated on Monthly Average  
Opex to ATA is calculated as Operating Expenditure/Average Total Assets as per Balance sheet



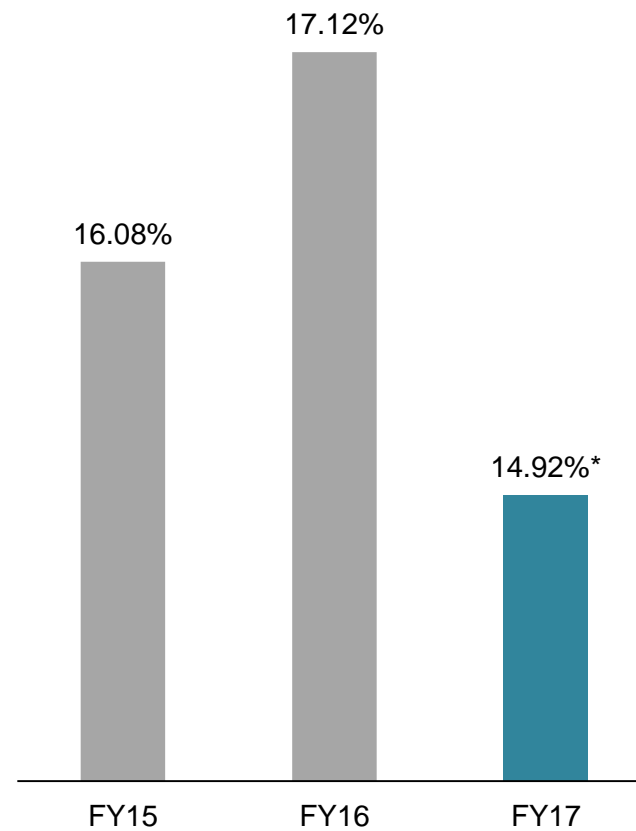
# Return Efficiencies



## ROA (%)



## ROE (%)



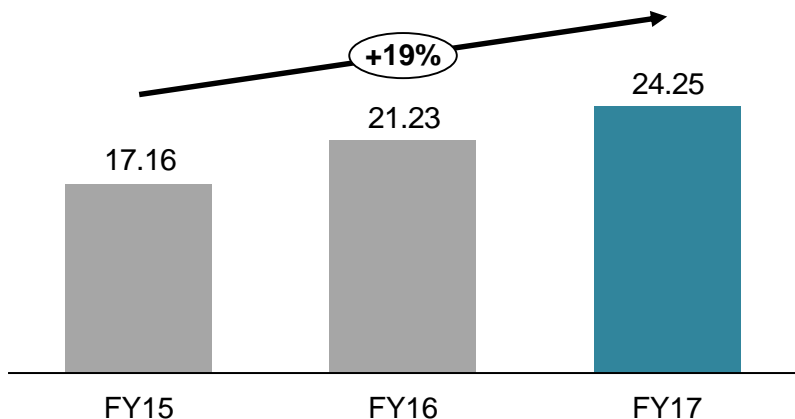
Ratios are Calculated on Monthly Average  
Return on Asset is on Average Total Assets as per Balance sheet

\* Capital of INR 3,000 Crore raised through IPO of 3,87,19,309 fresh equity shares

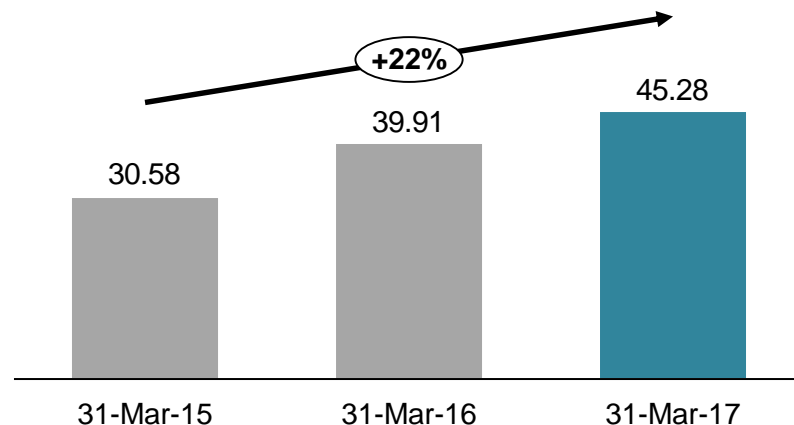
# Employee Efficiency



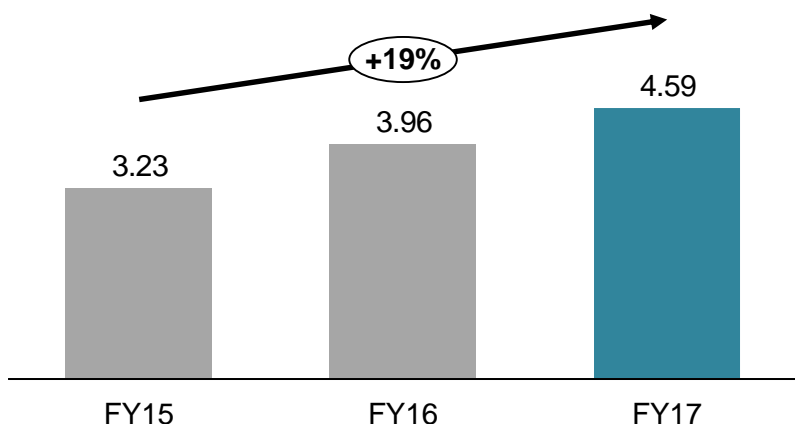
Disbursement / Employee (INR Crore / Employee)



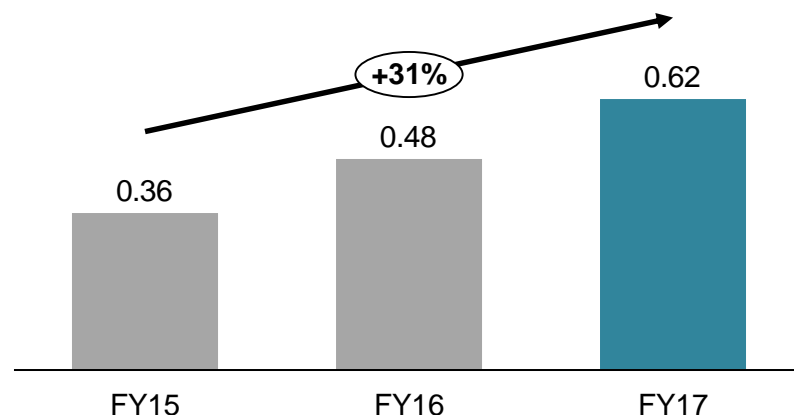
Loans Outstanding / Employee (INR Crore / Employee)



Total Revenue / Employee (INR Crore / Employee)



Profitability / Employee (INR Crore / Employee)



Calculated on Average employee for the Year



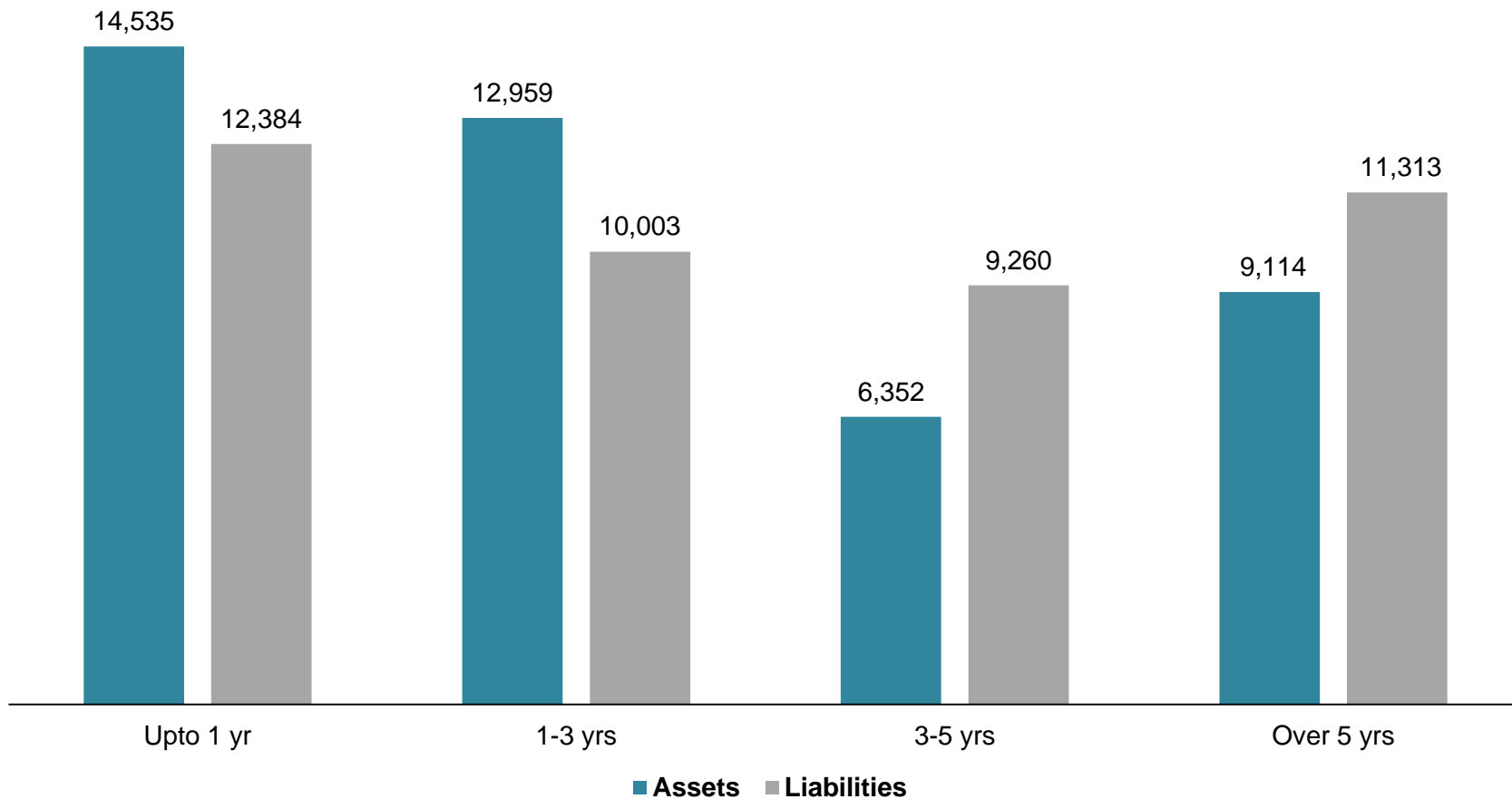
Maintaining Prudence...



# ...with balanced Asset Liability management...



(INR Crore)

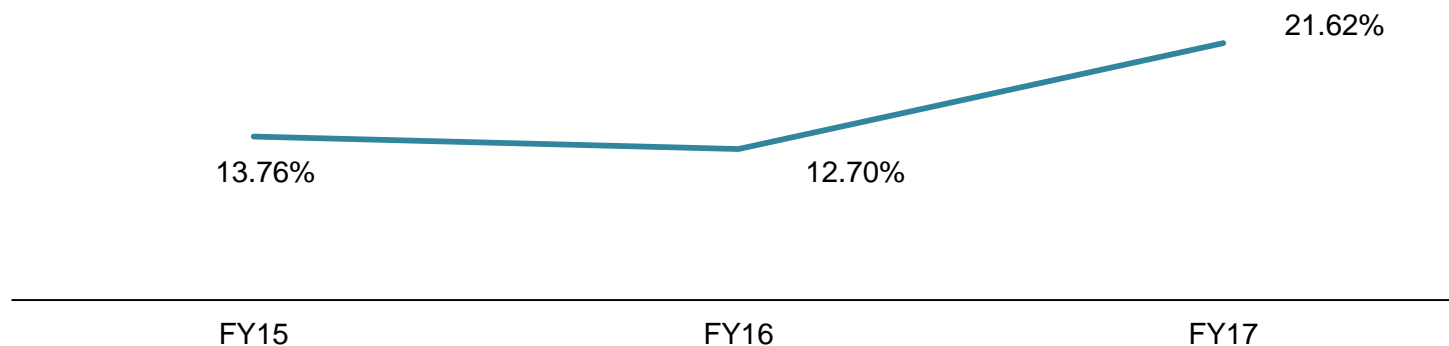


Data as on 31-March-17

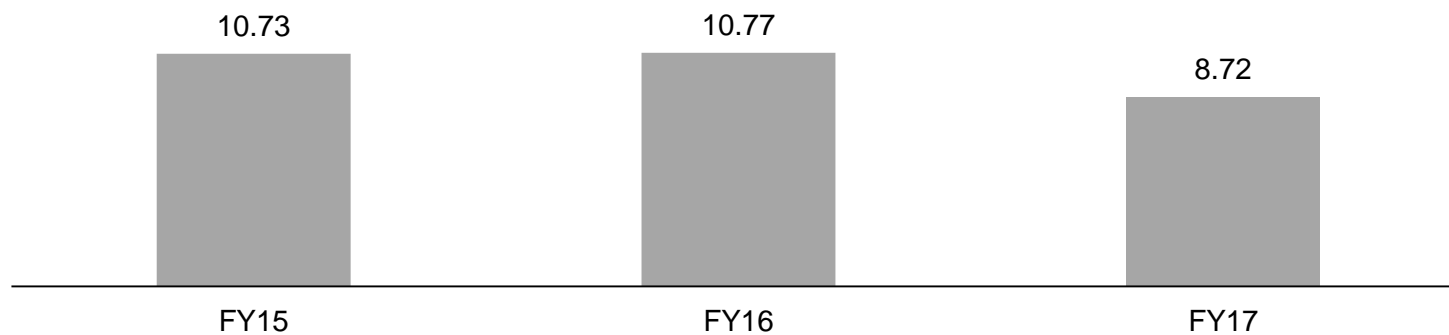
# ...and adequate Capital & Comfortable Gearing



## Capital to Risk Asset Ratio (%)



## Average Gearing Ratio (x)



Ratios are Calculated on Monthly Average



## Valuation and Shareholding



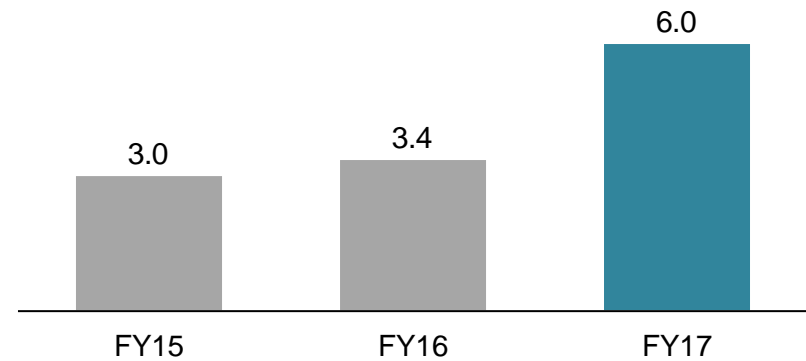
# Return to Shareholders



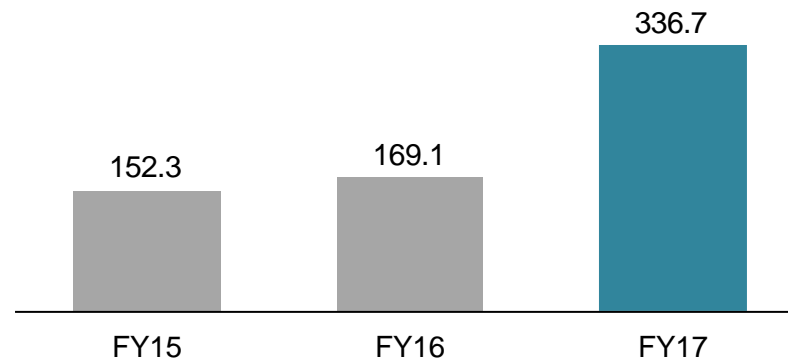
## EPS (INR)



## DPS (INR)

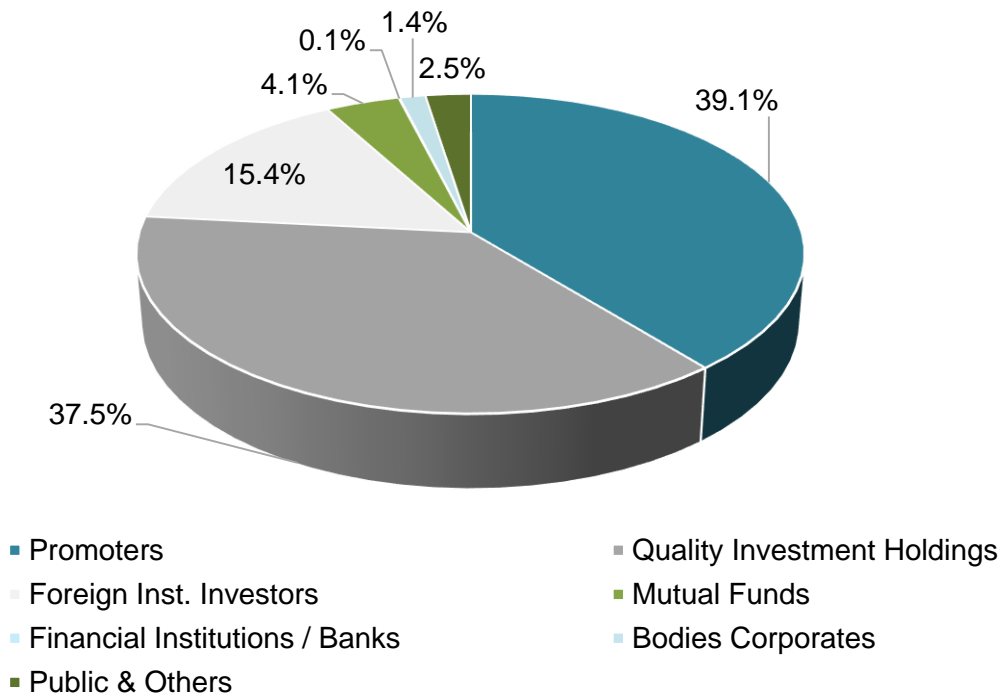


## Book Value Per Share (INR)





## Shareholding as on 31-Mar-17



### Key Anchor Book

General Atlantic Singapore Fund, Wasatch, Government of Singapore, Motilal Oswal MF, Birla Sunlife MF, SBI Life Insurance, BNP Paribas Mutual Fund, HDFC Standard Life Insurance Company, ICICI Prudential Mutual Fund

### IPO Proceeds used for Future GROWTH

**“More than 20 Times Oversubscribed”**





## Detailed Financials



# Profit & Loss Statement



Particulars (INR Crore)	Q4 FY17	Q4FY16	Y-o-Y	Q3 FY17	Q-o-Q	FY17	FY16	Y-o-Y
Revenue from Operations	1,076	785	37%	999	8%	3,908	2,698	45%
Other Income	0	0		0		0	1	
<b>Total Revenue</b>	<b>1,076</b>	<b>785</b>	<b>37%</b>	<b>999</b>	<b>8%</b>	<b>3,908</b>	<b>2,699</b>	<b>45%</b>
Expenditure:								
Finance Cost	678	525	29%	673	1%	2,644	1,860	42%
Employee Benefit Expenses	28	16	74%	25	10%	101	75	35%
Other Expenses	57	53	9%	57		237	162	47%
Depreciation Expense	5	4	16%	5	1%	19	15	24%
Provisions and Write-Offs	67	31	114%	31	117%	103	83	24%
<b>Total Expenditure</b>	<b>834</b>	<b>629</b>	<b>33%</b>	<b>791</b>	<b>6%</b>	<b>3,104</b>	<b>2,196</b>	<b>41%</b>
<b>Profit Before Tax</b>	<b>242</b>	<b>157</b>	<b>54%</b>	<b>208</b>	<b>16%</b>	<b>804</b>	<b>503</b>	<b>60%</b>
Tax Expenses	89	54		70		280	177	
<b>Net Profit After Tax</b>	<b>152</b>	<b>103</b>	<b>49%</b>	<b>138</b>	<b>11%</b>	<b>524</b>	<b>326</b>	<b>60%</b>
<b>EPS (Basic)</b>	<b>9.2</b>	<b>8.1</b>		<b>9.2</b>		<b>36.7</b>	<b>27.5</b>	

# Balance Sheet



Particulars (INR Crore)	Mar-17	Mar-16
<b>Equity and Liabilities</b>		
<b>Shareholder's Funds</b>	<b>5,577</b>	<b>2,146</b>
Share Capital	166	127
Reserves and Surplus	5,412	2,019
<b>Non-Current Liabilities</b>	<b>24,477</b>	<b>16,938</b>
Long-Term Borrowings	24,084	16,646
Deferred Tax Liabilities (Net)	47	30
Other Long-Term Liabilities	104	101
Long-Term Provisions	242	161
<b>Current Liabilities</b>	<b>12,905</b>	<b>10,587</b>
Short-Term Borrowings	7,947	7,448
Short-Term Provisions	28	71
Trade Payables	94	75
Other Current Liabilities	4,836	2,992
<b>Total</b>	<b>42,960</b>	<b>29,671</b>

Particulars (INR Crore)	Mar-17	Mar-16
<b>Assets</b>		
<b>Non-Current Assets</b>	<b>37,744</b>	<b>26,656</b>
<b>Fixed Assets</b>	<b>60</b>	<b>62</b>
-Tangible Assets	48	48
-Intangible Assets	11	10
-Capital Work-in-Progress	2	4
Non-Current Investments	961	782
Loans and Advances	36,444	25,624
Other Non-Current Assets	278	188
<b>Current Assets</b>	<b>5,216</b>	<b>3,015</b>
Current Investments	2,318	840
Cash and Bank Balances	151	249
Short-Term Loans and Advances	40	18
Other Current Assets	2,706	1,908
<b>Total</b>	<b>42,960</b>	<b>29,671</b>



Saksham – Contributing to the Society



# Glimpses of Social Interventions



## Enhancing Human Potential

- Partnered with The Confederation of Real Estate Developers Association of India (CREDAI) to conduct on the job skill training programmes for construction workers



## Reaching Out, Reaching Far

- Collaborated with Mobile Creches and various real estate developers to offer day care services to the children of construction workers on various construction sites and provide them with education, hygiene and nutrition

## Investing in Education

- Partnered with VIDYA, a NGO working for the underprivileged children
- Adopted two school with Vidya- Rainbow Montessori School (Bal Vihar) and Primary School of South Delhi Municipal Corporation





# ...winning Awards & Accolades



Awarded for Brand Excellence in NBFC Category



Adjudged Winners for Brand excellence in Banking, Finance and Insurance sector



Felicitated for Valuable Contribution to CREDAI Skilling Programme at CREDAI Conclave 2017



PNB Housing recognized among the Top 100 CIOs of 2016



PNB Housing felicitated at the RICS Cities Conference 2016



Awarded 'Certificate of Merit' as 'Housing Finance Company of the Year'



Awarded 'Housing Finance Company of the Year'



'Best Adversity Management Stories of Asia Study 2016'



'PNB Housing awarded for contribution towards CSR at the India Pride Awards



Recognized for Contribution in Promoting Green Buildings' Initiative'



Awarded for 'Excellence in Financial Services'

Certified as a "Great Place to Work" by building a 'High Trust, High Performance Culture





**Strong Management Team...**



# ...with Extensive Industry Experience...



**Sanjaya Gupta -  
Managing Director**

Age : 54 Years

No. of Years with PNB HF : 7 Years

Prior Engagements : AIG, ABN Amro Bank N.V. and HDFC Limited



**Shaji Varghese – Business Head**

Age : 45 Years

No. of Years with PNB  
HF : 5 Years

Prior Engagements :  
IndusInd Bank  
ABN AMRO Bank NV  
ICICI Bank Limited



**Ajay Gupta - Chief Risk Officer**

Age : 51 Years

No. of Years with PNB  
HF : 5 Years

Prior Engagements :  
Religare Finvest Ltd  
GE Money Indiabulls  
Financial Services



**Nitant Desai - Chief Centralised  
Operation & Technology Officer**

Age : 55 Years

No. of Years with PNB HF  
: 6 Years

Prior Engagements :  
HDFC Standard Life  
Insurance, Union National  
Bank, ICICI Bank



**Jayesh Jain – Chief Financial officer**

Age : 39 Years

No. of Years with PNB  
HF : 3 Years

Prior Engagements :  
Gruh Finance Limited



**Sanjay Jain - Company Secretary &  
Head Compliance**

Age : 53 Years

No. of Years with PNB  
HF : 22 Years

Prior Engagements :  
Ansal Buildwell  
Limited



**Anshul Bhargava - Chief People Officer**

Age : 50 Years

No. of Years with PNB  
HF : 6 Years

Prior Engagements :  
ARMS (Arcil)  
Indian Army



# ...under the Aegis of a Highly Experienced Board



Mr. Sunil Mehta  
Chairman – Non Executive

**Age:**

57 Years

**Current Position:**

MD & CEO of PNB



Dr. Ram S. Sangapure  
Non Executive Director

**Age:**

59 Years

**Current Position:**

Executive Director  
at PNB



Sunil Kaul  
Non Executive Director

**Age:**

56 Years

**Current Position:**

MD, Carlyle  
Head, SE Asia, FIG,  
Carlyle



Devinjit Singh  
Non Executive Director

**Age:**

50 Years

**Current Position:**

MD, Carlyle India



Shital Kumar Jain  
Independent Director

**Age:**

77 Years

**Current Position:**

Ex Banker & Credit  
Head India,  
Citigroup



Ashwani Kumar Gupta  
Independent Director

**Age:**

63

**Current Position:**

Member of Institute of  
Chartered  
Accountants of India



R Chandrasekaran  
Independent Director

**Age:**

59 Years

**Current Position:**

Founder and  
Executive Vice  
Chairman, Cognizant



Nilesh S. Vikamsey  
Independent Director

**Age:**

52 Years

**Current Position:**

Sr. Partner, Khimji  
Kunverji and Co  
President-ICAI



Gourav Vallabh  
Independent Director

**Age:**

39 Years

**Current Position:**

Professor of  
Finance, XLRI



Sanjaya Gupta  
Managing Director

**Age:**

54 Years

**Current Position:**

MD, PNB Housing  
Finance

# Key Takeaways



## Strong Distribution Network and Robust TOM

Strong distribution network with pan India presence and over 9,700 channel partners across India

01

## Improving Cost to Income Ratio

Operating Leverage playing out, thereby improving our C/I Ratio

05

## Growth in Loan Book

5th largest by Loan Assets and 2nd largest by deposits<sup>(1)</sup>

**Loans Assets of INR 38,531 Crore<sup>(2)</sup>**

02



## Efficient Capital Mix

Diverse and cost effective funding mix with average cost of borrowing at 8.55%

04

## One of the Lowest NPA's amongst HFC's

Robust Asset Quality with one of the lowest Gross NPAs at 0.22%<sup>(2)</sup>

03

1. Source : ICRA Industry Update for 9MFY2017 (amongst housing finance companies)  
2. As of 31-Mar-17

# Glossary



ATA	Average Total Assets	HFCs	Housing Finance Companies
ATS	Average Ticket Size	LAP	Loan against Property
AUM	Asset Under Management	LRD	Lease Rental Discounting
BVPS	Book-value per Share	NCDs	Non-Convertible Debentures
C/I	Cost to Income	NII	Net Interest Income
CAR	Capital Adequacy Ratio	NIM	Net Interest Margin
CP	Commercial Paper	NNPA	Net Non-Performing Asset
CTLs	Corporate Term Loans	NPA	Non-Performing Asset
DPS	Dividend per Share	NRPLs	Non-Residential Premises Loans
DSA	Direct Selling Agents	PAT	Profit After Tax
ECBs	External Commercial Borrowings	PCR	Provision Coverage Ratio
EPS	Earning per Share	ROA	Return on Asset
GNPA	Gross Non-Performing Asset	ROE	Return on Equity



# Thank You

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**Company:**

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**PNB Housing Finance Limited**

CIN: L65922DL1988PLC033856

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