

November 18, 2016

The BSE Limited,  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

National Stock Exchange of India Limited,  
Listing Department  
“Exchange Plaza”  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051

Scrip Code: 540173

Symbol: PNBHOUSING

Dear Sirs,

**Sub: Investors Presentation**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), please find attached herewith the investors presentation for the half year ended September 30, 2016.

This is for your information and records.

Thanking You,

For PNB Housing Finance Limited

  
Sanjay Jain  
Company Secretary & Head Compliance



# PNB Housing Finance Investor Presentation September 2016



# Safe Harbor



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## About PNB Housing



# One of the Leading Housing Finance Company



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

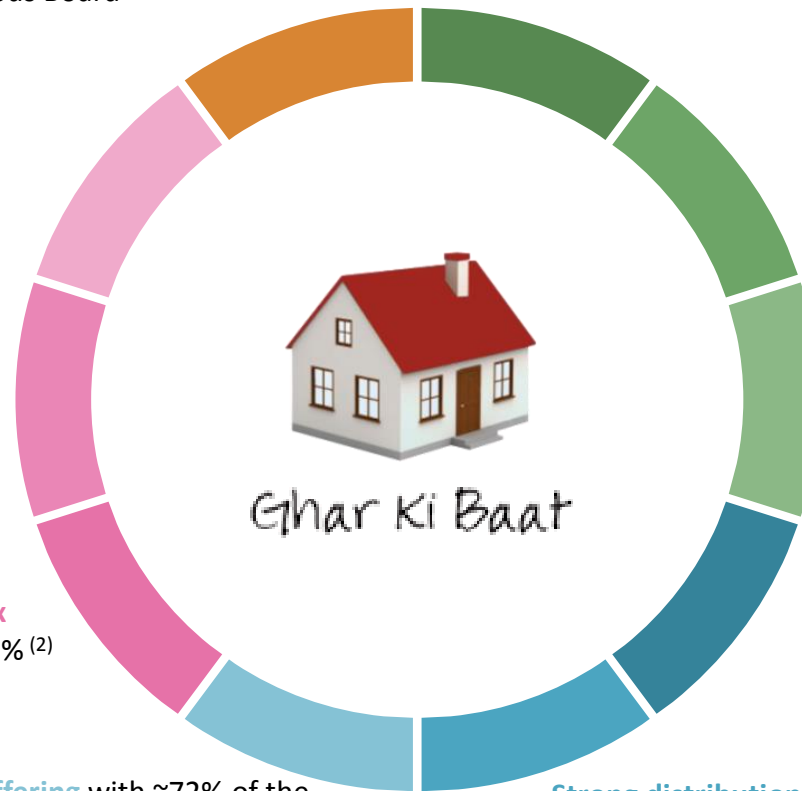
**5th largest** by Loan Assets and **2nd largest** by deposits <sup>(1)</sup>

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

Loans Assets of **INR 322 bn** <sup>(2)</sup>

**Lowest GNPA**s amongst peers in India <sup>(4)</sup> at 0.26% <sup>(5)</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 8.79% <sup>(2)</sup>

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

**Wide product offering** with ~72% of the Loan Assets as housing loans

**Strong distribution network** with pan India presence and over 9,200 <sup>(2)</sup> channel partners across India

1. Source CRISIL; 5th largest by loan assets as on 31<sup>st</sup> March, 16; Source IMACS: 2<sup>nd</sup> largest by deposits as on 31 March, 15 (amongst housing finance companies)  
2. As on 30<sup>th</sup> Sept, 16  
3. Source: IMACS; Based on CAGR of Loan Assets during FY2012-2016

4. Source: IMACS; Lowest GNPA's as on 31<sup>st</sup> March, 16 at 0.20%  
5. As a % of Loan Assets as on 30<sup>th</sup> Sept, 16

# Commenced Journey in 1988



**Business process re-engineering sponsored by Parent**

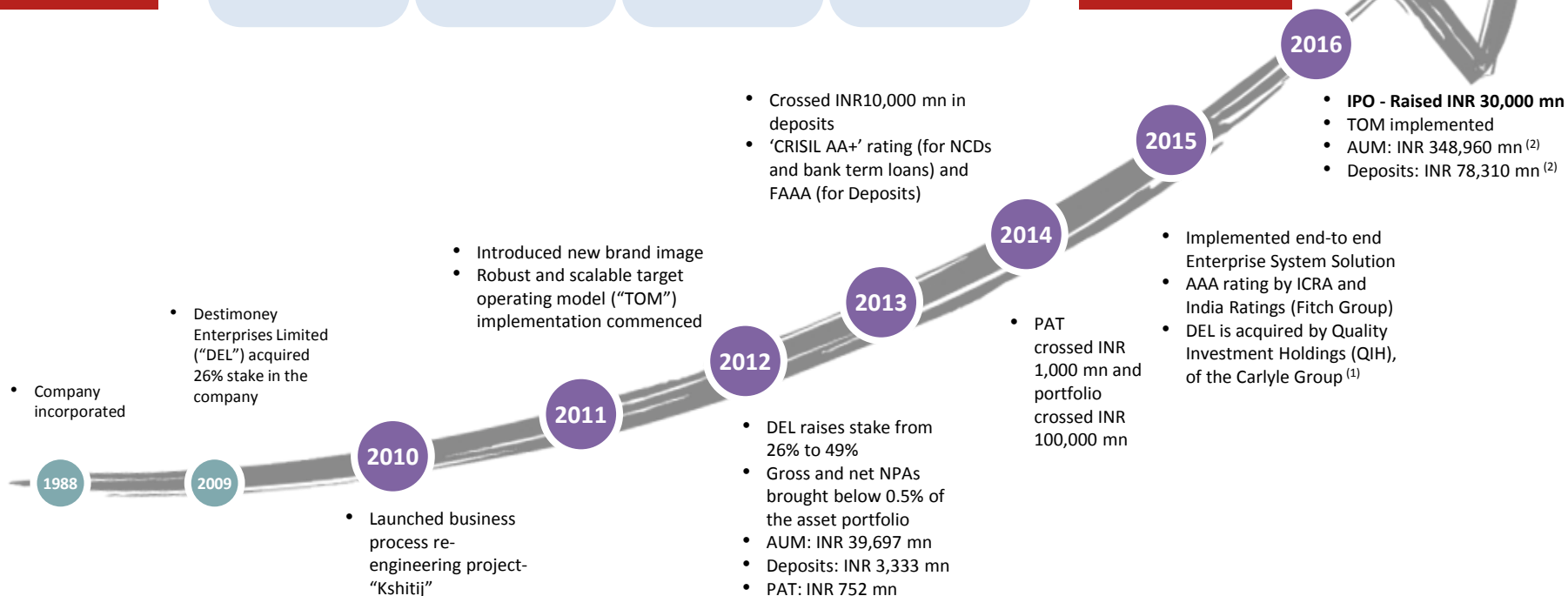
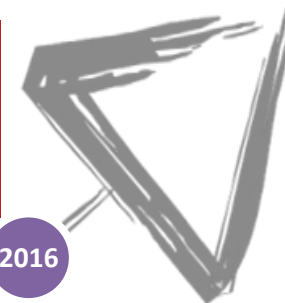
Put in place a highly experienced, independent and professional management team

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

Robust underwriting, monitoring and collection platform

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

**PNB Housing - a brand to reckon with**



**Board Managed Entity with a Professional Management Team**

<sup>1</sup> QIH is an affiliate of Carlyle Asia Partners IV, L.P.

<sup>2</sup> As on 30<sup>th</sup> Sept, 16

AUM: Asset Under Management, PAT: Profit After Tax



## Operational and Financial Performance



# Key Highlights - H1 FY17 vs H1 FY16



Disbursements

INR 102 bn  
48% ↑

AUM

INR 349 bn  
56% ↑

Loan Assets

INR 322 bn  
47% ↑

Gross NPA

0.26% vs 0.23%

Net Interest Income

INR 4,376 mn  
45% ↑

Profit After Tax

INR 2,336 mn  
75% ↑

Return on Assets

1.46%  
11 bps ↑

Opex to ATA

0.77%  
12 bps ↓

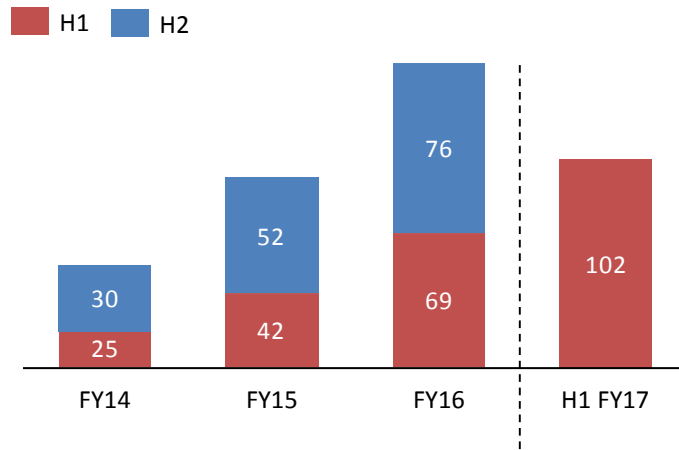
Gross NPA calculated as a % of total loan assets as on 30<sup>th</sup> Sept, 16/15  
ATA: Average Total Asset



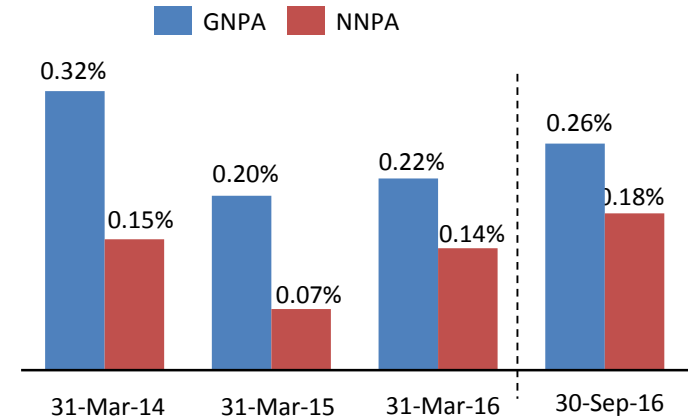
# Strong Growth and Best in Class Asset Quality



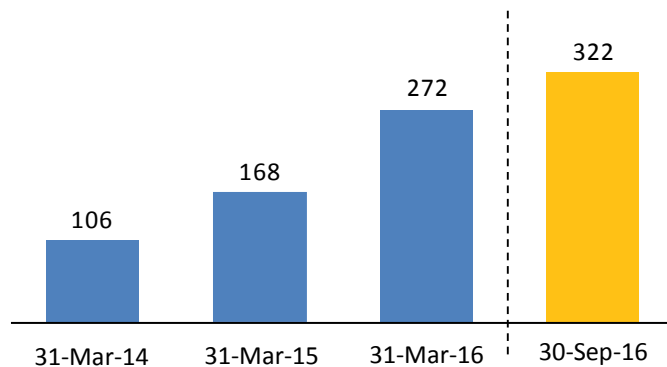
## Disbursements (INR bn)



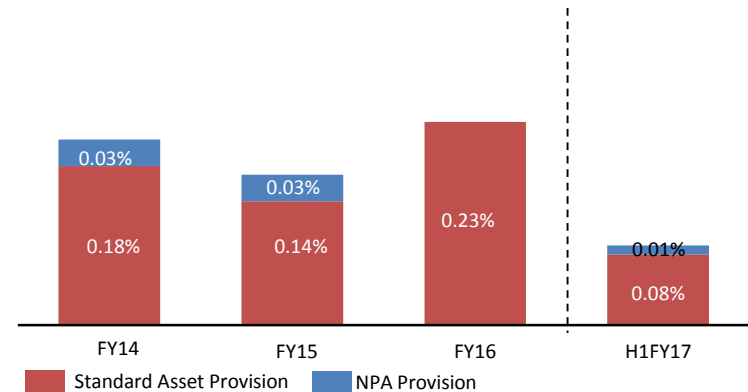
## Asset Quality Improving over Years (% of Loan Assets)



## Loan Assets (INR bn)



## Credit Costs (% of Loan Assets)<sup>(1)</sup>



<sup>1</sup> Expenses on account of "Standard Asset and NPA Provisions"

# Product - Breakup

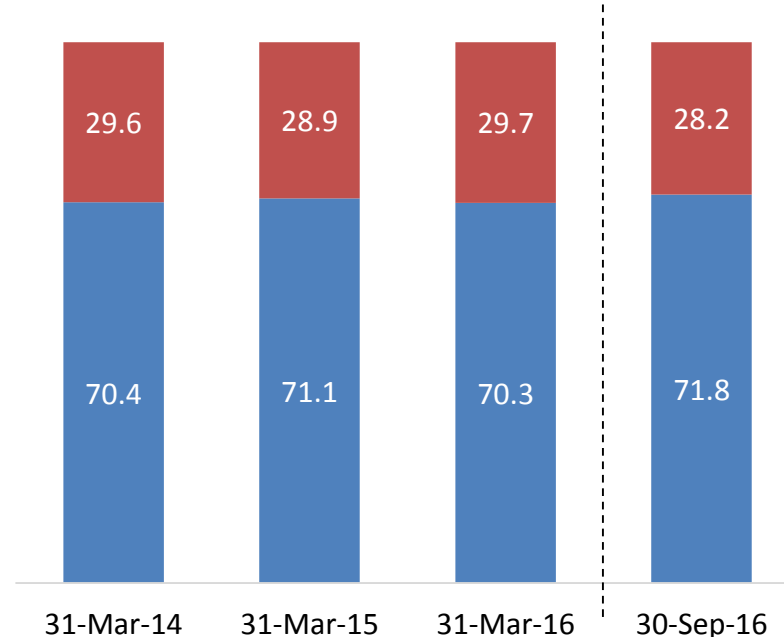
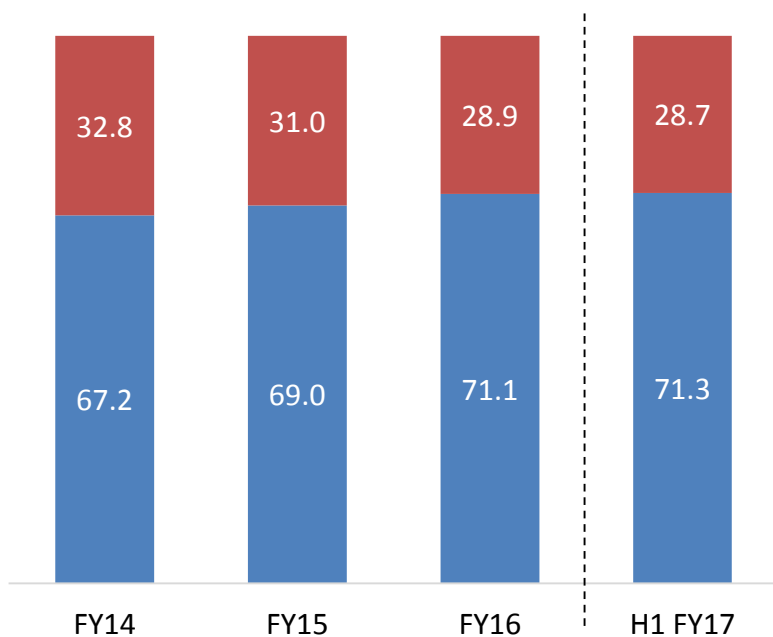


## As a % of Total Disbursements

## As a % of Loan Assets

■ Housing ■ Non-Housing

■ Housing ■ Non-Housing



# Loan Assets Distribution

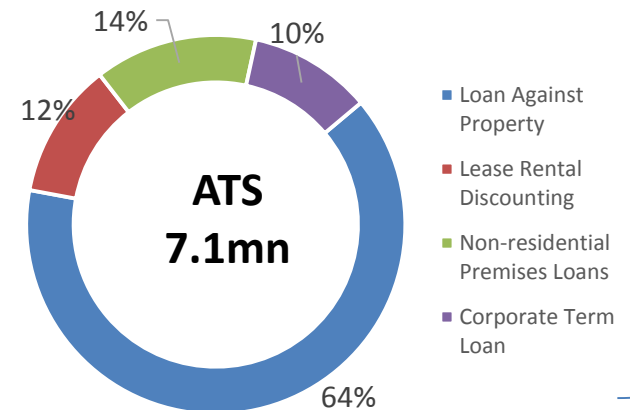
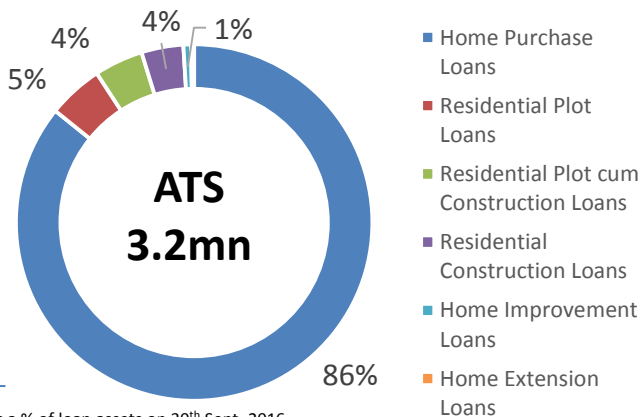
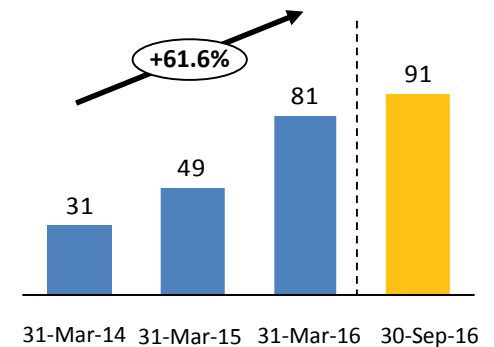
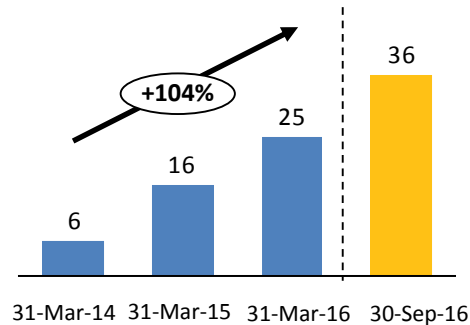
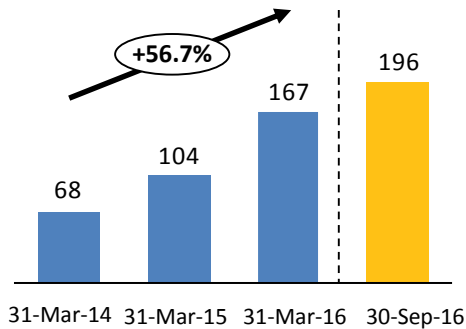


## Housing Loan - 71.8% <sup>(1)</sup>

## Non-Housing Loan<sup>(1)</sup> 28.2%

### Individual Housing Loan <sup>(1)</sup> – 60.7%

### Construction Finance Loans <sup>(1)</sup> – 11.2%



1. As a % of loan assets on 30<sup>th</sup> Sept, 2016

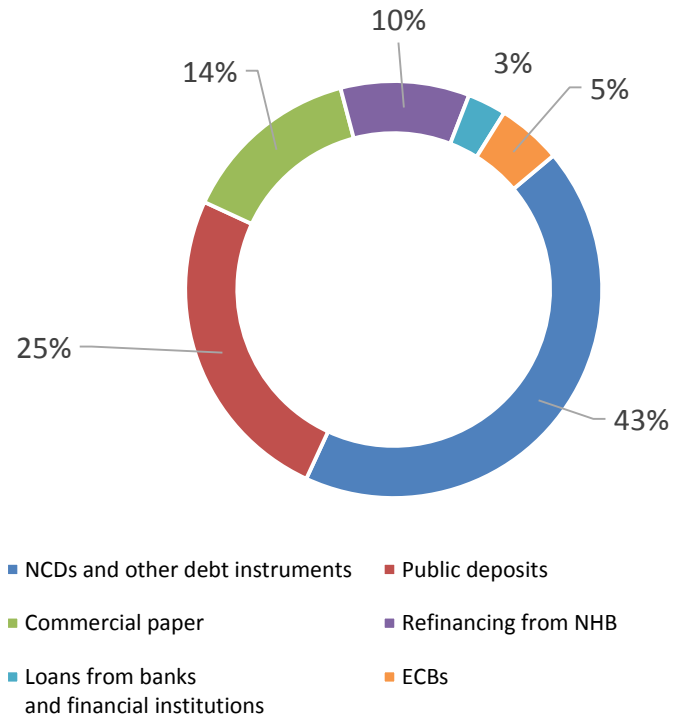
ATS: Average Ticket Size

# One Of The Most Diversified Liability Profile



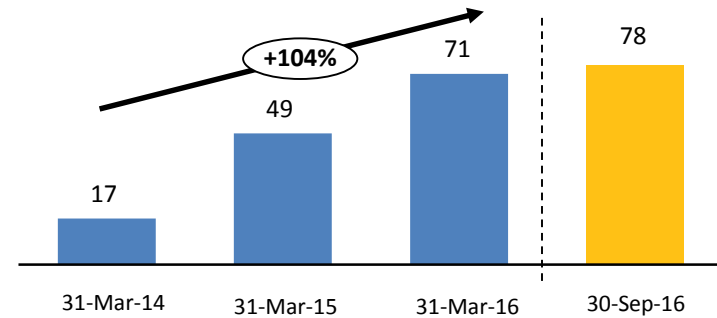
## Access to a Diverse Base of Funding...

Total Borrowing of INR 315 bn as on 30<sup>th</sup> Sept, 16

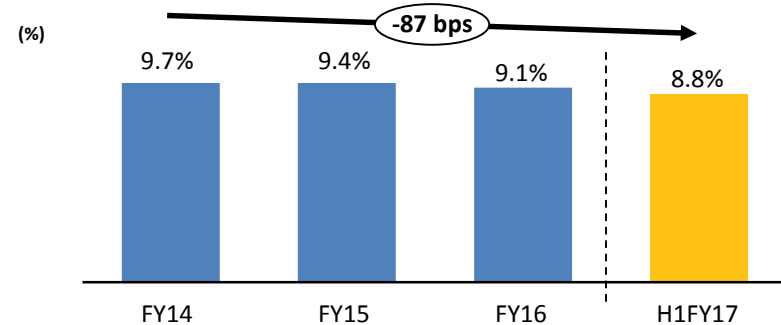


## Amongst the few HFCs with strong deposit taking franchise

INR bn



## ...leading to decline in Cost of Borrowings



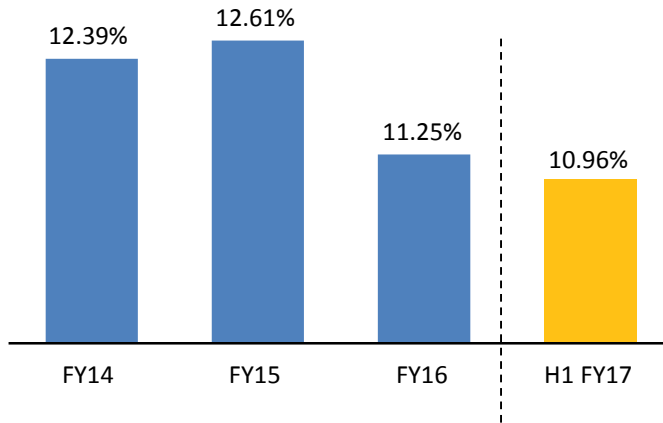
### Credit Rating

- 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 and Non-Convertible Debenture (NCD) are rated at "AAA" by CARE, "AAA" by India Ratings, "AA+" by CRISIL and "AA+" by ICRA

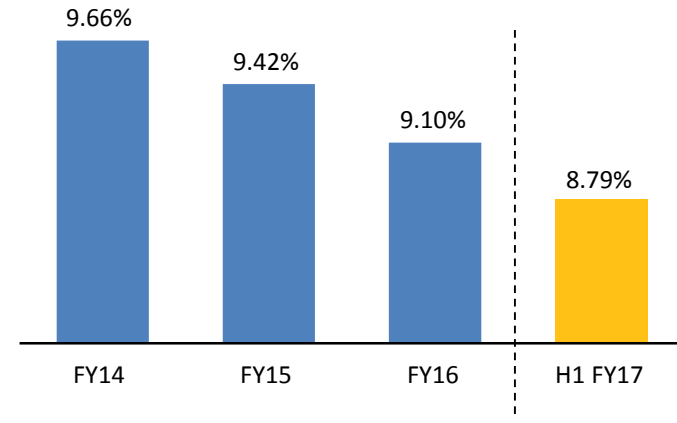
# Margin Analysis



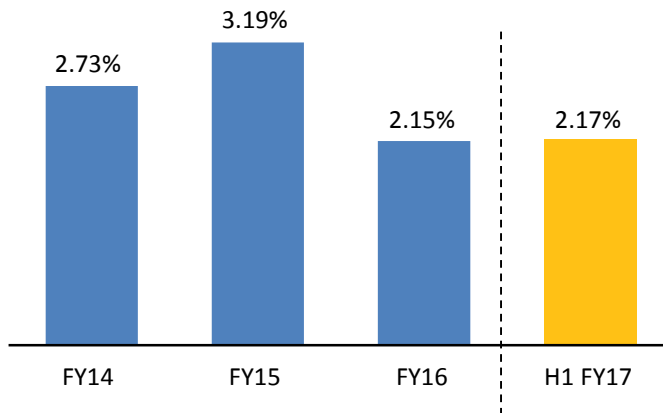
## Average Yield on Loan Assets



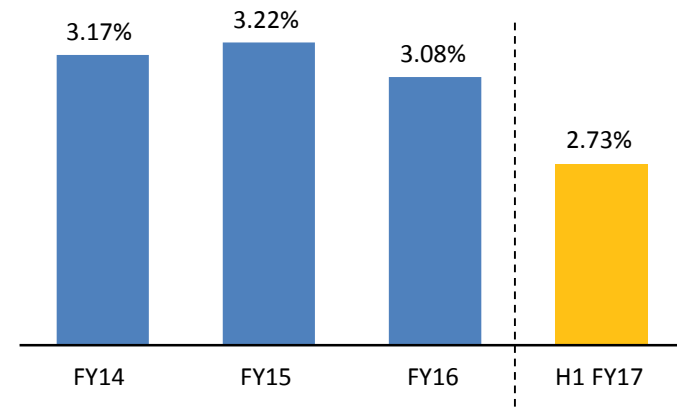
## Average Cost of Borrowings



## Spread %



## NIM %

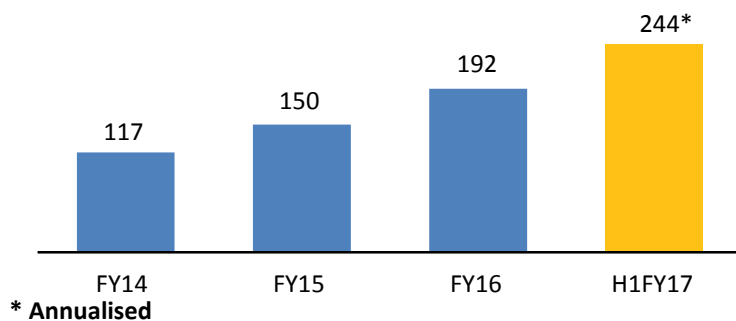


# Improved Efficiencies



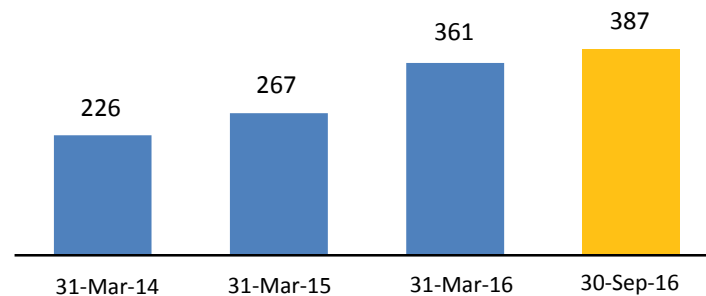
## Disbursement / Employee

(INR mn / Employee)



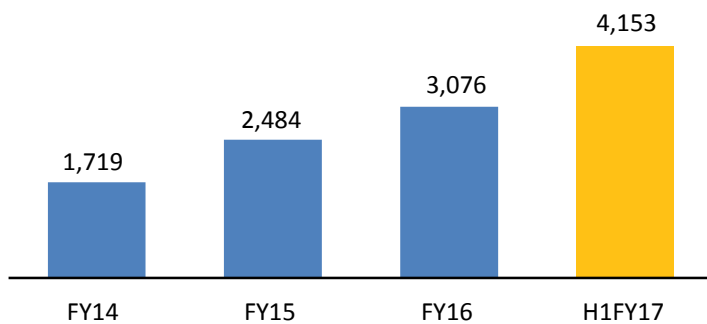
## Loans assets / Employee

(INR mn / Employee)



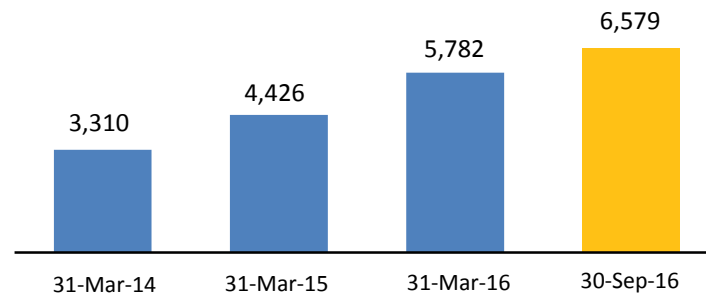
## Disbursement / Branch

(INR mn / Branch)



## Loans assets / Branch

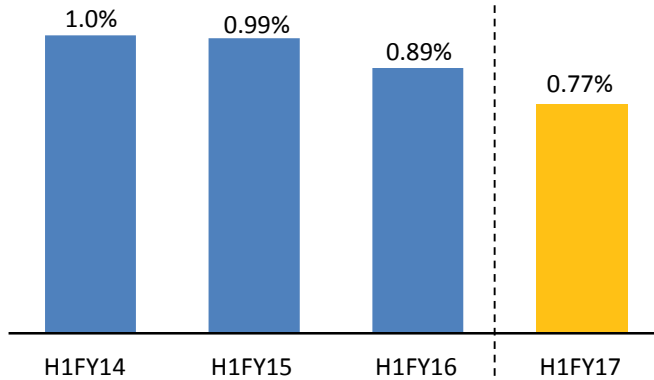
(INR mn / Branch)



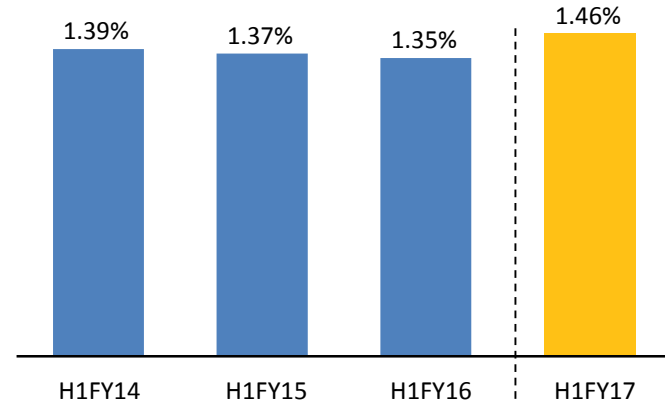
# Operating Leverage Playing Out



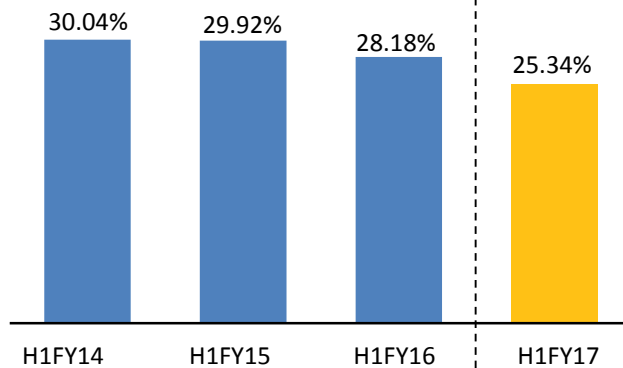
## Opex to ATA



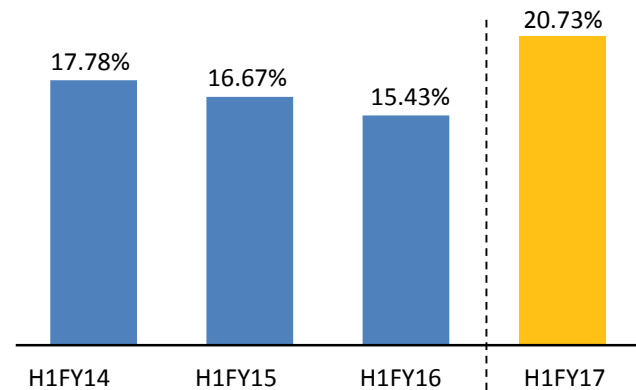
## Return on Assets



## Cost Income Ratio



## Return on Equity



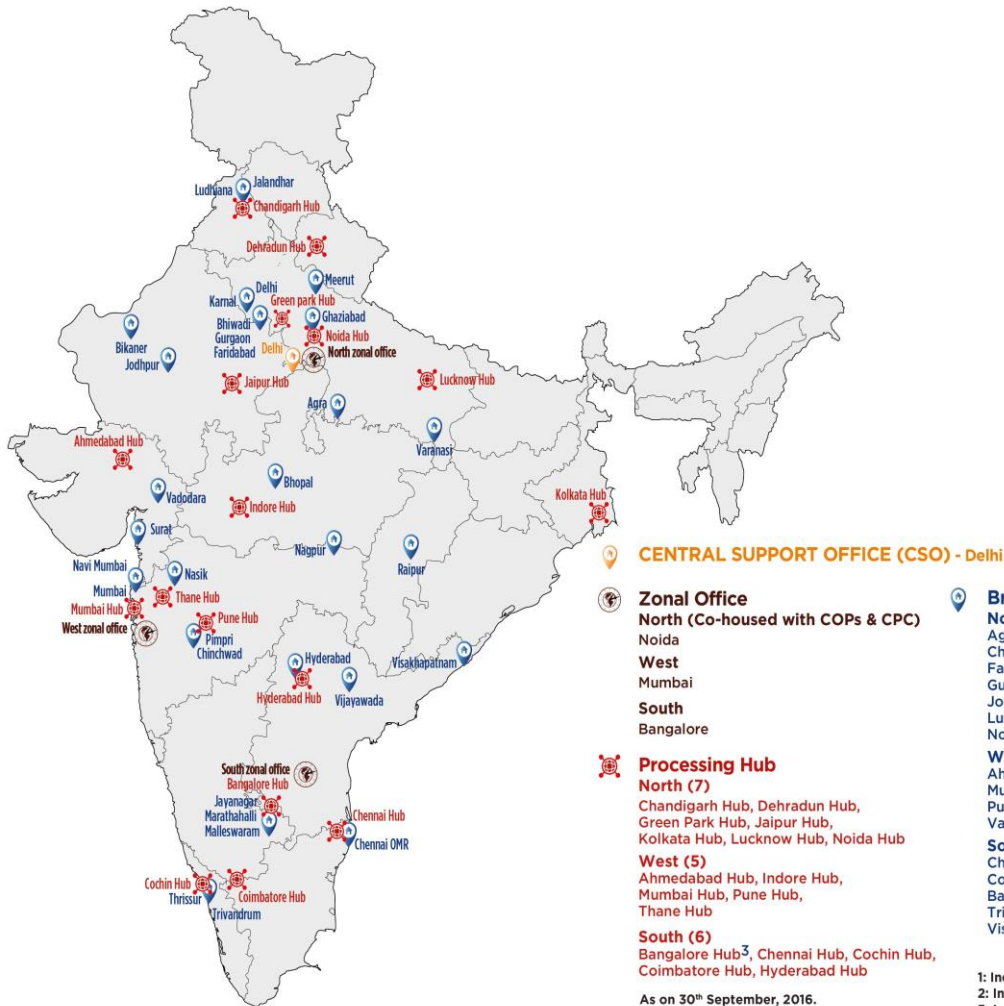


## Our Business Model





# Geographical Presence across India



- ✓ In-depth analysis of demographics and growth prospects
- ✓ Market deepening strategy
- ✓ Track operational break-even for each establishment
- ✓ Establish branches as per business potential
- ✓ Hubs aid and support branch expansion

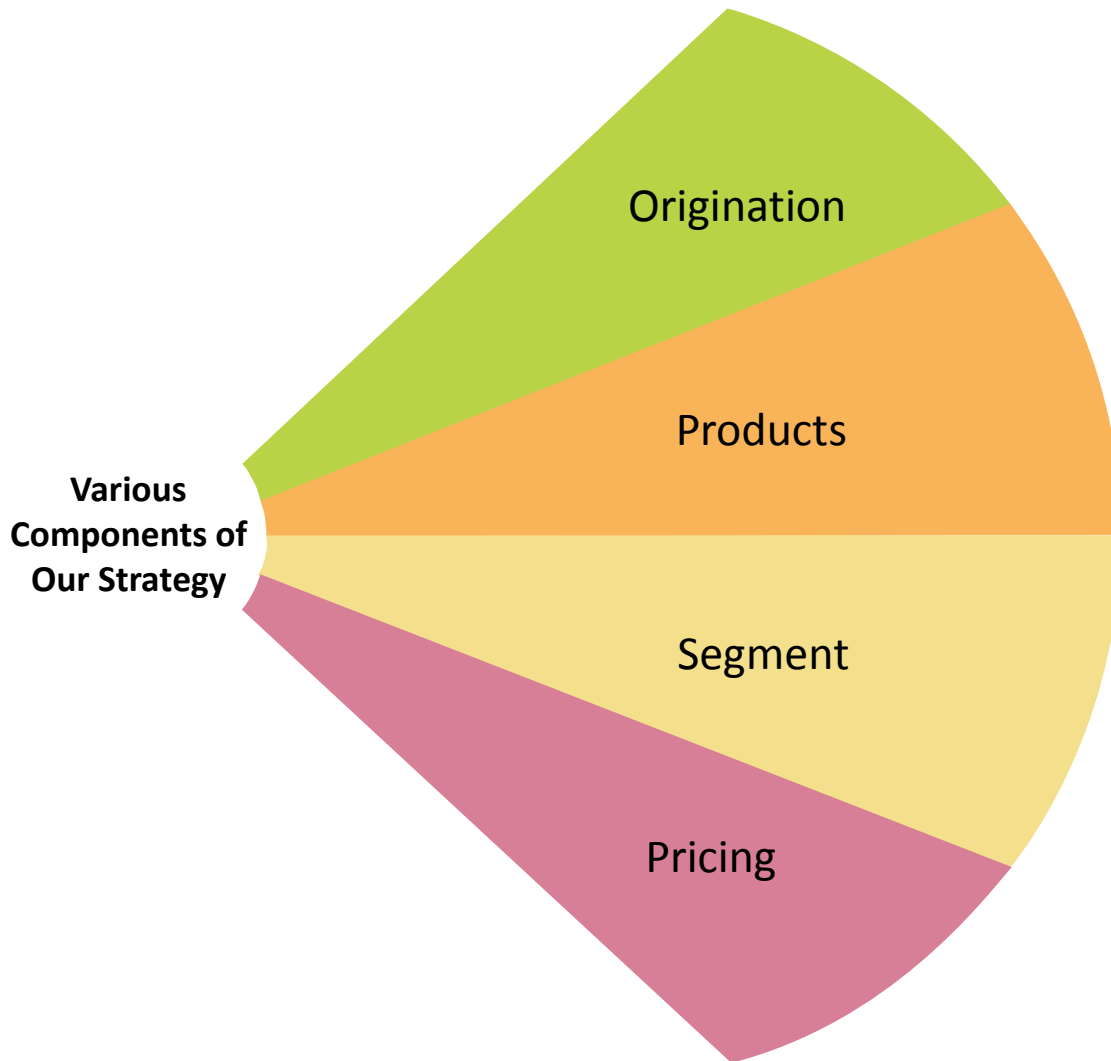
**Branches – Point of Sales & Services**

**HUBs – Fountain head for Decision Making**

**Zonal Hubs - Guides, Supervises & Monitors the HUB**

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

# Well-thought Strategy



- 01** ▶
- In-house channels, third party channels including DMAs, market aggregators
  - ~57% loans sourced in-house to reduce third party dependability <sup>(1)</sup>
  - Over 9,200 channel partners spread across India <sup>(2)</sup>

- 02** ▶
- Wide product basket to cater to needs of customers
  - Achieving growth across segments to maintain a diversified portfolio

- 03** ▶
- Product programs, capabilities around serving the self-employed segment
    - Self employed forms ~52% of loan Assets <sup>(2)</sup>
    - LAP forms ~18% which is pre-dominantly self employed segment <sup>(2)</sup>

- 04** ▶
- Pricing as per the customer segment and product category
  - Differentiated pricing for salaried and self employed segments

<sup>1</sup> For 3 months ended 30<sup>th</sup> Sept, 16

<sup>2</sup> As on 30<sup>th</sup> Sept, 16

# Robust Delivery Model



## Robust Delivery Model...

Hub and Spoke Branch Model



In-House Sales Team



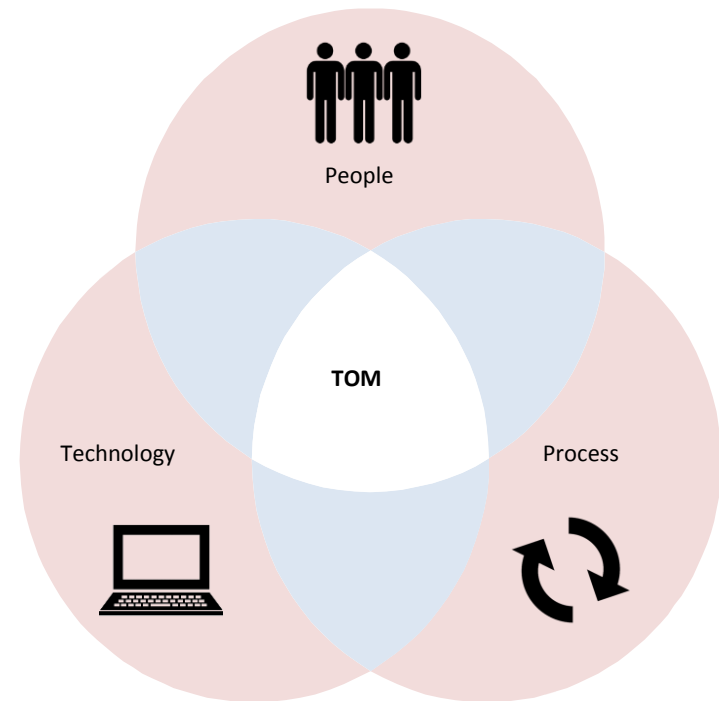
Third Party DMAs and Market Aggregators



Developer Relationships



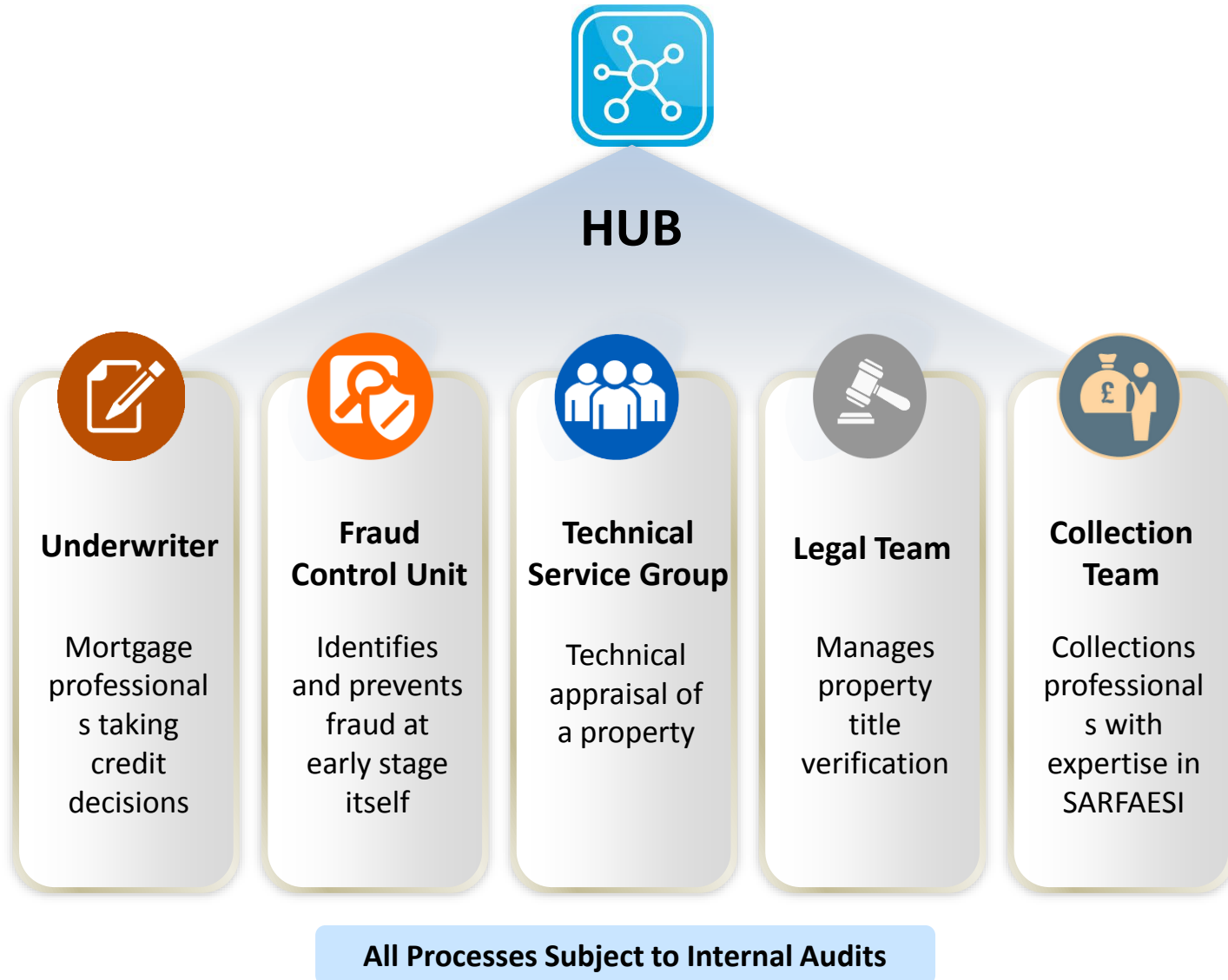
Target Operating Model (TOM)



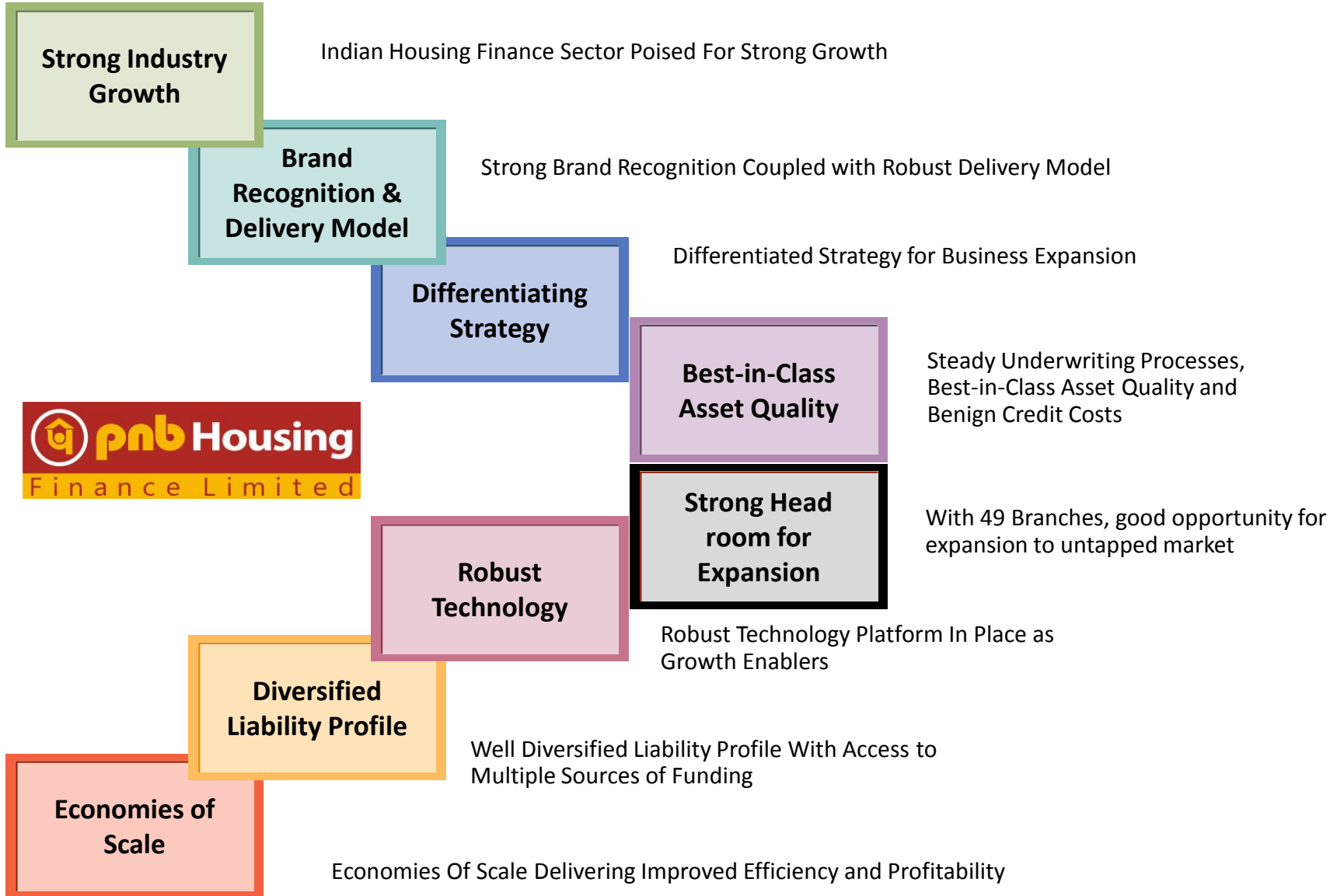
Focus on productivity, efficiency and quality

Supported by End-to-End Technology

# Robust Credit Underwriting Processes and Control



# A Platform with Significant Growth Potential





## Shareholding Pattern



# Shareholding Pattern



Categories (%)	Pre-IPO	On Allotment in IPO
Promoter	51%	39.1%
Destimoney Enterprises Ltd (Carlyle Group)	49%	37.6%
FII/FPI		6.4%
Mutual Funds		3.1%
Financial Institutions/Banks		1.2%
Insurance Companies		0.9%
Bodies Corporate		1.7%
Retail & Others		10.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**IPO Proceeds to be used to augment our capital base to meet our future capital requirements**



Appendix



# Strong Team with Extensive Industry Experience



**Sanjaya Gupta -  
Managing Director**

**Age : 53 Years**

**No. of Years with PNB HF : 6 Years**

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



**Age : 43 Years**

**No. of Years with PNB  
HF : 6 Years**

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

**Shaji Varghese – Business Head**



**Age : 50 Years**

**No. of Years with PNB  
HF : 4 Years**

**Prior Engagements :**  
Religare Finvest Ltd  
GE Money Indiabulls  
Financial Services

**Ajay Gupta - Chief Risk Officer**



**Age : 54 Years**

**No. of Years with PNB  
HF : 5 Years**

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

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



**Age : 38 Years**

**No. of Years with PNB  
HF : 2 Years**

**Prior Engagements :**  
Gruh Finance Limited

**Jayesh Jain – Chief Financial officer**



**Age : 52 Years**

**No. of Years with PNB  
HF : 21 Years**

**Prior Engagements :**  
Ansal Buildwell Limited

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



**Age : 49 Years**

**No. of Years with PNB  
HF : 5Years**

**Prior Engagements :**  
ARMS (Arcil)  
Indian Army

**Anshul Bhargava - Chief People Officer**

# And Overlooked by Highly Experienced Board



**Usha Ananthasubramanian**  
Chairperson – Non Executive

**Age:**

57 Years

**Current Position:**

MD & CEO of PNB



**Dr. Ram S. Sangapure**  
Non Executive Director

**Age:**

58 Years

**Current Position:**

Executive Director at  
PNB



**Sunil Kaul**  
Representative Carlyle Group

**Age:**

56 Years

**Current Position:**

MD, Carlyle  
Head, SE Asia, FIG,  
Carlyle



**Devijit Singh**  
Representative Carlyle Group

**Age:**

49 Years

**Current Position:**

MD, Carlyle



**Shital Kumar Jain**  
Independent Director

**Age:**

76 Years

**Current Position:**

Retired



**Tejinder Singh Laschar**  
Independent Director

**Age:**

68 Years

**Current Position:**

Retired



**R Chandrasekaran**  
Independent Director

**Age:**

58 Years

**Current Position:**

Founder and Executive  
Vice Chairman,  
Cognizant



**Nilesh S. Vikamsey**  
Independent Director

**Age:**

51 Years

**Current Position:**

Partner, Khimji Kunverji  
and Co



**Gourav Vallabh**  
Independent Director

**Age:**

38 Years

**Current Position:**

Professor



**Sanjaya Gupta**  
Managing Director

**Age:**

53 Years

**Current Position:**

MD, PNB Housing  
Finance

# Profit & Loss Statement



Particulars INR mn	Q2FY17	Q2FY16	Y-o-Y Change	H1FY17	H1FY16	Y-o-Y Change	FY16
<b>Income</b>							
Interest Income	9,011	6,082	48%	17,131	11,362	51%	25,441
Interest Expense	6,454	4,191	54%	12,287	8,117	51%	17,876
<b>Net Interest Income</b>	<b>2,556</b>	<b>1,891</b>	<b>35%</b>	<b>4,844</b>	<b>3,245</b>	<b>49%</b>	<b>7,565</b>
Other Operating Income	692	350	98%	1,200	674	78%	1,525
<b>Total Operating Revenue</b>	<b>3,248</b>	<b>2,241</b>	<b>45%</b>	<b>6,044</b>	<b>3,919</b>	<b>54%</b>	<b>9,090</b>
<b>Expenses</b>							
Other Finance Cost	392	271	45%	639	372	72%	727
Employee Benefit Expense	266	201	32%	487	392	24%	753
Office Operating Expenses	172	136	26%	332	264	26%	564
Other Expenses	525	240	119%	896	456	96%	1,053
Depreciation and Amortisation	45	35	30%	90	66	36%	150
Provision for Doubtful Debts and Contingencies	-225	196	-215%	48	361	-87%	786
Bad Debts Written Off/Business Loss	0			7	-		26
<b>Total Expenses</b>	<b>1,175</b>	<b>1,079</b>	<b>9%</b>	<b>2,499</b>	<b>1,911</b>	<b>31%</b>	<b>4,059</b>
<b>Profit Before Tax</b>	<b>2,073</b>	<b>1,162</b>	<b>78%</b>	<b>3,545</b>	<b>2,008</b>	<b>77%</b>	<b>5,031</b>
<b>Less: Provision for Taxation</b>							
Current Tax	541	367	48%	1,053	639	65%	1,673
Deferred Tax (Net)	155	23	573%	156	33	372%	93
<b>Profit After Tax</b>	<b>1,377</b>	<b>772</b>	<b>78%</b>	<b>2,336</b>	<b>1,336</b>	<b>75%</b>	<b>3,265</b>

# Balance Sheet Statement



Particulars INR mn	Sept 2016	March 2016
<b>Equity and Liabilities</b>		
<b>Shareholder's Funds</b>	<b>23,794</b>	<b>21,459</b>
Share Capital	1,269	1,269
Reserves and Surplus	22,525	20,190
<b>Non-Current Liabilities</b>	<b>235,130</b>	<b>169,384</b>
Long-Term Borrowings	231,387	166,462
Deferred Tax Liabilities (Net)	460	305
Other Long-Term Liabilities	1,668	1,008
Long-Term Provisions	1,614	1,609
<b>Current Liabilities</b>	<b>95,428</b>	<b>105,866</b>
Short-Term Borrowings	54,667	74,484
Short-Term Provisions	268	711
Trade Payables	1,058	748
Other Current Liabilities	39,436	29,923
<b>Total</b>	<b>354,353</b>	<b>296,708</b>

Particulars INR mn	Sept 2016	March 2016
<b>Assets</b>		
<b>Non-Current Assets</b>	<b>313,703</b>	<b>266,877</b>
Fixed Assets	589	622
Tangible Assets	486	482
Intangible Assets	97	100
Capital Work-in-Progress	7	41
Non-Current Investments	8,932	8,140
Deferred Tax Assets (Net)	0	0
Loans and Advances	301,931	256,236
Other Non-Current Assets	2,251	1,880
<b>Current Assets</b>	<b>40,650</b>	<b>29,832</b>
Current Investments	2,617	8,083
Cash and Bank Balances	11,190	2,485
Short-Term Loans and Advances	758	180
Other Current Assets	26,085	19,083
<b>Total</b>	<b>354,353</b>	<b>296,708</b>



**Thank You**