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Punjab National Bank sells 26% stake in Housing subsidiary to Destimoney

Punjab National Bank, the largest Nationalised Bank, has divested 26% of its stake in its wholly owned housing subsidiary, PNB Housing Finance Ltd, in favour of Destimoney Enterprises Pvt. Ltd. The Bank has sold 78 lakh equity shares @ Rs.101.50 per equity share aggregating to Rs.79.17 crore to Destimoney.

Destimoney is a specialised retail financial services company headed by Mr.Vivek Vig, CEO. It has 4 business lines namely Retail Broking, distribution of financial products, wealth management and portfolio management services. It has a network of 133 branches across 72 cities with over 3000 employees. PNB believes that the tie up with Destimoney will yield a more focused strategy which will result in a sharp growth in business.

As a part of the deal, Destimoney will bring an additional amount of Rs.137 crore to the housing finance company. This augmentation of the capital in the first instance will be in the form of unsecured convertible debt. This debt will get converted into equity @ Rs.101.50 per share as per the capital requirement of the housing finance company over a period of two years. Therefore, Destimoney will increase its stake upto 49%. However, PNB will retain majority share holding at 51%. The total size of the deal with Destimoney is Rs.217 crore.

The Board of the new housing finance company is being reconstituted and includes eminent personalities like Mr.G.N.Bajpai, Ex-Chairman SEBI & LIC and Mr.P.K.Gupta, Ex-Chairman of NHB & United Bank as independent Board members.

PNB had promoted its housing subsidiary in November 1988. Since then, PNB Housing's total loan assets for the year ended 31.3.2009 have grown to over Rs.2300 crore and after tax profit to Rs.53 crore. The company operates with a network of 30 branches across the country.

On the occasion, Mr.Kamath Chairman of PNB stated that "PNB sees a huge potential for growth of the mortgage loan business in the years to come. The purpose of the strategic partnership with Destimoney is to provide customized and differentiated solutions to the customers."

PNB will also continue to give housing loans to its customers and believes that the growth strategy of PNB and PNB Housing is complementary.



In the presence of Shri K.R. Kamath, CMD, PNB and Shri Ranjan Dhawan, CGM, PNB, Shri Nagesh Pydah, Executive Director, PNB & Shri Vivek Vig, CEO, Destimoney shaking hands during the MoU signing ceremony