



IPO OFFERING: PNB Housing Finance Ltd



About Company

Recommendation: Subscribe for Long Term

PNB Housing Finance Ltd, (PNBHFL), a subsidiary of Punjab National Bank (PNB) offers housing loans to individuals and corporate bodies for the construction, purchase, repair, and upgradation of houses, as well as loans for commercial space, purchase of residential plots, loan against properties, and loans for real estate developers. 51% subsidiary of PNB, PNBHF is India's 5th largest home loan provider (after HDFC, LIC Housing, Dewan and Indiabulls Housing) with loan book of Rs. 30,900 Crore (30-6-16), 70% of which is housing loans, and non-housing loans, constitute 30% of the loan book.

Price Band	: Rs 750-775
Bid Lot size	: 19 Shares per lot
Issue opens	: Tuesday, 25th October 2016
Issue Closes	: Thursday, 27th October 2016
Issue Size	: Rs 3000 Crore
Retail Size	: 35% of the issue size (ASBA Mandatory)
Min App Amount	: Rs 14725/-

Msearch View on Valuation:

We believe Investors are getting an opportunity to tap the Housing finance industry which is on a growth trajectory and we see further headroom for growth for the players like PNBHF. Considering the Current capital adequacy ratio (CAR) which stands at 13.04% Vs regulatory requirement of 12%. Moreover, PNBHF NPAs is also under check with 2nd best in the peer set coupled with sound fundamental position make it an attractive investment opportunity, On valuation parameters of PBV multiple (2.3x) which is below industry leaders and market cap as a % to loan assets (42%), the pricing of the issue appears in-line and one can expect upside on investments. Hence recommend "**SUBSCRIBE**".

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