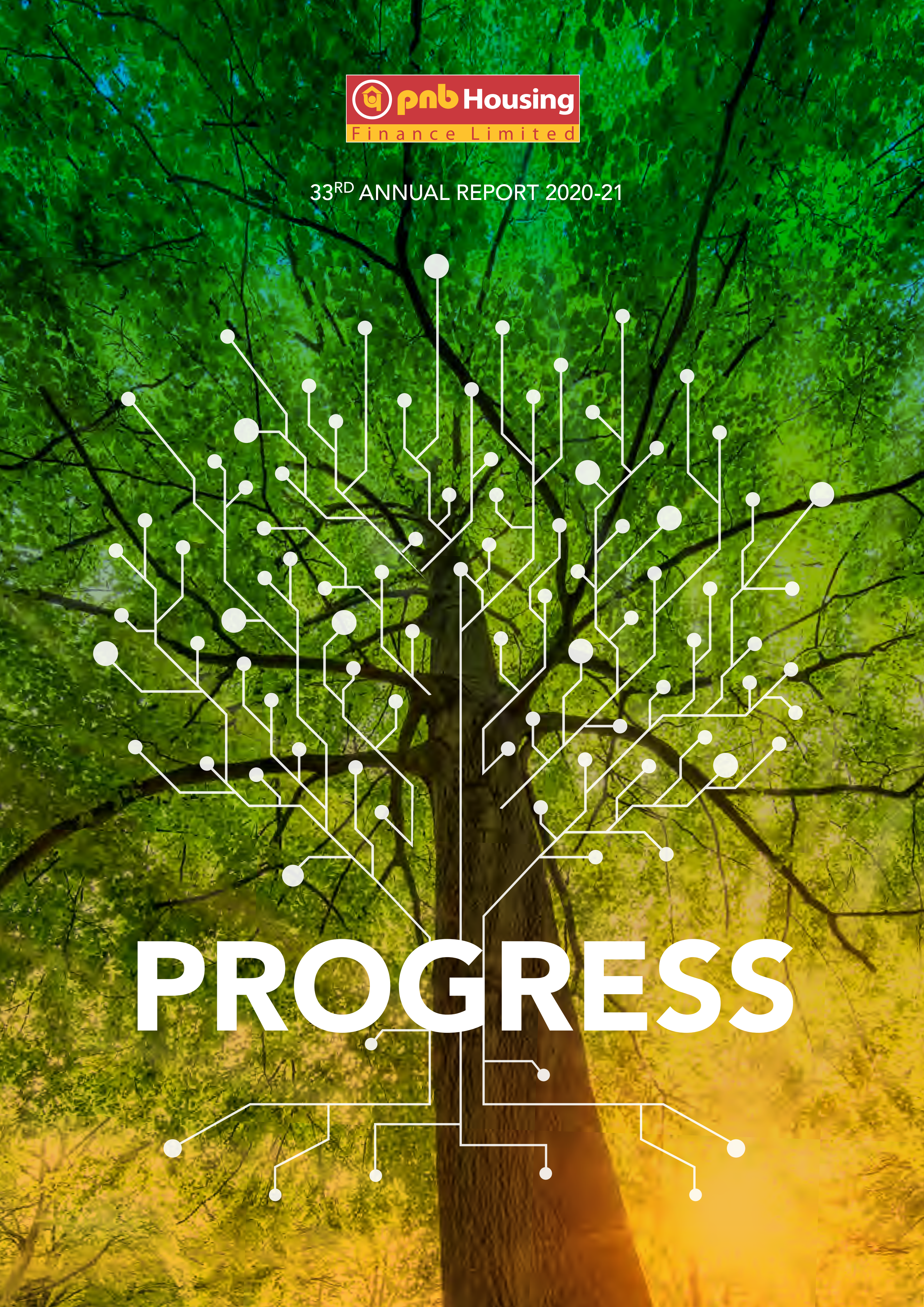
pnb Housing Finance Limited

33RD ANNUAL REPORT 2020-21

PROGRESS



En-route to Progress

Progress for us has multiple connotations. It is a journey that begins with a better understanding of our customers, reaching out to them to fulfil their deeply cherished ambitions of owning their own home and strengthening the fundamentals of our business in a responsible and sustainable manner. Our progress helps empower millions of people in big cities and small towns of India and acts as an opportunity multiplier for society. We consider this as our biggest achievement as well as inspiration to be in business.

In a largely volatile operating landscape in the year gone by, our priority was to strengthen our core, drive operational efficiencies across the organisation with faster adoption of digital processes and make retail lending our primary growth engine. These transformational strategies have helped us perform better on all relevant metrics and put up a resolute response to the pandemic-induced disruptions.

When our world essentially revolves around our homes, we at PNB Housing Finance are proud to be a part of India's journey towards home ownership for all.

PNB Housing Finance Limited (PNB Housing Finance), promoted by Punjab National Bank (PNB), is a housing finance company (HFC) registered with the National Housing Bank (NHB). It is the fourth largest HFC in India and the third largest by deposits among HFCs.

It has a pan-Indian network of 94 branches across 64 cities and towns with a cumulative ₹74,469 crores worth of assets under management.

It offers retail customers housing and non-housing loans, including individual home loans, loan against property, non-resident property loan, among others. It has strengthened its presence in the country's burgeoning affordable housing segment through the dedicated product 'Unnati'.

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Resolute Performance amid Headwinds

₹10,445 crores
▼ -44%
Disbursements

₹74,469 crores
▼ -11%
Asset under management

₹17,129 crores
▲ 4%
Deposits

₹2,323 crores
▲ 0.6%
Net interest income

₹2,069 crores
▲ 0.3%
Pre-provision operating profit

₹930 crores
▲ 44%
Profit after tax

10.68%
Average yield

3.16%
▲ 18 basis points
Net interest margin

3.33%
▲ 12 basis points
Gross margin

0.50%
▼ 5 basis points
Operating expenditure to average total assets

1.23%
▲ 43 basis points
Return on assets

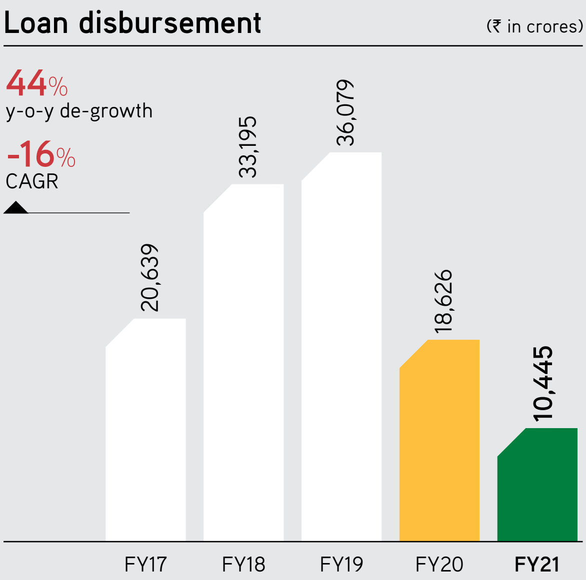
4.09%
▲ 147 basis points
Total provision to total assets

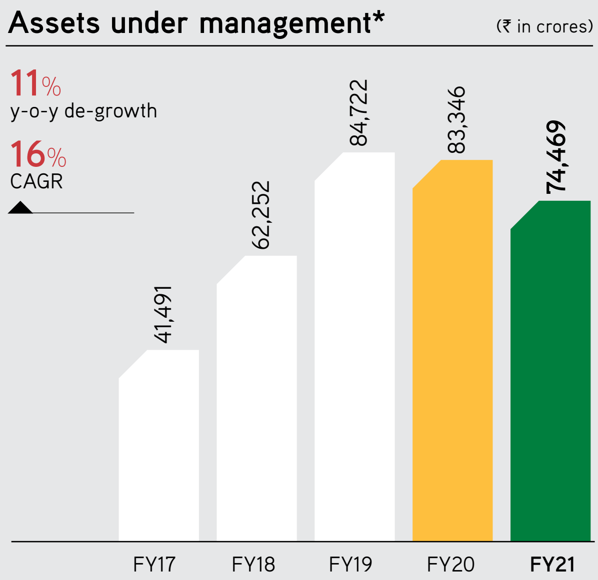
▲ y-o-y Growth
▼ y-o-y De-growth

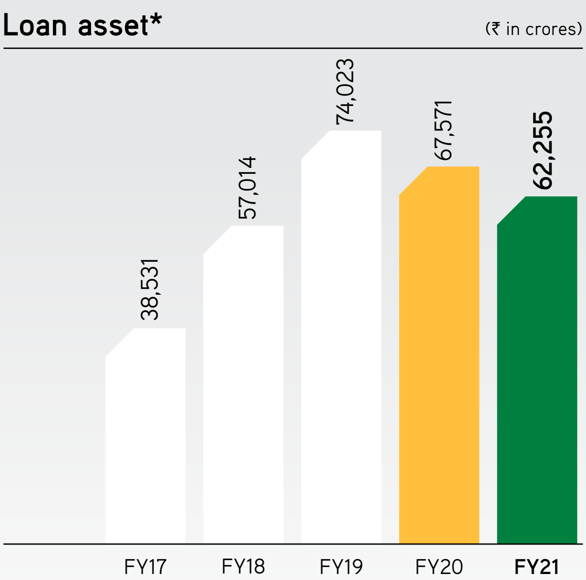
Note: % change over FY 2019-20 unless mentioned otherwise

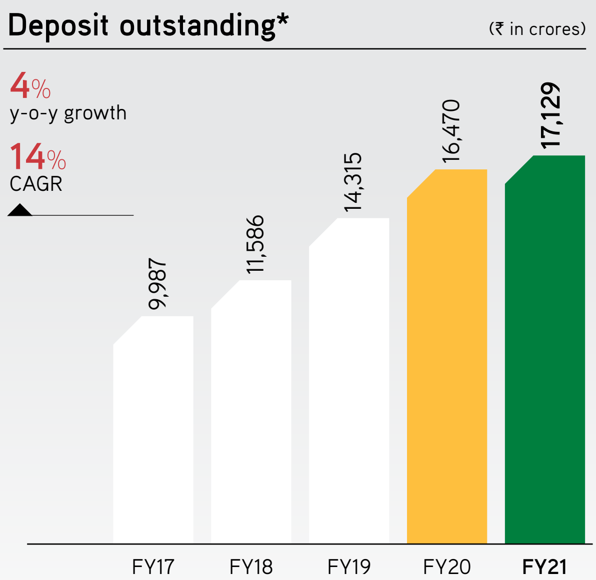
KEY PERFORMANCE INDICATORS

NAVIGATING CHALLENGES WITH PRUDENCE





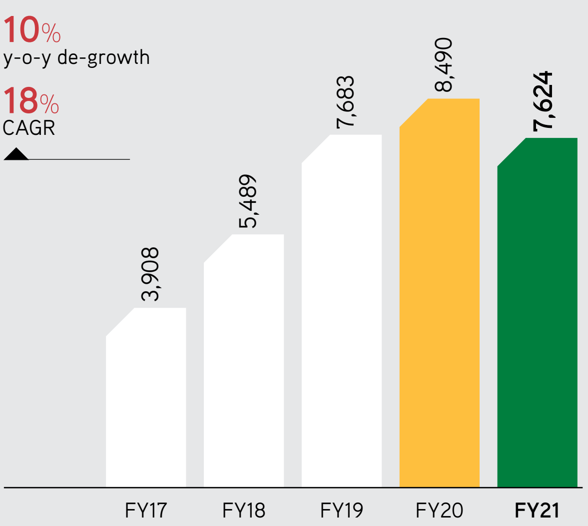




FY16-17 is IGAAP, rest years are IndAS.
*Indicates dates as on March 31

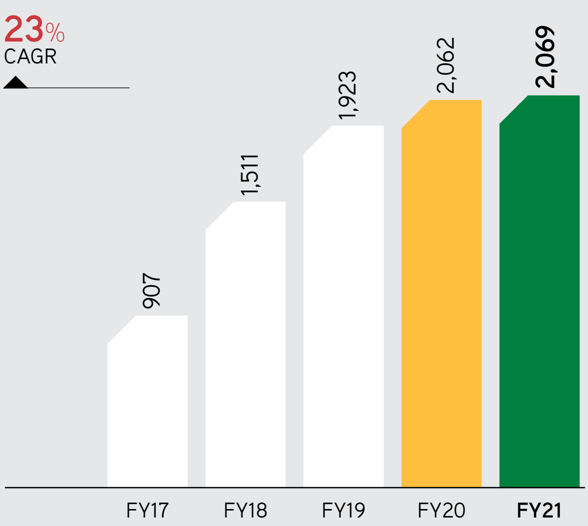
Total revenues

(₹ in crores)



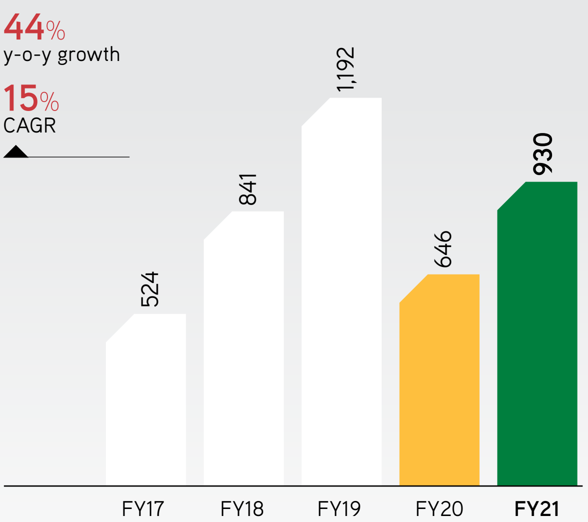
Operating profit

(₹ in crores)



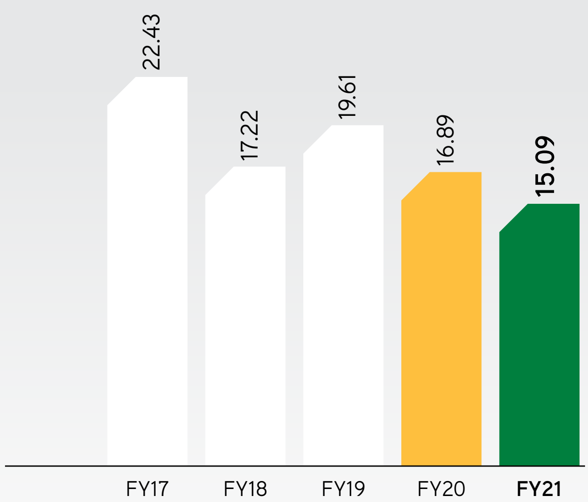
Profit after tax

(₹ in crores)



Cost-to-income

(%)



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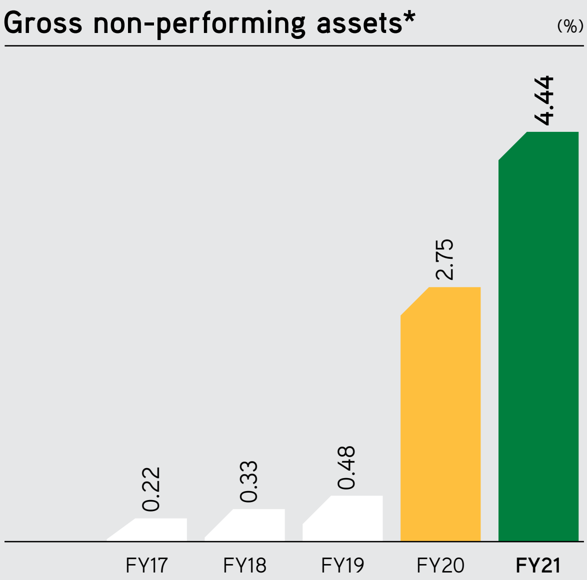
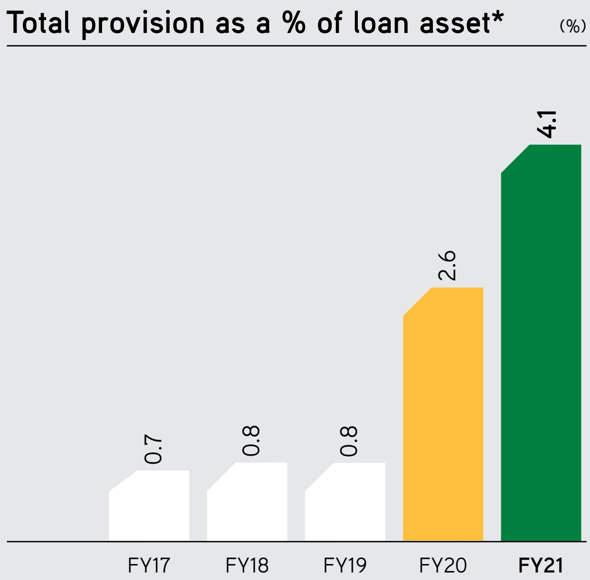
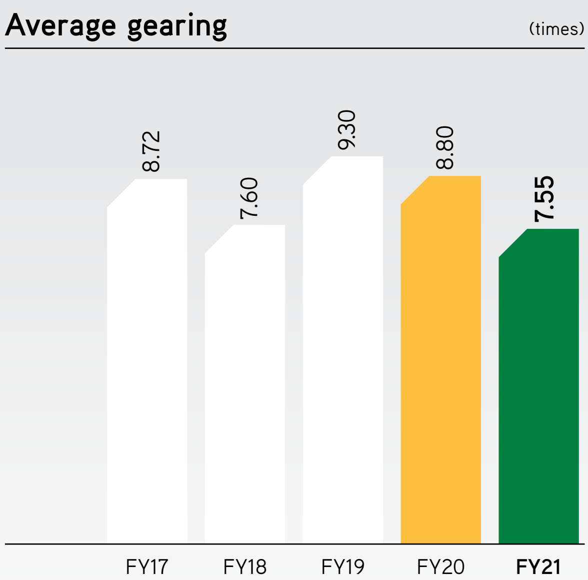
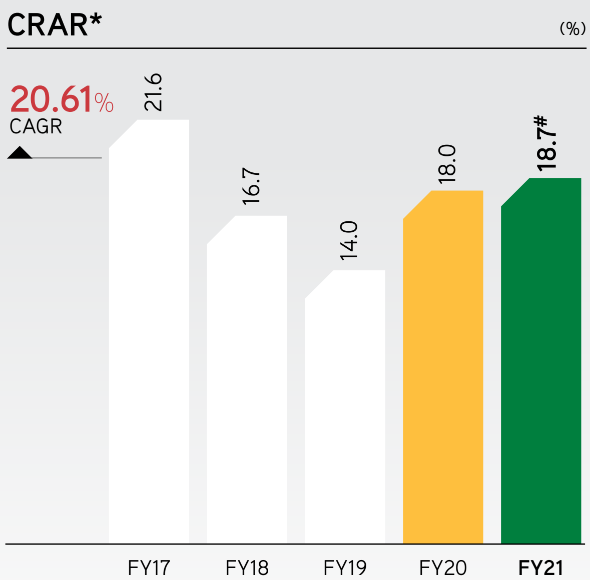
KEY PERFORMANCE INDICATORS (CONTD.)





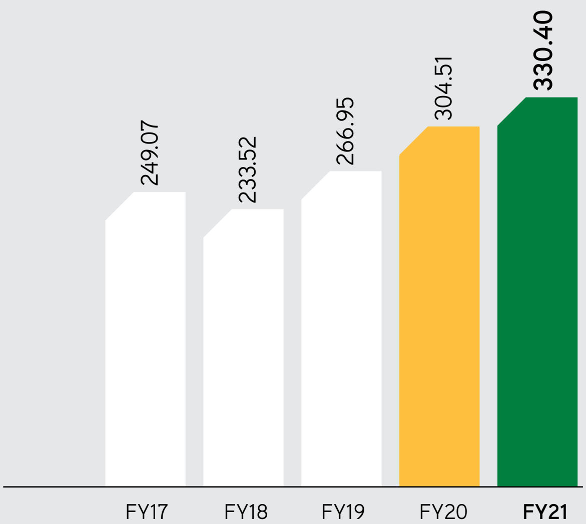




FY16-17 is IGAAP, rest years are IndAS.
*Indicates dates as on March 31
#Adjusted for deposit made with companies in same group, CRAR is 20.61%

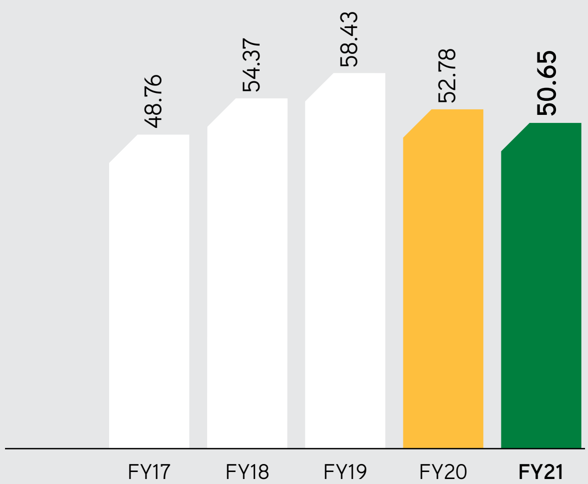
Average number of loan and deposit accounts per employee*

(₹ in crores)



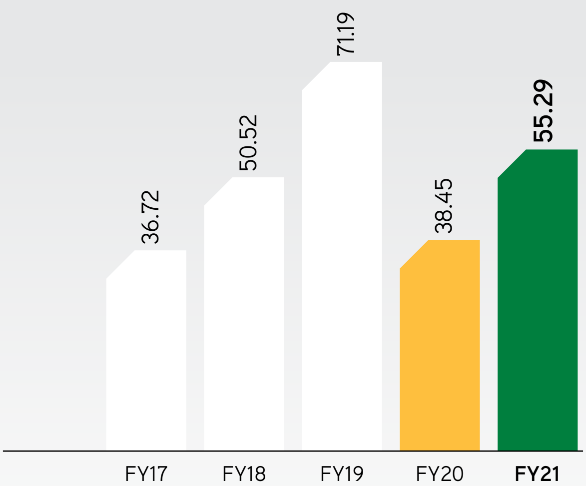
Average AUM per employee*

(₹ in crores)



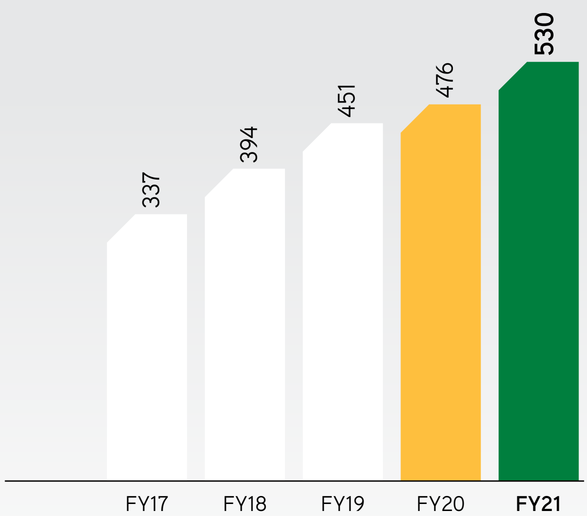
Earnings per share

(₹)



Book value per share*

(₹)



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*Indicates dates as on March 31

ON A JOURNEY CALLED PROGRESS

TO ACCOMPLISH THE NEXT MILESTONE OF

SUSTAINA

GROWTH

As one of India's leading HFCs, we have been serving the aspirations of millions of prospective homeowners for over three decades. Our focus is to make our operating model more agile through digital interventions, customer-friendly, tech-enabled and cost optimised approach, so that it can withstand various business cycles.

This was the conviction that led us at PNB Housing Finance to embark on its business transformation project called Project IGNITE to fast-track its next growth phase. We engaged an external consultant to provide the necessary knowhow to facilitate the process of transformation.

As part of the overarching process of transformation, we are realigning our segment mix with focus on retail lending and increased emphasis on the affordable housing segment through dedicated product called Unnati. We are also elevating our digital capabilities across the value chain to augment our offerings, manage risks, increase efficiencies and service our customers better.

We are strengthening our underwriting and collection efficiencies with reduced turnaround time and are leveraging advanced data analytics. We believe predictive analysis can help us identify risks early, control delinquencies and enhance collection efficiency. Resource optimisation is another area we are focusing on, which will help reduce cost, strengthen margins and profitability.

The combination of all these strategies, we believe will help us progress faster and achieve the next phase of sustainable growth.

70,550

Customer logins FY 2020-21

TO HELP MORE CUSTOMERS BECOME PROUD HOMEOW

Home ownership brings peace of mind and a sense of security to millions of people. To many others, it is a secure investment whose value appreciates over a longer time horizon and serves as an important safety net against inflationary trends in the economy.

18 lakhs
Average ticket size of Unnati loans

94
Branches

We currently have 2.6 lakhs active customer base whom we are helping in fulfilling their dream of owning a home. Our focus is to widen our retail base, so that we can serve many more customers across India. We are focusing more on the affordable housing portfolio (Unnati), which aims to capitalise on the government's emphasis on affordable housing, especially in Tier II and Tier III cities. Salaried persons as well as small business owners can take advantage of Unnati loans. We are opening Unnati-only branches to address the financing needs of this segment.

Digitalisation is gaining momentum in India across all industries, especially in the financial services sector. With approximately 1.2 billion wireless subscribers and 750 million internet subscribers,

NERS

India is the second largest and one of the fastest growing markets of digital consumers. It offers safe and contactless onboarding of customers, especially when in-person communication has become a challenge.

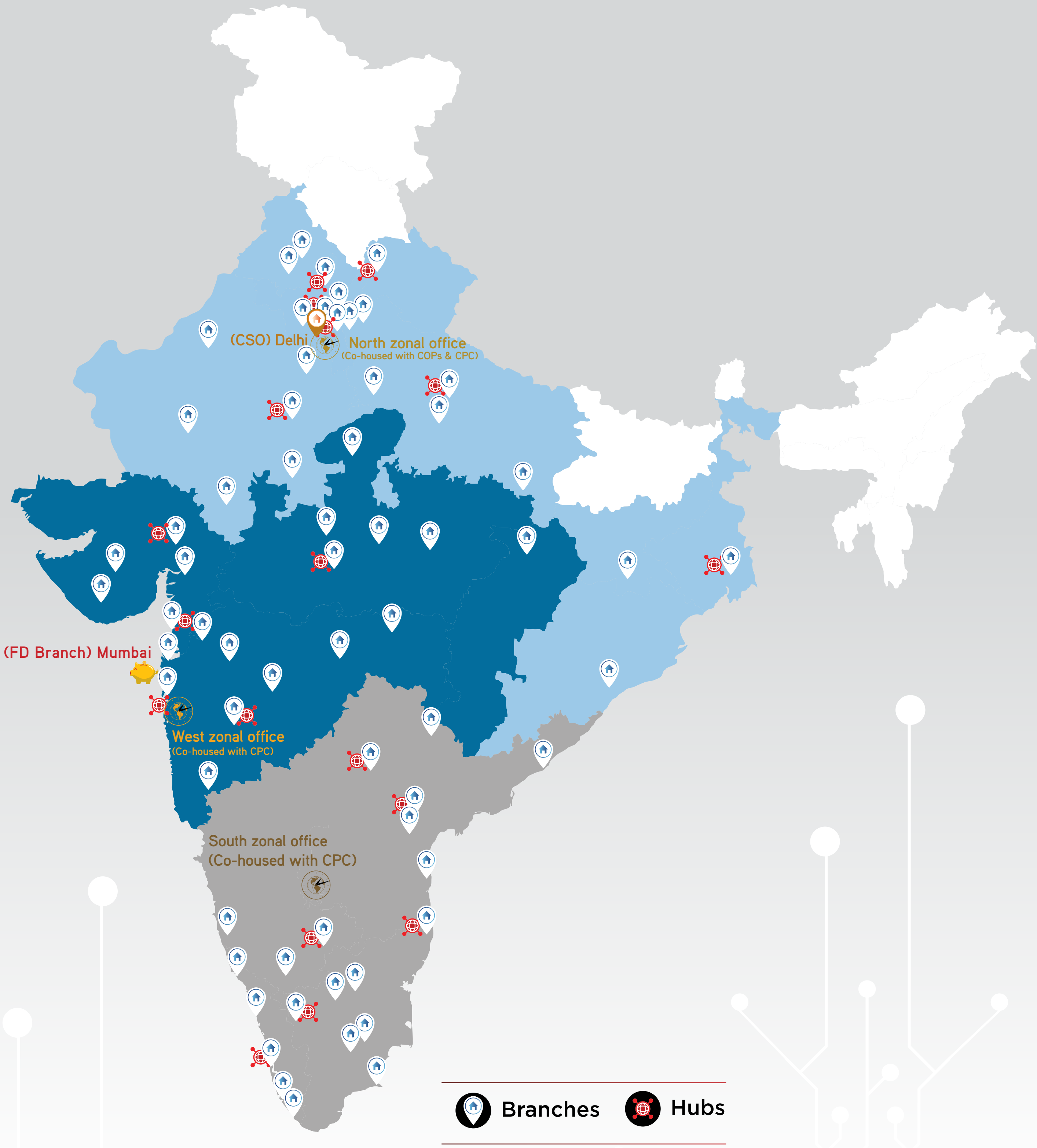
We are onboarding more customers digitally through our digital app 'ACE'. Besides, we are also imbibing artificial intelligence and machine learning in underwriting, that will help reduce turnaround time.

We have 94 branches with presence in 64 cities, 22 hubs and 17 outreach centres across the country, helping us reach closer to our customers.

We are advancing and bringing tangible progress in the lives of our customers.

PRESENCE

OUR OFFICE NETWORK



TRUSTED BY A NATION OF BILLIONS

1988
- Obtained the National Housing Bank (NHB) licence for loans and deposits
- Commenced operations

1994
- Crossed ₹100 crores in loan portfolio

2003
- Notified under SARFAESI (Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest) Act

2006
- Crossed ₹1,000 crores in loan portfolio

2009
- Destimoney Enterprises Limited (DEL) acquired 26% stake in the Company

2010
- Launched business process re-engineering project, 'Kshitij'

2011
- New brand positioning with refurbished, elegant, convenient and secure offices
- Robust and scalable target operating model (TOM) implementation commenced

2012
- DEL raised stake from 26% to 49% through conversion of compulsory convertible debentures (CCD)

2014
- PAT crossed ₹100 crores
- Portfolio crossed ₹10,000 crores

2015
- Implemented end-to-end Enterprise System Solution
- DEL acquired by Quality Investment Holdings (QIH) of the Carlyle Group

2016
- Listed on Indian stock exchanges through IPO; raised ₹3,000 crores
- AUM crossed ₹25,000 crores
- Target operating model (TOM) fully implemented

2017
- Crossed ₹50,000 crores in AUM
- Crossed ₹10,000 crores in deposits
- Certified as a 'Great Place to Work' by building a 'High Trust, High Performance Culture'
- Incorporated a wholly owned subsidiary, PHFL Home Loans and Services Limited

2018
- Included in the MSCI Global Small Cap Index
- Certified as a 'Great Place to Work' for the second year in a row
- Recognised as 'Best BFSI Brand' by Economic Times

2019
- Carrying the Saksham ethos forward, the Pehel Foundation was incorporated as the dedicated CSR vehicle of the Company
- Crossed ₹15,000 crores in deposits
- Opened a deposits-only branch in Fort, Mumbai

2020
- Received ISO 27001:2013 certification, one of the highest security standards in India
- Became the first HFC to sign a funding of US$75 million via external commercial borrowings from Japan International Corporation Agency (JICA)
- Launch of ACE – fully digital onboarding platform with 28% retail business logins

2021
- Included in MSCI ESG Indexes

RESILIENT HEADWIN

TO
DS

The Banyan Tree, also known as the Vat or Bargad, is among the most venerated trees in India. The tree is believed to provide the fulfilment of wishes and provide material gains. The visual distinctiveness symbolises magnificence, immortality, and stature — attributes associated with strong, stable leadership. Even the topology of this massive root system inspired the name of the hierarchical computer network operating system 'Banyan VINES'.

PNB Housing Finance has emerged as a leading player in the housing finance segment in India. Robust fundamentals of the Company enabled it to withstand many headwinds and becoming a stronger player in India. With a realigned strategy and leveraging the power of digitalisation, the Company is poised for its next phase of growth.

CHAIRMAN'S STATEMENT

PREPARED FOR THE NEW NORMAL

"With our retail focus and especially on Affordable Housing Segment, we remain steadfast in supporting PM's Mission of 'Housing for All'. The current scenario highlights the urgent need to accelerate a sustainable business environment and PNB Housing Finance is committed and prepared to lead the change and build a healthy and progressive housing finance company.

CH S. S. Mallikarjuna Rao
Chairman

Dear Shareholders,

It gives me immense pleasure to write to you as the Chairman of your Company, and present the 33rd Annual Report and consolidated financial statements of PNB Housing Finance Limited (PNB Housing) for the financial year ended March 31, 2021.

The COVID-19 led pandemic, which unfolded during the last quarter of FY 2019-20, had unprecedented impact on the human life as well as economies across the globe. The complete lockdown witnessed during the first quarter had a deep impact on the economy and led to steep fall in the domestic output. A series of measures taken following the unlock phase helped the economy recover in the second half of the year. However, the pace of recovery was impacted again by the second wave which resulted in localized restrictions in movement and economic activities.

The healthcare and the frontline workers have been the pillars of support during these challenging times, and we are forever grateful to them for their unconditional services.

At PNB Housing, we supported the government's initiatives to help individuals and businesses by implementing measures like moratorium, Partial Credit Guarantee Scheme 2.0, Emergency Credit Line Guarantee Scheme; and also participating in Special Refinance Facility, Targeted Long-Term Repo Operations, deferment of interest on working capital facilities, among others.

The RBI took decisive steps to ease the monetary policy to help the economy recover from this unprecedented shock. There have been subsequent cuts in repo rates to support liquidity. The RBI pushed more than ₹2.7 lakh crores through Open Market Operation (OMO) purchases between February 6 and December 04, 2020. Targeted long-term

A series of measures taken following the unlock phase helped the economy recover in the second half of the year. However, the pace of recovery was impacted again by the second wave which resulted in localized restrictions in movement and economic activities.

repo operations (TLTROs) of up to three years' tenure of a total amount of ₹1.13 lakh crores for investment in corporate bonds, commercial papers (CP), and non-convertible debentures (NCDs), in addition to injection of ₹1.25 lakh crores through Long-Term Repo Operations (LTROs) were conducted in February-March 2020.

GROWING OPPORTUNITIES FOR THE HOUSING FINANCE COMPANIES

While housing demand was deeply impacted during the first half of FY 2020-21, the situation improved in the second half owing to the pent-up demand, falling interest rates and the extension of the credit subvention scheme for the affordable housing segment. Post-pandemic, there has been an incremental need for owning home rather than renting out.

The cumulative growth in on-book portfolio of HFCs for 9M FY 2021 (December 2020 vs. March 2020) stood at 2%. However, the second half of the year witnessed recovery in demand leading to a gradual increase in disbursements, nearing the pre-covid levels. The total housing credit increased from ₹21.1 lakh crores as on March 31, 2020 to ₹22.1 lakh crores as on December 31, 2020. The disbursements started picking up from Q2 FY 2021 onwards and the overall on-book housing loan portfolio of NBFCs/HFCs and banks is estimated to have reached ₹22.1 trillion as on December 31, 2020. Supported by portfolio buyout, banks continued to outpace the disbursement growth. The overall HFC credit in India is estimated at ₹11.3 lakh crores as on December 31, 2020, with exposures across home loans (HL), loan against property (LAP), construction finance (CF), and lease rental discounting (LRD).

Driven by robust demand and liquidity support from its bankers, depositors, debenture holders and the National Housing Bank, the portfolio growth in the affordable segment remained higher at 8% in 9M FY 2021, following the growth of 18% in FY 2019-20. With unwavering demand, the segment is expected to continue growing at a faster pace than the overall industry.

The second wave has slowed down the recovery for the overall economy including the real estate sector. However, with accelerated vaccination program to inoculate the population is driving the hope for a faster turnaround with major global rating agencies and experts anticipating a double-digit growth for the economy.

EVOLVING WITH DYNAMIC ENVIRONMENT

While we remained cautious during the year under review in terms of new business, we utilized this time to chalk out a new strategic roadmap which help bolster our position in the industry in the coming years. We have accelerated our digital journey and embarked on contactless customer onboarding and disbursal, one of the firsts in our sector to do so. We have sharpened our focus around the affordable housing segment and created a dedicated product and infrastructure to help strengthen our presence. We are leveraging the power of digital and analytical tools to strengthen our processes including recovery and risk management and to create a much stronger institution going forward. We will continue to service our customers and help fulfilling the dreams and aspirations of owning a house for millions of Indians.

REMAINING STEADFAST

Even with the contraction in the economy in the same fiscal year, your company has focussed on retail business, portfolio quality, recorded a decent income which translated into 44% year-on-year growth in Profit after Tax. This became possible due to the efforts of all the stakeholders and efforts of employees of the Company, who have worked throughout the year in COVID cyclone.

Distribution Strategy, Technology, Customer Centricity & Corporate Social Responsibility are your company's key strengths. The company has pivoted its distribution strategy around an array of products that helps to drive sustainable growth in business. The hallmark of our product bouquet is Innovation, Affordability and Flexibility. With the changing paradigm in the housing sector, our strength lies in our efficiency to underwrite all categories of customers and nurture strong relationships with our business partners and stakeholders.

With our retail focus and especially on Affordable Housing Segment, we remain steadfast in supporting PM's Mission of 'Housing for All'. The current scenario highlights the urgent need to accelerate a sustainable business environment and PNB Housing Finance is committed and prepared to lead the change and build a healthy and progressive housing finance company.

CONCLUDING NOTE

I take this opportunity to thank our fellow Board Members for their unflinching support, the leadership team and strong team of employees for their efforts to steer through the challenges and create a stronger PNB Housing Finance for tomorrow. I also wish to thank the Reserve Bank of India, the National Housing Bank, the Securities and Exchange Board of India and the Stock Exchanges for their continued support.

I am also thankful to the shareholders for their overwhelming support during thick and thin. I expect that we are building a stronger PNB Housing Finance which will add significant value in the coming years.

Warm regards

CH. S. S. Mallikarjuna Rao
Chairman

FROM THE MANAGING DIRECTOR AND CEO'S DESK

PROGRESSING WITH OPTIMISM

Dear Shareholders,

I hope all of you are healthy and safe.

The last few months have witnessed a devastating second wave of the pandemic, affecting India and many other countries, in ways that are more severe than the first. The human cost of the last few months is incalculable and across societies, there has been a deep impact. That said, things are improving rapidly with timely restrictions and widespread vaccination, leading to a gradual return to normalcy. We all hope that this happens sooner than later. On behalf of all of us at PNB Housing Finance, I would also like to pay my tribute to all healthcare professionals and frontline workers for their relentless and selfless efforts at this time, in service of the nation.

Hardayal Prasad
Managing Director and CEO

"

The Company is fast evolving as a technology-led company in the housing finance segment. Digitisation and innovation are two attributes that are transforming us from being just a lender to a digital solutions provider for customers. With the introduction of new-age technologies such as Artificial Intelligence, Machine Learning, Robotic Process Automation across the value chain, we are achieving improved process control and efficiency.

Naturally, such a worldwide crisis has seminal economic impact as well, with almost all economies going into decline, and recovery slated to be gradual one. The pandemic and the subsequent lockdowns also posed a new set of challenges for the entire housing finance industry, which was already struggling through liquidity constraints post the NBFC crisis of 2019.

RESOLUTE DETERMINATION

Despite these unprecedented challenges, our people demonstrated exemplary grit and determination and countered the adversity with courage. Collectively, we ensured that the crisis brought out the best we had to offer, and were able to protect our business during these testing times. We adapted well and responded with a calibrated strategy.

Our multi-pronged approach began with activating the Business Continuity Plan. We ensured health and wellbeing of our employees and took steps for continuity and coordination even in a work-from-home scenario. As new businesses remained muted during the first quarter, the teams were mobilised to engage continuously with customers, resolve their queries and address any needs and concerns. We aligned our collections and operational strategy keeping in view the evolving cashflow situation of our customers, through regular follow-up and interaction. As a result, the retail loans under moratorium accounted for only 29% of our loan book. We significantly improved our focus on collections, and increased our tele and field collection efforts without inconveniencing customers.

PERFORMING DESPITE CHALLENGES

Owing to the uncertainty and economic slowdown, disbursements in the first quarter were severely affected, resulting in degrowth of 43.9% compared to FY 2019-20. However, the housing sector received a fresh lease of life through timely intervention from the government and regulatory bodies through steps that benefited both developers and homebuyers. The rationalisation of home loan rates for retail customers and builders created an upswing in the last two quarters of the year. This was further aided by reduction of stamp duty, registration costs, capitals gains tax relief etc. by government leading to a sharp increase in disbursements in the second half of the year.

Increased digitisation at all levels will also be a core differentiator going forward. Our sustained investments in this area bore fruit, as we increased digital sourcing to 22% vs 9% a year ago. We also initiated steps to automate underwriting for Straight through processing.

In these trying times, we launched various initiatives to keep our costs under control and reduced borrowing costs in line with general interest rates. Our net interest income stood at ₹2,323 crores for the year as against ₹2,308 crores in FY2019-20. Operating profit stood at ₹2,069 crores against ₹2,062 crores in FY2019-20 on account of cost rationalisation. The Profit after tax grew by 44% to ₹930 crores as against ₹646 crores in FY2019-20 due to cost control, efficiency and productivity improvement measures initiated by the Company. Our asset quality was stressed with a gross NPA of approximately 4.4% on the loan book and approximately 3.95% on AUM. As a prudent measure our total provisions as a % of total assets increased from 2.6% a year ago, to 4.1% at the end of FY 2020-21

FROM THE MANAGING DIRECTOR AND CEO'S DESK (CONTD.)

Our liquidity is supported by a prudent mix of long-term and short-term borrowings and we plan to keep adequate liquid investments and unutilised lines to meet the gaps. Cash and cash equivalents were ₹6,969 crores as on March 31, 2021. Our leverage profile has improved with a gearing of 6.7x as on March 31, 2021 compared to 8.6x a year ago. Higher internal accruals and relatively lower risk weights for smaller ticket loans, formed a part of our portfolio rebalancing strategy which led to increase in our capital adequacy ratio (CRAR). Our CRAR is comfortably over regulatory limits at 18.73% with a Tier I adequacy of 15.5% as on March 31, 2021, as compared to 17.98% and 15.18% respectively a year ago.

REDRAWING OUR STRATEGIES

We have realigned our strategy in favour of retail business as we have built significant expertise around self-employed and salaried customer segments, while reducing our exposure in the corporate segment. Smaller ticket loans today account for 96% of our disbursements. Our 'Unnati' loans are proving to be a niche, powered by a differentiated distribution network, underwriting capability and customer service.

Our focus is on three major areas that comprise Strengthening the Core, Digital Drive and Accelerate Growth. This agenda consists of seven focus areas around management, capital, risk management, cost optimisation, digital drive, retail focused lending and affordable housing segment growth that will help grow business, strengthen risk management, increase profits and create value for all stakeholders. This, along with our focused approach towards affordable customer segments will be our agenda over the medium-term and help the organisation become strong.

The Company is fast evolving as a technology-led company in the housing finance segment. Digitisation and innovation are two attributes that are transforming us from being just a lender to a digital solutions provider for customers. With the introduction of new-age technologies such as Artificial Intelligence, Machine Learning, Robotic Process Automation across the value chain, we are achieving improved process control and efficiency. We have leveraged technology by launching a digital acquisition platform 'ACE', our flagship mobile app for contactless applications and onboarding.

> Our focus is on three major areas that comprise Strengthening the Core, Digital Drive and Accelerate Growth. This agenda consists of seven focus areas around management, capital, risk management, cost optimisation, digital drive, retail focused lending and affordable housing segment growth that will help grow business, strengthen risk management, increase profits and create value for all stakeholders. This, along with our focused approach towards affordable customer segments will be our agenda over the medium-term and help the organisation become strong.

INNOVATING AROUND CUSTOMER ASPIRATIONS

Our customer-centricity is a core differentiator, and is central to the diverse home and non-home loan product portfolio that we offer to our customers. Our values-based approach and high governance standards enable us to put customer interest before our own. We continue to sharpen this focus through proactive upskilling initiatives for our workforce. We are leveraging advanced analytics and new age technologies to accelerate an organisation-wide digital transformation, with the intent of improving our customer service and value proposition. Apart from our digital onboarding platform, technology has redefined the way our CRM works and has improved TAT during the year.

We provide our customers with an omnichannel and seamless experience, through branches, customer care centers, mobile application, social media etc. Our efforts are augmented using advanced analytical tools and predictive analytics to forecast customer needs for better customer service.

BEING RESPONSIVE AND RESPONSIBLE

Care for the community is an integral part of our ethos and culture. During the year, our CSR activities saw us contribute ₹24.68 crores to improve the lives of 2.5 lakh+ beneficiaries. These contributions extended from skilling programmes and creches for their children to investments in healthcare and access to formal education.
As part of our efforts to facilitate inclusive growth, we worked tirelessly with construction workers, an important stakeholder in our ecosystem whose well-being and growth we are committed to.

Besides, we also have programmes that cover water conservation, research and innovation for betterment of lives.
I am delighted that our CSR arm, Pehel

> We have embarked upon a transformational journey called "Project IGNITE" with a global consulting firm, to reposition business, strengthen underwriting and collections and optimise costs. The measures undertaken will increase our digital footprints, drive efficiencies, enhance productivity, and augment growth to improve ROA and ROE.

Foundation, has commenced a long-term infrastructure project for water conservation in water-stressed areas of Rajasthan, which is the first of many similar initiatives.

During the pandemic, we contributed our efforts to contain the spread of the virus. It included installation of medical equipment such as 'CT in-a-Box' at a major hospital, which helped prevent the spread of viral infections within the hospital, protecting patients and staff. We also extended assistance to leading medical institutions to support their Research & Development in the areas of reusable PPE material.

LOOKING AHEAD WITH OPTIMISM

Notwithstanding the headwinds caused by the pandemic, I feel the challenges faced by residential real estate in 2020 have, in fact, become the catalyst in providing stimuli to the industry for sustained growth. The importance of owning a home got underscored from a consumer standpoint and will spur demand. At the same time, the Reserve Bank of India is leading the way to recovery by holding policy rates at historically low levels to initiate a cycle of consumption-led growth.

The Government's impetus on affordable housing and the emergency credit line guarantee scheme will continue to spur demand for home loans. The extension of the co-lending model by the RBI will further help expand leverage capacities of the HFCs and create better operating metrics for the sector.

We have embarked upon a transformational journey called "Project IGNITE" with a global consulting firm, to reposition business, strengthen underwriting and collections and optimise costs. The measures undertaken will increase our digital footprints, drive efficiencies, enhance productivity, and augment growth to improve ROA and ROE.

In the 'new normal' characterised by rapid behavioural changes, we expect significant traction for our business and business model. Over the years, we have continuously evolved to meet the changing profile and needs of our customers, including millennials who are looking to buy homes early in life, and believe in empowering customers with better options and choices.

We are confident that with our strategic realignment and an experienced team, we are poised for growth phase in the years to come.

On behalf of our employees, the entire management team and the Board, I thank you for your continued and unwavering support. I am confident that we are positioned to create significant value for all stakeholders in times to come.

Hardayal Prasad
Managing Director and CEO

OPPORTUNITY LANDSCAPE

STRONG GROWTH POTENTIAL DESPITE CHALLENGES

In the first half of FY 2020-21, the housing sector was severely impacted owing to the stringent national lockdown and muted consumer sentiment. However, since Q3 the economy began to unlock gradually and the sector saw green shoots of recovery. The second wave of COVID-19 has again posed temporary downside risks, but the long-term optimism of the housing sector in India (especially the affordable segment) remains intact.

INDIA IS RAPIDLY URBANISING

India lags significantly behind in terms of the share of urban population when compared with countries such as Japan, Brazil, the US, Russia, Indonesia and China, among others. However, prevailing trends and future projections indicate that India is rapidly urbanising. The National Commission on Population (NCP) in India predicts that in the next 15 years (i.e., by 2036), about 38.6% of Indians (600 million) will live in urban areas. This is driving the need to strengthen urban infrastructure, including housing infrastructure.

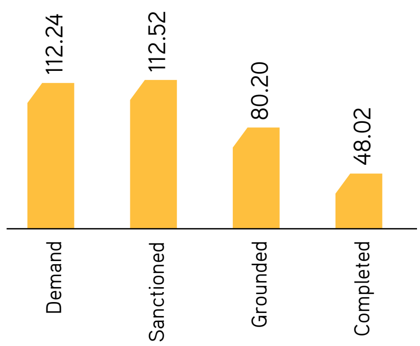
INDIA LAGS IN MORTGAGE PENETRATION

Over a period of time mortgage penetration increased from 7.8% of GDP as on March 2014 to 11.2% of GDP as on September 2020, yet it remains lower than other countries, such as Thailand, China, Germany, Malaysia, among others. This provides significant opportunity for the mortgage sector to grow in the coming years.

AFFORDABLE HOUSING DRIVING SECTORAL GROWTH

The Government of India prioritised affordable housing to address the country's housing shortage and launched the Pradhan Mantri Awas Yojana in 2015 to provide housing for all by 2022. Despite challenges in the real estate sector in the past two years, the affordable housing segment reported robust growth owing to various government/regulatory initiatives, and softening of interest rates. According to reliable industry sources, the housing sector in India is seeing the best affordability in 2.5 decades. The Union Budget FY 2021-22 allowed additional interest deduction of ₹1.5 lakhs for loans sanctioned between April 1, 2021 and March 31, 2022. This is meant to encourage first-time home buyers (house cost up to ₹4.5 lakhs).

Progress under PMAY-U (in lakhs)



[Source: ICRA]

GOVERNMENT/REGULATORY INITIATIVES

Government incentives	Liquidity measures	Supply side incentives
Tax incentives on interest and principal amount for home loan borrowers	Liquidity schemes and special re-finance facilities for Non-Banking Financial Companies - Housing Finance Companies	Incentives to developers to build affordable housing
Interest rate subsidy under the Credit Linked Subsidy Scheme for EWS/LIG	External Commercial Borrowings/Rupee Denominated Bonds issued overseas	'Infrastructure' status accorded to affordable housing
Stamp duty reduction by various states		Various measures announced by RBI viz ECLGS scheme, restructuring of loans, working capital loans, among others

DIGITAL ADOPTION

There has been a growing shift among companies towards investing in emerging technologies to build long-term resilience. Besides, the pandemic drove organisations to heavily collaborate through digital tools, recognise the value of new-age technologies and enable online and digital formats of business development and operations. The NBFCs are using technology more than ever and harnessing partnership ecosystems across the value chain of lead generation, customer onboarding, underwriting, credit/loan disbursement and collection. Artificial intelligence (AI), machine learning (ML) and big data are equipping lenders to measure individual customer insights and build alternative credit scoring models.


STABLE
SUS

The oak tree symbolises lasting strength and endurance as some oak trees can live up to several hundreds of years. The oak tree is also a symbol of hospitality and safety, as its expansive branches can make for a very comfortable spot to rest.

PNB Housing Finance symbolises endurance and a stable business model. The Company has invested in robust processes and risk management system, safeguarding it from volatilities. The Company is further strengthening its systems, rationalising loan book to emerge stronger with robust asset quality.

AND
TAINABLE

ENVIRONMENT

ADOPTING A CARBON PATHW

We are committed to contribute to a low-carbon future for all to help protect the environment and combat climate change. We undertake several green initiatives as a responsible corporate citizen.

LOW

AY

KEY INITIATIVES

- Introduced ACE for digital customer onboarding
- Increased adoption of digital modes of communication helped reduce paper usage by 95%
- Achieved 99% of EMI collection through digital mode
- Encouraged adoption of cloud computing technology, virtualisation, data centre energy optimisation, among others
- Launched Homie, a sales chatbot to minimise physical interface
- Over 55% customers are on mobile app

SOCIAL – PEOPLE

BUILDING A TALENTED WORKFORCE

We focus on building a robust talent pipeline, which can support the Company's next growth journey. We continue to invest in training and motivating our teams to shoulder more responsibilities. Their efforts are also well recognised. During the nationwide lockdown, we engaged regularly with our teams, ensured their well-being and kept their morale high.

ENGAGING MORE WITH PEOPLE

The employees needed continuous motivation to maintain their desired level of performance amid extreme stress. The Company initiated 'Sampark' to engage with each of our employees. Each of the HR team members connected with around 30 members on a regular basis to enquire about their well-being. We arranged for proper protocol, which include the following:

- Location-wise representative/SPOCs were assigned
- WHO protocols were followed across locations
- Protocols laid in case of someone being found COVID-positive
- Work-from-home rules were laid down even before the Janta curfew
- Periodic communication between senior leadership and the Managing Director for an update on the organisation

COVID-19 was a testament to the Company's resilient culture, which enabled it to stay strong through the challenging times. The team was involved in cross-functional activities to keep business momentum running even during the lockdown.

RECRUITMENT STRATEGY

As we realigned our overall business strategy, we also aligned our recruitment process around the gap identified during the implementation of the new strategic roadmap. We are increasing our focus towards the affordable housing segment and recruiting specialists in the category to support our growth plans. We are also strengthening our teams for risk management and credit team as well.

At PNB Housing Finance, we endorse the 'build' option over the 'buy' option. We focus on developing our internal talents to fill up the vacated position in the higher levels. This also helps in building a highly motivated team with clear career progression visibility.

1,391
Employees

18%
Share of women in the workforce

161
New recruits during the year

~4 years
Average tenure of employees in PNBHF

1,561
e-Training modules were accessed during the year

3.54
Training person-days per employee

LEARNING AND DEVELOPMENT

We continuously monitor the training and development requirements of our employees based on three-pronged objectives – organisational, functional and individual excellence. Our comprehensive learning management system called eGURU is used to train employees. eGURU is the repository of all process manuals as well as compliance-related training modules. We ensure our people are trained periodically on key compliance issues like Anti-money Laundering, Prevention of Insider Training, Prevention of Sexual Harassment, Cybersecurity as well as other topics that help in creating a transparent and strong internal process. We migrated to virtual platforms to conduct training sessions for employees.

We made the compliance modules on the e-platform to facilitate digital learning.

We utilised the lockdown to motivate our employees and encourage them to upskill themselves. As part of the commitment towards employee capability development, the Company collaborated with learning platforms to extend micro learning library with courses on behavioural, managerial, leadership, cognitive and technical skills.

As we accelerate our journey towards digitalisation, we are reorienting our people to adopt to working in the digital environment. We initiated programmes in functional and behavioural areas to upskill the employees. The team is now mentally prepared to work in the new environment.

SOCIAL – COMMUNITIES

CONTRIBUTING TO THE PROGRESS OF COMMUNITIES

The core philosophy of PNB Housing Finance for their community interventions revolve around the word 'Saksham'. Our CSR activities are carried out through the dedicated CSR arm Pehel Foundation, which is relentlessly working towards empowering lives and facilitating inclusive growth.

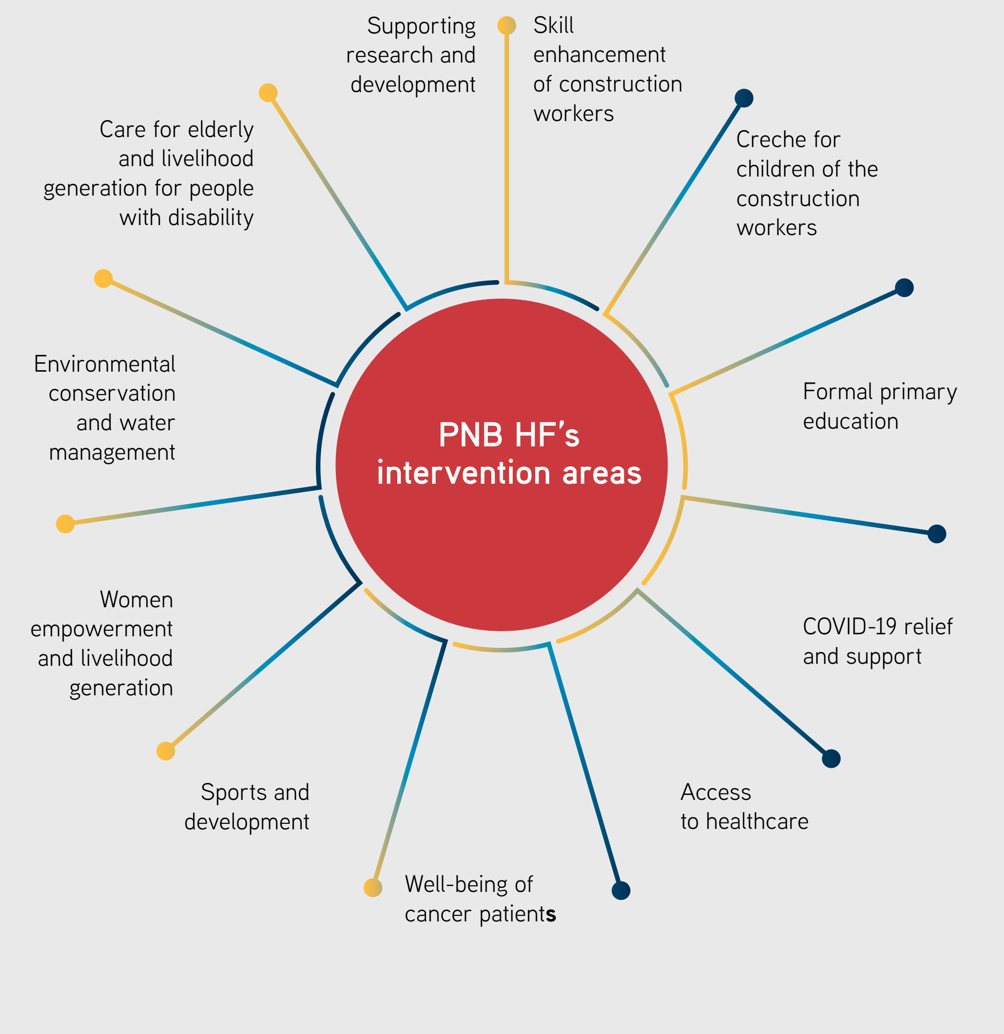
In FY 2020-21, we continued to work towards supporting its long-term initiative of providing holistic development to construction workers and their immediate families. However, due to the pandemic, the real estate sector saw reverse migration and there was a dip in construction activities across the country. While we continued supporting skilling programmes for construction workers and day-care centres for their children, we significantly invested in initiatives related to healthcare, enabling access to formal education, water conservation, research and innovation towards material sciences and livelihood generation for under-privileged women We also commenced the operations of Pehel Foundation with an objective to invest in long-term capital projects.

The Company also supported COVID-19 relief efforts through investments in research and contribution to PM-Cares fund.

₹24.68 crores
CSR spend in FY 2020-21

2.50 lakhs
Beneficiaries

Key Areas where PNB Housing Finance is Making a Difference



Key Initiatives across Interventions

SKILL DEVELOPMENT FOR CONSTRUCTION WORKERS

We have worked extensively towards skill training of construction workers. In partnership with NAREDCO and CREDAI CSR Foundation, we ensured skill training of ~6,000 construction workers pan India.

6,000

Construction workers across India were given skill training

CRÈCHES AT CONSTRUCTION SITES

We partnered Mobile Creches (MC), Plan International-India, Mumbai MC, TARA MC Pune and Savera Social Welfare Society ensured the holistic development of children of migrant construction workers through their day-care centres. While the parents toil at the sites, the day-care centres ensure that their children are provided with holistic care critical to their development. Mumbai Mobile Creches were able to reach out to 530 children across four centres supported by us while TARA was able to support 597 children through five centres supported by the Company. Mobile Creches reached out to and supported the development of 2,500 children in FY 2020-21.

2,500

Children were supported with holistic development

FORMAL PRIMARY EDUCATION

In partnership with Vidya, a not-for-profit organisation for the education and empowerment of underprivileged children, we supported the operational cost of running two formal schools in Delhi and ensured formal education to 550 children. Through our CSR arm Pehel Foundation, we also contributed towards the transformation of government schools in Nuh, Haryana and Alwar, Rajasthan with SM Sehgal Foundation. Pehel Foundation initiated renovation of the façade and boundary wall of five government schools in Delhi, in partnership with the Government of NCT of Delhi.

PROVIDE COVID-19 RELIEF AND SUPPORT

As a socially responsible corporate, we have always stood at the forefront of any emergency response effort for the country. In these challenging hours, we pledged support towards aiding the ongoing efforts of the government to control and counter the pandemic in the following ways:

- We conducted research and development activity with IIT-Delhi for personal protective equipment as well as well as had a pilot run for prototype development for effective COVID-19 diagnostic.
- We contributed significantly to the Hon'ble Prime Minister's National Relief Fund and Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) for COVID-19 emergency response in the country.
- CT Scan in a box to combat COVID-19 with United Way, Bengaluru.
- Aided by our support, the partners were proactively working in their respective regions to provide ration and hygiene kits to the people in need.

IMPROVING ACCESS TO HEALTHCARE

We made significant contribution in the realm of healthcare in FY 2020-21. The initiatives included the following:

- Through Pehel Foundation, we supported the upgradation of the first floor of the Sassoon General Hospital, Pune that houses three labs within the Central Chemistry Laboratory. The three labs are Microbiology, Biochemistry and Pathology. The laboratory will also have a state-of-the-art tube labelling system.
- The Pehel Foundation also supported the Neurosurgery Education and Training School (NETS) at AIIMS, New Delhi with a state-of-the-art digital anatomy printer. The printer will provide tactile feedback that translates to clinical cases, maintain both compliance and durability and be capable of fine anatomy. This initiative will enable AIIMS to train physicians and validate performance of new and existing medical devices throughout product lifecycle from design till end of line and rid themselves from cost and inconvenience of animal and cadaver labs.
- To fill in the gaps in infrastructure and services in four urban PHCs of Bengaluru, Pehel Foundation, through Karuna Trust provided equipment, such as automated cell counters, ECG machines, dental equipment, eye care service equipment, digital X-ray machines, OT equipment and ventilator, to provide them with better and more comprehensive healthcare.
- Supporting the setting up and maintenance cost of a Mobile Health Unit for reaching out to migrant workers and other EWS citizens through Adharshila Trust.

WELL-BEING OF CANCER PATIENTS AND FAMILIES

In partnership with CanSupport, an NGO working towards building a caring and supportive society where people with cancer and their families live with dignity, hope and comfort, we undertook the following initiatives:

- Support CanSupport's telephone helpline that provides information and emotional support to callers as well as facilitates networking and coordination with care/service providers for callers' cancer-related needs. Between Septermber and December, 2020, 2,221 calls were received and addressed by the helpline.
- Support the Palliative Care Outpatient Clinic that provides coordinated support and care needed to manage patient's illness in the best possible way. Between September and December 2020, 917 patients and their caregivers visited the OPD.
- To set up Mobile Palliative Care Clinics (MPCC) for cancer patients undergoing treatment and their family caregivers in New Delhi.

WOMEN EMPOWERMENT AND LIVELIHOOD GENERATION

- Pehel Foundation has supported the setting up of two women-owned, spice-based units in Chittorgarh and Baran in Rajasthan with Manjari Foundation. The units will process, brand and market major spices like chili, coriander and turmeric used in the North Indian kitchens. The two processing units will generate business and jobs for about 100 women in a sustained way.
- Through Pehel Foundation, we donated e-cars to underprivileged women in Jaipur and Indore, in collaboration with Azad foundation. Through this initiative, the women will become professional drivers to gain remunerative livelihoods with dignity.

PROMOTING SPORTS FOR DEVELOPMENT

We collaborated with SRF Foundation to work with the children in the government schools adopted by SRF Foundation in Chennai and Bengaluru, using sports as a medium of empowerment. We will also support the holistic development of three women athletes in the sports-race walking, 3,000m event and para badminton.

SUPPORTING RESEARCH AND DEVELOPMENT

Through Pehel Foundation, we supported further research for the development of an effective and efficient technique for earthquake resistant construction by using low-cost, energy dissipating devices of the Department of Earthquake Engineering, IIT Roorkee. Upon successful testing, the proposed technology will be used in housing construction of up to four storeys, giving impetus to us as the prime facilitator of this technology.

PROMOTING ENVIRONMENTAL CONSERVATION AND WATER MANAGEMENT

Pehel Foundation, collaborated with SM Sehgal Foundation to support Jal Khushhali, a water conservation project. Under this project, we will support the construction of one check dam and two ponds in Karauli, Rajasthan. The project aims to develop the groundwater recharge potential of the water-stressed district. It also focuses on building capacities of Panchayats to improve their functioning of key government services.

CARE FOR ELDERLY AND LIVELIHOOD GENERATION FOR PERSONS WITH DISABILITY

We catered to the holistic development and well-being of 13 unsupported elderlies at Ayudham Society, an old age home. We also provided ration to an additional 175 elderly.

To promote livelihood generation among persons with intellectual disability, we support a project of the NGO Tender Hearts wherein the persons with intellectual disability are trained to make rugs and mats as a means of livelihood generation.

Mentorship Programme for CSR Activities

Starting FY 2020-21, most of our CSR projects/initiatives will have a project mentor. The project mentors are from the senior management of our Company and can choose a project on voluntary basis. The mentor will oversee the implementation of the project and provide their valuable guidance and suggestions to further improve the impact of our CSR initiatives.

GOVERNANCE FRAMEWORK

PROGRESS UNDERPINNED BY STRONG CORPORATE GOVERNANCE

Our well-defined governance structure help us create and protect value over the short, medium and long term.

COMPOSITION AND COMMITTEE MEMBERSHIP OF THE BOARD

The Board comprises 12 members, including 6 Independent Directors, 5 Non-Executive Directors and one Managing Director.

The Board functions through 7 Committees, which have been assigned specific responsibilities. These are the Audit Committee, Risk Management Committee, Credit Committee of the Board, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and IT Strategy Committee. An Independent Director has been nominated as the Chairperson on all the Committees except CCB.

BOARD DIVERSITY

We have a well-diversified Board in terms of expertise, domain, educational qualification and industry experience. The Board has one female Independent Director. The Chairperson on the Board is a Non-Executive Director. The Company has in place a Board Diversity Policy, which views performance through the lens of inclusivity.

BOARD RESPONSIBILITY

The Board and the senior management meet on a quarterly basis and whenever required. Key discussion points include updates on business, financials, credit appraisal, human resources, regulations, enterprise risk management and strategy. The Board also engages with the senior management, through its Committees, for matters related to delegated areas.

CODE OF CONDUCT

The Board adopted a Code of Conduct, which is applicable and binding on all the Non-Executive Directors, including Independent Directors. The Code of Conduct for Non-Executive Directors was recently amended, in compliance with Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code provides guidance on matters related to professional conduct, ethics and governance, while discharging their obligations as Directors of the Company. The Board adopted a separate Code of Conduct for Executive Directors and the senior management.

ADDITIONAL POLICIES

The Company has a whistle-blower policy, which allows all employees to raise concerns about any serious irregularities within the organisation. Employees through this policy, have direct access to the Chairperson of the Audit Committee. The Company has also put in place a grievance redressal mechanism for customers. There is a robust system to address shareholders' grievances as well, wherein shareholders can send their complaints to our dedicated email IDs: investor.services@pnbhousing.com and investor.relations@pnbhousing.com. The compliance and investor relations team keep a track of these emails and resolve the complaints of shareholders accordingly. These email addresses are posted on our website and are shared in releases to the stock exchanges. In addition, shareholders can directly approach the registrar and transfer agent (RTA), Link Intime India Pvt. Ltd.

BOARD OF DIRECTORS

STRONG GOVERNANCE FROM A DIVERSE BOARD

Mr. CH. S. S. Mallikarjuna Rao
DIN: 07667641

He is a Non-Executive Nominee Director and Chairman of PNB Housing Finance Limited, since December 20, 2019.

Mr. Rao is currently the MD & CEO of Punjab National Bank (PNB). Prior to becoming MD & CEO, Punjab National Bank, he was the MD & CEO of Allahabad Bank. Before this, he was an Executive Director of Syndicate Bank from September 15, 2016. Mr. Rao has served as General Manager & Chief Financial Officer at Oriental Bank of Commerce. In his career spanning over three decades, he has gained vast exposure in credit, information technology, recovery, treasury, risk management, retail banking, marketing, publicity and alternative delivery channels. He is a Certified Associate of the Indian Institute of Bankers.

Committee Membership
Nomination and Remuneration and Stakeholders Relationship

Mr. Sunil Kaul
DIN: 05102910

He is a Non-Executive Nominee Director of PNB Housing Finance Limited since March 5, 2015.

At present, Mr. Kaul is the Managing Director of Carlyle Singapore Investment Advisors Pte Limited and is the Head of South East Asia for financial services sector of the Carlyle Asia Buyout Advisory Team and concurrently heads the financial services sector for the team in Asia. Mr. Kaul was the President of Citibank Japan and the Chairman of CitiCards Japan KK and CitiFinancial Japan KK. He was also the Head of Retail Banking for Citibank in Asia, the Head of International Personal Banking for Citibank in New York and the Head of Global Transaction Services at Citibank, Japan. He has over 30 years of experience in the fields of private equity, corporate and consumer banking.

Committee Membership
Nomination and Remuneration, Stakeholders Relationship and Risk Management

Mr. R Chandrasekaran
DIN: 00580842

He is an Independent Director of PNB Housing Finance Limited since October 7, 2015.

Mr. Chandrasekaran was one of the professional co-founders of Cognizant. He retired as the Executive Vice Chairperson of Cognizant India in March 2019. Mr. Chandra has been widely recognised as a significant contributor in the growth of Cognizant including its global footprint. Prior to joining Cognizant, he worked with Tata Consultancy Services for over nine years. He has over 35 years of experience in the field of information technology.

Committee Membership
Nomination and Remuneration, Corporate Social Responsibility and IT Strategy

Mr. Nilesh S Vikamsey
DIN: 00031213

He is an Independent Director of PNB Housing Finance Limited since April 22, 2016.

Mr. Vikamsey is the former President of The Institute of Chartered Accountants of India and is a member since 1985. He is a senior partner in Khimji Kunverji and Co. since 1985. He has extensive experience in the audit and consultancy of banks, large companies, mutual funds, financial service sector companies.

Committee Membership
Audit and Nomination and Remuneration

Mr. Ashwani Kumar Gupta
DIN: 00108678

He is an Independent Director of PNB Housing Finance Limited since May 12, 2017.

Mr. Gupta is a member of The Institute of Chartered Accountants of India, 1977 batch. He has also served as the Regional Council Member of Central India Regional Council of The Institute of Chartered Accountants of India. He is also associated with various charitable trusts and organisations. He has over 40 years of experience in corporate finance, treasury, capital management, mortgages, securitisation and reconstruction of assets.

Committee Membership
Credit and Stakeholders Relationship

Mr. Neeraj Vyas
DIN: 07053788

He is Non-Executive Director since September 1, 2020.

Mr. Vyas joined the Board on April 15, 2019 as an Independent Director and resigned on April 28, 2020 to take charge as interim MD & CEO of the Company. He superannuated as the Deputy Managing Director and Chief Operating Officer (COO) of the State Bank of India (SBI) on June 30, 2018. He has handled several assignments for the bank in India and abroad. He designed and conceptualised the scheme of merger of five associate banks and Bharatiya Mahila Bank with SBI. He is a senior banking professional with over 35 years of experience across a wide range of functions, such as banking, credit, mortgages, risk management and operations.

Committee Membership
Credit and Risk Management

BOARD OF DIRECTORS (CONTD.)

Dr. T.M. Bhasin
DIN: 03091429

He is an Independent Director, with effect from April 2, 2020.

Dr. Bhasin is the Chairman of the Advisory Board for Banking Frauds constituted by the Central Vigilance Commission, in consultation with the RBI. He was appointed on June 11, 2015 as the vigilance commissioner at the Central Vigilance Commission by the President of India for a term upto June 10, 2019. He was also associated with Oriental Bank of Commerce as General Manager. He was appointed as the Executive Director on the Board of United Bank of India on November 7, 2007 and the Chairman and Managing Director of Indian Bank on April 1, 2010. He has over four decades of experience in administration, banking and finance industry. He is an MBA (Finance), LLB and Certified Associate of the Indian Institute of Bankers.

Committee Membership
Audit, Corporate Social Responsibility and Risk Management

Mr. Sudarshan Sen
DIN: 03570051

He is an Independent Director since October 1, 2020.

Mr. Sen retired from the Reserve Bank of India as Executive Director in charge of regulation of banks and non-banking financial companies. In a career spanning over 36 years with the Reserve Bank, he worked in a number of areas, including banking regulation, bank supervision, fintech regulation, human resources, information technology, and currency management. Mr. Sen is currently holding the position of Chairman of the Committee constituted by the RBI for reviewing asset reconstruction companies. He has been on a number of major national and international committees constituted by the Reserve Bank of India. He holds a Master's degree in Mathematics from Delhi University and an MBA in International Banking and Finance from the University of Birmingham, UK.

Committee Membership
Audit and Corporate Social Responsibility

Mr. Kapil Modi
DIN: 07055408

He is a Non-Executive Nominee Director since October 1, 2020.

Mr. Modi is a Director in Carlyle India team and has been a part of the investment team for $1.7billion of investments by Carlyle in India over the last 12 years. He has strong network of relationships across investment banks, consultants and operating management teams primarily in financial services and technology sectors. He holds a B. Tech degree in Computer Science from IIT Kharagpur and is a post-graduate in management (gold medalist) from IIM Ahmedabad. He also holds CFA from CFA Institute (USA) and a Master's degree in business law from National Law School, Bengaluru.

Committee Membership
IT Strategy

Mr. Rajneesh Karnatak

DIN: 08912491

He is a Non-Executive Nominee Director since January 19, 2021.

Mr. Karnatak is the Chief General Manager at Punjab National Bank. He is a post-graduate in Commerce stream (M.Com.) and a Certified Associate from Indian Institute of Bankers (CAIIB). He is an experienced banking professional who is holding a senior banking position. He has handled several assignments in the field and at central offices. He has experience in credit monitoring, digital banking and corporate credit.

He has experience of more than 26 years in erstwhile Oriental Bank of Commerce. He carries varied branch and administrative office experience. he has headed large corporate credit branches also. Presently, he is heading the Credit Review & Monitoring Division of Punjab National Bank.

Committee Membership
Risk Management

Ms. Gita Nayyar

DIN: 07128438

She is an Independent DIrector since May 29, 2021.

Ms. Nayyar is a finance professional with over 30 years of global leadership experience with MNC banks/VC funds and corporates. She has extensive cross-functional expertise in corporate banking, risk and relationship management, investment banking, wealth management and fund raising. She is also recognised for her expertise in angel investing/mentoring and advising early-stage ventures and has a successful track record of Investing and founding early-stage enterprises.

She serves as an Independent Director on the Board of several large reputed corporate organisations/Board of governors of IIM – Udaipur and is on the advisory committee of national NGOs and a VC Fund.

She is a BA in Economics from Delhi University and holds an MBA from Amos Tuck School of Business Administration, Dartmouth College, USA.

Mr. Hardayal Prasad

DIN: 08024303

He is Managing Director & CEO since August 10, 2020.

Mr. Prasad is a seasoned banker with experience in domestic and international banking, operations and credit card industry. He holds a Master's degree in Chemistry and is a Certified Associate of the Indian Institute of Bankers.
Mr. Prasad has been a part of the State Bank of India, India's oldest and largest banking group, for over three decades and has handled several assignments for the bank in India and abroad. Over the years, he has held multiple leadership positions at State Bank of India including Chief General Manager, LHO Hyderabad; General Manager, LHO Mumbai and Vice President (Trade & Systems), Los Angeles Agency USA among others.

Prior to joining PNB Housing Finance, he was the Managing Director & Chief Executive Officer of SBI Cards. While at SBI Cards he merged the two credit card entities and then came out with its IPO, he spearheaded the transformational journey and repositioned SBI Cards, as a pure play credit card company, with leadership position in the market.

He was awarded as one of the 'Economic Times Most Promising Business Leaders of Asia, 2019-20' at the Economic Times Asian Business Leaders Conclave, 2019, for demonstrating exemplary leadership qualities.

Committee Membership
Credit, Corporate Social Responsibility, Stakeholders Relationship, Risk Management and IT Strategy

LEADERSHIP TEAM

TRUSTED INSIGHTS

Hardayal Prasad
Managing Director & CEO

- Years of Experience: 36+
- Years with PNBHF: 1

Nitant Desai
Chief Centralized Operations & Technology

- Years of Experience: 35+
- Years in Mortgage: 25+
- Years with PNBHF: 9

Kapish Jain
Chief Financial Officer

- Years of Experience: 24+
- Years in Mortgage: 11+
- Years with PNBHF: 3

Sanjay Jain
Company Secretary & Compliance Head

- Years of Experience: 32+
- Years in Mortgage: 25+
- Years with PNBHF: 26

Rajan Suri
Business Head – Retail

- Years of Experience: 18+
- Years in Mortgage: 15+
- Years with PNBHF: 9

Jatul Anand
Credit Head – Retail

- Years of Experience: 19+
- Years in Mortgage: 18+
- Years with PNBHF: 7

AWARDS AND ACCOLADES

REWARDING MOMENTS

Won one of India's Most Trusted Brands of India 2021 by Team Marksman in association with CNBC-TV18

Managing Director & CEO, Mr Hardayal Prasad has been bestowed with The Economic Times Most Promising Business Leaders of Asia 2020-21 at their 5th edition ceremony

Won Adam Smith Asia Award as 'Highly Commended Winner 2020' under the category 'Best Sustainable Finance/ESG Solution' at Adam Smith Awards Asia

Recognised for the second time at the prestigious The Economic Times Best BFSI Brands 2019 held at Dubai

Won the Gold Award at the Outlook Money Awards 2019 in the Home Loan (Provider of the Year) category

Felicitated for Excellence in Operations at the IDC India Insights Awards 2019 held in Bengaluru

Awarded for Best Customer Engagement Initiative of the Year by an HFC and Best CSR Practice of the Year

Awarded for Excellence in Project Management 2019 by Talisma (leading provider of digital customer) among 1,700 existing clients

Recognised at the prestigious 6th CSR Impact Awards organised by CSRBOX in association with Dalmia Bharat

PNB Housing's Annual Report 'Strength from Within' won twice - a gold for the best Print Annual Report and another gold for best Digital Annual Report at LACP Vision Awards 2019-20. It was also ranked 60th among the world's top 100 Annual Reports!

MANAGEMENT DISCUSSION AND ANALYSIS

PNB Housing Finance, as a responsible and trusted financing partner, continues to fulfil the dreams of millions of Indians of owning a house by offering them a wide range of financial products and solutions.

The past few years have been challenging for us owing to various external issues, followed by the disruption caused by once-in-a-century event of a pandemic. We realigned our strategy as per the need of the hour and created a robust foundation for future growth.

We divided the strategic roadmap into three phases, over the short, medium and long term. It includes strengthening the core, driving efficiency and accelerating growth across focused business segments. We are focusing on the retail segment, including dedicated efforts towards the Unnati segment targeted at the prime affordable segment. We are increasing our digital footprint across functions to bring in higher efficiency levels. We have also embarked upon a transformation journey called 'Project IGNITE' with focus on repositioning our business, strengthening underwriting, collections and cost optimisation.

We are on a journey called PROGRESS.

MACROECONOMIC REVIEW: A VACCINE-POWERED RECOVERY UNDERWAY

The Indian economy entered FY 2020-21 on a sombre note, with stringent nation-wide restrictions on activity and mobility to contain the COVID-19 outbreak. The economic output contracted by 24.4% in the first quarter, while recouping some losses with the gradual easing of the lockdown in the second quarter. However, the Indian economy entered into a technical recession with two successive quarters of de-growth — the fourth since independence and the first since the economic liberalisation in 1991. The Central Government responded quickly — first by providing relief to the economically vulnerable sections and then by stabilising the economy. The Reserve Bank of India (RBI) pulled all stops at its disposal to inject liquidity in the system and spur revival. The cumulative stimulus amounted to ₹29.87 lakh crores or about 15% of India's GDP.

The economy returned to a positive growth path in Q3, registering a 0.4% expansion. The sharper-than-expected recovery was driven by a resilient rural economy, robust pent-up demand, and

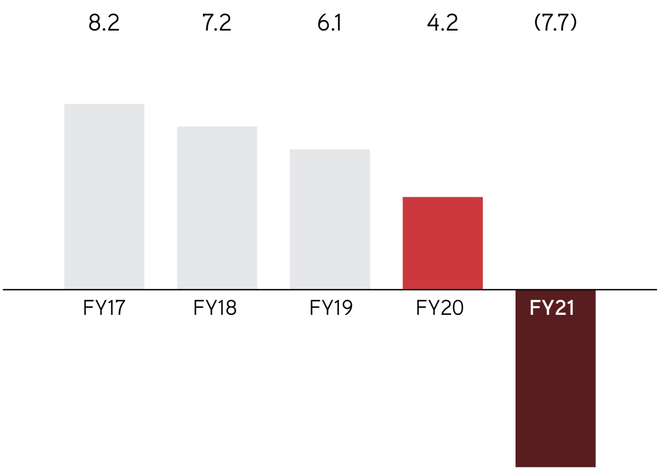
festive spending. The discovery of vaccines and tapered new infection graph bolstered sentiments. High frequency indicators, such as GST collections, Index of Industrial Production (IIP), Purchasing Manager's Index (PMI), automotive sales, steel production, and power demand, among others witnessed an upward trend.

However, towards the close of the FY 2020-21, the recovery got somewhat impacted again by the second wave of the pandemic with new localised restrictions affecting socio-economic activities.

A CALL TO MAKE INDIA SELF-RELIANT

To counter the adverse impact of the lockdown on the economy, the Government of India announced a relief package in a bid to make the country self-reliant. The package consisted of direct cash transfers and free food grains for the poor, support packages for small businesses and a host of sectors, easy loans for struggling businesses, besides a slew of reforms aimed at creating an 'Aatmanirbhar Bharat'.

India's GDP growth over the past five years (%)



[Source: Central Statistics Office (CSO)]

LIQUIDITY EASE BY THE RESERVE BANK OF INDIA

To cushion the financial sector from the sudden shock of the pandemic, the monetary policy was significantly eased March 2020 onwards. The repo rate has been cut by 115 basis points since March 2020, with 75 basis points cut in first Monetary Policy Committee (MPC) meeting in March 2020 and 40 basis points cut in second meeting in May 2020. The policy rates were kept unchanged in further meetings, but the liquidity support was significantly enhanced. The RBI undertook various conventional and unconventional measures like open market long-term repo operations, among others to manage liquidity.

The RBI injected more than ₹2.7 lakh crores through Open Market Operation (OMO) purchases between February 06 and December 04, 2020.

Targeted long-term repo operations (TLTROs) of up to three years' tenure of a total amount of ₹1.13 lakh crores for investment in corporate bonds, commercial papers (CP), and non-convertible debentures (NCDs), in addition to injection of ₹1.25 lakh crores through Long-Term Repo Operations (LTROs) were conducted between February and March 2020. The deadline for on-tap TLTRO scheme was extended by a period of 6 months till September 30, 2021, ensuring availability of funds to the designated sectors, including the 26 that are stressed and NBFCs.

Timely Measures by the Government of India

The Government of India undertook several schemes to provide relief to various sectors in the economy.

Extension of Partial Credit Guarantee Scheme (PCGS)

The Government announced PCGS 1.0 during the Union Budget FY 2019-20 to extend relief to NBFCs during the ongoing liquidity crisis. Additionally, as a part of special economic package amid the COVID-19 crisis, Finance Minister Smt Nirmala Sitharaman announced the PCGS 2.0 worth ₹45,000 crores for non-banking financial companies (NBFCs) and micro finance institutions (MFIs). Under the modified PCGS, sovereign guarantee of up to 20% of first loss will be provided to state-owned banks for purchase of bonds or CPs of NBFCs, MFIs and housing finance companies (HFCs) having a credit rating of AA or below, including unrated paper with original maturity of up to one year.

Collateral Free Automatic Loans Facility for Business including MSMEs

To provide relief to millions of small businesses reeling under the impact of the COVID-19 lockdown, the government extended collateral-free, automatic loan worth ₹3 lakh crores. Borrowers with up to ₹25 crores outstanding and ₹100 crores turnover are eligible.

Emergency Credit Line Guarantee Scheme (ECLGS)

The government extended the Emergency Credit Line Guarantee Scheme (ECLGS) till March 2021 as ECLGS 2.0 and widened its scope to issue additional funding of up to 40% of outstanding loans as on February 29, 2020 as against 20% earlier. The tenor of loans granted under ECLGS 3.0 will be 6 years, including a moratorium period of 2 years.

Moratorium on Equated Monthly Instalments

The lockdown created economic uncertainties, which resulted in liquidity crisis that impacted the borrowers adversely. In order to offer some relief to borrowers amid the unprecedented situation, the RBI declared a moratorium on equated monthly instalments (EMIs) from March to May 2020 and further extended it till August 2020. The Hon'ble Supreme Court, in a judgement, announced the waiver of the compound interest during the moratorium period and lifted the embargo on asset classification.

One-Time Restructuring of Loans

The RBI during the first wave of COVID-19 conceptualised a one-time restructuring framework to enable the financial sector to continue to lend and also provide customers adequate time to recover from the pandemic and honour their obligations. With the second wave hitting the economy, the RBI has again come out with a Resolution Framework 2.0 on May 05, 2021 to extend support to MSME borrowers.

INDUSTRY INSIGHT

Post-Pandemic Gradual Recovery in Disbursements

The HFCs were already seeing a muted demand environment in FY 2019-20. The COVID-19 pandemic further aggravated the situation. This resulted in a slowdown in disbursements in FY 2020-21, and the cumulative growth in on-book portfolio of HFCs for 9M FY 2020-21 (December 2020 vs. March 2020) stood at 2%. However, the second half of the year witnessed recovery in demand, leading to a gradual increase in disbursements, nearing pre-COVID levels. As per ICRA, total housing credit increased from ₹21.1 lakh crores as on March 31, 2020 to ₹22.1 lakh crores as on December 31, 2020. The affordable housing segment remains one of the key demand drivers and the Government of India extending the credit-linked subsidy scheme (CLSS) to March 2021 provided fillip to the sector. In the Budget 2021, the government has further extended the CLSS scheme till March 2022, driving demand in the affordable housing sector.

Additionally, the government announced a ₹18,000 crores additonal outlay for the urban housing scheme to help complete real estate projects that would create jobs and boost the economy. It would help in starting work on 12 lakhs houses as well as complete 18 lakhs houses. This would create 78 lakhs new jobs as well as demand for steel and cement. Performance security on contracts will be reduced to 3% instead of 5-10%. Earnest money deposit (EMD) will not be required for tenders and will be replaced by bid security declaration. These relaxations will be extended till December 31, 2021.

HFC Disbursements Strengthening Gradually

Given the COVID-19 induced disruptions, the industry saw moderation in the growth rate and the overall on-book housing portfolio reported nil growth (Q-o-Q) in Q1 FY 2021. The disbursements started picking up from Q2 FY 2021 onwards and the overall on-book housing loan portfolio of NBFCs/HFCs and banks is estimated to have reached ₹22.1 trillions as on December 31, 2020. Supported by portfolio buyout, banks continued to outpace the disbursement growth. The overall HFC credit in India is estimated at ₹11.3 lakh crores as on December 31, 2020, with exposures across home loans (HL), loan against property (LAP), construction finance (CF), and lease rental discounting (LRD).

Driven by robust demand and liquidity support from the National Housing Bank, the portfolio growth in the affordable segment remained higher at 8% in 9M FY 2021, following the growth of 18% in FY 2019-20. With unwavering demand, the segment is expected to continue growing at a faster pace than the overall industry.

Asset Quality Remains a Worry

The overall gross non-performing assets (NPA) (stage 3 assets as per revised Ind-AS June 2018 onwards) increased to 2.4% as on March 31, 2020 (1.6% as on March 31, 2019) due to a deterioration across HFCs in the construction finance and LAP segments. The asset quality witnessed further deterioration, although the same is not reflected in the reported numbers as on December 31, 2020. This was largely owing to the asset classification dispensation as per the order by the Hon'ble Supreme Court for not classifying accounts as NPAs till a further order is announced. However, this was settled in March 2021 as the apex court passed an order to lift blanket ban on classification of non-performing assets (NPAs).

Nevertheless, as witnessed in the delinquencies/stage-3 assets reported by entities, the asset quality has witnessed deterioration in Q3 FY 2021 and a further impact is expected in Q4 FY 2021. The proforma NPAs (those considering no asset classification dispensation) increased to around 2.7% (around 60 basis points higher than reported numbers as on December 31, 2020). Some entities have resorted to the restructuring option available under the regulatory relief measures announced by the RBI.

Skewed Borrowing Profile

Owing to the challenges in the last two years, the HFCs have reduced funding from CPs and its share has declined to around 2% as on December 31, 2020, from 4% as on March 31, 2020 (7% as on March 31, 2019). The proportion of fixed deposits increased considerably to 21% as on December 31, 2020, from 16% as on March 31, 2020.

21%

Share of fixed deposit in HFC funding as on March 31, 2020

The borrowing profile of HFCs remains skewed towards the NCDs, comprising around 38% of the total debt (including off-book). The HFCs witnessed a 9% y-o-y increase in bond issuances in 9M FY 2021 compared to an 18% y-o-y decline in FY 2019-20. Though the funding requirement has been relatively low, given the slowdown in disbursements, the entities are expected to have refinanced a part of their existing high-cost debt as the fresh issuances took place at lower yields. Moreover, the issuances continued to be dominated by the top few issuer, with the top five issuers among HFCs accounting for more than 80% of the bond issuances in 9M FY 2021.

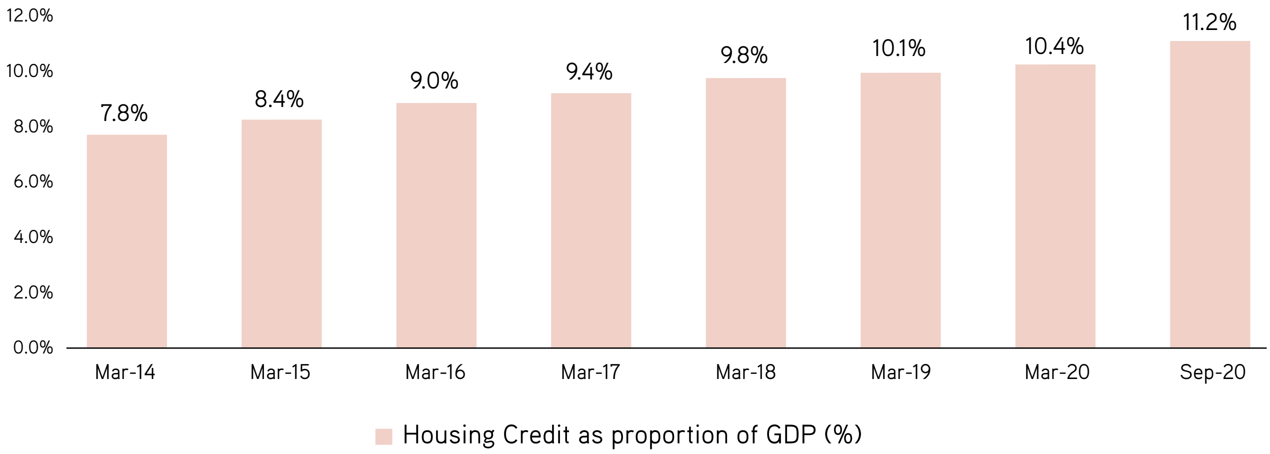
Adequate Capitalisation but High Provisioning

The aggregate on-balance sheet gearing of HFCs stood at 4.8x as on December 31, 2020 as against 5.4x as on March 31, 2020. Despite the high leverage of many HFCs, the reported capital adequacy remained good with a median CRAR of 18.3% as on December 31, 2020, supported by the relatively lower risk weights for home loans and Corporate loans for residential projects.

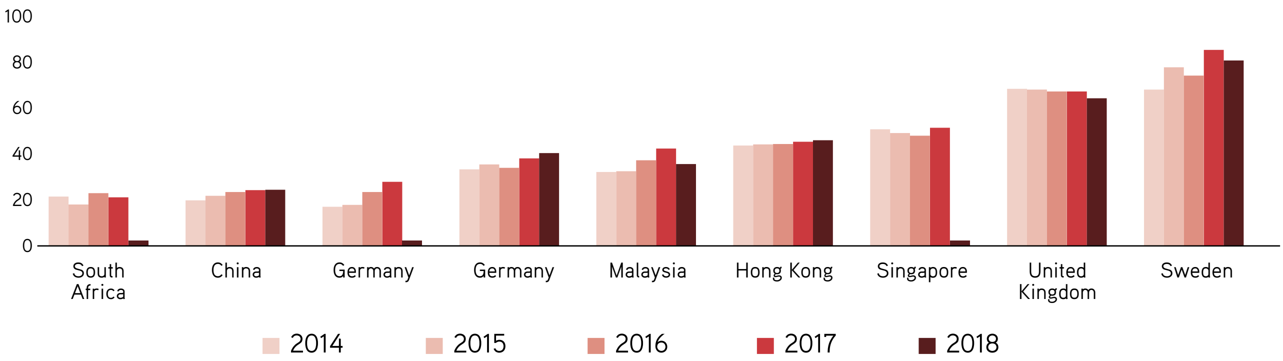
Robust Outlook for the Sector

The housing finance sector is positioned attractively in the coming years driven by strong demand, especially in the affordable housing sector. This is further reinforced by the fact that a number of A-rated builders in the country are moving towards affordable housing segment driven by the Tax SOPs offered by the government. On the other hand, the extension of the CLSS scheme by the Government of India for the affordable housing segment is expected to drive growth within the sector. Additionally, following the pandemic, there has been an increasing trend of owning homes, which is also aiding in driving the housing finance sector in the country. Mortgage penetration in India continues to be lowest when compared with the developed countries, which indicates strong growth opportunity for the sector in the coming years.

Mortgage Penetration Has Been Growing Steadily



...However, Remains Significantly Lower Than Developed Countries



RBI's Master Circular for HFCs

RBI vide its circular dated October 22, 2020 defined the principal business criteria for HFCs. As per the criteria, 50% of the total assets (netted off by intangible assets) should be towards individual housing loans and 60% of the total assets (netted off by intangible assets) should be towards housing loans.

It further states that those HFCs which does not fulfill the defined criteria as on October 22, 2020 has an option to submit a board approved plan including a roadmap to fulfill the defined criteria and timeline for transition to RBI with in three months from the date of circular. Both the conditions are to be met in a graded manner starting from 40% by March 2022 and reaching 50% by March 2024 for individual housing loans and starting from 50% by March 2022 and reaching 60% by March 2024 for housing loans.

In compliance with the above circular, the Company has submitted board approved plan along with roadmap to fulfill the defined criteria and timeline for transition to RBI.

Impact

- Fresh registration for HFCs would be shifted under RBI.
- Specific norms for LCR have been issued for HFCs with asset size greater than ₹5,000 crores that will be applicable in a graded manner from December 2021. The large HFCs are improving their liquidity positions, and those HFCs, which are currently non-compliant would ensure accordance with the guidelines following the transitional path mentioned in the directions.

PNB Housing Finance Review: Setting the Foundation for Next Phase of Growth

The year under review was a challenging one for the Indian economy and it had a domino effect on the housing finance sector, and inevitably, on us as well. During the year, we embarked on a journey of strategic priorities that we set for ourselves in order to create value for all the stakeholders. The three major areas viz Strengthening the Core, Drive Efficiency and Accelerate Growth are the fulcrum of the new agenda that we had set for ourselves during the year. The triumvirate consists of seven focus areas that will help grow business, strengthen risk management, increase profits, and create value for the stakeholders.

NEW AGENDA SET BY THE COMPANY

Strengthening the Core

Management

- Strengthen leadership team with internal promotions and external hires
  - On boarded senior talent in Collections, Information Security, Affordable Housing and Internal Audit
- Augment risk and data analytics team
- Introduced incentive plan to retain talent
- Focus on upgrading skill sets

Capital Position

- Improve capital and gearing
- Build significant provision
- Option to raise capital across different modes

Risk Management

- Leverage advance analytics and new age technologies
- Automate credit appraisal journey with human touch
- Strengthen EWS to improve collection efficiencies
- Remedial Management Group to focus on resolution of corporate book

Drive Efficiency

Cost Management

- Rationalise operating model with focus on profitability
- Optimise cost and productivity
- Improve accountability across organisation
- Product and segment level monitoring

Digital Drive

- Accelerate digital transformation across the value chain
- Increase use of AI, ML, RPAs to augment business, underwriting and accelerate efficiencies
- Advanced analytics for portfolio management, risk, collection
- Building Super App to strengthen digital platform

Accelerate Growth

Retail Focused Lending

- Leverage expertise in mass housing and merchant category
- Increase fee income through cross sell, upsell and co-lending
- Retail to be the engine of growth

Grow Affordable Housing 'Unnati'

- Building higher yielding Unnati portfolio
- Focus on average ticket size of ~₹15 lakh
- Strengthen distribution network with increased presence in Tier 2 and 3 cities

We also laid out the monitorables, under each focus areas, to measure the progress. These are important vectors that will help the Company to shift and achieve its overall strategic objective of a profitable and growing housing finance company.

STRENGTHENING THE CORE – KEY MONITORABLES

Pillars to Agenda	Monitorables	FY 2019-20	FY 2020-21	Remarks
	Key roles hired at senior level		5 hires and 2 promotion	Further strengthen management team
	Introduced incentive plan to retain talent		RSU allotment done	Introduced RSU for critical positions
	Reduce leverage*	8.53x	6.42x	With reduced share of Corporate Book
	Improve CRAR*	17.98%**	18.73%	Adjusted for deposit made with companies in same group, CRAR is 20.61%
	Maintain adequate Total Provision to Total Asset*	2.61%	4.9%	Net worth to NNPA is 5.9x
	Tier 1 capital		In process	Capital raise process ongoing
	% of loans sanctioned within stipulated TAT	85%	84%	Leveraging digital interventions to enhance efficiencies
	Improve collection efficiencies	98.5%	96.8%	Strengthened bucket-wise resolutions

* As on last day of the period
**As per IGAAP

DRIVE EFFICIENCY – KEY MONITORABLES

Pillars to Agenda	Monitorables	FY 2019-20	FY 2020-21	Remarks
	Maintain cost to income ratio	16.9%	15.1%	Cost rationalisation measures undertaken
	Reduce incremental cost of borrowing	8.47%	6.8%	Incremental COB for Q4FY21 has dropped to 6.26%
	Implement transformation journey		Project 'IGNITE' initiated	Focus on business repositioning, strengthen underwriting, and collections, digital and cost efficiencies
	Increase in digital sourcing	9%	19%	Increased focus on digital sourcing
	Automate underwriting for straight through processing		Vendors identified	Expected to go live by September 2021
	Analytics across the organisation through integration and data warehousing		Advance stages of vendor identification	Implementation from September 2021

ACCELERATE GROWTH – KEY MONITORABLES

Pillars to Agenda	Monitorables	FY 20	FY 21	Remarks
	Grow Retail Book (YoY)	-6%	-5%	Disbursements higher by 50%, reduced lending rates
	Focus on building granular book (disbursement)	87.2%	92.3%	Focus on lower ticket asset sourcing
	Reduction in Corporate Book*	₹14,614 crores 18% of AUM	₹11,786 crores 16% of AUM	Sell down/accelerated payment of ₹1,880 in FY 2020-21
	Create separate vertical and open lean branch infrastructure	Existing branches	Separate vertical created	Locations identified for opening new branches
	Grow Unnati book*	₹ 2,607 crores	₹ 2,985 crores	Focus on building Unnati book

* As on last day of the period

During the year, we focused on strengthening our balance sheet and placed greater emphasis on diversification into areas where we want to build a stronghold. We undertook several steps to increase our presence in the retail segment. We also focused on deleveraging and reducing the load of asset on its capital, which in turn, would reduce the gearing. We were able to achieve this by placing greater focus on building granular book, strategic shift towards a retail-focused segment and reduction in the corporate book share via sell down/accelerated pre-payments.

All these measures resulted in improvement of our capital adequacy ratio from 14% as on March 31, 2019 to 18.7% as on March 31, 2021.

We undertook several initiatives by creating cross functional teams to monitor, analyse and take proactive steps in case of an unforeseen circumstance arising out of the critical situation at hand. Collective efforts were made to support teams across all locations to contain early delinquencies, resolving NPAs and reducing assets held for sale.

With an eye on the economic situation across the country, we adopted a balanced approach towards business and development, on the pillars of asset quality and profitability. Our human capital is our most prized asset and with their dedication and support, we are confident of emerging a much stronger organisation.

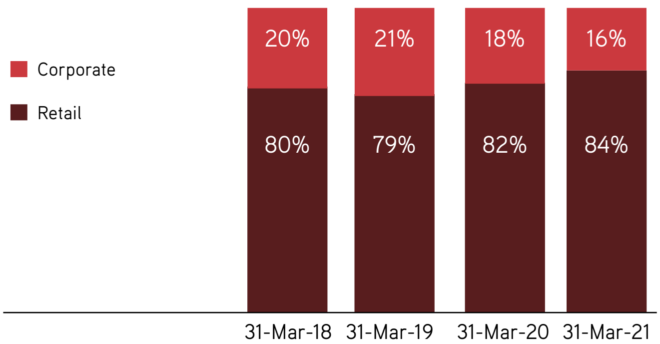
During the year, we carried out several cost optimising initiatives to ensure cost reduction. We analysed all our branches and vendor contracts; different branches were merged or relocated from a high-cost setting to a low-cost setting and vendor contracts were renegotiated to reduce expenses.

Lending Operations

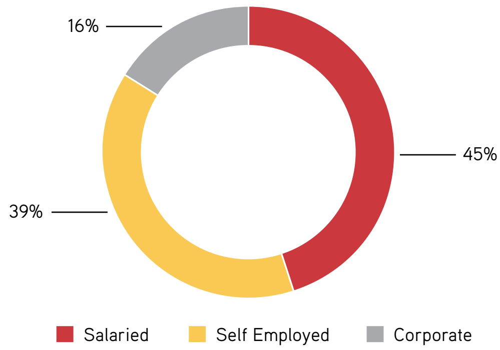
In terms of business, retail segment accounted for 96% of disbursements, as compared to 92% the year before, resulting in retail segment to be 84% of our assets under management (AUM) as on March 31, 2021. We optimised our branch network through merging branches and shifting them to a low-cost setting in Tier 2 and Tier 3 cities, thereby enabling us to increase our disbursements from these cities. The retail disbursements from Tier 2 and Tier 3 branches increased to 42% in FY 2019-20 as compared to 40.7% in FY 2019-20 resulting in increased share of retail assets under management (AUM) from Tier 2 and Tier 3 branches to around 37% as on March 31, 2021 from around 34% as on March 31, 2020. With focus on building granular book, the disbursements in less than ₹2 crores ticket size reduced to 7% of the retail disbursements in FY 2020-21 from 13% in FY 2019-20. We also tightened our lending norms and implemented a robust IT framework across the organisation, which optimised our operations significantly.

We sanctioned 50,454 loan applications during FY 2020-21. The disbursements for FY 2020-21 stood at ₹10,445 crores compared to ₹18,626 crores for FY 2019-20. Assets under management (AUM) was at ₹74,469 crores as on March 31, 2021.

AUM Mix

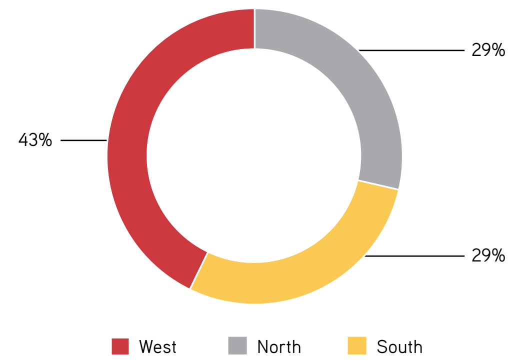


Segment-wise Breakup



Retail 84% (Salaried + Self Employed)

Geographical Distribution (AUM)

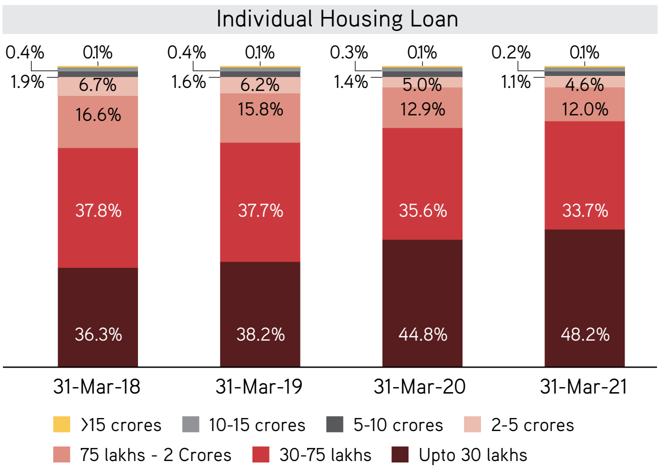


Individual Housing Loans

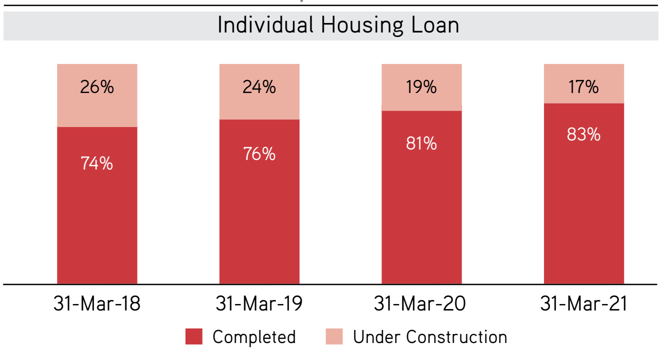
Owing to our increased focus on the retail segment and growing pie of the affordable housing segment, our average ticket size of the loan stood at ₹27 lakhs as on March 31, 2021 against ₹29 lakhs as on March 31, 2020 for Individual Housing Loan. Salaried customers accounted for 70% of the individual housing loans, while self-employed customers contributed 30%. Our conservative approach towards underwriting and disbursement led to the Loan-to-Value (LTV) for individual housing loan at 72% as on March 31, 2021. We continued our focus on financing ready properties, resulting in the share of the under-construction portfolio in the individual housing AUM declining from 19% as on March 31, 2020, to 17% as on March 31, 2021.

The Company in its efforts to support the Government scheme of "Housing for All" through PMAY-CLSS scheme, have cumulatively disbursed ~ ₹12,000 crores under ~56,000 loan accounts in the category of EWS/LIG and MIG I/MIG II upto March 31, 2021.

Higher Share Lower Average Ticket Size



Focused On Completed Properties
(Under construction vs Completed)



Unnati Loans

There has been a growing focus on the Unnati segment, which led to increase in book during the year. Unnati Book stands at ₹2,985 crores with average ticket size of ₹18 lakhs. Salaried segment contributed 58% of the loans and balance 42% by self employed segment.

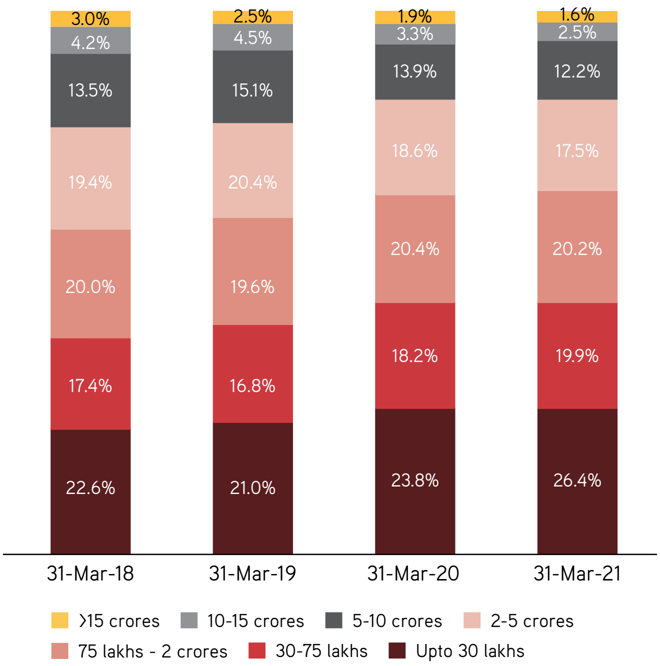
During the year, we disbursed ₹726 crores under Unnati.

- We focused financing properties which have clear titles.
- We are focusing on the mid-income customer group with documented income.
- We ensure a physical visit by our full-time employees to the residential/office/property of the customer.
- Going ahead, we are creating branches dedicated to the Unnati segment and hiring employees with experience in affordable housing to drive growth.

Retail Loan Against Property

During the year, the Company disbursed ₹2,526 crores under this segment. The Average Ticket Size (ATS) is at ₹44 lakhs as on March 31, 2021 compared to ₹47 lakhs as on March 31, 2020.

Retail Loan against Property (Average ticket size range)



The weighted average LTV was maintained below 50%. The self-employed segment accounts for 80% of the retail LAP book. Over time with focus on the lower ticket size, the Loan Asset of LAP book in more than ₹2 crores has reduced by over 4% during the year to 33.6% as on March 31, 2021 from 37.7% as on March 2020.

Retail Non-residential Premises Loan (NRPL)

Retail NRPL contributes 4% to the assets under management. These loans are given for the construction of the commercial property. The ATS for retail NRPL is ₹41 lakhs.

Construction Finance Loan

Construction finance book comprised 12% of the AUM as on March 31, 2021. The ATS on a unique corporate house basis is ₹167 crores. The construction finance book is spread across 79 unique developers, with top seven markets contributing 89% of the AUM. As per laid out strategy to reduce corporate book, the construction finance book in last one year reduced by 17% in absolute terms to ₹8,637 crores as on March 31, 2021 from ₹10,356 crores as on March 31, 2020.

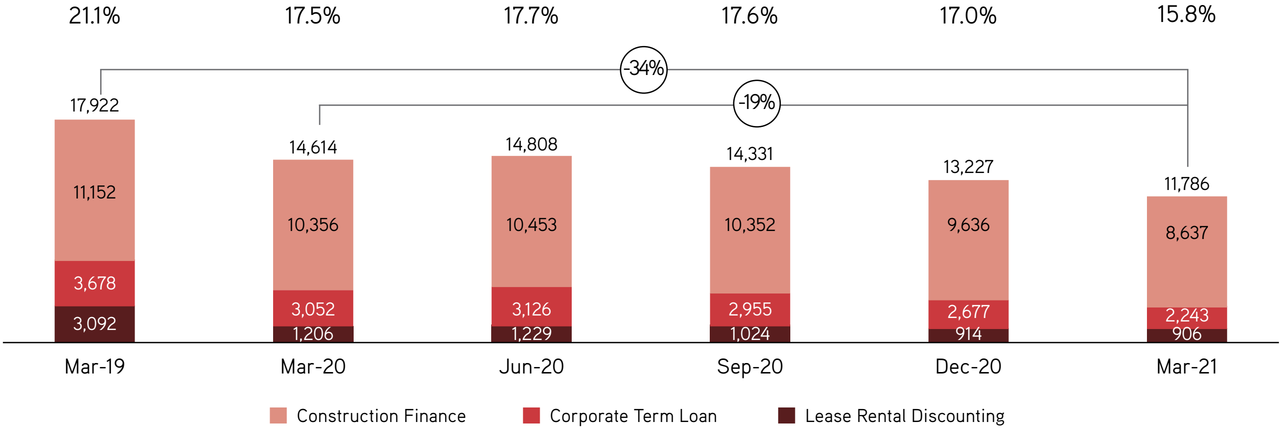
Corporate Term Loan

Corporate term loan (loans given to the developers either for construction of commercial units or as a term loan secured against a mortgage) comprised 3% of the AUM, as on March 31, 2021. The ATS on a unique corporate house basis is ₹98 crores. The corporate term loan book is spread across 40 unique developers, with top seven markets contributing to 90% of the AUM. The corporate term loan book in last one year reduced by 27% in absolute terms to ₹2,243 crores as on March 31, 2021 from ₹3,052 crores as on March 31, 2020.

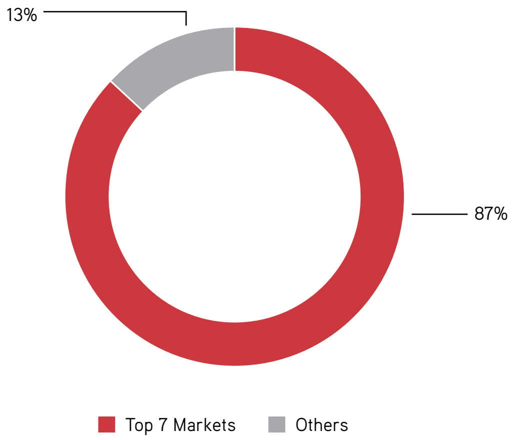
Lease Rental Discounting

It includes the loans given to the developers against the rental receipts derived from lease contracts with corporate tenants. The share of this book in the total AUM stood at 1% as on March 31, 2021 and the ATS on a unique corporate house basis is ₹84 crores. The LRD book is spread across 11 unique developers, with a presence in seven large cities. 100% of the LRD book is backed by leased out commercial office buildings with multiple tenants. The lease rental discounting loan book in last one year reduced by 25% in absolute terms to ₹906 crores as on March 31, 2021 from ₹1,206 crores as on March 31, 2020.

Corporate Book

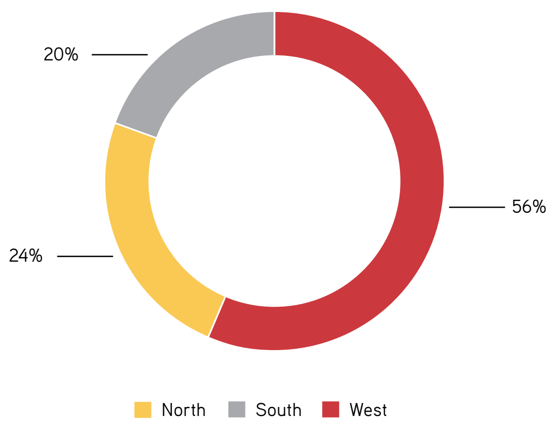


City Concentration



Top 3 markets	
MMR	39%
NCR	19%
Bangalore	13%

Geographical Distribution

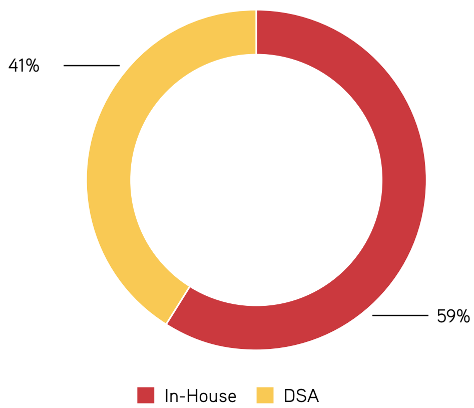


Strong Channel and Geography Mix

We are increasing focus on businesses sourced by internal teams. In-house channel contributed to 59% of the total disbursements done in FY 2020-21. The western zone remains the key market for us across the states of Maharashtra and Gujarat. This is followed by the Northern and the Southern zones. We are focusing on opening branches dedicated to Unnati. We have 94 branches with presence in 64 cities and 22 hubs. We also service our customers through 17 outreach locations.

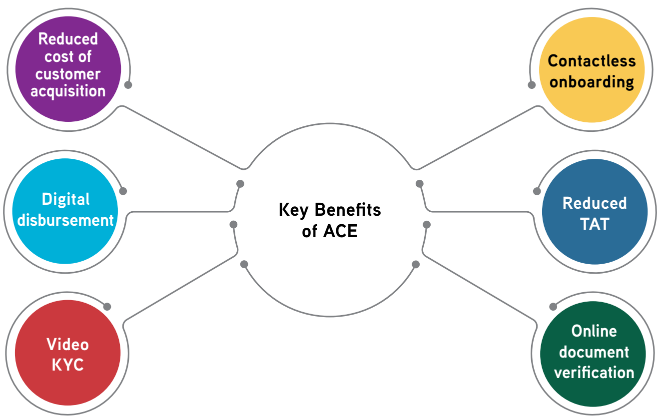
We concentrated on sourcing from internal channels for the Unnati segment, more than 75% was sourced through this channel. Western India accounted for 48% of the total Unnati disbursements.

Disbursement Origination



PHFL Home Loans and Services Limited (PHFL)
Our wholly-owned subsidiary, PHFL is focused on sales and distribution functions of PNB Housing Finance. It has helped in reducing dependence on external sources for acquiring new businesses. We have also been providing adequate processing support to ease the delivery process for customers.

Realigning Retail Strategies with Changing Times
Over the past few years, we have realigned our funding focus and relooked at our disbursement strategy with higher focus on retail customers. However, the pandemic prompted us to relook at our customer acquisition strategy, which led to the introduction of ACE, an innovative digital customer onboarding platform, facilitating easier and safer approval and disbursal of loans with minimal physical contact. It automated the entire end-to-end loan onboarding process, including data collection and verification, and lead generation through various digital channels. Customers can upload documents online with backward integration of verification processes, such as PAN, Aadhaar, digital signatures and video-based KYC, including geo-tagging. Additionally, it has significantly reduced turnaround time (TAT) from documentation to disbursal. The ACE platform was made live in October 2020 and by March 2021, 28% of the monthly logins were sourced through ACE.



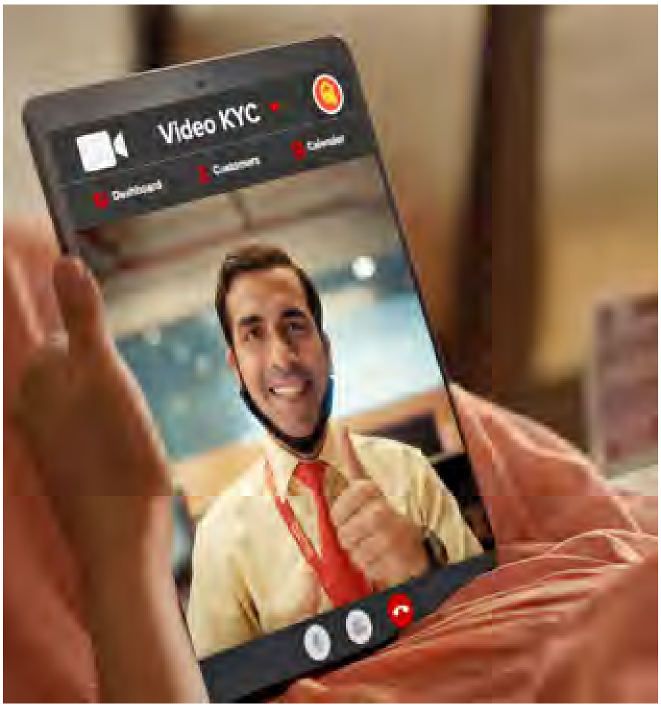
Customer Engagement Initiatives
During the year, we undertook several customer engagement initiatives through both digital and physical modes.

- Initiated district-wise on-ground engagement strategies, including nukkad nataaks.
- Visited various markets on weekends with one-on-one campaigns for Unnati where we focused on educating individual shop owners on their eligibility for products.
- Increased our engagement with channel partners through introduction of enhanced incentive programmes, helping in achieving higher share of files from them.
- Educated the partners about logging files through ACE for better customer servicing.
- Tapped newer channels like Chartered Accountants and architects as well as deal writers at the registrar office for enhanced customer acquisition.
- Held various knowledge webinars.

Creating a Failsafe Strategy during the Pandemic
As the impact of the pandemic is yet to wane, we created a backup team across locations and functions as part of our business continuity plan. In case a primary team becomes non-functional, the backup team will continue the business.

Relentless Support to Our Customers
Customer service remains a key pillar for onboarding, engagement and retention. We provide multi-channel touchpoints to engage with customers, including branches, contact centres, web chat, email and customer portal mobile application, among others. However, the temporary closure of the branches during the lockdown led to the accelerated transition to digital channels. By September 2020, more than 70% of the customer requests were being served through non branch channels.

The robust IT-enabled service infrastructure and business continuity plan ensured that there wasn't a single day of outage even during the lockdown phase. With help of TALISMA, our ERP-integrated customer relationship management software agents of the inbound contact center and the retention team were able to connect with and serve the customers from the safety of their respective homes. Through practical and timely interventions like extended interaction hours (while doing work-from-home) on the non-branch channels, the TAT was maintained at around 93%, which was almost similar to the pre-lockdown period.

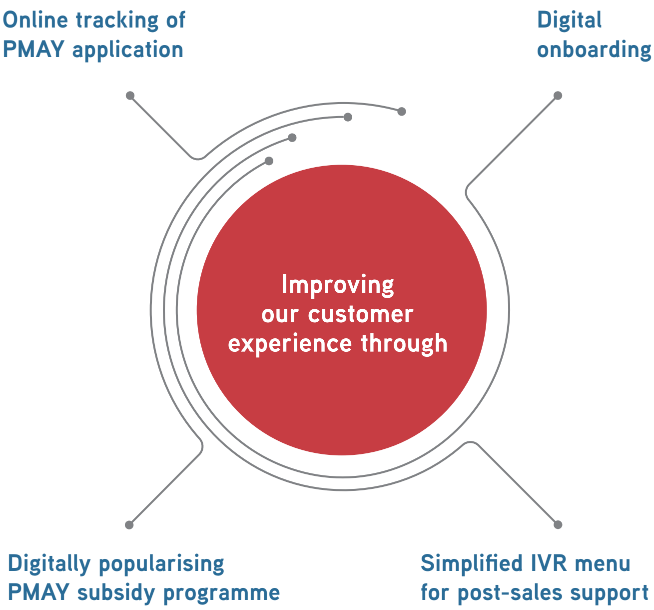


Engaging with Customers through Various Modes
- The moratorium announced by the RBI in March 2020 (and extended in May 2020) to ease the EMI burden of customers, was one of the major query points for the customers during the first half of the fiscal year. We continuously connected with our customer through various modes of communications and offered services in vernacular languages for ease of understanding.
- As more customers chose to connect through calls, we simplified the IVR call menu, expanding the service offering

to nine self-service options. The system recognised the caller phone number, helping reduce layers of verifications. Besides, the self-service menus were made binary, helping the callers to get desired outputs faster. During the year, we have included support of six languages in the IVR menu to help a wider base of customers.

- We are enhancing the capabilities of our chatbot Homie to enable it to undertake more complex requests/queries.
- We are among the early players to register on CLSS Awas Portal (CLAP) to process the Pradhan Mantri Awas Yojana Subsidy (Urban) applications online. More than 16,000 applications were moved through this portal.
- The deposit franchise continued to grow even in the face of tough market conditions. During the lockdown phase, the completely paperless mode of deposit acceptance, as well as processing of loan against deposits and prematurity and maturity withdrawals won the hearts of customers as well as our broker partners.
- We introduced video KYC for an end-to-end digital, paperless and zero-contact customer onboarding process. It also helped us in controlling customer drop off rate besides reducing TAT for the process as well providing a touchless transaction option for the customers. The multi-lingual KYC is operable from a branch level, making it much more accessible to a larger part of the Indian market.

Going ahead, there will be increased focused on cost optimisation. We are training our people for multi-tasking to serve the increasing number of customers. We will skill our frontline staff to reduce transaction time in our branches. Additionally, the revamp of the mobile application is planned to move at least 30% of the customer transactions to self-service digital mode.



Strengthening our Underwriting Strategy

The Company has institutionalised a robust credit underwriting system and has built a steady loan portfolio over the years. We regularly review the credit monitoring and control procedures through timely policy interventions and strengthen our approach to markets.

As a part of our strategy to strengthen the core, we are further augmenting our underwriting framework using advanced analytics and modelling techniques by embedding machine learning and artificial intelligence-based applications, which will further strengthen our underwriting decisions and enhance our processing efficiency.

To further improve upon the efficiencies and transform customer experience, the Company, as a part of 'Project IGNITE' has undertaken a project for underwriting automation. The project is aimed at digitising and standardising the credit appraisal process, aiding the credit decision and includes the following key components:

- Credit Appraisal Memorandum (CAM) Automation for financial appraisal and eligibility calculations
- Machine Learning (ML) based score cards for various business & customer segments
- Business rule management engine (BRME) for on-the-fly application of policy rules

Strategies Aligned to the Evolving Realities

The Company witnessed the changes in the market behaviour because of the pandemic and we did proactive review of portfolio and made intervention in our credit guidelines and policies in the first quarter of the year, before restarting the business in the month of June 2020 and after opening up of lockdown in the country. Considerable effort and time got invested in training/upskilling of our sales and underwriting force to be abreast of the changing environment due to impact of COVID-19 and our approach to incremental business in current times. The underwriting and appraisal process got more holistic, including tightening of key policy vectors, assessment of ability of the customer to generate cash flow in post-COVID era and sustainability of business model in such time.

Reliance on in-house skilled underwriters to conduct exhaustive personal discussions with the customers and accordingly opt for the credit decision. The Company continued to witness increased penetration of digital tools at various stages of the underwriting process, which in turn helped in bringing down the cost of processing of files by 8% over the previous year. Increased filters on account of bureau scores and product appraisal norms for on-boarding fresh business ensured that we maintain desired portfolio quality and bring in processing efficiencies. During the year, 80% of loan applications were approved in approximately 3.5 working days (wing to wing: from reference generation to sanction), despite the disruptions caused by COVID-19 in majority of the markets. The Company continued its focus on leveraging digital tools in processing of loans and drive better TATs.

Focused Strategy for the Unnati Segment

We have created a tailor-made policy for Unnati. It has a templated underwriting covering financial as well as behavioural aspects of each customer. We ensure that our full-time employee visits the Unnati customers to verify disbursement to the right person.

We have created a local touch and connect system to cater to the appraisal requirements against a central processing unit. We are training our team extensively to evaluate and sanction loans to customers in this segment.

Digital interventions used in Credit Appraisal resulting in better efficiencies

Fraud Detection

- Common pool of fraud customers from over 100+ major financial institutions in India
- Dedupe rules available at national (common user group) as well as local (enterprise) level

Project Monitoring

- Automatic subsequent project monitoring for top 8 business locations covering 70% of business volume
- Better operational efficiencies and savings in processing cost per file

Work E-Mail Validation

- Effective way of employment verification without personal visit
- Report includes (a) Validation of employer e-mail domain and mailbox (b) Form filling for matching information with application data (c) Timestamp and GPS coordinates at the time of form filing for address match

Vendor Management

- State-of-the-art features like document/pictures upload, GPS coordinates, digital signature, live dashboard and so on
- Better control and monitoring
- Uniformity in vendor reports, improved quality
- Reduction in TAT time

KYC Verification

- Online KYC verification from authentic data sources
- Efficient document sampling
- Established KYC tools to detect alternate credit history and fraud across all cases

Bank Statement Analytics

- In-depth and informative analysis at a click
- Penetration increased from under 50% at start of the year to 90% in March 2021
- Reduction in TAT and improvement in productivity
- Faster results with minimal human intervention and elimination of human errors
- Detects inconsistencies in banking entries and manual tampering of statements

Pillars of credit underwriting

Fraud Control Units

The greater economic unrest due to the COVID-19 pandemic brought in huge changes in the approach towards the financial lending and FCU team, with its robust platform and processes, readily accepted the change and challenge in document and profile screening of the loan applicants and consistently delivered a hit-rate of 3.38% for FY 2020-21 at a sampling percentage of 60%. 1,476 cases were identified and declined in FY 2020-21, resulting in notional fraud savings of ₹853 crores.

Technical Service Group (TSG)

TSG is a team of professionals comprising architects, town planners and civil engineers. During FY 2020-21, TSG has carried out valuations of more than 65,000 loan accounts and more than 4,500 Advanced Processing Facility (APF) cases majorly pertaining to completed projects and affordable housing. TSG approved 285 new projects under the advance processing facility (APF). TSG has revalued the loan accounts in order to assess the impact of the pandemic on the value and quality of the underlying collaterals. In the midst of the ongoing pandemic, the team conducted more than 10,000 site visits along with periodic monitoring across the entire country.

Legal Counsel

Legal team has been involved in loan documentation for ECLGS scheme and interpretation as well as loan documentation for RBI COVID-19 related restructuring circulars. Legal actions in high value CF cases has resulted in speedy recovery through various legal recovery tools.

Corporate Underwriting Remained Stringent

We continued to reduce our exposure to the corporate sector and sanctioned no new loans during the year. The corporate loan business is managed by a team of relationship managers in key markets, experienced credit underwriters and qualified operations personnel, along with specialised legal and technical experts, who ensure continued delivery of high-quality services and closer monitoring of the portfolio amid the ongoing turbulence. The Company has formed a Remedial Management Group (RMG) under the supervision of MD & CEO to accelerate resolution of corporate accounts.

During the year, the Company resolved few large accounts with nil haircut. Significant progress is also made in the NPA accounts towards their resolution including one large NPA account in the final stages of resolution.

Corporate Book Key Credit Covenants

- Minimum security coverage ratio of 1.5x; weighted average as on March 31, 2021 is over 2x
- Average cash receivable coverage (net of project expense) of 1.5x
- Collections through escrow mechanism

Focussed approach on Recoveries to enhance Resolutions

We embedded analytics to reduce delinquencies and mitigate losses allowing businesses to maximise their accounts receivable recovery. Collection analytics aid in understanding customer preferences and behaviour patterns, which in turn help in developing better collection strategies. Collection strategies further help us determine the accounts that have a higher probability of losses, to categorise the different types of customers, as well as to prioritise and target the customers.

However, the onset of the pandemic and the subsequent moratorium announced by the RBI resulted in uncertainty in customers paying the EMIs resulting in increased bounce rate. The economic uncertainty disrupted cash flow of customers, thereby impacting recoveries.

Post moratorium, the Hon'ble Supreme Court has put an embargo on asset classification, thus delaying the resolution process. The embargo was lifted in March 2021.

During the pandemic and post pandemic, we constantly communicated with our customers to understand their challenges in order to resolve the same. From November onwards, we started working on bucket resolution with weekly targets with sensitising customers and future repayment.

We leveraged digital platforms to facilitate recovery. We added digital payment systems like PayTM and RazorPay to make payment easy for our customers. Chat bot is being used to reach out to customers and resolve issues and collect payment, helping us reach a wider customer base. We are regularly sending payment reminder SMS to sensitize the customers about their payments. We expect these tools will help further build-up and improve collection efficiency in coming year.

The advance analytics driven collections models, strengthening of collections team and addition of external vendors resulted in increasing our reach on the ground thus improving resolutions quarter on quarter.

Expected Credit Loss Provisions

As on March 31, 2021, being prudent considering the external challenges of higher delinquencies on account of COVID-19 disruption and degrowth in the overall portfolio, we made provisions of ₹778 crores during the year resulting in total provision of ₹2,544 crores as on March 31, 2021. Our total provision to total assets stood at 4.1%, increased from 2.6% as on March 31, 2020. The provision coverage ratio for Stage 3 moved up to 45.2% as on March 31, 2021 from 36.2% as on March 31, 2020.

Accelerating Digital Transformation

The unprecedented disruption caused by the pandemic provided us the opportunity to accelerate our digital journey to emerge as a digital home loan company in the coming years. The core idea behind our digital transformation revolves around creating superior experience for customers – starting from contactless document upload to video KYC and lower TAT. The IT team at PNB Housing Finance is working on digitalising the entire value chain, which will result in operational efficiency. We are implementing digital tools across functions like risk management, collections and recoveries, among others to drive efficiency and optimise cost of operations.

Digital Drive Across the Value Chain

Digital Approach

- Portfolio management
- Sourcing
- Underwriting
- Collections

Tools and collaboration

- ACE
- Online home loan
- uConnect
- Talisma
- Payment collaborations with various digital partners

Impact

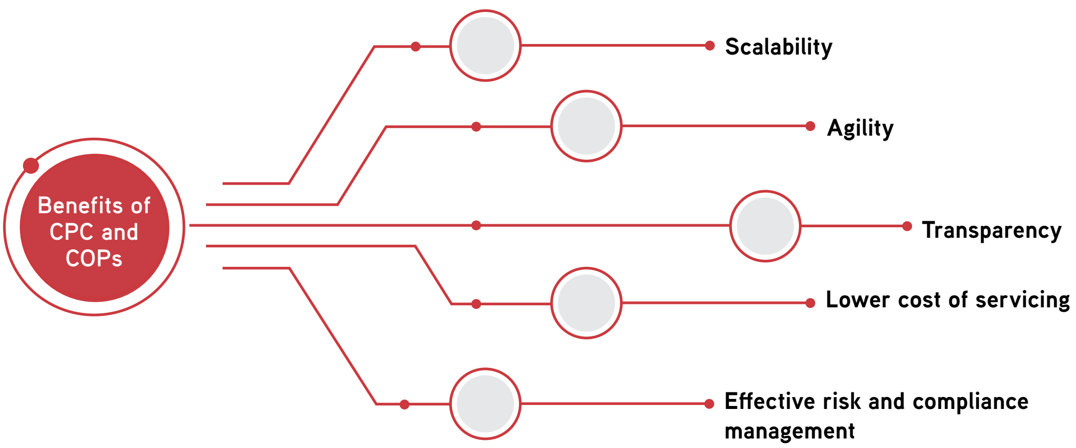
- Digital acquisition in Retail segment is at 19% in FY21
- Significant reduction in TAT
- Fraud control tools and multi-layered ecosystem resulting in negligible fraud losses
- Digitised around 70% of the customer loan documents
- Over 77% service requests received through non-branch channels resulting in improved productivities

KEY HIGHLIGHTS OF INFORMATION TECHNOLOGY FOR FY 2020-21

- The outbreak of COVID-19 resulted in work-from-home for employees and we have also implemented a teleworking solution with a through-through approach to make the end-to-end channel secure. We swiftly implemented a cloud-based virtual system interface hosted on Microsoft Azure cloud.
  The work-from-home facility was made available to employees from day zero of the national lockdown declared by the Government of India. Additionally, the highest form of security was ensured to protect the data and processes from abuse.
- Our Information Security Management System (ISMS) is certified with the standard of ISO/IEC 27001:2013 by UKAS (United Kingdom Accreditation Service).
- In compliance with the RBI's regulatory package announced as a relief to our customers who could be facing liquidity issues due to COVID-19, we implemented moratorium on payment of instalments due from ~ 1.10 lakhs customers who have opted in for moratorium facility.
- ACE was the major highlight during FY 2020-21. It is a digital customer onboarding platform (web and mobile), which orchestrates customer online journey, by automating the end-to-end loan onboarding process – loan information collection, information verification, lead creation, video KYC and soft sanction. The platform was launched in October 2020 and boosted our customer acquisition drive.
- We introduced credit score-based pricing, where each loan would be offered specific rate of interest based on the credit (CIBIL) score. It has been implemented in our system and now system automatically offers ROI based on various parameters, including CIBIL score.
- In compliance with the RBI issued guidelines, which was related to resolution/relief to be given to loan customers who are adversely affected by economic situation arising out of COVID-19, We have developed and implemented the 'Loan Restructuring' functionality in ESS (Kastle – LMS) along with all the associated validation as per RBI Guidelines.
- We have tied up with Amazon and Airtel Payments Bank to source newer businesses. The network customers of Amazon and Airtel Payments Bank can avail loans from PNB Housing Finance.
- To handle increased business through the digital channel, we are revamping the IT infrastructure, including upgradation of the backend server. We are also implementing private cloud with a hyper conversion structure for increased scalability and reduced system downtime. We are also updating our customer database for effective data mining.
- We are introducing an AI-backed bot that will help in effectively analysing the market and support the internal treasury team to take the right investment decisions.
- To make the buying journey more personalised and engaging for our customers, we have introduced Homie - our first conversational landing page. It acts as a templated bot, which guides the online user on web for submitting their details for loan enquiry.
- We strengthened the uConnect – a collaborative platform that simplifies the way business partners interact with PNB Housing Finance. The partners can have chat facility and can submit reports and documents for cross-checking.
- Our IT Team facilitated information dissemination during the moratorium period announced by the RBI and provided them with necessary guidance, documenting their consent to exercise the option and ensuring the requisite paperwork was in place.
- To ensure customer authenticity, comply with KYC Guidelines and avoid errors in TDS filling, the deposit system has been further enhanced and integrated with PAN verification services. Each FD forwarded from branch to centralised operations (COPS)s will now go through a PAN validation check wherein status of PAN number along with PAN details will appear on the screen.
- Earlier FD leads used to remain as a data record in the lead management system and there was no defined workflow for updating the status of the FD leads. To cater to these issues, workflow for managing FD leads has been introduced in the lead management system along with integration with core deposit system.

Centralised Operations

Our ISO-certified central operations help in implementing best practices in operational activities and customer experience. The central operations team has successfully delivered all non-customer interface operational activities as per the enhanced service level agreement. The team is divided into two business units: central processing centre (CPC) and centralised operations (COPS).



CPC and COPS activities helping in efficient operations

- Custodian of documents
- Digitisation of title documents
- Business partner management
- CERSAI charge creation and satisfaction
- Centralised refund processing
- Image-based deposit processing
- Repayment mode management
- Cash management services
- Service request management for internal and external customers
- Customer correspondence management

Central Processing Centre (CPC)

Our CPCs are located in Mumbai, Bengaluru and Noida, helping us service the growing needs of our business. CPCs act as custodian of documents – loan files, deposit applications, repayment pouches and business partner applications, among others.

CPC also manages the repayment mode and creation/settlement of charge at Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI) and settlement of the Pradhan Mantri Awas Yojana subsidy applications.

CPC further assists in the banking of instruments, both cash management services (CMS) and EMI within defined timelines. CPC handles nearly 1.67 lakhs service requests, including loan closure and refund claims, every month, within defined timelines.

Centralised Operations (COPS)

The COPS team handles processing of deposits insurance reconciliation, pay-out processing, customer correspondence and channel partner empanelment. COPS enables a paperless environment, wherein deposits are processed through images, and payments to depositors are made electronically, among other improvements. At PNB Housing Finance, we have a deposit customer base of more than 2.41 lakhs account and the team has an average TAT of 4 hours from cheque clearence to issuance of FD receipt.

FINANCIAL PERFORMANCE

Consolidated Performance Indicators (as Per Ind-As)

(₹ in crores)	FY 2020-21	FY 2019-20	Variance
Net interest Income	2,322.91	2,308.04	1%
Fee and Commission Income (net of Fees and Commission expense)	169.62	289.92	-41%
Other Income	20.16	7.71	
Gross Income	2,512.69	2,605.67	-4%
Operating Expenditure	443.77	543.3	-18%
Operating Profit	2,068.92	2,062.37	0%
Impairment of Financial Instruments and Write-offs	861.90	1,251.37	
Profit before Tax	1,207.02	811.01	49%
Profit after Tax	929.90	646.24	44%
Other Comprehensive Income (net of taxes)	-20.69	-55.3	
Total Comprehensive Income	909.21	590.94	54%
Basic Earnings per Share (₹)	55.29	38.45	44%

Key Financial Ratios

(%)	FY 2020-21	FY 2019-20	Variance
Average Yield	10.68%	10.71%	-3bps
Average Cost of Borrowing	7.91%	8.25%	-34bps
Spread	2.77%	2.46%	+31bps
NIM	3.16%	2.98%	+18bps
Cost-To-Income	15.09%	16.89%	-180bps
Return on Asset	1.23%	0.80%	+43bps
Return on Equity	10.91%	8.12%	+279bps
Total Provision/Total Asset Ratio	4.09%	2.61%	
Gearing	6.72	8.53	
Book Value Per Share (₹)	530.29	475.49	12%
CRAR	18.73%	17.98%#	+75bps
Tier I Capital	15.53%	15.18%	
Tier II Capital	3.20%	2.80%	
Risk-Weighted Asset (₹ in crores)	47,068.00	49,143.00#	-4%

FY2019-20 is on IGAAP basis

Over the last one year, we have worked relentlessly to strengthen our balance sheet and diverse in areas where we want to increase our presence. The revised strategy of increased focussed on retail segment and reduction in corporate book helped in deleveraging our balance sheet and reduce the load of asset on our capital, which resulted in reduced gearing and increased CRAR. The gearing as on March 31, 2021 reduced to 6.72x from 8.53x as on March 31, 2021. The CRAR also increased to 18.73% as on March 31, 2021. Adjusted for deposits with companies in same group, which gets deducted from Net owned funds, the CRAR would have been 20.6% as on March 31, 2021.

LIQUIDITY AND COST OF FUNDS

The focus during the year was to source liquidity at the right price and through balance mix of fixed and floating, long term and short term to effectively price loans as well as appropriate asset liability management.

Considering the external challenging environment, the Company maintained high liquidity of over 3 months as safeguard against any unforeseen circumstance. However, we constantly monitored the external market situation and quarter on quarter, focused on reducing liquidity in the balance sheet, which reduced from ₹8,514 crores as on March 31, 2020 to ₹6,969 crores as on March 31, 2021. During the year, deposits grew by 4%, to reach at ₹17,129 crores as on March 31, 2021 with over 240,000 active deposit accounts. The share of deposit in the overall resource funding mix as on March 31, 2021 is 24%, which has increased from 20%, as on March 31, 2020, thereby reinforcing the strong PNBHFL deposit franchise.

The bank borrowing decreased from 24.4% as on March 31, 2020, to 22.2% as on March 31, 2021. The share of CP in total funding stood at 1.6% as on March 31, 2021, against 0.5% March 31, 2020. Our resource mix includes loan from banks, refinance facility from the NHB, foreign currency-denominated ECBs, deposits, CP, NCDs and securitisation through direct assignment.

Managing Liquidity and Asset-Liability Mismatch

During the year under review, we focused largely on long-term loans from banks and NCDs. It also avoided short-term CPs, which helped minimise any asset-liability mismatch. We maintained approximately 3 months of liquidity as the pandemic delayed securing funds from banks. As on March 31, 2021, we maintained adequate liquidity of around ₹6,500 crores and had additional sanctioned but undrawn lines of over ₹3,000 crores.

The cost of borrowing came down by nearly 34 basis points during the year. The Company during the financial year worked aggressively on prepaying and re-negotiating its high cost borrowings. The incremental cost of borrowing for FY 2020-21 stood at 6.80%, registering a decline of 167 basis points versus FY 2019-20.

Deposit Mobilisation

The deposits business saw strong traction during the year under review. To facilitate contactless operations, we initiated online deposits and loan against deposits. Loan against deposits were provided at lower rates than that of personal home loan market players. During FY 2020-21, the Company sourced 95,449 deposit applications amounting to ₹7,289 crores.

Bonds

We mobilised ₹1,690 crores through the issuance of secured, rated and listed bonds. The bond issuance sharply fell compared to the previous year due to subdued debt capital market sentiment affecting NBFCs and HFCs and due to high yields demanded by debt capital market in comparison to bank term loans. Hence, as a strategy, we focused on raising funds through bank term loans and securitisation routes. The share of NCDs in the total resources is at 17% as on March 31, 2021 decreased from 23% as on March 31, 2020.

Bank Borrowings

Albeit challenges owing to slow movement due to the pandemic, we mobilised ₹13,972 crores as bank loans from both private sector and public sector banks. We have been sanctioned working capital limit of ₹2,595 crores by various banks to address temporary cashflow mismatch. The outstanding bank loans were at ₹15,997 crores (22% of total resources) as on March 31, 2021.

External Commercial Borrowings (ECB)

The Company during the year signed an agreement with Japan International Cooperation Agency (JICA), one of the largest bilateral development organisations in the world to raise US$ 75 million with co-financing of US$25 millions by Citibank(Citi) for the purpose of providing affordable housing to low income households in India. This is a long-term facility of five years.

Securitisation

The outstanding securitised portfolio as on March 31, 2021 stood at ₹12,214 crores. During the financial year under review, the Company securitised pool of ₹789 crores. The Company is not very actively looking at this route of raising funds.

Refinancing from the NHB

During the year, the Company has availed ₹3,500 crores sanction received from the NHB; of which ₹1,500 crores was under the regular refinance scheme and remaining ₹2,000 crores was under the one year Special Refinance Facility scheme extended to HFC sector as support due to COVID-19 situation. The outstanding amount under this facility stood at ₹7,848 crores as on March 31, 2021.

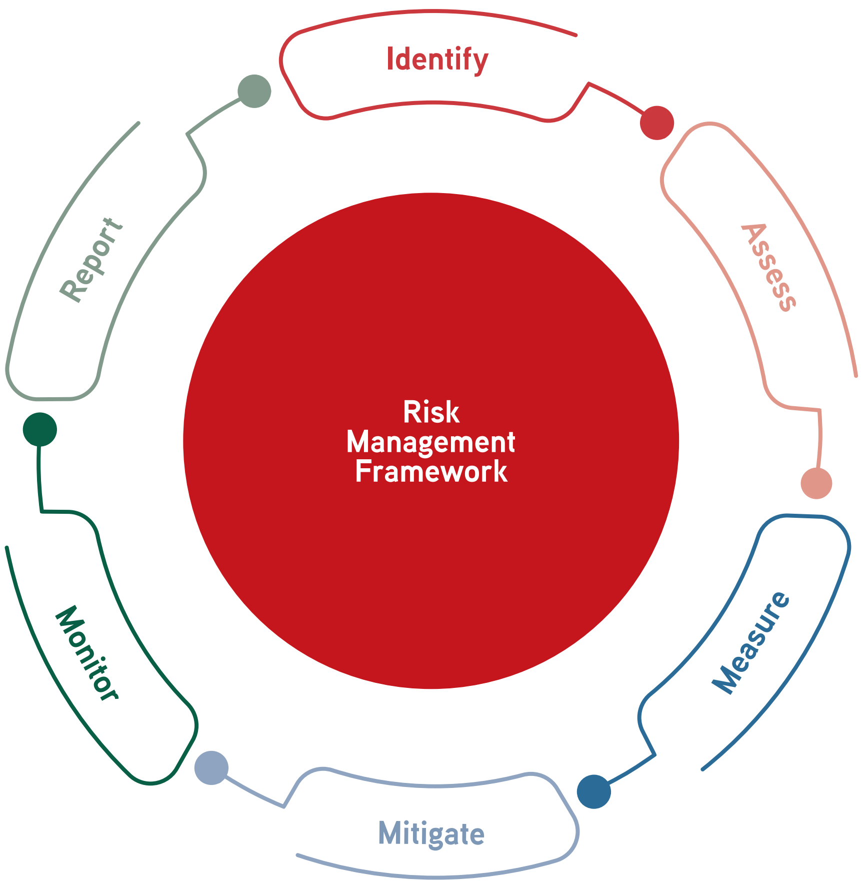
Commercial Papers

Our CP borrowings stood at ₹1,125 crores as on March 31, 2021 against ₹416 crores as on March 31, 2020. We raised fresh CPs aggregating ₹2,125 crores during the year for an average tenor of 8 months at a weighted average cost of 6.27%. The Company did not tap this market as it had adequate liquidity and also to continue maintaining the ALM position.

SAFEGUARDING AGAINST UNCERTAINTIES

In a business environment, which is increasingly witnessing vulnerable, uncertain, complex and ambiguous developments, a strong risk management framework safeguards the business. PNB Housing Finance has a robust risk management process. It proactively identifies, analyses and mitigates risks, which may have adverse impact on our growth strategies. We have a formalised framework, which is implemented across the organisation, helping us effectively mitigate the risks and achieve our objectives. Our risk management measures broadly include risk assessment, risk catalogue, risk appetite framework, risk planning, risk culture, internal controls and good governance.

The Risk Management Committee, under the tutelage of the Board, reviews the effectiveness of the risk management framework and helps in undertaking corrective actions. The principal business risks (assessed function wise) are credit risk, market risk, liquidity risk, reputation risk and technology risk.



Key risks and their definition	Risk mitigation
CREDIT RISK Risk arising out of decrease in the value of our assets owing to uncertainty around a stakeholder's ability to meet obligations	• Setting out the principles, standards and approach through a comprehensive framework to identify, assess, measure, monitor, control and report credit risks in a timely and efficient manner, helping observe early warning signs of delinquency and maintaining asset quality year-on-year • Define roles and responsibilities for Risk Management Committee (RMC), Enterprise Risk Management Committee (ERMC) and business units for effective credit risk governance • Customise risk measurement approaches for various portfolio segments/sub-segments • Continue to develop strong underwriting and security/collateral management frameworks • Consistently review Key Risk Indicators (KRIs) of concentration, delinquency, and efficiency • We are realigning our credit policy based on the evolving realities and safeguarding the asset base
MARKET RISK Risk arising out of a fall in the value of our assets held for trading or an increase in the value of its liabilities held for trading, due to fluctuations in interest rates, credit spreads, external factors or prices in the market where the assets and liabilities are traded	• Continuously monitor and review the interest rate scenario • Continuously provide inputs and insights related to market risk profile and portfolio performance to help in remaining within the approved risk tolerance limits • We are realigning our credit policy based on the evolving realities and safeguarding the asset base
LIQUIDITY RISK Risk related to inadequate liquid assets or restricted access to market financing to meet contractual maturities of liabilities, regulatory requirements or the investment needs in the market where the assets and liabilities are traded	• Ensure adequate liquidity availability to ensure maintenance of asset and liability mismatches within the desired levels • Implemented a 'liquidity contingency plan' to take care of any adverse liquidity position
REPUTATION RISK Any adverse impact owing to bad experience or improper perception in the public domain in the market where the assets and liabilities are traded	• Continuously measure and monitor conventional and digital media for threats • A dedicated team for immediate response to consumer complaints • Engage consistently with external and internal stakeholders
TECHNOLOGY RISK Losses arising out of lack of hardware and software and/or their failure resulting in process downtime and loss of data needs in the market where the assets and liabilities are traded	• Review and monitor data security, continuity, integrity and outsourcing • Constantly monitoring the uptime of the systems; creation of disaster recovery sites for seamless operations • Implement a strong system for protection of corporate and customer information, IT systems, services and equipment

ENGAGING EFFECTIVELY WITH MARKET PARTICIPANTS

We regularly interact with the investor community through a well-structured investor outreach programmes. This includes periodic investor updates, investor conferences, conference calls, meetings, non-deal roadshows, among others across geographies. We have a dedicated investor relations (IR) team who regularly interacts with the investor fraternity.

During the year, the IR team adapted quickly to the virtual mode with regards to interactions with the market participants and proactively shared the information with market participants through various press releases. We not only participated in the one-on-one meetings but also various virtual conferences held during the year. The Company is covered by various domestic and global research houses and is a part of NSE, BSE and MSCI indices.

The quarterly, half yearly and annual results were intimated to the stock exchanges and emailed to the market participants, along with the press release and a detailed investor presentation. The earnings call post results was conducted on the same day, where the management spent time to first give an update on the business and financials, followed by answering the queries of market participants. To ensure that information sharing is up-to-date and relevant for the market, the investor pack is regularly updated with additional information basis internal and external scenario, interaction with market participants and their feedback. We have also placed a factsheet on our website under investor relations section to give a quick glimpse about us.

ROBUST INTERNAL CONTROL SYSTEM

Business growth demands that internal audit performs stringent checks to track any deviation. The internal audit function applies a systematic, disciplined approach to evaluate the effectiveness of the controls and risk management process across the Company. We have processes for internal audit in place, whereby disbursement and docket audit, while getting shifted from CPC to branches, are audited by external legal firms and their findings are shared monthly while the audit reports are issued quarterly. This year, portal filings were carried out online, in line with the guidance from the regulators. The key issues identified during the audit were apprised to the ACB on a quarterly basis.

The hubs and branch audits are conducted at various intervals by the in-house audit teams. For auditing the functions such as accounts, deposits, general administration, IT, HR, customer service and so on, the auditors visit the branches twice a year. Transaction audit of the branches are completed as per the given scope and in time. Functions at the CSO, namely, treasury, finance and accounts, general administration and HR are audited by an external auditor at quarterly intervals. The functions like corporate finance, compliance, CSR, COPS and CPC, central recovery and IT are audited by in-house internal auditors at specified intervals.

CAUTIONARY STATEMENTS

In this Annual Report, certain statements are forward looking, including and without limiting statements within the meaning of applicable laws and regulations, relating to the implementation, strategic initiatives and other information on our business, business development and commercial performance. While these forward-looking statements exemplify our judgment and future expectations concerning the development of our business, a number of risks and uncertainties and other important factors viz. economic conditions affecting demand and supply, government regulations, natural calamities and so on, may cause actual development and results to differ materially from our expectations. PNB Housing Finance undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances.

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DIRECTORS' REPORT

Your Directors welcome the shareholders and take pleasure in presenting the 33rd Annual Report together with the Audited Standalone and Consolidated Financial Statements of the Company for the year ended March 31, 2021.

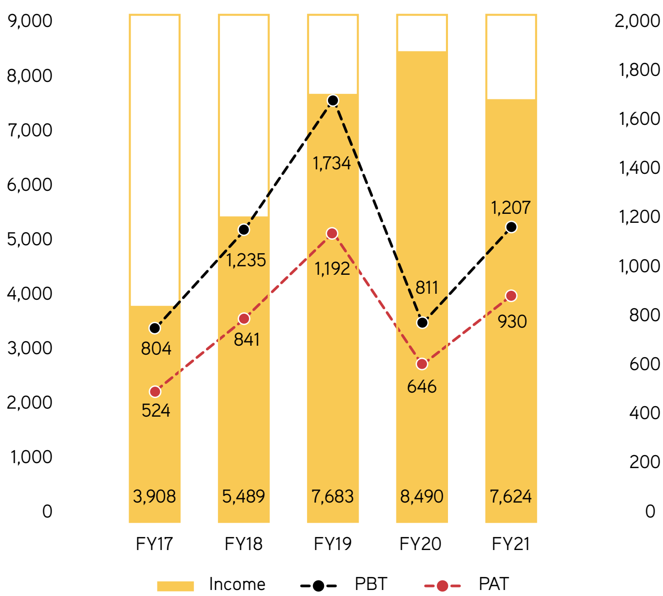
FINANCIAL RESULTS (CONSOLIDATED)

(₹ in crores)

	March 31, 2021	March 31, 2020
Total Income	7,624.08	8,489.55
Total Expenditure	6,417.05	7,678.54
Profit Before tax	**1,207.03**	**811.01**
Less: Provision for Tax		
-Current Year	413.25	389.24
-Deferred Tax	(136.12)	(224.47)
Profit After Tax	**929.90**	**646.24**
Other Comprehensive Income (OCI)	(20.69)	(55.30)
Total Comprehensive Income for the Year	909.21	590.94
• Transfer to Statutory / Special Reserves	197.00	182.00
• Dividend Paid	-	151.27
• Dividend Distribution Tax Paid	-	31.10
Balance Carried to Balance Sheet	732.90	226.57

Income & Profitability

(₹ in crores)



The standalone and the consolidated financial statements for the financial year ended March 31, 2021, forming part of this annual report, have been prepared in accordance with Ind AS notified under section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013.

During the year, the Company has earned a total income of ₹7,624.08 crores as compared to ₹8,489.55 crores in the previous year, recording a decline of 10.19%. Total expenses, provisions and write offs during the year were ₹6,417.05 crores as compared to ₹7,678.54 crores in the previous year, a decline of 16.43%.

During the year, the Company has earned Pre-provision Operating Profit of ₹2,068.93 crores as compared to ₹2,062.38 crores in the previous year.

During the year, the Company has earned a Profit before Tax of ₹1,207.03 crores as compared to ₹811.01 crores in the previous year, recording an increase of 48.83%. The Profit after Tax during the year was ₹929.90 crores as compared to ₹646.24 crores in the previous year, an increase of 43.89%.

As per IND AS, during the year, the Company has made Expected Credit Loss (ECL) provision (on loan assets) of ₹778.50 crores as compared to ₹1,171.49 crores in the previous year. The Company is carrying total ECL provision of ₹2,544.11 crores.

CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CRAR) as on March 31, 2021, was 18.73% (comprising Tier I capital of 15.53% and Tier II capital of 3.30%). The Reserve Bank of India (RBI) has prescribed minimum CRAR of 14% of total risk weighted assets for FY 21.

DIVIDEND

It is advisable to preserve capital in these difficult times. Therefore, like last financial year, your Directors have not recommended any dividend for the year.

LENDING OPERATIONS

The Company during the year has laid out its strategy with focus upon strengthening the core, driving efficiency and accelerating growth. These are built upon core pillars viz. Management, Capital Position, Risk Management, Cost Management, Digital Drive, Retail Focussed Lending and Grow Affordable Housing "Unnati".

The Company is a housing finance company registered with NHB and is engaged in financing purchase and construction of residential houses, loan against property and loan for other related purposes. All other activities revolve around the main business.

The Company as a retail focussed housing finance company, continued to leverage its expertise in self-employed and mass housing especially in affordable housing Unnati segment, where it has developed niche in terms of distribution network, underwriting capability and services.

The first half of financial year 2021 was impacted by partial/complete lockdown in the country. The business started picking up from quarter 3 onwards.

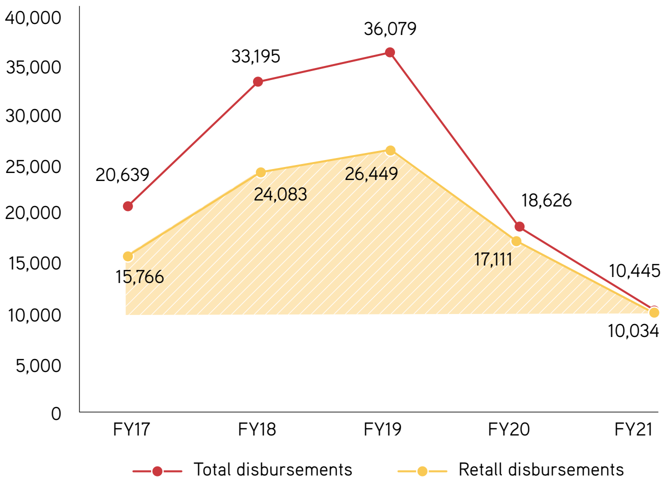
The Company has sanctioned loans amounting to ₹15,301 crores in respect of 50,454 loan applications, as compared to ₹24,503 crores in respect to 73,553 loan applications in the previous year, decline of 31% in number of loan applications received and decline of 38% in loan sanctioned amount.

During the year, the Company has disbursed loans amounting to ₹10,445 crores as compared to ₹18,626 crores in the previous year, decline of 44%. With retail focussed lending, during FY 21, 96% of loans disbursed were in retail segment.

Company has taken various steps such as digital sourcing, entering into co-lending arrangement with banks etc. for scaling up of business, which will continue to benefit in coming years.

Loan disursements

(₹ in crores)



Loan Book

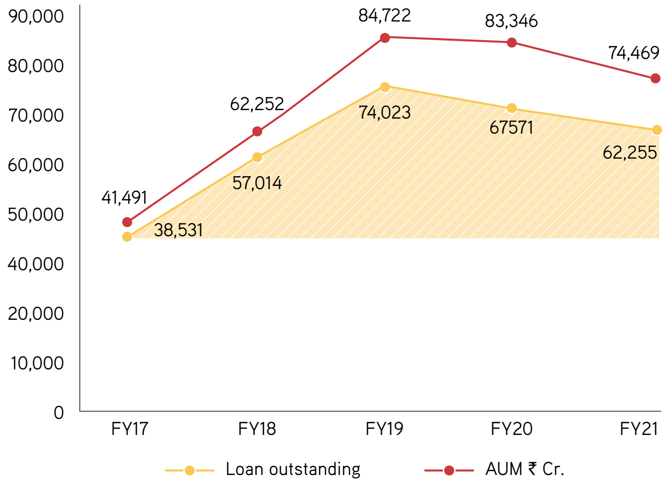
Principal outstanding of loans as at March 31, 2021 were ₹62,255 crores. The Assets Under Management (AUM) as at March 31, 2021 were ₹74,469 crores. Further details of lending operations are provided in the MD&A.

PMAY subsidy

During the year, the Company disbursed subsidy under PMAY scheme in 12,412 accounts with a sanction value of ₹2,809 crores. The total subsidy transferred in the beneficiary accounts amounted to ₹297 crores.

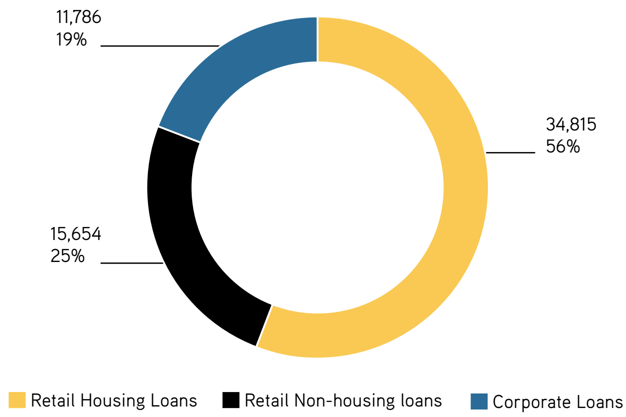
Loan outstanding and AUM

(₹ in crores)



Composition of Loans

(₹ in crores)



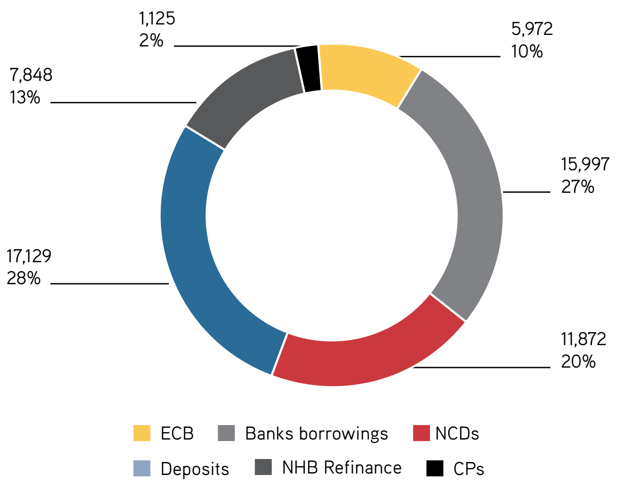
BORROWINGS

During the year, the Company has raised fresh resources of ₹29,131 crores from multiple sources. The Company also securitised ₹789 crores in FY 21 through direct assignment route. The Company repaid short and long-term borrowings of ₹37,405 crores.

Details of market borrowings are provided in the MD&A and notes to accounts.

Borrowings

(₹ in crores)



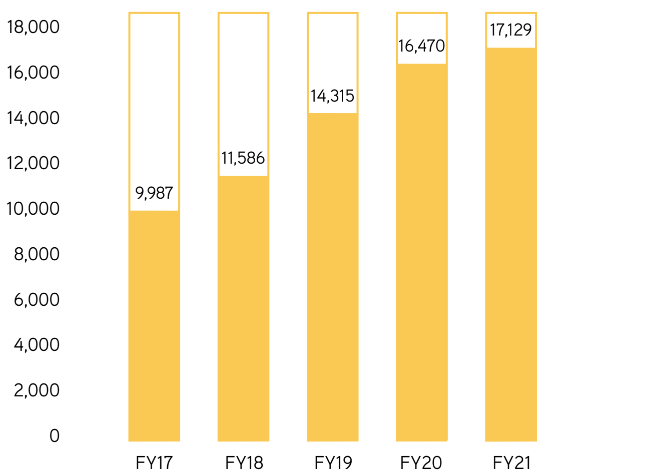
The Company is in compliance with the provisions of Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, and erstwhile Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 and has been regular in payment of principal and interest on the Non-Convertible Debentures. As at March 31, 2021, there was no NCDs or interest thereon, remaining unclaimed or unpaid.

DEPOSITS

The Company has raised ₹7,289 crores of fresh deposits during the year. The outstanding deposits (including inter corporate deposits) as at March 31, 2021, were ₹17,129 crores as against ₹16,470 crores (including inter corporate deposits) outstanding last year, registering a growth of 4%.

Deposits

(₹ in crores)



The Company has accepted public deposits as per Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, erstwhile National Housing Bank Directions, 2010 and as per the provisions of the Companies Act, 2013. The Company has paid/accrued interest on all the outstanding deposits on due dates. There has been no default on repayment of deposits or payment of interest thereon during the year.

The deposits of the Company have been rated FAA+ (Outlook Negative) by CRISIL and CARE AA+ (Outlook Stable) by CARE.

Investment in SLR

The Company has maintained its Statutory Liquid Ratio (SLR) as stipulated by Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. The Company is having a total SLR investments of ₹1,941.79 crores as on March 31, 2021. The Company has classified its SLR investments as per RBI Directions.

Unclaimed Deposits and NCDs

Out of the deposits, which became due for repayment up to March 31, 2021, deposits worth ₹45.66 crores, including interest accrued and due relating to 2,710 depositors had not been claimed or renewed. The Depositors have been intimated regarding the maturity of their deposits with a request to either renew or claim the deposits and subsequent reminders have been sent.

Deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to Investor Education and Protection Fund (IEPF). During the year, the Company has transferred an amount of ₹5.21 lakhs to IEPF established by the Central Government under section 125 of the Companies Act, 2013. The concerned depositors can claim the deposit from the IEPF.

CREDIT RATING

The credit rating on deposits, term loans, NCDs and commercial paper and migration during the year is disclosed in the General Shareholder Information- Annexure to Directors' Report.

DISTRIBUTION

As on March 31, 2021, the Company has presence through 94 branches, 17 outreach locations, totalling to 111 distribution outlets. The Company also has 22 underwriting hubs for credit decision making.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT, REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and directions issued by the National Housing Bank (NHB), Reserve Bank of India (RBI), the Management Discussion and Analysis Report (MD&A) and the Report of the Directors on Corporate Governance form part of this report.

In accordance with the Listing Regulations, the Business Responsibility Report (BRR) also forms part of Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During FY 21, the whole country faced once in a century medical emergency due to Covid-19. It required immediate response in terms of enhanced expenditure towards medicines, personal protection kits, upgrade of medical facilities/infrastructure etc. The Company quickly responded to nation's need with enhanced allocation/expenditure on Covid-19 and other medical related requirements. During the year, the Company supported;

a) IIT Delhi with its research project aimed at making cost effective face masks and face shields.

b) The Company, jointly with an organization helped in Maharashtra Government's Initiative to establish CT Scan Facility in the state run Covid-19 facility.

c) The Company is investing in renovation and upgradation of the Biochemistry lab and civil infrastructure of a large state-run hospital in Pune.

d) The other healthcare initiatives of the Company included: providing a state-of-the-art digital anatomy printer to AIIMS Delhi, providing medical equipment to three primary health care centers in Bangalore and launch of two mobile health care units in New Delhi for generic health facility and to support cancer patients.

The other CSR activities undertaken by the Company during the year were;

a) Support for the real estate sector providing for skilling programme for construction workers and day care centers for their children. The Company supported operational cost of running care centers for children across the country for holistic development and safety of the children of the construction workers.

b) In the field of education, the Company continued its support towards operational cost for running two formal schools. The Company initiated physical transformation project for two schools in socio-economic backward districts of Haryana and Rajasthan.

c) For women empowerment and livelihood generation, the Company has provided e-vehicles to poor women. Company sponsored setting up of women owned spice-based units in Rajasthan.

d) Company has partnered with an organization for construction of ponds and check dams in Rajasthan.

The details of Company's CSR activities and initiatives are detailed in the Annual Report on CSR activities and forms part of annexure to the Board's Report.

During the year, the Company and its subsidiary have spent a sum of ₹24.68 crores on various CSR activities. Out of total allocation for FY 21, a sum of ₹16.04 crores (₹14.71 crores from PNB Housing and ₹1.33 crores from PHFL) was transferred to Pehel Foundation to carry out CSR activities of PNB Housing and its subsidiary.

HUMAN RESOURCE

The HR played an important role during the year not only taking care of the existing employees but also timely on-boarding of vacant positions across all locations including internal talent pool growth. The Company also introduced Restricted Stock Unit (RSU) scheme in order to retain talent.

The Learning and Development (L&D) is continuously building and developing talent pipeline. The Company introduced digital initiatives for loans and deposit customers. The L&D team played an important role in developing skillsets required by the ground teams for digital initiatives. Due to movement restrictions and to exercise abundant precautions, the L&D used technology based virtual learning interventions to meet the diverse needs of the workforce. The entire classical learning model has been transformed into robust digital and social learning model at the Company. E-Guru is an exclusive learning platform used by L&D that intends to implement a learning roadmap for new employees and also ensures upskilling of existing employees on both techno-functional and behavioural skills.

As on March 31, 2021, the Company had a total of 1,391 full time employees on its rolls. There were 4 employees employed throughout the year, who were in receipt of remuneration of ₹1.02 crores or more per annum. The remuneration comprises salary, allowances, perquisites/ taxable value of perquisites including perquisite value of ESOPs exercised and ex-gratia amount.

In accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and particulars of the top ten employees in terms of remuneration drawn of the aforesaid employees are set out in the Annexure to the Directors' report. In terms of the provisions of Section 136(1) of the Companies Act, 2013 read with the rule, the Directors' report is being sent to all shareholders of the Company excluding the Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company.

Further disclosures on managerial remuneration are provided in Annexure appended to the Directors' Report.

Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace. Members of the Internal Complaints Committee constituted by the Company are responsible for reporting and conducting inquiries pertaining to such complaints.

The Company on a regular basis sensitises its employees including subsidiary employees on the prevention of sexual harassment at the workplace through workshops, group meetings, online training modules and awareness programmes. During the year, one complaint was received by the committee which was reviewed and actioned upon. There are no pending complaints with the committee as at March 31, 2021.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Since the Company is a housing finance company, the disclosures regarding particulars of the loans given, guarantees given and security provided is exempt under the provisions of Section 186(11) of the Companies Act, 2013. As regards investments made by the Company, the details of the same are provided in notes to the financial statements of the Company for the year ended March 31, 2021.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In accordance with the provisions of Section 188 of the Act and rules made thereunder, the transactions entered with related parties are in the ordinary course of business and on an arm's length pricing basis, the details of which are included in the notes forming part of the financial statements. The particulars of contracts or arrangements with related parties as prescribed in Form No. AOC-2 of the Companies (Accounts) Rules, 2014, is annexed to this report. Details of related party transactions are given in the notes to the financial statements. The Policy on Related Party Transactions is published elsewhere in the Annual Report and is also placed on the Company's website at https://www.pnbhousing.com/investor-relations/corporate-governance/

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There is no information to disclose under the head 'Conservation of Energy and Technology Absorption' given in the above rules since the Company is engaged in providing housing loans. However, the Company understands the importance of energy conservation for the environment and is covered under Environment, Social and Governance (ESG) section.

There were no foreign exchange earnings and the Company has incurred foreign exchange expenditure of ₹115.62 crores during the year.

Business Continuity

The Company has upgraded its technology to facilitate on-boarding of new loans and deposit customers by using digital platforms. These platforms are now extensively used to service existing customers. Given the current uncertain environment, the Company can swiftly shift all its operations to work from home environment and continue operations with least disruptions in service operations.

MAINTENANCE OF COST RECORDS

Being an housing finance company, the Company is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

UNCLAIMED DIVIDEND

As at March 31, 2021, dividend amounting to ₹7.25 lakhs had not been claimed by shareholders of the Company. The Company has been informing the shareholders to claim unclaimed dividend.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

During the year, 81,215 equity shares of ₹10 each were allotted to the eligible employees on exercise of ESOP options under ESOP Scheme 2016 at a grant price of ₹338 per share.

Grant of Fresh ESOS

During the year, the Company has granted 5,50,000 options under ESOP Scheme 2016 and 1,45,000 options under ESOP Scheme 2018.

There has been no variation in the terms of the options granted under any of these schemes and all the schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The certificate from the statutory auditors confirming that ESOS Schemes have been implemented in accordance with the SEBI (SBEB) Regulations and shareholders resolutions has been obtained and will be available for inspection of the shareholders at the ensuing AGM. The Nomination and Remuneration Committee monitors the compliance of these Schemes. The disclosures as required under the regulations have been placed on the website of the Company at https://www.pnbhousing.com/investor-relations/updates-events/

Grant of Restricted Stock Units (RSUs)

The shareholders have approved grant of 5,00,000 RSUs by postal ballot on January 21, 2021. Thereafter, the Nomination and Remuneration Committee has granted 2,75,676 RSUs to eligible employees on February 15, 2021. These RSUs will be allotted to the eligible employees over a period of 4 years as per the RSU scheme approved by the Board and shareholders.

REGULATORY INTERVENTIONS

The Reserve Bank of India (RBI) vide its press release dated August 13, 2019, had notified that HFCs will be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes.

The RBI post review of the extant regulatory framework applicable to the HFCs on February 17, 2021 has notified Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021, referred to as RBI Directions. The notification has repealed The Housing Finance Companies (NHB) Directions 2010, Policy circulars and Misc. Policy circulars issued by NHB.

Post issuance of RBI notification, the regulation part of housing finance companies (HFCs) now stands transferred to RBI. The NHB will however continue to supervise HFCs.

The RBI has also made applicable to HFCs its Master Directions on; Know Your Customer (KYC) Direction, 2016, Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 and Information Technology Framework for the NBFC Sector dated June 08, 2017, as amended from time to time.

Some of the key NHB notifications/ circulars replaced by RBI Directions are: (a) Terms and Conditions applicable to Hybrid Debt Capital Instruments to qualify for inclusion as Tier II Capital; (b) Schedule to the Balance Sheet of an HFC; (c) Indicative list of Balance Sheet Disclosure for HFCs; (d) 'Fit and Proper' Criteria for Directors of HFCs; (e) Model Code of Conduct for Direct Selling Agents/ Direct Marketing Agents of HFCs; (f) Guidelines for engaging Recovery Agents by HFCs; (g) Display of Information by HFCs & Most Important Terms and Conditions (MITC); (h) Valuation of Properties– Empanelment of Valuers; and (i) Guidelines on Wilful Defaulters.

RBI has also stipulated that the minimum capital adequacy ratio for HFCs would increase to 15% on or before March 31, 2022.

Regulatory Compliance

The Company has complied with Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 and erstwhile the Housing Finance Companies (NHB) Directions, 2010 and other directions/ guidelines prescribed by RBI regarding deposit acceptance, accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, credit rating, corporate governance, information technology framework, fraud monitoring, concentration of investments, capital market exposure norms and know your customer and anti-money laundering.

During the year, the Company has not made any application, or no proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016). The Company has not entered into one-time settlement for any loans availed from the banks or financial institutions.

POLICIES AND CODES

During the year, the Company has revised its statutory policies as required in terms of provisions of the Companies Act, 2013, RBI Regulations, Listing Obligation and Disclosure Requirement and Insider Trading Regulations issued by the SEBI and placed all the statutory policies on its website at https://www.pnbhousing.com/investor-relations/corporate-governance/

DIRECTORS

The Board on the recommendation of Nomination and Remuneration Committee made the following appointments/ re-appointments of additional directors subject to approval of shareholders:

a) Mr. Hardayal Prasad was appointed as Managing Director & CEO with effect from August 10, 2020, for a term of three years.

b) Mr. Neeraj Vyas was appointed as Non-Executive Director with effect from September 01, 2020. He is liable to retire by rotation.

c) Mr. Sudarshan Sen was appointed as an Independent Director with effect from October 01, 2020, for a term of five years.

d) Mr. Kapil Modi was appointed Non-Executive Nominee Director with effect from October 01, 2020. He is a nominee of Quality Investment Holdings. He is liable to retire by rotation.

e) Mr. R. Chandrasekaran was re-appointed as an Independent Director with effect from October 07, 2020 for a term of five years.

f) Mr. Rajneesh Karnatak was appointed Non-Executive Nominee Director with effect from January 19, 2021. He is a nominee of Punjab National Bank. He is liable to retire by rotation.

g) Mr. Nilesh S. Vikamsey was re-appointed as an Independent Director with effect from April 22, 2021, for a term of five years.

h) Ms. Gita Nayyar was appointed as an Independent Director with effect from May 29, 2021 for a term of three years.

The following Directors have resigned or completed their term;

a) Mr Shital Kumar Jain completed his second term of one year as an Independent Director on August 09, 2020.

b) Mr. Neeraj Vyas resigned as interim Managing Director & CEO with effect from August 10, 2020.

c) Mrs. Shubhalakshmi Panse resigned as an Independent Director with effect from January 05, 2021.

d) Dr Gourav Vallabh completed his five years term as an Independent Director on April 21, 2021.

Your Board wish to place on record its sincere appreciation for the significant contributions made by these Directors on the Board and also on its various committees.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company,
Mr CH SS Mallikarjuna Rao and Mr. Sunil Kaul are liable to retire by rotation at the ensuing AGM. They are eligible for re-appointment.

All the Directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as Directors in terms of Section 164(2) of the Companies Act, 2013.

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 (Act) that he/she meets the criteria of independence laid down in the Act and SEBI (Listing Obligations and Disclosures Requirements), Regulations 2015 as amended.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise. All the Independent Directors of the Company have registered their names with the data bank created for Independent Directors.

The details on the number of board/committee meetings held are provided in the Report of the Directors on Corporate Governance, which forms part of this report.

STATUTORY AUDITORS

The members had appointed Messrs B R Maheshwari & Co LLP having registration no. 001035N as the statutory auditors for a term of 5 consecutive years at the 30th AGM of the Company to hold office until the conclusion of the 35th AGM.

Messrs B R Maheshwari & Co is one of leading firms of Chartered Accountants with experienced partners. The report of Statutory Auditors on annual accounts is enclosed along with Directors' Report.

During the year, Messrs B R Maheshwari & Co LLP, received a total remuneration of ₹0.61 crores from the Company and its subsidiaries. The remuneration pertains to fees for audit, internal financial control reporting, limited reviews, tax audits and taxation services, certifications and other matters and reimbursement of expenses.

During the year under review, the Statutory Auditors have not reported any matter under Section 143 (12) of the Companies Act, 2013 therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 the Company has appointed M/s Chandrasekaran Associates a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company.

The Report of the Secretarial Audit is annexed herewith as annexure to this report. The Secretarial Compliance Report as prescribed under SEBI regulations is provided elsewhere in the Annual Report.

During the year, the Company has complied with applicable Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your Directors state that:

a) In the preparation of annual accounts, the applicable accounting standards have been followed;

b) Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

d) The annual accounts of the Company have been prepared on a going concern basis;

e) Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively; and

f) Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

INTERNAL FINANCIAL CONTROL

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control commensurate with the size and nature of the Company's business.

These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with Company's policies.

EXTRACTS OF ANNUAL RETURN (FORM NO. MGT 9)

The details forming part of the extracts of the Annual Return in Form MGT-9 has been attached as part of Directors' Report which is available at https://www.pnbhousing.com/investor-relations/annual-reports/

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the year, there were no significant or material orders passed by the regulators or courts or tribunals that would impact the going concern status or operations of the Company in the future.

PARTICULARS OF CONTRACT OR ARRANGEMENTS ENTERED MATERIAL CHANGES, DETAILS OF SUBSIDIARIES AND LITIGATIONS

There has been no material changes and commitment affecting the financial position of the Company which has occurred between the close of the financial year to which the financial statement relates and the date of the Report.

There has been no change in the nature of business of the Company.

PHFL Home Loans and Services Limited

The Company is a wholly owned subsidiary and is the distribution arm for PNB Housing, offering doorstep services to the prospective customers. The Company has trained workforce to source business for the loans and deposits offered by PNB Housing.

During the year, the Company has sourced 77% of loan applications resulting into 65% of total loans disbursed by PNB Housing. The annual accounts of PHFL are enclosed along with the Annual Accounts of PNB Housing.

A report on the performance and financials of PHFL, as per Companies Act, 2013 and rules made thereunder is provided in Form AOC 1 attached to the Consolidated Financial Statements forming an integral part of the Annual Report.

Pehel Foundation

It is a wholly owned non-profit subsidiary company incorporated under Section 8 of the Companies Act, 2013. It is an implementation arm to carry out various CSR activities of PNB Housing and PHFL. FY 2021 was the first year of its operation after getting the required regulatory approvals.

EQUITY SHARE CAPITAL

The Board of Directors in its meeting held on May 31, 2021 have recommended Preferential Issue of equity shares and warrants aggregating to ₹4,000 crores. The allotment will be made post receipt of regulatory/shareholders/legal approvals. The details of the capital raise is given in Notice of Extra Ordinary General Meeting, scheduled for June 22, 2021.

ACKNOWLEDGEMENTS

The Directors place on record their gratitude for the support of various regulatory authorities including Reserve Bank of India, National Housing Bank, Securities and Exchange Board of India, Ministry of Housing and Urban Affairs, Ministry of Corporate Affairs, Registrar of Companies, Financial Intelligence Unit (India), the stock exchanges and the depositories.

The Company acknowledges the role of all its key stakeholders - shareholders, borrowers, channel partners, depositors, deposit agents and lenders for their continued support.

The Directors express their appreciation for the dedication and commitment with which the employees of the Company at all levels have worked during the period.

Finally, your Directors express their gratitude to medical fraternity, other professionals and front-line workers who have worked throughout to save lives and to contain the spread of the pandemic.

For and on behalf of the Board

Place: New Delhi
Dated: June 19, 2021

Chairman

ANNEXURE TO DIRECTORS' REPORT - 1

DISCLOSURES ON MANAGERIAL REMUNERATION

Details of remuneration required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided below:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 20-21: 20.3:1

Ratio of remuneration of each Director to the median employees' remuneration for FY 2020-21:

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. CH. S.S. Mallikarjuna Rao	Chairman & Non-Executive Director	-
Mr. Sunil Kaul	Non-Executive Director	-
Mr. R Chandrasekaran	Independent Director	-
Mr. Nilesh S Vikamsey	Independent Director	-
Mr. Ashwani Kumar Gupta	Independent Director	-
Mr. Tejendra Mohan Bhasin	Independent Director	-
Mr. Sudarshan Sen	Independent Director	-
Mr. Kapil Modi	Non-Executive Director	-
Mr. Rajneesh Karnatak	Non-Executive Director	-
Ms Gita Nayyar	Independent Director*	-
Mr. Hardayal Prasad	Managing Director & CEO	13.56:1
Mr. Neeraj Vyas	Non-Executive Non-Independent Director (was Interim Managing Director & CEO from 28.04.2020 up to10.08.2020)	5.29:1
Mr. Sanjaya Gupta	Managing Director upto 28.04.2020	1.45:1
Mr. Shital Kumar Jain	Independent Director (up to 09.08.2020)	-
Mrs. Shubhalakshmi Panse	Independent Director (up to 05.01.2021)	-
Mr. Gaurav Vallabh	Independent Director (up to 21.04.2021)	-

*with effect from May 29, 2021.

2. Percentage increase in the remuneration of the Managing Director, Chief Financial Officer and Company Secretary, if any, in the financial year 2020-21:

Name	Designation	Increase in Fixed Remuneration (%)
Mr. Hardayal Prasad	Managing Director & CEO	Appointed during FY 2020-21
Mr. Kapish Jain	Chief Financial Officer	Nil
Mr. Sanjay Jain	Company Secretary & Head Compliance	Nil

The performance linked bonus paid in FY 2020-21;

a) Managing Director & CEO Nil.
b) Chief Financial Officer ₹33,62,931/-
c) Company Secretary ₹12,33,578/-

There was no change in the sitting fees paid to the Non-Executive Directors for attending meetings of board/committees.

3. The percentage increase in the median remuneration of employees in the financial year 2020-21 stood at Nil%

4. The Company had 1,391 permanent employees as on March 31, 2021.

5. Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in the remuneration of managerial personnel stood at Nil % and non-managerial personnel was Nil %

There was no increase in remuneration in FY 2020-21. Generally, the average increase in the remuneration of both the managerial and non-managerial personnel is determined based on the overall performance of the Company and as per the remuneration policy. Further, the criteria for increasing salary of non-managerial personnel is based on an internal evaluation of Key Performance Indicators (KPIs), while for managerial personnel it is based on the remuneration policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

The remuneration of key managerial personnel is based on the overall performance of the Company. The Company further reiterates that there were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

ANNEXURE TO DIRECTORS' REPORT - 2

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on the CSR Policy of the Company

The CSR policy of the Company is designed to ensure effective and sustained CSR programme to manifest in the form of a progressive, socially responsible and enlightened attitude. Company's policy on CSR is oriented towards stakeholder-participation approach, where the target groups are seen as stakeholders in the community whose well-being is integral to the long-term success of the Company and not a charity-oriented approach. The Company through its CSR initiatives enables the marginalized community to be empowered and become self-reliant. We have built a sustainable business model and created value for our stake holders. We are aiming to improve the lives of under privileged and reinforce our humble collective efforts towards nation building.

The CSR policy of the Company is based on three guiding principles:

- Sustainability
- Transparency
- Accountability

The broad framework for CSR initiatives to be undertaken by the Company would be as per section 135 and schedule VII of Companies Act, 2013 as amended. The focus areas for CSR initiatives are:

- Hunger, Malnutrition and Health
- Education
- Gender Equality, Empowerment of Women and care for Senior Citizens
- Environmental Sustainability
- National Heritage, Art and Culture
- Others: In case of any natural calamity/disaster contribute towards Prime minister relief fund or any specific fund maintained by Central/State Government of India; measures for welfare and benefit of armed forces veterans, war widows and their dependents.

2. Composition of CSR Committee

Sr. No.	Name of Director	Nature of Directorship	Number of meetings held	Number of meetings attended
1.	Dr Tejendra Mohan Bhasin w.e.f. 19.01.2021	Independent Director	4	2
2.	Mr. R Chandrasekaran	Independent Director	4	4
3.	Mr. Sudarshan Sen w.e.f. 19.01.2021	Independent Director	4	2
4.	Mr. Hardayal Prasad w.e.f. 10.08.2020	Managing Director & CEO	4	2
5.	Mr. Neeraj Vyas Up to 10.08.2020	Managing Director & CEO	4	1
6.	Mr. Ashwani Kumar Gupta Up to 19.01.2021	Independent Director	4	2

3. Web-link where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.

https://www.pnbhousing.com/investor-relations/corporate-governance/

4. Details of the impact assessment of CSR Projects carried out in pursuance of Sub Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

Not Applicable

Currently, all the long-term projects are in the implementation stage. Post completion of these projects, the Company will on-board an independent agency with relevant experience to carry out impact assessment of the requisite projects.

5. **Details of the amount available for set off in pursuance of Sub Rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.**

Sl. No	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.			
2.			
3.			
TOTAL			

Not Applicable

6. **Average Net Profit of the Company as per Section 135(5).**
The average Net Profit of the Company as per Section 135(5) for financial year 2020-21 is ₹1,135.79 crores.

7. (a) **Two percent of average Net Profit of the Company as per section 135(5).**
₹22.72 crores is the two percent of the average Net Profit.

(b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years.**
There was no surplus amount arising from the CSR projects or programmes or activities that were carried out in the previous financial year.

(c) **Amount required to be set off for the financial year, if any.**
There was no amount to be set off for the financial year.

(d) **Total CSR obligation for the financial year (7a+7b-7c).**
The total CSR obligation for the financial year 2020-21 is ₹22.72 crores.

8. (a) **CSR amount spent or unspent for the Financial Year.**

Total Amount spent for the Financial Year. (In ₹)	Amount Unspent (In ₹)				
	Total amount transferred to unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per proviso to section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
₹22.72 crores	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

(b) **Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (In ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District	State						Name	CSR Registration number
1	To refurbish the physical infrastructure of Government School	II	Yes	Nuh	Haryana	Mar'21-Mar'22	35,15,250	35,15,250	NA	Through implementing agency	Pehel Foundation and Implementing Agency	CSR00001686
2	To refurbish the physical infrastructure of Government School	II	Yes	Alwar	Rajasthan	Apr'21-Mar'23	45,00,000	45,00,000	NA	Through implementing agency	Pehel Foundation	CSR00001686
3	To refurbish the physical infrastructure for Government Schools	II	Yes	New Delhi	Delhi	Mar'21-Apr'22	50,00,000	50,00,000	NA	Through implementing agency	Pehel Foundation	CSR00001686
4	Skill development of construction workers	II	Yes		Pan India	Mar'21-Mar'22	40,12,800	40,12,800	NA	Through implementing agency	Pehel Foundation	CSR00001686
5	Establishing dams and ponds for water conservation	IV, X	Yes	Karauli	Rajasthan	Mar'21-Mar'22	75,28,750	75,28,750	NA	Through implementing agency	Pehel Foundation	CSR00001686
6	Upgrading Primary Health Care Centres	I	Yes	Bengaluru	Karnataka	Mar'21-Mar'22	1,07,27,200	1,07,27,200	NA	Through implementing agency	Pehel Foundation	CSR00001686

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (In ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District	State						Name	CSR Registration number
7	Promoting research and innovation in Health Care	I, IX	Yes	New Delhi	Delhi	Apr'21-Mar'24	3,60,40,000	3,60,40,000	NA	Through implementing agency	Pehel Foundation	CSR00001686
8	To upgrade biochemistry lab for Government Hospital	I	Yes	Pune	Maharashtra	Mar'21-Mar'23	5,76,28,375	5,76,28,375	NA	Through implementing agency	Pehel Foundation	CSR00001686
9	To train women drivers to ensure their livelihood generation	II, III	Yes	Indore and Jaipur	Madhya Pradesh and Rajasthan	Mar'21-Mar'22	48,00,000	48,00,000	NA	Through implementing agency	Pehel Foundation	CSR00001686
10	To provide holistic support to three women athletes	III, VII	Yes		Pan India	Mar'21-Mar'22	17,27,250	17,27,250	NA	Through implementing agency	Pehel Foundation	CSR00001686
11	Supporting research and innovation in construction sector	IX	Yes	Roorkee	Uttarakhand	Apr'21-Mar'24	86,40,000	86,40,000	NA	Through implementing agency	Pehel Foundation	CSR00001686
	Total						**14,41,19,625**	**14,41,19,625**				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item form the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project		Amount spent in the current financial year (In ₹)	Mode of implementation	Mode of Implementation -Through Implementing Agency	
				District	State			Name	CSR Registration Number
1	Supporting 10-day care centres for children of Construction Workers	II, III	Yes		Pan India	1,13,86,631	Through implementing agency	Mobile Creches	CSR00002639
2	Supporting 5-day care centres for children of Construction Workers	II, III	Yes	Pune	Maharashtra	43,24,761	Through implementing agency	Tara Mobile Creches	CSR00006166
3	Supporting 4-day care centres for children of Construction Workers	II, III	Yes	Mumbai	Maharashtra	25,48,798	Through implementing agency	Mumbai Mobile Creches	CSR00001732
4	Supporting 10-day care centres for children of Construction Workers	II, III	Yes	Hyderabad	Telangana	29,025	Through implementing agency	Plan India	CSR00001490
5	Supporting 1 day care centres for children of Construction Workers	II, III	Yes	Faridabad	Haryana	5,13,600	Through implementing agency	Savera Society for Social Welfare	Awaited
6	Skill development of 5,000 construction workers	II	Yes		Pan India	2,20,89,100	Through implementing agency	CREDAI CSR Foundation	CSR00002313
7	Skill development of 1,000 construction workers	II	Yes		Pan India	71,74,800	Through implementing agency	NAREDCO	CSR00005498
8	Supporting operational cost of running two formal schools	II	Yes	New Delhi	Delhi	76,92,256	Through implementing agency	Vidya - Integrated Society For Youth and Adults	CSR00001204
9	Badminton training program	VII	Yes	Bangalore and Chennai	Karnataka and Tamil Nadu	1,40,374	Through implementing agency	SRF Foundation	CSR00000733
10	Donating mobile health unit	I	Yes	New Delhi and Gurgaon	Delhi and Haryana	20,52,889	Through implementing agency	Adharshila Trust	CSR00008054
11	To support operational cost of running an old age home	II	Yes	New Delhi	Delhi	19,02,204	Through implementing agency	Ayudham Society	CSR00004652
12	To support cancer patients	I	Yes	New Delhi	Delhi	1,00,000	Through implementing agency	Pehel Foundation	CSR00001686

Sl. No.	Name of the Project	Item form the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project		Amount spent in the current financial year (In ₹)	Mode of implementation	Mode of Implementation -Through Implementing Agency	
				District	State			Name	CSR Registration Number
13	To support scientific research to combat Covid-19	IX	Yes	New Delhi	Delhi	26,70,800	Through implementing agency	IIT Delhi	Not Applicable
14	To upgrade infrastructure in Covid Hospital	I	Yes	Mumbai	Maharashtra	50,00,000	Through implementing agency	United Ways	CSR00000324
15	Environment conservation	IV	Yes	Faridabad	Haryana	2,47,795	Directly		Not Applicable
16	PM Relief	VIII	Yes		Pan India	28,57,178	Through implementing agency	Pehel Foundation	CSR00001686
17	PM Relief	VIII	Yes		Pan India	5,18,164	Directly		Not Applicable
18	Programme Strategy, Design and Due Diligence		Yes		Pan India	4,72,000	Through implementing agency	Sattva Consultancy	
	Total					**7,17,20,375**			

(d) Amount spent in administrative overheads

₹1.14 crores

(e) Amount spent on impact assessment, if applicable

Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)

₹22.72 crores

(g) Excess amount for set off, if any

Sl. No	Particulars	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	₹22.72 crores
(ii)	Total amount spent for the Financial Year	₹22.72 crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

9. (a) Details of unspent CSR amount for the preceding three Financial Year(s) – Not applicable

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (In ₹)	Amount spent in the reporting financial year (In ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in the succeeding financial years. (In ₹)
				Name of the Fund	Amount (In ₹)	Date of transfer	

(b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year(s) – Not applicable

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year.

S. No.	(A)	(B)	(C)	(D)
	Date of creation or acquisition of the capital asset(s).	Amount of CSR spent for creation or acquisition of capital asset	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Details of capital asset(s) created or acquired (including complete address and location of the capital asset)
1	September 2020	₹50,00,000	Government of Maharashtra	Project –CT Scan equipment was procured for Government of Maharashtra to be placed in MMRD Covid Facility Address- MMRD Covid Facility, Mumbai
2	December 2020	₹20,52,889	Adharshila Trust	Project- Mobile Health Unit was donated to Adharshila Trust to provide preventive and curative health services to migrant workers and their families Address- Ami Chand Khand, Giri Nagar, Kalka Ji, Near Govindpuri Metro Station, New Delhi
3	Project is still in the implementation stage, amount transferred to Pehel foundation on 30.03.2021	₹1,07,27,200	Karuna Trust	Project – To upgrade the infrastructure and equipment for three public health care centres in Bangalore urban areas Address- 686, 16th Main Road, T-Block, Jaya Nagar, Bangalore
4	Project is still in the implementation stage, amount transferred to Pehel foundation on 30.03.2021	₹3,60,40,000	All India Institute of Medical Sciences, New Delhi	Project- To upgrade the equipment in Neurosurgery Education and Training School Address- Sri Aurobindo Marg, Ansari Nagar, Ansari Nagar East, New Delhi
5	Project is still in the implementation stage, amount transferred to Pehel foundation on 30.03.2021	₹2,00,20,000	Sassoon General Hospital, Pune	Project – To upgrade the equipment in Blood Laboratory of Sassoon General Hospital Address-Station Rd. Agarkar Nagar, Pune, Maharashtra

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per section 135(5)

Not applicable

Sd/-
Managing Director & CEO

Sd/-
Chairman CSR Committee

ANNEXURE TO DIRECTORS' REPORT - 3

FORM NO. MGT- 9

Extract of Annual Return

as on the financial year ended on March 31, 2021

(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014)

1. REGISTRATION AND OTHER DETAILS:

CIN	L65922DL1988PLC033856
Registration Date	November 11, 1988
Name of the Company	PNB Housing Finance Limited
Category/Sub-Category of the Company	Housing Finance
Address of the registered office and contact details	9th Floor, Antriksh Bhavan, 22, K G Marg, New Delhi-110001 Tel: 011-23445200, Fax: 011-23736857
Whether Listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Ph.: +91 22 49186000, Fax: +91 22 49186060 E-mail:rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: -

Sl. No.	Name and description of main products/services	NIC code of the product/service	% of the total turnover of the Company
1	Financial Service Activities, Except Insurance and Pension Funding	64192	100%

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1.	**PHFL Home Loans and Services Limited** Flat No. 207 & 209, 2nd Floor, Antriksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi - 110001	U67200DL2017PLC322468	Subsidiary Company	100%	2(87)
2.	**PEHEL Foundation** Flat No. 917, 9th Floor, Antriksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi - 110001	U85320DL2019NPL356152	Subsidiary Company	100%	2(87)
3.	**Punjab National Bank** Plot No. 4, Sector -10, Dwarka New Delhi -110075	-	Promoter Company	32.64%	-

4. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of shareholder	No. of shares held at the beginning of the year (Demat)		No. of shares held at the end of the year (Demat)		% change during the year
	Number	% age of shares	Number	% age of shares	
A. Promoters					
1) Indian					
a) Individual/ HUF	-	-	-	-	-
b) Central Govt	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-
d) Bodies Corp.					
e) Banks/FI	5,49,14,840	32.65	5,49,14,840	32.64	(0.01)*
f) Any Other	-	-	-	-	-
Sub-total (A)(1):-	**5,49,14,840**	**32.65**	**5,49,14,840**	**32.64**	**(0.01)***

Category of shareholder	No. of shares held at the beginning of the year (Demat)		No. of shares held at the end of the year (Demat)		% change during the year
	Number	% age of shares	Number	% age of shares	
2) Foreign					
a) NRIs - Individuals	-	-	-	-	-
b) Other Individuals	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-
d) Banks / FI					
e) Any Other....	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-
Total shareholding of promoter (A)=(A)(1)+(A)(2)	**5,49,14,840**	**32.65**	**5,49,14,840**	**32.64**	**(0.01)**
B. Public shareholding					
1. Institutions					
a) Mutual Funds	63,64,121	3.78	34,95,799	2.08	(1.70)
b) Banks/FI	14,80,456	0.88	3,00,005	0.18	(0.70)
c) Central Govt	1,060	0.00	1,060	0.00	0.00
d) State Govt(s)	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-
f) Insurance Companies	25,13,199	1.49	14,38,012	0.85	(0.64)
g) FIIs/ Foreign Portfolio Investors	3,66,58,764	21.80	4,12,39,952	24.51	2.71
h) Foreign Venture Capital Funds	-	-	-	-	-
I) Others (Alternate Investment Funds)	3,14,277	0.19	3,31,957	0.20	0.01
Sub total (B) (1):-	**4,73,31,877**	**28.14**	**4,68,06,785**	**27.82**	**(0.32)**
2. Non-Institutions					
a) Bodies Corp.					
i) Indian	12,11,477	0.72	8,39,072	0.50	(0.22)
ii) Overseas	-	-	-	-	-
b) Individuals					
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	67,38,173 (17 shares in physical)	4.01	81,17,356 (17 shares in physical)	4.82	0.81
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakhs	15,77,014	0.94	15,17,082	0.90	(0.04)
c) Others (specify)					
• Trusts	7,87,573	0.47	7,87,478	0.47	(0.00)
• Foreign Nationals	0	0.00	0	0.00	0.00
• Hindu Undivided Family	4,00,432	0.24	4,10,935	0.24	0.00
• Foreign Companies	5,41,92,300	32.22	5,41,92,300	32.21	(0.01)
• Non Résident Indians (Non Repat)	1,02,145	0.06	2,26,761	0.13	0.07
• Non-Resident Indians (Repat)	2,83,619	0.17	2,94,512	0.18	0.01
• Clearing Member	3,57,904	0.21	1,56,358	0.09	(0.12)
• NBFCs registered with RBI	454	0.00	4,644	0.00	0.00
• Trust Employee	2,89,100	0.17	-	-	(0.17)
Sub-total(B) (2): -	**6,59,40,191**	**39.21**	**6,65,46,498**	**39.54**	**0.34**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**11,32,72,068**	**67.35**	**11,33,53,283**	**67.36**	**0.01**
(C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-
Grand Total (A+B+C)	**16,81,86,908**	**100**	**16,82,68,123**	**100**	-

*The percentage of shareholding of Punjab National Bank has reduced pursuant to allotment of 81,215 equity shares under Employee Stock Option Scheme.

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (Demat)			No. of shares held at the end of the year (Demat)			% change in holding during the year
		No. of shares	% of total shares of the Co.	% of total shares encumbered/ pledged to total shares	No. of shares	% of total shares of the Co.	% of total shares encumbered/ pledged	
1	Punjab National Bank	5,49,14,840	32.65	-	5,49,14,840	32.64	-	(0.01)*

* The percentage of shareholding of Punjab National Bank has reduced pursuant to allotment of 81,215 equity shares under Employee Stock Option Scheme.

iii. Change in Promoters' shareholding

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	At the beginning of the year	5,49,14,840	32.65		
2.	At the end of the year			5,49,14,840	32.64*

* The percentage of shareholding of Punjab National Bank has reduced pursuant to allotment of 81,215 equity shares under Employee Stock Option Scheme.

iv. Shareholding pattern of top 10 shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 01, 2020 to March 31, 2021)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
1.	Quality Investment Holdings	5,41,92,300	32.22	-	-	-		
	Closing Balance						**5,41,92,300**	**32.21**
2.	Investment Opportunities V Pte Limited	0	0.00					
				17.04.2020	13,69,008	Purchase	13,69,008	0.81
				24.04.2020	11,80,912	Purchase	25,49,920	1.52
				01.05.2020	1,69,495	Purchase	27,19,415	1.62
				08.05.2020	15,00,000	Purchase	42,19,415	2.51
				15.05.2020	22,66,758	Purchase	64,86,173	3.86
				22.05.2020	3,88,835	Purchase	68,75,008	4.09
				29.05.2020	1,30,000	Purchase	70,05,008	4.17
				05.06.2020	9,57,087	Purchase	79,62,095	4.73
				12.06.2020	14,25,000	Purchase	93,87,095	5.58
				19.06.2020	9,70,774	Purchase	1,03,57,869	6.16
				26.06.2020	14,90,000	Purchase	1,18,47,869	7.04
				18.09.2020	3,78,908	Purchase	1,22,26,777	7.27
				25.09.2020	10,37,924	Purchase	1,32,64,701	7.89
				30.09.2020	5,09,059	Purchase	1,37,73,760	8.19
				09.10.2020	5,96,882	Purchase	1,43,70,642	8.54
				16.10.2020	4,01,510	Purchase	1,47,72,152	8.78
				23.10.2020	1,85,490	Purchase	1,49,57,642	8.89
				30.10.2020	20,000	Purchase	1,49,77,642	8.91
				06.11.2020	4,08,447	Purchase	1,53,86,089	9.15
				13.11.2020	1,78,767	Purchase	1,55,64,856	9.25
				20.11.2020	53,100	Purchase	1,56,17,956	9.29
				27.11.2020	10,70,000	Purchase	1,66,87,956	9.92
	Closing Balance						**1,66,87,956**	**9.92**
3.	General Atlantic Singapore Fund FII PTE Ltd.	1,65,93,240	9.87				1,65,93,240	9.87
	Closing Balance						**1,65,93,240**	**9.86**
4.	Franklin India Tax Shield	49,00,788	2.91				49,00,788	2.91
				24.04.2020	(6,58,029)	Sale	42,42,759	2.52
				12.06.2020	(13,50,619)	Sale	28,92,140	1.72
				02.10.2020	(2.00,000)	Sale	26,92,140	1.60
	Closing Balance						**26,92,140**	**1.60**

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 01, 2020 to March 31, 2021)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
5.	Malabar India Fund Limited	11,54,554	0.69				11,54,554	0.69
	Closing Balance						**11,54,554**	**0.69**
6.	Malabar Select Fund	10,33,425	0.61				10,33,425	0.61
				03.04.2020	(40,000)	Sale	9,93,425	0.59
				07.08.2020	59,236	Purchase	10,52,661	0.63
				14.08.2020	13,177	Purchase	10,65,838	0.63
				21.08.2020	8,728	Purchase	10,74,566	0.64
	Closing Balance						**10,74,566**	**0.64**
7.	United India Insurance Company Limited	8,97,502	0.53				8,97,502	0.53
	Closing Balance						**8,97,502**	**0.53**
8.	Nippon Life India Trustee Ltd A/c Nippon India Banking Fund	10,88,601	0.65				10,88,601	0.65
				03.04.2020	312	Purchase	10,88,913	0.65
				10.04.2020	504	Purchase	10,89,417	0.65
				17.04.2020	12	Purchase	10,89,429	0.65
				24.04.2020	28	Purchase	10,89,457	0.65
				01.05.2020	(392)	Sale	10,89,065	0.65
				08.05.2020	14	Purchase	10,89,079	0.65
				15.05.2020	1,763	Purchase	10,90,842	0.65
				22.05.2020	238	Purchase	10,91,080	0.65
				29.05.2020	112	Purchase	10,91,192	0.65
				05.06.2020	(252)	Sale	10,90,940	0.65
				12.06.2020	28	Purchase	10,90,968	0.65
				19.06.2020	(126)	Sale	10,90,842	0.65
				26.06.2020	(1,00,588)	Sale	9,90,254	0.59
				30.06.2020	(89)	Sale	9,90,165	0.59
				03.07.2020	77	Purchase	9,90,242	0.59
				10.07.2020	(1,546)	Sale	9,88,696	0.59
				17.07.2020	(540)	Sale	9,88,156	0.59
				24.07.2020	(9)	Sale	9,88,147	0.59
				31.07.2020	(360)	Sale	9,87,787	0.59
				07.08.2020	(51,309)	Sale	9,36,478	0.56
				14.08.2020	(15)	Sale	9,36,463	0.56
				21.08.2020	(1,031)	Sale	9,35,432	0.56
				28.08.2020	(240)	Sale	9,35,192	0.56
				04.09.2020	369	Purchase	9,35,561	0.56
				11.09.2020	(269)	Sale	9,35,292	0.56
				18.09.2020	496	Purchase	9,35,788	0.56
				25.09.2020	(10,576)	Sale	9,25,212	0.55
				23.10.2020	(45,563)	Sale	8,79,649	0.52
				30.10.2020	27	Purchase	8,79,676	0.52
				06.11.2020	125	Purchase	8,79,801	0.52
				13.11.2020	(379)	Sale	8,79,422	0.52
				20.11.2020	105	Purchase	8,79,527	0.52
				27.11.2020	292	Purchase	8,79,819	0.52
				04.12.2020	196	Purchase	8,80,015	0.52
				11.12.2020	1,599	Purchase	8,81,614	0.52
				18.12.2020	291	Purchase	8,81,905	0.52
				25.12.2020	101	Purchase	8,82,006	0.52
				31.12.2020	340	Purchase	8,82,346	0.52
				01.01.2021	(19)	Sale	8,82,327	0.52
				08.01.2021	8,058	Purchase	8,90,385	0.53
				15.01.2021	1,531	Purchase	8,91,916	0.53
				22.01.2021	1,058	Purchase	8,92,974	0.53
				29.01.2021	315	Purchase	8,93,289	0.53
				05.02 2021	355	Purchase	8,93,644	0.53

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 01, 2020 to March 31, 2021)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
				12.02.2021	(128)	Sale	8,93,516	0.53
				19.02.2021	22	Purchase	8,93,538	0.53
				26.02.2021	(99,235)	Sale	7,94,303	0.47
				05.03.2021	(4,337)	Sale	7,89,966	0.47
				12.03.2021	(265)	Sale	7,89,701	0.47
				19.03.2021	534	Purchase	7,90,235	0.47
				26.03.2021	816	Purchase	7,91,051	0.47
				31.03.2021	77	Purchase	7,91,128	0.47
	Closing Balance						**7,91,128**	**0.47**
9.	Edelweiss Alternative Investment Opportunities Trust - Edelweiss Crossover Opportunities Fund	7,85,563	0.47				7,85,563	0.47
	Closing Balance						**7,85,563**	**0.47**
10.	Vanguard Total International Stock Index Fund	6,47,823	0.39				6,47,823	0.39
				04.09.2020	(26,929)	Sale	6,20,894	0.37
				30.09.2020	98,599	Purchase	7,19,493	0.43
				16.10.2020	(41,996)	Sale	6,77,497	0.40
				04.12.2020	(39,302)	Sale	6,38,195	0.38
				15.01.2021	(38,904)	Sale	5,99,291	0.36
				12.02.2021	10,675	Purchase	6,09,966	0.36
				19.02.2021	21,280	Purchase	6,31,246	0.38
				26.02.2021	3,613	Purchase	6,34,859	0.38
				05.03.2021	(70,744)	Sale	5,64,115	0.34
				26.03.2021	79,391	Purchase	6,43,506	0.38
				31.03.2021	96,996	Purchase	7,40,502	0.44
	Closing Balance						**7,40,502**	**0.44**
11.	Varde Holdings Pte Ltd.	39,26,668	2.33				39,26,668	2.33
				08.05.2020	(85,482)	Sale	38,41,186	2.28
				15.05.2020	(1,12,840)	Sale	37,28,346	2.22
				22.05.2020	(8,687)	Sale	37,19,659	2.21
				29.05.2020	(42,003)	Sale	36,77,656	2.19
				05.06.2020	(9,93,577)	Sale	26,84,079	1.60
				12.06.2020	(4,22,075)	Sale	22,62,004	1.34
				19.06.2020	(3,12,858)	Sale	19,49,146	1.16
				26.06.2020	(10,72,549)	Sale	8,76,597	0.52
				30.06.2020	(1,45,881)	Sale	7,30,716	0.43
				03.07.2020	(1,24,628)	Sale	6,06,088	0.36
				10.07.2020	(4,09,631)	Sale	1,96,457	0.12
				17.07.2020	(1,43,824)	Sale	52,633	0.03
				24.07.2020	(52,633)	Sale	-	0.00
	Closing Balance						**-**	**0.00**
12.	Auburn Limited	16,61,344	0.99				16,61,344	0.99
				01.05.2020	(50,000)	Sale	16,11,344	0.99
				08.05.2020	(16,11,344)	Sale	-	0.00
	Closing Balance						**-**	**0.00**
13.	Fidelity Funds – Asian Smaller Companies Pool	12,64,213	0.75				12,64,213	0.75
				10.04.2020	(2,73,938)	Sale	9,90,275	0.59
				17.04.2020	(9,90,275)	Sale	-	0.00
	Closing Balance						**-**	**0.00**
14.	Franklin Templeton Investment Funds	11,47,256	0.68				11,47,256	0.68
				01.05.2020	(4,96,200)	Sale	6,51,056	0.39
				08.05.2020	(6,51,056)	Sale	-	0.00
	Closing Balance						**-**	**0.00**

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 01, 2020 to March 31, 2021)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
15.	HDFC Life Insurance Company Limited	11,25,000	0.67				11,25,000	0.67
				18.09.2020	(1,25,000)	Sale	10,00,000	0.59
				25.09.2020	(10,00,000)	Sale	-	0.00
	Closing Balance						-	**0.00**

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 01, 2020 to March 31, 2021)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
1.	Hardayal Prasad, Managing Director & CEO	-	-	-	-	-	-	-
	Closing Balance						-	-
2.	Sanjaya Gupta, Managing Director*	1,78,861	0.11	-	-	-		
	Closing Balance						-	-
3.	Neeraj Vyas, Interim Managing Director & CEO*	-	-	-	-	-		
	Closing Balance						-	-
4.	Kapish Jain, Chief Financial Officer	19	0.00	-	-	-	19	0.00
	Closing Balance					-	**19**	**0.00**
5.	Sanjay Jain, Company Secretary & Head Compliance	-	-	-	-	-	-	-
	Closing Balance	-	-	-	-	-	-	-

*Ceased/ Resigned during the year.

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crores)

	Secured loans excluding deposits	Unsecured loans	Deposits (including inter corporate deposits)	Total Indebtedness
Indebtedness at the beginning of the financial year				
1. Principal amount	49,891.35	1,854.70	16,244.38	67,990.43
2. Interest due but not paid				
3. Interest accrued but not due	473.92	1.10	224.51	699.53
Total	**50365.27**	**1,855.80**	**16,468.89**	**68,689.96**
Change in indebtedness during the financial year	(9,784.88)	709.47	659.37	(8,416.04)
At the end of the financial year				
1. Principal amount	40,250.00	2,564.00	16,870.94	59,684.94
2. Interest due but not paid				
3. Interest accrued but not due	330.39	1.27	257.32	588.98
Total	**40,580.39**	**2,565.27**	**17,128.26**	**60,273.92**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of remuneration	Name of the Managing Director			Total amount (₹ in lakhs)
		Mr. Sanjaya Gupta*	Mr. Neeraj Vyas*	Mr. Hardayal Prasad**	
1	Gross Salary				
a)	Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961	50.63	65.23	115.94	231.80
	b) Value of perquisites under section 17(2) of the Income tax Act, 1961	0.64	-	2.20	2.84
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961				-
2	Stock Option				
3	Sweat Equity				-
4	Commission as % of profit				-
5	Performance Bonus				-
	Total (A)	**51.27**	**65.23**	**118.14**	**234.64**
	Ceiling as per Act				**5,933.60**

*Ceased/ Resigned during the year.
** With effect from August 10, 2020.

B. Remuneration to other Directors

(₹ in lakhs)

(I)	Independent Directors								
Particulars of remuneration		Name of Directors							
	Mr. R Chandrasekaran	Mr. Shital Kumar Jain	Dr Gourav Vallabh	Mr. Nilesh Vikamsey	Mr. Ashwani Kumar Gupta	Mrs. Shubha -lakshmi Panse	Mr. T M Basin	Mr. Sudar -shan Sen	Total Amount (₹ in lakhs)
Fee for attending Board/ Committee Meetings	8.70	3.70	7.50	7.80	10.50	3.60	5.50	1.90	49.20
Commission	10.00	10.00	10.00	10.00	10.00	10.00	-	-	60.00
Others	-	-	-	-	-	-	-	-	-
Total	**18.70**	**13.70**	**17.50**	**17.80**	**20.50**	**13.60**	**5.50**	**1.90**	**109.20**

II) Other Non-executive Directors

	Mr Ch SS Mallikarjuna Rao*	Mr. Neeraj Vyas	Total Amount (₹ in lakhs)
Fee for attending Board/ Committee Meetings	4.80	6.50	11.30
Commission		10.00	10.00
Others		-	-
Total (ii)	**4.80**	**16.50**	**21.30**
Total (B)=(i)+(ii)			**130.50**
Total Managerial Remuneration	-	-	**365.14**
Overall Ceiling as per Act			**13,053.92**

*Paid to PNB for its nominee Director.

C. Remuneration to Key Managerial Personnel other than MD

(₹ in lakhs)

Sr. No.	Particulars of remuneration	Key Managerial Personnel		
		Mr. Sanjay Jain, Company Secretary	Mr. Kapish Jain, CFO	Total
1	Gross Salary			
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961	49.55	86.88	136.43
	b) Value of perquisites under section 17(2) of the Income tax Act, 1961	0.66	0.63	1.29
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Performance Bonus	12.34	33.63	45.97
	Total	**62.55**	**121.14**	**183.69**

7. PENALTIES /PUNISHMENT /COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief description	Details of penalty/ punishment/ compounding fee	Authority (RD/ NCLT/ Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Note: The Company has paid a penalty of ₹1.90 crores plus applicable GST to National Housing Bank during FY 2020-21. The details are disclosed in the Notes to Accounts.

Chandrasekaran Associates
Company Secretaries

FORM MR -3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021
(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,
PNB Housing Finance Limited
9th Floor, Antriksh Bhavan,
22 Kasturba Gandhi Marg,
New Delhi - 110001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by PNB Housing Finance Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (including erstwhile Regulation);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **Not applicable**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (including erstwhile regulation); **Not applicable**

(i) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);

(vi) The other laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on the Sectors/ Industry are:

a) National Housing Bank Act, 1987 and the Guidelines and circulars issued thereunder from time to time;

b) Housing Finance Companies (NHB) Directions, 2010 and all the Rules, Regulations, Circulars and Guidelines prescribed by the National Housing Bank for Housing Finance Companies as amended from time to time.

c) Reserve Bank of India Act, 1934 and rules, regulations & directions issued from time to time.

d) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

e) RBI Commercial Paper Directions, 2017 effective from August 10, 2017 (as amended from time to time) w.r.t. issue of commercial papers and applicable Operating Guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India)

We have also examined compliance with the applicable clauses/Regulations of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except delay in filing of forms / intimation in few cases with the Registrar of Companies / Stock Exchanges and further as mentioned below:

1. National Housing Bank (NHB) vide its letter no.(ND)/HFC/DOS/OUT-04089/2020 dated July 23, 2020, issued show cause notice in regard to the inspection of the Company, as per provisions of the National Bank Act, 1987 with reference to its position as on 31-03-2019 by levying penalty for non –compliances. Further, NHB vide its letter no. NHB (ND)/HFC/DOS/OUT-05905/2020 dated September 25, 2020 imposed a monetary penalty and directed the Company to credit the total penalty amount of ₹ 1,90,00,000 plus applicable GST of ₹ 34,20,000.

2. There is intermittent vacancy of Independent Woman Director on the Board of Directors of the Company due to resignation of Ms. Shubhalakshmi Panse w.e.f. January 05, 2021 and there was no woman director on the board of the Company as on March 31, 2021 as required under Section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and Regulation 17(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. The Board through circulation resolution passed on May 29, 2021 appointed Ms. Gita Nayyar as an Additional Director (in the category of Independent Director) for a period of three years with effect from May 29, 2021 till May 28, 2024.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors except as mentioned above with respect to Women Director. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board/ Committee Meetings. Agenda and detailed notes on agenda were sent in advance (and at a shorter notice for which necessary approvals obtained, if any) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Chandrasekaran Associates
Company Secretaries

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following major events have happened which are deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. The Company has obtained the approval of shareholders in their Annual General Meeting held on August 05, 2020 for issuance of Non – Convertible Debentures of face value aggregating up to ₹ 45,000 Crore (Rupees Forty Five Thousand Crore Only) to eligible investors.

2. During the period under review, the Company has allotted 16,900 Secured, Redeemable, Non – Convertible Debentures in the nature of promissory Notes ("Bonds") of face value of ₹ 10,00,000 per debenture fully paid on Private Placement basis.

3. The Company has obtained the approval of shareholders through postal ballot for approval of Restricted Stock Unit Scheme 2020, to issue, offer and allot, to eligible employees, Restricted Stock Units, exercisable into not more than 5,00,000 ('Five Lakh Only) Equity Shares of ₹ 10/- each, fully paid up, of the Company.

4. During the period under review, the Company has allotted 81,215 Equity Shares of Face Value of ₹ 10 each fully paid up under ESOP Scheme of the Company to its identified employees.

For Chandrasekaran Associates
Company Secretaries

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
UDIN: F001644C000432800

Date: June 08, 2021
Place: New Delhi

Note:

(i) This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

(ii) Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before March 31, 2021 pertaining to Financial Year 2020-21.

ANNEXURE TO DIRECTORS' REPORT - 4

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

The Company ensures exercising principals of corporate ethics, accountability and integrity. It has been maintaining high standards of corporate governance. It has transparently disclosed information to all the stakeholders. The Company has framed its policies as per applicable laws, regulatory guidelines and has been constantly reviewing and revising them as per business needs and changes in laws/regulations from time to time.

The Company has maintained long term relationship with its valued customers, viz. depositors, loan customers, business partners and its various other stakeholders financers. The Company follows principles of transparency and adequacy in all the disclosures made through its public documents; Annual Reports, financial results etc. The Company practices ethical standards in all its dealings. Over the years, it has strengthened its corporate practices and disclosures.

The Company has complied with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended, RBI Directions, NHB Directions/Regulations as are/were applicable on the Company.

The following is the Board's report on corporate governance.

BOARD OF DIRECTORS

The Board is overall responsible to oversee the Company's management and to protect the long-term interest of the stakeholders.

LIST OF CORE SKILLS/EXPERTISE/COMPETENCIES IDENTIFIED BY THE BOARD OF DIRECTORS AS REQUIRED IN THE CONTEXT OF ITS BUSINESS AND SECTOR FOR WHICH IT FUNCTION EFFECTIVELY AND THOSE ACTUALLY AVAILABLE WITH THE BOARD

The Board should provide valuable leadership and guidance to the Company. The Directors should possess extensive knowledge of the operations of the Company and the people involved. The Company deals with mortgages and operates in the financial sector. The Board should possess the wisdom of various lifecycles of the financial sector, the key challenges being faced, the competition, it should have the required experience with credit cycles, workouts and remedial management. The Board with its collective wisdom should provide oversight to the Company during the challenging times.

The Company's board has people with extensive experience in the financial sector, economics, mortgages, banking, international operations, fintech regulation, currency management, credit and information technology. The Directors are highly qualified and have held leadership positions in high performing institutions. They are fully equipped to provide leadership and guidance to the Company in its quest to achieve growth and quality of business and attain leadership position in the mortgage industry. The brief profiles of Directors are given in the Annual Report. In the opinion of the Board, the desired skills are available with the board members.

COMPOSITION

As on March 31, 2021, the Board consists of 12 members comprising six independent directors, five non-executive directors (including the Chairman) and one Managing Director & CEO. Mr. CH SS Mallikarjuna Rao (Chairman) and Mr. Rajneesh Karnatak are the nominee directors of Punjab National Bank. Mr. Sunil Kaul and Mr. Kapil Modi are the nominee Directors of Quality Investment Holdings. None of the other directors are related to each other. The independent directors meet the criteria prescribed for an independent director as stipulated in Regulation 16(1)(b) of the LODR and the provisions of Section 149(6) of the Companies Act, 2013. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations and Section 149 of the Companies Act, 2013.

During the year, the following appointments/ cessations took place amongst the board members;

a) Mr. Tejendra Mohan Bhasin was appointed as Independent Director with effect from April 02, 2020.

b) Mr. Sanjaya Gupta was relieved of his responsibilities as Managing Director with effect from April 28, 2020 and completed his tenure as director on May 04, 2020.

c) Mr. Neeraj Vyas was appointed Interim Managing Director & CEO from April 28, 2020 up to August 10, 2020. He was subsequently appointed Non-executive Director with effect from September 01, 2020.

d) Mr. Shital Kumar Jain completed his second term as an Independent Director on August 09, 2020.

e) Mr. Hardayal Prasad was appointed Managing Director & CEO with effect from August 10, 2020 for a term of three years.

f) Mr. Sudarshan Sen was appointed as Independent Director with effect from October 01, 2020 for a term of five years.

g) Mr. Kapil Modi was appointed Non-executive Nominee Director with effect from October 01, 2020.

h) Mr. Chandrasekaran Ramakrishnan was re-appointed as Independent Director for a second term of five years with effect from October 07, 2020.

i) Mrs Shubhalakshmi Panse, Independent Director resigned from the Board with effect from January 05, 2021*.

j) Mr. Rajneesh Karnatak was appointed as Non-executive Nominee Director with effect from January 19, 2021.

*Mrs. Shubhalakshmi Panse was appointed Independent Director in CanFin Homes Limited on June 15, 2020. Both the companies are competitors, and in view of the Corporate Governance Code of the Company, Mrs. Panse expressed her desire to continue on the Board of CanFin Homes Limited and therefore resigned from the board of PNB Housing.

After March 31, 2021, Dr Gaurav Vallabh completed his five years term as an Independent Director on April 21, 2021. Mr. Nilesh S Vikamsey was re-appointed as an independent director for a second term of five years with effect from April 22, 2021. The Board appointed Ms. Gita Nayyar as an independent director for a term of 3 years on May 29, 2021.

Details of the Board of Directors in terms of their directorships/memberships in committees of public companies (including PNB Housing Finance Limited) as per Regulation 26 of LODR is given hereunder:

Sr. No.	Directors	Category	DIN	Number of Directorships*	Name of Companies and Designations (As on June 19, 2021)	Number of Committees**		Skills/ Expertise
						Member	Chair-Person	
1.	Mr. CH S S Mallikarjuna Rao	Chairman and Non-Executive nominee director of Punjab National Bank	07667641	6	1. Punjab National Bank – Managing Director and CEO [L]*** 2. PNB Housing Finance Limited [L] - Chairman 3. PNB Investment Services Limited – Director [UL]**** 4. The Oriental Insurance Company Limited - Director [UL] 5. PNB Metlife India Insurance Company Limited - Nominee Director[UL] 6. PNB Cards & Services Limited - Director [UL]	3	1	He is MD & CEO of Punjab National Bank and has over 36 years of experience in banking, credit, operations, financial management, Information technology, human resource, Recovery, Treasury, Risk Management, and Marketing & Publicity. He is on the Board of several eminent companies and Government bodies.
2.	Mr. Sunil Kaul	Non-Executive Nominee Director of Quality Investment Holdings	05102910	1	1. PNB Housing Finance Limited [L] 2. SBI Cards and Payment Services Limited - Non-Executive Director [L]#	3	0	He is highly qualified and an experienced Investment Advisor. He has extensive experience in corporate and consumer banking in several parts of the world. He has held leadership positions for Citibank. He has experience in capital investment, financial sector, treasury, risk management, credit, human resource, and credit card industry.
3.	Mr. Nilesh S Vikamsey	Independent Director	00031213	8	1. Navneet Education Limited – Non-Executive Director [L] 2. Thomas Cook (India) Limited – Independent Director [L] 3. PNB Housing Finance Limited [L] - ID 4. IIFL Finance Limited – Independent Director [L] 5. IIFL Wealth Management Limited – Independent Director [L] 6. Gati Limited – Independent Director [L] 7. SOTC Travel Limited-Director [UL] 8. Nippon Life India Trustee Limited-Director [UL] 9. NSEIT Limited- Director [UL]*	9	3	He is a qualified Chartered Accountant and Past President of Institute of Chartered Accountants of India. He has extensive experience of Audits/ Consultancy of Banks, large Companies, Mutual Funds, Financial Services Sector companies.

* ceased to be a Director w.e.f. April 22, 2021

Mr. Sunil Kaul, ceased to be a DIrector w.e.f. June 18, 2021

Sr. No.	Directors	Category	DIN	Number of Directorships*	Name of Companies and Designations (As on June 19, 2021)	Number of Committees**		Skills/ Expertise
						Member	Chair-Person	
4.	Mr. R Chandrasekaran	Independent Director	00580842	6	1. PNB Housing Finance Limited [L] 2. Mindtree Limited– Independent Director [L] 3. L&T Technology Services Ltd. – Independent Director [L] 4. Aujas Cybersecurity Limited –Director [UL] 5. NSEIT Limited –Director [UL] 6. KSL Digital Ventures Limited-Director [UL]	1	0	He is highly qualified IT expert and was one of the professional co-founders of Cognizant. He has held leadership position in the IT industry, setting up business in India and several countries, the U.S., Europe, South America, The Philippines and China, and driving best-in-class delivery excellence at scale. Besides IT, he has extensive experience in operations, human resource management.
5.	Mr. Ashwani Kumar Gupta	Independent Director	00108678	3	1. Dhampur Sugar Mills Limited – Independent Director [L] 2. PNB Housing Finance Limited [L] 3. Mani Capitals Limited-Director [UL]	3	2	He is a qualified Chartered Accountant with over three decades of experience in corporate finance, treasury, capital management, mortgages and asset reconstruction. He is also experienced in private equity investing and real estate development.
6.	Dr Tejendra Mohan Bhasin	Independent Director	03091429	6	1. PNB Gilts Limited-Independent Director[L] 2. SBI Cards and Payment Services Limited-Independent Director [L] 3. PNB Housing Finance Limited [L] 4. Ruchi Soya Industries Ltd. - Independent Director [L] 5. IDBI Intech Limited-Director [UL] 6. SBI Life Insurance Company Limited (L)#	6	1	He is highly qualified and experienced retired banker who held the position of Chairman and Managing Director of Indian Bank. He has been conferred with honorary fellowship by Indian Institute of Banking and Finance. He was earlier vigilance commissioner in Central Vigilance Commission. He has over 41 years of experience in administration, banking and finance industry, risk management, credit management and operations.
7.	Mr. Neeraj Vyas	Non-Executive Director	07053788	1	PNB Housing Finance Limited [L]	0	0	He is a senior professional with experience in banking, credit, mortgages, risk management and operations. He was part of State Bank of India for over three decades and has handled several assignments for the bank in various locations in India and abroad. He was Deputy Managing Director and Chief Operating Officer of State Bank of India.

Appointed as Director w.e.f. April 12, 2021

Sr. No.	Directors	Category	DIN	Number of Directorships*	Name of Companies and Designations (As on June 19, 2021)	Number of Committees** Member	Number of Committees** Chair-Person	Skills/ Expertise
8.	Mr. Sudarshan Sen	Independent Director	03570051	3	1. PNB Housing Finance Limited [L] 2. Federal Bank Ltd. - Independent Director [L] 3. Cashpor Micro Credit- Director [UL]	3	0	He has extensive experience in banking regulation, bank supervision, fintech regulation, human resources, information technology and currency management. He retired from the Reserve Bank of India as Executive Director in charge of regulation of banks and non-banking financial companies.
9.	Mr. Kapil Modi	Non-Executive Nominee Director of Quality Investment Holdings	07055408	2	1. PNB Housing Finance Limited [L] 2. NXTRA Data Limited – Director [UL]	1	0	He is highly qualified and an experienced Investment Advisor. He has strong network of relationships across investment banks, consultants and operating management teams primarily in financial services and technology sector.
10	Mr. Rajneesh Karnatak	Non-Executive nominee director of Punjab National Bank	08912491	1	PNB Housing Finance Limited [L]	0	0	He is an experienced banking professional who is holding a senior banking position. He has handled several assignments in the field and at central offices. He has experience in Credit Monitoring, Digital Banking and Corporate Credit.
11	Mr. Hardayal Prasad	Managing Director & CEO	08024303	2	1. PNB Housing Finance Limited [L] 2. PHFL Home Loans and Services Limited- Director [UL]	1	0	He is a senior professional with experience in banking, credit, risk management and information technology. He was part of State Bank of India for over three decades and has handled several assignments for the bank in various locations in India and abroad. He has held senior position in the SBI and leadership position in SBI Cards and Payment Services Limited.
12	Ms. Gita Nayyar	Independent Director	07128438	5	1. Oriental Hotels Limited [L] 2. Transport Corporation of India Limited [UL] 3. Taj Sats Air Catering Limited [UL] 4. Glenmark Life Sciences Limited [L] 5. PNB Housing Finance Limited [L]	3	0	She is a finance professional with over 30 years of global leadership experience with MNC banks/ VC funds and Corporates. She has extensive cross-functional expertise in Corporate Banking, Risk and Relationship Management, Investment Banking, Wealth Management and Fund Raising. She serves on Board of Governors of IIM, Udaipur. She is also on the advisory committee of National NGOs and a VC Fund.

**Excluding private companies, foreign companies and companies under section 8 of the Companies Act, 2013.
**Audit Committee and Stakeholders Relationship Committee.
***L represents listed entities and ****UL represents unlisted companies.

RESPONSIBILITIES

The Board is responsible for the long-term strategic planning and direction of the Company. It is responsible for the long-term value of the shareholders, to protect the interest of all other stakeholders and to provide guidance to the management with strategic direction. The Board functions through its various committees, which have been assigned various roles and responsibilities. These committees closely monitor the performance of the Company.

The Board regularly reviews Company's overall performance at regular interval. The Board has a formal schedule of matters reserved for its consideration and decision, apart from legally required matters. The Company has an appropriate directors' & officers' liability insurance policy, which provides indemnity in respect of liabilities incurred as a result of their office.

ROLE OF INDEPENDENT DIRECTORS

Company's independent directors are persons of eminence from diverse fields in banking, finance, accountancy, economics, credit, risk management and information technology. They play an important role on the Board and on the various committees of the Board. They provide inputs to the Board and help the Board in arriving at decisions on matters of strategic importance.

The independent directors ensure that all the matters brought to board and its committees are adequately discussed and decisions are arrived at in the best interest of the Company. An independent director has been nominated as the Chairman on various committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and IT Strategy Committee. The Audit Committee consist entirely of independent directors.

All the committees of the Board function within the defined terms of reference in accordance with the Companies Act, 2013 and the LODR and as approved by the board. The independent directors are not liable to retire by rotation. A formal letter of appointment was issued to the independent directors in terms of the provisions of the Companies Act, 2013. A copy of the letter detailing the terms and conditions of appointment of the independent directors has been placed on the Company's website at https://www.pnbhousing.com/investor-relations/updates-events/

FAMILIARISATION PROGRAMME

The main objective of a familiarisation programme is to ensure that the non-executive directors are updated on the business and regulatory environment and the overall operations of the Company to make informed decisions in everybody's interest. All the independent directors have been taken through familiarization programme about the Company, its business environment, competitors, Company's portfolio etc.

The Company has a policy on familiarisation programme for the independent directors, which is placed on the website of the Company www.pnbhousing.com.

BOARD MEETINGS

Due to COVID-19 pandemic, the Company held Board meetings by Audio Video means. As per MCA guidelines, all the precautions were taken, rules for safe and secure conduct of Board meetings were followed and proceedings were recorded. Board meetings are scheduled well in advance and prior notice of each Board meeting is given through electronic mode to every director. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

The Company Secretary, in consultation with the Managing Director & CEO prepares the detailed agenda for the meetings. The detailed Board agenda is circulated to the directors well in advance. The members of the Board can also recommend inclusion of any matter in the agenda for discussion. The senior management attends the Board meetings to provide additional inputs on the items being discussed by the Board. The minutes of each Board meeting are finalised and recorded in the minute book maintained by the Company Secretary.

During the year under review, the Board has met nine times. The meetings were held on April 28, 2020; June 13, 2020; June 27, 2020; July 23, 2020; August 06, 2020; August 19, 2020; October 28, 2020; January 19, 2021 and January 27, 2021. The attendance of the Directors at the Board meetings and the 32nd Annual General Meeting held on August 05, 2020 are listed below:

Sr. No.	Directors	Board Meetings	Attendance at the 32nd AGM	Sitting fee paid* (₹)
1.	Mr. CH SS Mallikarjuna Rao	9	Yes	3,00,000/-
2.	Mr. Sunil Kaul	9	Yes	-
3.	Mr. R Chandrasekaran	9	Yes	4,50,000/-
4.	Mr. Nilesh S Vikamsey	9	Yes	4,50,000/-
5.	Mr. Ashwani Kumar Gupta	9	Yes	4,50,000/-
6.	Mr. Neeraj Vyas	8	Yes	2,00,000/-
7.	Dr Tejendra Mohan Bhasin	8	Yes	4,00,000/-
8.	Mr. Sudarshan Sen	2	NA	1,00,000/-
9.	Mr. Kapil Modi	3	NA	-
10.	Mr. Rajneesh Karnatak	1	NA	-
11.	Mr. Hardayal Prasad	4	NA	-
12.	Dr Gourav Vallabh	9	Yes	4,50,000/-
13.	Mrs. Shubhalakshmi Panse	6	Yes	3,00,000/-
14.	Mr. Shital Kumar Jain	5	Yes	2,50,000/-
15.	Mr Sanjaya Gupta	1	NA	-

* The sitting fee of Mr. CH S S Mallikarjuna Rao was paid to the Punjab National Bank.

Leave of absence was granted to the concerned director who could not attend the Board meetings.

COMMITTEES OF THE BOARD

The Board has delegated powers to various Committees. Each of the Board's Committee has been delegated with specific responsibilities/ matters as per the provisions of the Companies Act, 2013, SEBI, LODR as amended and as per the business requirements. The minutes of every Committee meetings are finalised and recorded in the minute book maintained by the Company Secretary. The Minutes of Committee meetings are also placed before the Board. During the year, recommendations of various committees on policies and other matters were placed before the Board for its consideration and the Board after discussion has accepted recommendations of the Committees.

The various committees, their roles and their members are:

Audit Committee

The Audit Committee currently has three members; Mr. Nilesh S Vikamsey was appointed as the Chairman w.e.f. January 13, 2021. Dr Tejendra Mohan Bhasin and Mr. Sudarshan Sen were inducted as members w.e.f. January 13, 2021. Mrs. Shubhalakshmi Panse ceased to be the member of Audit Committee w.e.f. January 05, 2021 and Dr Gaurav Vallabh ceased to be the member of Audit Committee w.e.f. April 21, 2021.

The Charter of the Audit Committee is as per section 177 of the Companies Act, 2013 and LODR as amended. The main role of the Audit Committee is:

a) It assists the Board in fulfilling its oversight responsibilities for the financial reporting process to regulatory authorities, public, it oversees the system of internal control, the audit process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct.

b) It reviews quarterly, half yearly and yearly financial statements as prepared by the Company before submission to the Board.

c) It reviews and monitors the Auditors' independence, performance and effectiveness of audit process.

d) As per Related Party Transactions Policy, it approves related party transactions.

e) It reviews the functioning of whistle blower mechanism.

f) It reviews the functioning of internal audit.

g) It recommends the appointment of statutory and internal auditor.

The Audit Committee calls members of senior management as it considers appropriate to be present at the meetings of the Committee. The Statutory Auditors also attend the meeting of the Audit Committee. The Audit Committee discuss with the Statutory Auditors their findings on the working of the Company without the presence of management.

During the year, the Audit Committee had met five times on June 13, 2020; July 22, 2020; October 27, 2020; January 25, 2021 and January 27, 2021. The details of attendance at the Audit Committee meetings are as under:

Sr. No.	Directors	Number of meetings attended	Sitting fee (₹)
1.	Mr. Nilesh S Vikamsey	5	1,50,000/-
2.	Mr. Sudarshan Sen	0	-
3.	Dr Tejendra Mohan Bhasin	2	60,000/-
4.	Dr Gourav Vallabh	5	1,50,000/-
5.	Mrs. Shubhalakshmi Panse	2	1,00,000/-

Leave of absence was granted to the concerned directors who could not attend the meetings.

Nomination and Remuneration Committee (NRC)

The NRC has four members; Mr. R Chandrasekaran (Chairman), Mr. CH S.S. Mallikarjuna Rao, Mr. Sunil Kaul, and Mr. Nilesh S Vikamsey. The Committee has been delegated powers, role and responsibilities as required under section 178 the Companies Act, 2013 and as per LODR as amended.

The NRC formulates criteria for determining qualifications, positive attributes and independence of a director. It recommends to the Board a policy, relating to the remuneration of the directors, key managerial personnel, senior management and other employees. It identifies persons who are qualified to become directors and who may be appointed in the senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The annual compensation package of the Managing Director & CEO is recommended by the NRC to the Board. The NRC approves compensation package of all the functional heads.

During the year, the NRC had met five times on April 28, 2020; July 22, 2020; August 19, 2020; September 23, 2020 and January 04, 2021. The details of attendance at the NRC meetings are as under:

Sr. No.	Directors	Number of meetings attended	Sitting fee (₹)
1.	Mr. R Chandrasekaran	5	1,50,000/-
2.	Mr. CH S.S Mallikarjuna Rao	5	1,20,000/-
3.	Mr. Sunil Kaul	5	-
4.	Mr. Nilesh S Vikamsey	5	1,50,000/-

* The sitting fee of Mr. CH S.S. Mallikarjuna Rao was paid to the Punjab National Bank.

Corporate Social Responsibility Committee (CSR)

The CSR Committee has four members; Dr Tejendra Mohan Bhasin (Chairman), Mr. R Chandrasekaran, Mr. Sudarshan Sen and Mr. Hardayal Prasad. Mr. Hardayal Prasad was inducted as Member w.e.f. August 10, 2020, Mr. Sudarshan Sen and Mr. T M Bhasin were inducted members w.e.f. January 19, 2021. Mr. Ashwani Kumar Gupta ceased to be a member w.e.f. January 19, 2021 and Mr. Neeraj Vyas ceased to be a member w.e.f. August 10, 2020.

CSR Committee exercises the roles and responsibilities as per section 135 of the Companies Act, 2013 as amended. It oversees Corporate Social Responsibilities of the Company, recommend from time to time amendments to CSR Policy of the Company. It formulates annual action plan and recommend to the Board for its approval. It approves implementing agencies for the CSR activities. It oversees the functioning of Executive Committee of CSR Management.

During the year, the CSR Committee has met four times on July 31, 2020; December 29, 2020; March 10, 2021 and March 20, 2021. The details of attendance at the CSR meetings are as under;

Sr. No.	Directors	Number of meetings attended	Sitting fee (₹)
1.	Dr Tejendra Mohan Bhasin	2	60,000/-
2.	Mr. R Chandrasekaran	4	1,20,000/-
3.	Mr. Sudarshan Sen	2	60,000/-
4.	Mr. Hardayal Prasad	2	-
5.	Mr. Neeraj Vyas	1	-
6.	Mr. Ashwani Kumar Gupta	2	60,000/-

Leave of absence was granted to the concerned director who could not attend the committee meetings.

Stakeholders Relationship Committee (SRC)

It has four directors; Mr. Ashwani Kumar Gupta (Chairman), Mr. Sunil Kaul, Mr. CH SS Mallikarjuna Rao and Mr. Hardayal Prasad. Mr. Hardayal Prasad was inducted member w.e.f. August 10, 2020. Mr. Neeraj Vyas ceased to be the member of Committee w.e.f. August 10, 2020 and Mrs. Shubhalakshmi Panse ceased to be the member of Committee w.e.f. January 05, 2021

The committee oversees the investors' grievances, investor relations, recommend to the Board raising of equity share capital and allotment of equity shares. During the year, the SRC Committee has met on June 12, 2020.

Sr. No.	Directors	Number of meetings attended	Sitting fee (₹)
1.	Mr. Ashwani Kumar Gupta	1	30000/-
2.	Mr. Sunil Kaul	1	-
3.	Mr. CH S.S. Mallikarjuna Rao	1	30000/-
4.	Mr. Hardayal Prasad	0	-
5.	Mrs. Shubhalakshmi Panse	0	-
6.	Mr. Neeraj Vyas	1	-

*The sitting fee of Mr. CH S.S. Mallikarjuna Rao was paid to the Punjab National Bank.
Leave of absence was granted to the concerned directors who could not attend the committee meeting.

Risk Management Committee

The Risk Management Committee has five directors; Mr. Sunil Kaul, Mr. Neeraj Vyas, Mr. Rajneesh Karnatak and Mr. Hardayal Prasad. Dr Tejendra Mohan Bhasin was inducted on May 15, 2021. He is the Chairman of Risk Management Committee.

Mr. Hardayal Prasad was inducted as member w.e.f. August 10, 2020, Mr. Neeraj Vyas and Mr. Rajneesh Karnatak were inducted w.e.f. January 19, 2021. Mr. Shital Kumar Jain ceased to be the member w.e.f. August 09, 2020, Mr. CH S.S. Mallikarjuna Rao ceased to be the member w.e.f. January 19, 2021 and Dr. Gourav Vallabh ceased to be the member of Committee w.e.f. April 21, 2021.

The Board has approved Risk Management Policies of the Company. The Committee oversee and reviews various aspects of risk management and review the major risk exposures of the Company. It assists the Board in determining the nature and extent of the significant risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk. It oversees the guidelines, policies and processes for monitoring and mitigating such risks.

The Committee has met four times during the year on July 04, 2020; September 16, 2020, December 29, 2020 and February 15, 2021.

Sr. No.	Directors	Number of meetings attended	Sitting fee (₹)
1.	Dr Tejendra Mohan Bhasin	Inducted with effect from May 15, 2021	-
2.	Mr. Sunil Kaul	4	-
3.	Mr. Neeraj Vyas	2	30,000/-
4.	Mr. Rajneesh Karnatak	1	-
5.	Mr. Hardayal Prasad	2	-
6.	Mr. CH S.S. Mallikarjuna Rao	1	30,000/-
7.	Dr. Gourav Vallabh	4	1,20,000/-
8.	Mr. S.K. Jain	1	30,000/-

* The sitting fee of Mr. CH S.S. Mallikarjuna Rao was paid to the Punjab National Bank.
Leave of absence was granted to the concerned director who could not attend the committee meetings.

Credit Committee (CCB)

The Credit Committee has three directors; Mr. Neeraj Vyas (Chairman), Mr. Ashwani Kumar Gupta and Mr. Hardayal Prasad. Mr. Shital Kumar Jain ceased to be the member w.e.f. August 09, 2020 and Mr Sanjaya Gupta w.e.f. April 28, 2020.

It reviews and formulates credit policy parameters for loans to various segments, review the feedback mechanism to policy to improve and to maximize risk/ return matrix. The CCB reviews the credit performance and collection effectiveness of the loan portfolio. The Board has delegated powers to sanction loans to the Committee.

During the year, the CCB had met sixteen times on April 01, 2020; May 30, 2020; July 10, 2020; September 10, 2020; September 14, 2020; September 28, 2020; September 30, 2020; October 13, 2020; November 09, 2020; November 24, 2020; December 05, 2020; December 29, 2020; January 22, 2021; February 10, 2021; February 17, 2021 and March 23, 2021. The details of attendance at the CCB meetings are as under:

Sr. No.	Directors	Number of meetings attended	Sitting fee (₹)
1.	Mr. Neeraj Vyas	16	4,20,000/-
2.	Mr. Ashwani Kumar Gupta	16	4,80,000/-
3.	Mr. Hardayal Prasad	13	-
4.	Mr. Shital Kumar Jain	3	90,000/-
5.	Mr. Sanjaya Gupta	1	-

Leave of absence was granted to the concerned director who could not attend the committee meetings.

IT Strategy Committee

The Committee has three director members; Mr. R Chandrasekaran (Chairman), Mr. Kapil Modi and Mr. Hardayal Prasad.

The Committee approves IT strategy, IT policy documents, cyber security and IT security. It guides the management to put in place an effective strategic planning process. It ascertains that the management has implemented processes and practices to ensure that the IT delivers value to the business, that the IT investments represent a balance of risks and benefits and IT budget. It monitors the method the management uses to determine the IT resources needed to achieve strategic goals and provide high level direction for sourcing and use of IT resources. It monitors IT risks and controls.

During the year, the IT Strategy Committee had met four times on December 30, 2020; February 26, 2021; March 24, 2021 and March 31, 2021. The details of attendance at the IT Committee meetings are as under;

Sr. No.	Directors	Number of meetings attended	Sitting fee (₹)
1.	Mr. R Chandrasekaran	4	1,20,000/-
2.	Mr. Kapil Modi	3	-
3.	Mr. Hardayal Prasad	4	-

The status of shareholders' complaints during FY 2020-21, is mentioned below:

Complaints received during the year (in Nos.)	Complaints resolved during the year (in Nos.)	Complaints pending at the end of the year (in Nos.)
0	0	0

However, the Company has received few requests for revalidation of dividend warrants and physical copy of annual report. The same has been taken into consideration and closed

Key Managerial Persons

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with Rules made thereunder, following are the key managerial personnel of the Company:

- Mr. Hardayal Prasad, Managing Director & CEO
- Mr. Kapish Jain, Chief Financial Officer
- Mr. Sanjay Jain, Company Secretary and Head Compliance.

Meeting of Independent Directors

The independent directors met on March 18, 2021 without the presence of non-independent directors, by audio video means. The independent directors have evaluated the performance of Chairperson of the Board, non-independent directors and of the Board during the year and quality of board performance, timeliness of flow of information with the Board.

Remuneration of Directors

Non-Executive Directors

Independent Directors and non-executive non-nominee directors are paid sitting fees and commission on net profits as approved by the shareholders of the Company. During the year under review, the sitting fees payable to Directors for attending meetings of the Board of Directors of the Company was ₹50,000 per board meeting. The sitting fees for attending the meetings of committees of Board was ₹30,000 per meeting. The Commission payable to all the independent Directors is restricted to 0.25% of the net profits of the Company.

Details of sitting fees and commission paid during the financial year is provided in the Form MGT-9 which forms part of the Directors' Report.

Managing Director & CEO

On the recommendation of Nomination & Remuneration Committee, the Board at its meeting held on August 06, 2020 has appointed Mr. Hardayal Prasad as the Managing Director and CEO of the Company for a period of three years, with effect from August 10, 2020.

Earlier, Mr. Sanjaya Gupta has ceased to be the Managing Director of the Company with effect from April 28, 2020. The Board at its meeting held on April 28, 2020 had appointed Mr. Neeraj Vyas as interim Managing Director and CEO of the Company. He resigned with effect from August 10, 2020.

The remuneration of the Managing Director & CEO is recommended by the Nomination & Remuneration Committee and approved by the Board. The key objective of the remuneration is to ensure that it is aligned to the overall performance of the Company. The remuneration package of the Managing Director & CEO comprises of salary, performance linked variable pay and usual perquisites as per Company's HR policy approved by the Board. In addition, he is entitled to ESOPs.

Details of remuneration paid/payable to the Managing Director during the year under review is provided in Form MGT-9. Details of ESOP Options of Managing Director:

Name	Grant Date	Options Granted	Vesting Period	No. of options exercised
Hardayal Prasad	August 19, 2020	5,50,000	The ESOPs shall vest 10% in Year 1, 20% in Year 2, 30% in Year 3 and 40% in Year 4. On expiry of his existing tenure of 3 (three) years as Managing Director and CEO, in case his tenure is not extended by the Board for any reason other than "cause", the unvested options of year 4 (40%) would vest within a month of the date the Board/Company intimates in writing, its intention of not extending/ renewing the term.	NA

BOARD EVALUATION

The Board evaluation process has been adopted by the Company in terms of the Companies Act, 2013 and the circular issued by the SEBI. It applies to all the Directors of the Company. Its main objective is to ensure effective and efficient Board operations towards corporate goals and objectives, to identify ways to improve Board member's functioning and to assess the balance of skills, knowledge and experience on the Board.

The Board evaluation process involve, evaluation of the whole Board, which is to be done by all the Members of the Board; evaluation of the Committees of the Board, which is to be done by all the Members of the respective Committee; and evaluation of the individual which is carried out by the Nomination and Remuneration Committee.

The Board Evaluation Process is a questionnaire-based assessment, which has set broad parameters for evaluation of the Board, Committee of the Board and Board Members. The NRC takes feedback from the Directors through structured questionnaires. The Board carried out the evaluation of every Director's performance and its own performance as a whole, Statutory Board Committees namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Stakeholders Relationship Committee and Risk Management Committee. The Board expressed its satisfaction on performance evaluation.

The independent directors review the performance of the Non-executive Directors, Chairman and the whole Board.

INVESTOR GRIEVANCES

In accordance with the Listing Regulations, the Board has appointed Mr. Sanjay Jain, Company Secretary, as the Compliance Officer of the Company.

During the year, the Company has not received any complaints from the investors. The Company has received few requests for physical copy of Annual Reports and revalidation of dividend warrants which has been taken into consideration and closed.

SUBSIDIARY COMPANIES

The Company has two wholly owned subsidiaries, "PHFL Home Loans and Services Limited" and "PEHEL Foundation". PHFL Home Loans was incorporated on August 22, 2017. The Company is a distribution arm for PNB Housing, offering doorstep services to the prospective customers.

Pehel Foundation is a wholly owned subsidiary of PNB Housing Finance Limited incorporated on October 14, 2019. It is incorporated as a CSR Foundation of the Company with the main objective to implement projects, programmes and such other activities as specified in Schedule VII of Companies Act, 2013, as may be necessary under CSR Policy of PNB Housing Finance Limited and/or its group companies and/or other donors/companies in terms of Section 135 of the Companies Act, 2013.

Company has framed a policy for determining material subsidiaries and the same is placed on the website of the Company at https://www.pnbhousing.com/investor-relations/corporate-governance/

EMPLOYEE STOCK OPTION SCHEME (ESOS)

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, have been placed on the website of the Company at https://www.pnbhousing.com/investor-relations/updates-events/

PROCEEDS FROM PRIVATE PLACEMENT OF DEBT ISSUES

During the year, the Company has raised ₹1,690 crores of secured NCDs through private placements in 3 series. As specified in the respective offer documents, the funds were utilised for onward lending.

PROCEEDS FROM COMMERCIAL PAPER ISSUES

During the year, the Company raised funds through commercial papers from time to time to meet its short-term business needs. The Company raised ₹2,125 crores through commercial paper in FY 21.

TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS

The Non-executive Directors of the Company do not have any pecuniary relationship or transactions with the Company.

SHAREHOLDING OF DIRECTORS

The details of shareholding of Directors are disclosed in MGT-9 form.

PREVENTION OF INSIDER TRADING

The Board has adopted a Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) and Share Dealing Code for Prevention of Insider Trading in terms of SEBI (Prevention of Insider Trading) Regulations, 2015. The code has been amended in compliance with the provisions of SEBI (Prevention of Insider Trading) Regulations (Amendments), 2018 in FY 20-21.

The code ensures that the employees deal in the shares of the Company only at a time when any price sensitive information that could be known to the employee is also known to the public at large. This code is applicable to designated employees, their immediate relatives and Directors of the Company.

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all the Board members and designated employees of the Company. The Code of Conduct is posted on the website of the Company at https://www.pnbhousing.com/investor-relations/corporate-governance/. For the year under review, all Directors and members of management have affirmed their adherence to the provisions of the Code.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Board has approved the vigil mechanism and whistle blower policy of the Company, which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise concern about serious irregularities within the Company. The Audit Committee oversees the vigil mechanism and employees have access to the Audit Committee. The policy was reviewed and approved by the Board at its meeting held on October 28, 2020. The policy is placed on the website of the Company at https://www.pnbhousing.com/investor-relations/corporate-governance/

RISK MANAGEMENT

The Company has implemented a comprehensive Enterprise Risk Management Policy along with functional level risk management policies covering the following policies;

The "Integrated Risk Management" (IRM) policy provides broad direction to all activities, associated with risk management including credit, market and operational risk management and other risks. It defines the governance model and fixes the role and responsibility of each constituents of risk management framework.

The credit risk management policy facilitates the Company to take appropriate risks to achieve its business objectives within the acceptable level of risk tolerance. The Credit Risk policy sets out the principles, standards and approach for credit risk management at the Company level and details a comprehensive framework to identify, assess, measure, monitor, control and report credit risks in a timely and efficient manner.

The Assets Liability Management Policy provides for liquidity management, management of interest rate risk and other objectives such as a return on average assets, return on average equity, tier 1 leverage ratio, total risk-based capital ratio and NIM on average interest earning assets.

The objective of Market Risk Policy is to assist in maximizing the risk adjusted rate of return by providing inputs regarding market risk profile and portfolio performance, establish the guidelines to manage the market risks identified, to ensure risks are measured and monitored and to establish limit framework and ensure that positions taken are within the approved risk tolerance limits.

The Stress Testing policy defines different types of stress tests such as, Regular and Ad-hoc stress tests in scenarios for Liquidity, Market, Credit and Operational risks.

The objective of IT policy is to maximize IT value and promote the most productive usage of IT products and services. The objective of Information Security policy is to ensure that appropriate measures are put in place to protect corporate information and IT systems, services & equipment.

The Company provided all the possible services to its customers in this difficult situation. In the opinion of the Board, none of the risks faced by the Company threaten its existence.

GENERAL PROCEDURE FOR POSTAL BALLOT

- The notices containing the proposed resolutions and explanatory statement are sent to the shareholders as per the permitted mode. The shareholders are provided with the facility to vote either by physical ballot or through e-voting;
- The Postal Ballot Forms received within 30 days of despatch are considered by the Scrutinizer;
- The Scrutinizer submits his report to the Chairman/ authorized person of the Company, who based on the report announces the results; and
- e-voting facility is provided to the shareholders. Under this facility, the shareholders are provided an electronic platform to participate and vote on the resolutions to be passed through Postal Ballot. In view of COVID pandemic, MCA permitted companies to transact items through postal ballot as per the framework set out in the applicable circulars.

TOTAL FEES PAID TO STATUTORY AUDITORS BY COMPANY AND ITS SUBSIDIARY FOR ALL THE SERVICES DURING FY 2020-21

During the year, the statutory auditors were paid audit and other fees, including out of pocket expenses of ₹ 0.61 crores.

DISCLOSURES

Related party transactions

The policy on Related Party Transactions as approved by the Board is available on the Company's website at https://www.pnbhousing.com/investor-relations/corporate-governance/. There were no material transactions with related parties that may have potential conflict with the interest of the Company. Details of related party transactions entered into by the Company in the ordinary course of its business and at arm's length are included in the notes forming part of the financial statements. There were no financial or commercial transactions by the senior management with the Company where they have personal interests that may have a potential conflict with the interests of the Company at large. During the year, the Company has obtained credit facility viz. term loans, Overdraft, and entered into securitization of loans to Punjab National Bank. All the transactions were in the ordinary course of business and at arm's length.

The Company has taken approval from the shareholders for entering into various banking and other transactions with Punjab National Bank in the ordinary course of business. The relevant extracts from Related Party Transaction Policy is given in a separate annexure. For full details please refer our website at https://www.pnbhousing.com/investor-relations/corporate-governance/

Accounting Standards / Treatment

The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 from April 01, 2018 and the effective date of such transition is April 01, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines which were issued by the National Housing Bank ('NHB') (Collectively referred to as 'the Previous GAAP').

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors' Report.

Annual General Meetings

The Annual General Meetings for the last 3 years were held on July 27, 2018 at 3.00 p.m., July 29, 2019 at 3.00 p.m, and August 05, 2020 at 3.00 p.m. The AGMs in 2018 and 2019 were held at India Habitat Centre, Lodhi Road, New Delhi. Due to pandemic, the AGM in 2020 was held through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) as permitted by MCA circular.

Six special resolutions were passed at the previous three Annual General Meetings.

During the year, the Company had issued Postal Ballot Notice dated December 18, 2020 under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014; General Circular Nos 14/2020, 17/2020 and 33/2020 issued by the Ministry of Corporate Affairs ("MCA") dated April 08, 2020, April 13, 2020 and September 28, 2020 respectively, ("MCA Circulars"), for seeking the consent of shareholders for Approval of Restricted Stock Unit Scheme 2020 by way of Special Resolution. As per the Scrutinizer's Report, the resolution was duly approved as embodied in the Postal Ballot Notice with the requisite majority as on the last date of e-voting and receipt of postal ballot forms i.e. on January 21, 2021. Details of voting pattern and scrutinizer's report is placed on the website of the Company at https://www.pnbhousing.com/wp-content/uploads/2021/01/PNBHousing_Results-of-Postal-Ballot_22.01.2021.pdf

As of now, no special resolution is proposed to be passed through postal ballot in the forthcoming year.

Dematerialisation of shares

All the shares of the Company are available for trading with National Securities Depository Ltd. (NSDL) and with Central Depository Services (India) Limited (CDSL). The ISIN allotted to Company's equity shares is INE572E01012. As at March 31, 2021 except 17 shares, remaining equity shares of the Company are held in dematerialized form.

The Company has paid the listing fees for the year 2020-21 as per the SEBI Listing Regulations to the respective stock exchanges.

Investor Relations

The Company has 1,07,643 shareholders as on March 31, 2021. The main source of information for the shareholders is the Annual Report that includes, the Directors' Report, the shareholders' information and the audited financial results. The Annual Report has information on Report of Directors on Corporate Governance and Management Discussion and Analysis Report.

The Company has an evolved investor relations program. The Company information is available on the website under Investor Relations section. The shareholders are also intimated through the press, email and Company's website, www.pnbhousing.com about the quarterly performance and financial results of the Company. Shareholders will get an opportunity to attend the Annual General Meeting where the business outlook will be presented and Company's operations can be discussed. In addition, the Corporate Office as well as the Registrar's Office (RTA), serves as a contact point for shareholders.

Since listing, along with the financial results, other information as per the listing guidelines such as Annual Report and Shareholding Pattern, are being uploaded on BSE website under "BSE Listing Centre" and on NSE website under "NSE Electronic Application Processing System (NEAPS)". Post listing, the presentation on quarterly results and performance of the Company is placed on the website of the Company and furnished to stock exchanges for the benefit of the investors.

The quarterly, half yearly and annual financial results of the Company are published in leading newspapers and are communicated to the stock exchanges as per the provisions of SEBI (LODR) Regulations, 2015 as amended and uploaded on Company's website. In addition, the Company also publishes quarterly Investor deck, which is placed on the website of the Company.

The Ministry of Corporate Affairs (MCA) and the Companies Act, 2013, have taken a "Green Initiative" in corporate governance by allowing paperless compliances by the Companies through electronic mode. The listing regulations and the Companies Act, 2013 permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/ Depository participant. Accordingly, the annual report for FY 2020-21, notice for AGM etc., are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/ depository participants. As per circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 the Company will not be sending Annual Report in physical form.

The annual report also contains a section on 'Shareholders' Information' which inter alia provides information relating to the AGM date, time and venue, shareholding pattern, distribution of shareholding, top shareholders, the monthly high and low quotations of the equity share during the year and other corporate governance information as required under SEBI (LODR) Regulations, 2015 and amendments thereto.

The Board has appointed CFO as Chief Investor Relations Officer of the Company.

MEANS OF COMMUNICATION

In accordance with the Listing Regulations, the quarterly/ half-yearly/annual results are submitted to the National Stock Exchange and Bombay Stock Exchange and published in leading business newspapers. The official press releases are posted on Company's website at https://www.pnbhousing.com/investor-relations/financials/. Company's website has helped to keep the investors updated on material developments about the Company such as; Board profile, press release, financial results, annual reports, shareholding pattern, stock information, announcements, investor presentations etc.

The Company has conducted Earning's Calls post announcement of quarterly/half-Yearly/ annual results, which were well attended by the analysts/ investors and the transcripts were uploaded on Company's website at https://www.pnbhousing.com/investor-relations/financials/

CERTIFICATION OF FINANCIAL REPORTING AND INTERNAL CONTROLS / (CEO/CFO CERTIFICATE)

In accordance with SEBI (LODR) Regulations, 2015 as amended, Mr. Hardayal Prasad, the Managing Director & CEO and Mr. Kapish Jain, the CFO of the Company, have inter alia, certified and confirmed to the Board about the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee.

NON-MANDATORY REQUIREMENTS

The Company has adopted the non-mandatory requirements of the Listing Regulations.

COMPLIANCE

The Company has complied with the mandatory requirements including requirements of corporate governance norms as specified in Regulation 17 to Regulation 27 and clauses (b) to clause (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of schedule V of the Listing Regulations, as applicable to the Company for financial year ended March

31, 2021. A certificate from M/s B R Maheshwari & Co, LLP, Statutory Auditors of the Company, to that effect is annexed to this Corporate Governance Report. The Company has complied with the mandatory requirements as stipulated under Regulation 34(3) and 53 of SEBI (LODR) Regulations, 2015. The Company has submitted the quarterly compliance status report to the stock exchanges within the prescribed time limit.

DETAILS OF UTILIZATION OF FUNDS

During the year under review, the Company has not raised any funds by way of Preferential Allotment/ Qualified Institutions Placement.

STRICTURES AND PENALTIES

During the year, no penalties or strictures have been imposed on the Company by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets. The National Housing Bank has imposed a monetary penalty of ₹1,90,00,000 plus GST on the Company, details are disclosed in the notes to the financial statement.

SECRETARIAL STANDARDS

The Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

DECLARATION ON CODE OF CONDUCT

I confirm that for the year under review directors and senior management have affirmed compliance with the code of conduct of Board of Directors and senior management.

New Delhi **Managing Director & CEO**

Date: June 08, 2021

EXTRACTS FROM POLICY ON RELATED PARTY TRANSACTIONS

1. Manner of Dealing with Related Party Transaction

1.1. Identification of Related Parties and Related Party Transactions:

1. Every Director and/or Key Managerial Personnel of the Company shall disclose to the Company Secretary of the Company in form MBP-1, at the time of his appointment, in beginning of every financial year and wherever there is any change in the disclosures so made, about all persons, entities, firms, or other organizations in which he/ she is interested, whether directly or indirectly.

2. The Chief Financial Officer will be responsible for providing prior notice to the Company Secretary of any potential Related Party Transaction. He will also be responsible for providing additional information about the transaction that may be required, for placing before the Audit Committee, the Board or shareholders, as the case may be.

3. The suggested details and list of records and supporting documents which are required to be provided to the Audit Committee or Board of the Company for the proposed Related Party Transaction are provided in Annexure to this Policy.

4. If required, the Company may refer any potential Related Party Transaction to any external legal consultant/ expert for obtaining his/ her opinion on any legal/ regulatory issues involved in the potential Related Party Transaction and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee.

1.2. Approval Mechanism for Related Party Transaction

1.2.1. Approval by the Audit Committee

All Related Party Transactions shall require **PRIOR** approval of the Audit Committee.

Omnibus approval of Related Party Transactions:

In the case of repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval. While granting omnibus approval, the Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and such approval shall be in the interest of the Company.

Criteria for making the omnibus approval:

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall inter alia include the following, namely:

a. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;

b. the maximum value per transaction which can be allowed;

c. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;

d. review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each of the omnibus approval made;

e. transactions which cannot be subject to the omnibus approval by the Audit Committee.

The omnibus approval granted by the Audit Committee shall indicate the following:-

a. name of the Related Party/ parties;

b. nature and duration of the transaction;

c. maximum amount of transaction that can be entered into;

d. the indicative base price or current contracted price and the formula for variation in the price, if any; and

e. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Where need of the Related Party Transaction cannot be foreseen and above details are not available, the Audit Committee may grant omnibus approval subject to the value per transaction shall not exceed by ₹1,00,00,000/- (Rupees One Crore Only).

Provided that in case of transaction, other than Specified Transactions, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.

The omnibus approval provided by the Audit Committee shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of such financial year.

1.2.2. Approval by the Board

The Board shall approve the Related Party Transaction if:

a. it is a Specified Transaction with such Related Party/ parties as defined under Section 2(76) of the Act and aforesaid transaction is not in the ordinary course of business or not at Arm's Length Basis; or

b. the Audit Committee determines that a Related Party Transaction should be brought before the Board; or

c. the Board in any case elects to review any Related Party Transaction *suo moto*.

Provided that in case of a transaction falling under Point no. (a) above, prior approval of the Board shall be required.

1.2.3. Approval by the Members

A. **The prior approval of the shareholders by way of an ordinary resolution shall be required in respect of Specified Transaction(s) with Related Party(ies) as defined under Section 2(76) of the Act and exceeds the following threshold limits;**

S. No.	Nature of the Transaction	Threshold Limit
i.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	Amounting to 10% or more of the turnover of the Company or ₹100 crores, whichever is lower.
ii.	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	Amounting to 10% or more of the net worth of the Company or ₹100 crores, whichever is lower
iii.	Leasing of property of any kind.	Amounting to 10% or more of the turnover or 10% or more of the net worth of the Company, or ₹100 crores, whichever is lower.
iv.	Availing or rendering of any services, directly or through appointment of agent.	Amounting to 10% or more of the turnover of the Company or ₹50 crores, whichever is lower.
v.	Appointment of any Related Party to any office or place of profit in the Company, its subsidiary company or associate company.	Monthly remuneration exceeding two and half lakhs rupees.
vi.	Underwriting for the subscription of any securities or derivatives thereof of the Company.	Remuneration for underwriting exceeding 1% of the net worth of the Company.

The limits specified in point no. (i) to (iv) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The turnover or net worth as mentioned in point no. (i) to (iv) above shall be computed on the basis of audited financial statement of the Company on standalone basis for the preceding financial year.

Provided further that no member of the Company shall vote on above stated ordinary resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a related party:

B. All Material Related Party Transactions shall require approval of the shareholders by way of an ordinary resolution. No Related Party(ies) shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

1.3. Consideration by the Audit Committee/Board in approving the proposed transactions

The Audit Committee/Board shall take into account all relevant facts and circumstances including the terms of the transaction, purpose of the transaction, benefits to the Company and benefit to the Related Party and any other relevant matters.

The Audit Committee/ Board shall, inter-alia, consider the following factors to the extent relevant to the transaction:

a) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;

b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

c) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction; and

d) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company.

1.4. Related party transactions not previously approved

In the event of any Director, Key Managerial Personnel or any other employee becoming aware of any Related Party Transaction(s) that has been omitted to be approved by the Audit Committee/ Board/ Members, as the case may be or is in deviation of this Policy, such person shall promptly inform to the Company Secretary about such transaction and such transaction shall be placed before the Audit Committee, Board or members, as may be required in accordance with this Policy for review and approval. The Audit Committee, Board or members, as the case may be, shall consider all relevant facts and circumstances and may decide necessary actions as it may consider appropriate including ratification, revision, or termination of such transaction.

2. DISCLOSURES

i. As required under Section 188 of the Act read with the Rules made thereunder, all the Specified Transactions with related party(ies) as defined under the Act, which are not on arm's length basis or are material in nature, shall be disclosed in the Board's Report of the Company.

ii. The Company Secretary shall also make necessary entries in the Register of Contracts or Arrangement required to be maintained under the Act.

iii. Details of all Material Related Party Transactions with its Related Parties shall be disclosed in the quarterly compliance report on corporate governance as per the provisions of SEBI Listing Regulations.

iv. In addition to the above, on and after April 01, 2019, Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

3. NON-APPLICABILITY

Notwithstanding anything contained anywhere else in this policy, following shall be exempted from the purview of this policy:

a) Approval of Audit Committee

Approval of Audit Committee shall not be required for any transaction which have been entered into by the Company with its wholly owned subsidiary of whose accounts are consolidated with Company and placed before the Annual General Meeting for approval. Provided that approval of Audit Committee shall be required in case of Specified Transaction between the Company and its wholly owned subsidiary company.

b) Approval of Board

Approval of Board of Directors shall not be required for the transaction entered into by the Company with its wholly owned subsidiary or with any other party, if such transaction is in the ordinary course of business and on an arm's length basis.

Provided that in case of transaction, other than Specified Transactions, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board then the Board shall review and approve such transaction.

c) Approval of Members

Approval of members shall not be required in following cases:

i. Any transactions entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; or

ii. Any transaction entered into by the Company in its ordinary course of business and on Arm's Length Basis. However, approval of members shall be required in case of Material Related Party Transaction irrespective of the fact that such transactions is in ordinary course of business and on an arm's length basis.

ANNEXURE TO DIRECTORS' REPORT - 5

GENERAL SHAREHOLDER INFORMATION

Pursuant to Point 9 of para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Listing Regulation

33rd Annual General Meeting

Date: September 03, 2021

Time: 3:00 p.m.

Venue: Audio Video Means

Financial Year

The Company follows financial year starting from April 01 of every year and ending on March 31 of the following year.

Dividend Payment

The Board of Directors of Company have not declared any dividend for the financial year 2020-21.

Listing on Stock Exchange

Equity Shares of PNB Housing Finance Limited is listed on the below mentioned Stock Exchanges.

Stock Exchange	National Stock Exchange (NSE)	BSE Limited (BSE)
Address	National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051	Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001
Telephone number	+91 22 2659 8100/114	+91 22 2272 1233/34
Website	www.nseindia.com	www.bseindia.com
Scrip Code	PNBHOUSING	540173

The NCDs and Commercial Papers of PNB Housing are listed on National Stock Exchange.

The Company confirms payment of Annual Listing fees of NSE and BSE for financial year 2021-22.

Stock Market Price Data

Prices in ₹

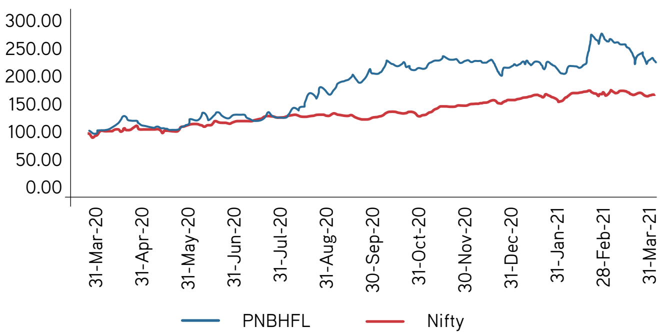
Month	NSE			BSE		
	High	Low	Total Equity Volume	High	Low	Total Equity Volume
Apr-20	217.00	160.75	1,49,52,557	217.85	161.00	14,28,053
May-20	190.15	165.10	75,13,923	195.80	165.25	12,47,359
Jun-20	234.40	177.25	1,76,38,727	234.50	175.90	21,24,771
Jul-20	227.00	194.00	1,20,35,778	229.90	193.20	11,36,697
Aug-20	309.50	207.85	3,02,41,103	309.35	206.00	23,04,447
Sep-20	350.95	275.00	1,80,06,865	350.80	272.05	15,11,731
Oct-20	380.50	332.00	82,53,562	380.00	332.55	5,36,467
Nov-20	395.30	342.50	44,95,033	395.20	343.95	10,41,253
Dec-20	389.85	317.55	49,54,025	389.60	315.85	4,19,569
Jan-21	385.20	325.05	57,66,238	384.90	325.25	4,99,641
Feb-21	475.00	332.85	2,16,54,887	475.00	333.00	11,04,905
Mar-21	449.30	357.10	63,29,372	474.00	357.70	5,70,858

The source for table above is www.nseindia.com for NSE quotes and www.bseindia.com for BSE quotes.

PERFORMANCE OF THE COMPANY IN COMPARISON TO BROAD BASE INDICES

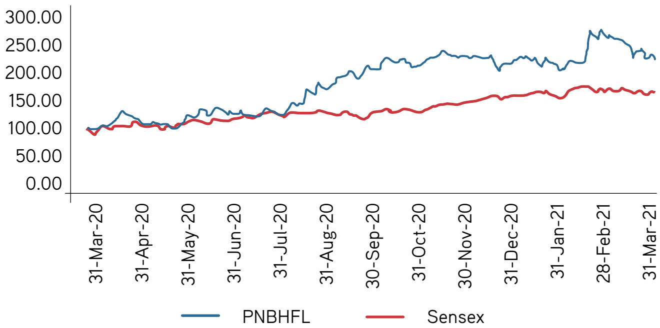
PNBHFL vs Nifty

(Chart base to 100)



PNBHFL vs Sensex

(Chart base to 100)



REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited is the Registrar and Transfer Agents for Equity and Debt securities of the Company. Their contact details are as below:

Link Intime India Pvt. Ltd.
C 101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400083

SHARE TRANSFER SYSTEM

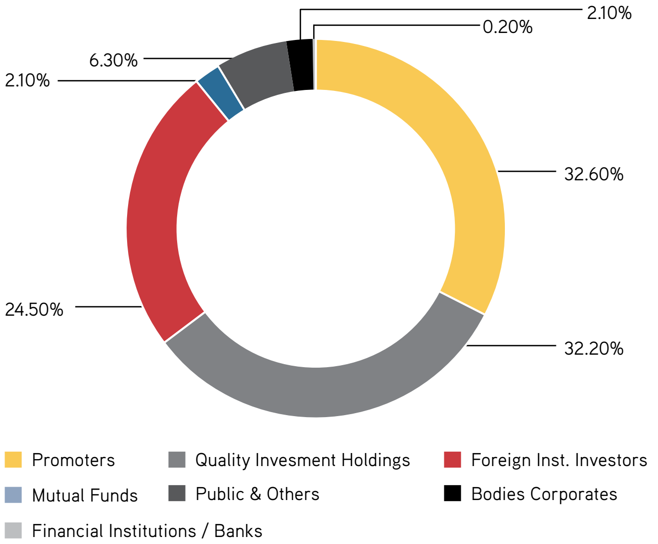
All the equity shares of the Company are held in Dematerialized form except 17 shares which are held in physical form. The shares are electronically traded in the Depository. The Registrar and Transfer Agent receives a weekly report from the Depository about the details of beneficiary and update their records.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021

Sr. No.	Shareholding of Nominal Value (₹)	No. of Share Holders	% of Total	Share Amount (₹)	% of Total Share Amount
1	1 to 5000	104728	97.29	4,94,90,850.00	2.9412
2	5001 to 10000	1500	1.39	1,16,80,800.00	0.6942
3	10001 to 20000	678	0.63	1,00,92,610.00	0.5998
4	20001 to 30000	224	0.21	57,29,800.00	0.3405
5	30001 to 40000	115	0.11	41,08,510.00	0.2442
6	40001 to 50000	95	0.08	44,30,860.00	0.2633
7	50001 to 100000	133	0.12	96,32,030.00	0.5724
8	100001 to **********	170	0.16	1,58,75,15,770.00	94.3444
Total		**107643**	**100.00**	**1,68,26,81,230.00**	**100.00**

Face Value (₹): 10 NSDL Data as of: Mar 31, 2021
CDSL Data as of: Mar 31, 2021

Shareholding Pattern as on March 31, 2021



DEMATERIALIZATION OF SHARES AND LIQUIDITY

Equity Shares of the Company are traded under compulsory dematerialized mode and are available for trading with both the depositories i.e. NSDL and CDSL.

The Company obtains half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from a Company Secretary in practice and files the copy of the certificate with the Stock Exchanges.

OUTSTANDING CONVERTIBLE INVESTMENTS

Date of Grant	Outstanding options as on April 01, 2020	Number of options granted during the year	Number of options vested during the year	No. of options exercised/ No. of shares arising as a result of exercise	Exercise Price (in ₹)	No. of options lapsed	Money realised by exercise of options (in ₹)	Outstanding options as on March 31, 2021
April 22, 2016 [ESOS 2016]	7,88,263	0	6,68,005	81,215	338	1,99,520	2,74,50,670	5,07,528
August 30, 2017 [ESOS 2016]	2,52,700	0	61,550	0	1,600.6	38,950	0	2,13,750
February 23, 2018 [ESOS 2016]	1,00,000	0	20,000	0	1,206.35	0	0	1,00,000
July 27, 2018 [ESOS 2016]	74,685	0	17,046	0	1,333.35	18,950	0	55,735
July 27, 2018 [ESOS 2018 A]	13,92,000	0	1,80,975	0	1,333.35	3,28,675	0	10,63,325
July 27, 2018 [ESOS 2018 B]	1,63,500	0	40,875	0	1,333.35	32,500	0	1,31,000
March 19, 2019 [ESOS 2018]	1,49,400	0	27,875	0	847.4	40,400	0	1,09,000
August 19, 2020 [ESOS 2016]	0	5,50,000	0	0	261.15	0	0	5,50,000
August 19, 2020 [ESOS 2018]	0	45,000	0	0	261.15	0	0	45,000
February 15, 2021 (RSU Grant)	0	2,75,676	0	0	10	12,090	0	2,63,586

NO ESOP has been granted to Non-Executive Directors and Independent Directors.
The Company has not issued any ADRs/GDRs/Warrants that are outstanding for conversion as on March 31, 2021.

Further details of ESOP grant is available on the website of the Company at https://www.pnbhousing.com/investor-relations/updates-events/

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During FY 2020-21, the Company has managed the foreign exchange risk by hedging the entire principal on its foreign currency borrowings. The foreign currency and interest rate risk on the borrowings have been actively hedged through a combination of forward contracts, principal only swaps, interest rate swaps and / or cross currency swaps.

SUSPENSION OF SECURITIES

The securities of the Company are never suspended from trading since its listing.

PLANT LOCATIONS

PNB Housing Finance Limited is engaged in providing housing loans. There is no plant location as such.

ADDRESS FOR CORRESPONDENCE

Registered and Head Office:

9th Floor, Antriksh Bhavan,
22 Kasturba Gandhi Marg,
New Delhi 110001
Phone Number: 1800 120 8800, 011-23555206
Email Address: loans@pnbhousing.com, investor.services@pnbhosuing.com

CREDIT RATING

Ratings assigned by Credit Rating Agencies and migration of rating during the year:

Instrument	Rating Agency	Latest Ratings Assigned	Migration during the year	Rating as on April 01, 2020
Fixed Deposit	CRISIL Limited	FAA+ (Outlook-Negative)	FAA+ (Outlook-Negative)	FAA+ (Outlook-Stable)
	CARE Ratings Limited	AA (Outlook- Stable)	AA+ (Outlook-Negative) / AA (Outlook - Stable)	AA+ (Outlook-Stable)
Non-Convertible Debentures	CRISIL Limited	AA (Outlook- Negative)	AA (Outlook-Negative)	AA (Outlook-Stable)
	ICRA Limited	AA (Outlook- Negative)	AA (Outlook-Negative)	AA+ (Outlook-Negative)
	India Ratings Limited	AA (Outlook- Negative)	AA (Outlook-Negative)	AA (Outlook-Stable)
	CARE Ratings Limited	AA (Outlook- Stable)	AA+ (Outlook-Negative) / AA (Outlook - Stable)	AA+ (Outlook-Stable)
Commercial Papers	CRISIL Limited	A1+	No change	A1+
	CARE Ratings Limited	A1+	No change	A1+
Bank Loans	CRISIL Limited	AA (Outlook- Negative)	AA (Outlook-Negative)	AA (Outlook-Stable)
	CARE Ratings Limited	AA (Outlook- Stable)	AA+ (Outlook-Negative) / AA (Outlook - Stable)	AA+ (Outlook-Stable)

Chandrasekaran Associates
Company Secretaries

SECRETARIAL COMPLIANCE REPORT OF PNB HOUSING FINANCE LIMITED

for the year Ended March 31, 2021

To,

The Board of Directors
PNB HOUSING FINANCE LIMITED
9th Floor, Antriksh Bhawan,
22 KG Marg, New Delhi - 110001

We, M/s. Chandrasekaran Associates, have examined:

(a) All the documents and records made available to us and explanation provided by PNB Housing Finance Limited ("the listed entity"),

(b) The filings/ submissions made by the listed entity to the stock exchanges,

(c) Website of the listed entity,

(d) Any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2021 ("Review Period") in respect of compliance with the provisions of :

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, Circulars, Guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), Rules made thereunder and the Regulations, Circulars, Guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The Specific Regulations, whose provisions and the Circulars/ Guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable during the year under review**

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; **Not Applicable during the year under review**

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Chandrasekaran Associates
Company Secretaries

(i) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable;

(j) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

(k) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009;

(l) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company and based on the above examination, We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and Circulars/ Guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.	As per proviso to Regulation 17 (1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the listed entities shall have at least one independent woman director.	There is intermittent vacancy of Independent Woman Director on the Board of Directors of the Company due to resignation of Ms. Shubhalakshmi Panse w.e.f. January 05, 2021 and there was no woman director on the board of the Company as on March 31, 2021 as required under Regulation 17 (1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	The Board through circulation resolution passed on May 29, 2021 appointed Ms. Gita Nayyar as an Additional Director (in the category of Independent Director) for a period of three years with effect from May 29, 2021 till May 28, 2024.
2.	As per Regulation 57(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entity shall submit a certificate to the stock exchange within two days of the interest or principal or both becoming due that it is made timely payment of interests or principal obligations or both in respect of the non-convertible debt securities.	The Company has made delay in submission of certificate stating that timely payment of interest or principal obligation or both in respect of the non – convertible debt securities i.e. Series – XLIV, Series LI, Series VII-Tier II and Series VIII-Tier II to National Stock Exchange of India Limited.	Delay filing as required under Regulation 57(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3.	As per Regulation 60 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entity shall give notice in advance of at least seven working days (excluding the date of intimation and the record date) to the recognised stock exchange(s) of the record date or of as many days as the stock exchange(s) may agree to or require specifying the purpose of the record date.	The Company has made delay in intimation of record date in respect of Series XX to National Stock Exchange of India Limited.	Delay filing as required under Regulation 60 (2) of SEBI (Listing Obligations and Disclosure Requirements), 2015.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my/our examination of those records.

Chandrasekaran Associates
Company Secretaries

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
		NIL		

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended...	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
		NIL		

(e) The Company has suitably included the conditions as mentioned in Para 6(A) and 6(B) of the SEBI Circular CIR/CFD/CMD1/114/2019, dated October 18, 2019 in the terms of appointment of statutory auditor of the Company.

For Chandrasekaran Associates
Company Secretaries

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
UDIN: F001644C000432822

Date: June 08, 2021
Place: New Delhi

Notes: Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before March 31, 2021 pertaining to Financial Year 2020-21.

Chandrasekaran Associates
Company Secretaries

ANNEXURE-A

To,

The Members,
PNB Housing Finance Limited
9th Floor, Antriksh Bhavan,
22 Kasturba Gandhi Marg,
New Delhi - 110001

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**
Company Secretaries

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
UDIN: F001644C000432800

Date: June 08, 2021
Place: New Delhi

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
PNB Housing Finance Limited
9th Floor, Antriksh Bhawan,
22 K G Marg, New Delhi-110001

I have examined the following documents:

i) Intimation of disqualification as required under Section 164 of the Companies Act, 2013 ('the Act') read with Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014; and

ii) Disclosure of concern or interests in other entities as required under Section 184(1) of the Act read with Rule 9 of the Companies (Meetings of Board and its Powers) Rules, 2014;

as submitted by the Directors of **PNB Housing Finance Limited** having CIN L65922DL1988PLC033856 and having registered office situated at 9th Floor, Antriksh Bhawan, 22 K G Marg, New Delhi-110001 (hereinafter referred to as **'the Company'**), and other relevant registers, records, forms and returns as maintained by the Company and as produced before me for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority.

S. No	Name of Directors	DIN	Date of appointment in Company	Date of cessation, if any
1.	Mr. Seshabhadrasrinivasa Mallikarjunarao Chamarty	07667641	20.12.2019	-
2.	Mr. Sunil Kaul	05102910	05.03.2015	-
3.	Mr. Chandrasekaran Ramakrishnan*	00580842	07.10.2015	-
4.	Mr. Nilesh Shivji Vikamsey**	00031213	22.04.2016	-
5.	Mr. Ashwani Kumar Gupta	00108678	12.05.2017	-
6.	Mr. Tejendra Mohan Bhasin	03091429	02.04.2020	-
7.	Mr. Neeraj Madan Vyas***	07053788	01.09.2020	-
8.	Mr. Sudarshan Sen	03570051	01.10.2020	-
9.	Mr. Kapil Modi	07055408	01.10.2020	-
10.	Mr. Rajneesh Karnatak	08912491	19.01.2021	-
11.	Mr. Hardayal Prasad	08024303	10.08.2020	-
12.	Mr. Sanjaya Gupta	02939128	25.06.2010	04.05.2020
13.	Mr. Shital Kumar Jain	00047474	09.12.2009	09.08.2020
14.	Mrs. Shubhalakshmi Aamod Panse	02599310	07.07.2017	05.01.2021
15.	Dr. Gourav Vallabh	02972748	22.04.2016	21.04.2021

* Mr. Chandrasekaran Ramakrishnan was re-appointed as an Independent Director for a second term of five (5) years w.e.f. October 07, 2020.
** Mr. Nilesh Shivji Vikamsey was re-appointed as an Independent Director for a second term of five (5) years w.e.f. April 22, 2021.
*** Mr. Neeraj Madan Vyas ceased to be the Independent Director and was appointed as Interim Managing Director & CEO w.e.f. April 28, 2020. Thereafter, he resigned from the office of Interim Managing Director & CEO w.e.f. August 10, 2020 and was appointed as a Non-Executive Non-Independent Director w.e.f. September 01, 2020.

Further, Ms. Gita Nayyar was appointed as an Independent Director w.e.f. May 29, 2021 for a term of three (3) years.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which management has conducted the affairs of the Company.

For VLA & Associates
Company Secretaries

Vishal Lochan Aggarwal
(Proprietor)
Membership No.: F7241
C. P. No.: 7622
UDIN: F007241C000639961

Date: June 17, 2021
Place: New Delhi

CERTIFICATE ON CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Members
PNB Housing Finance Limited
CIN: L65922DL1988PLC033856

I have examined the compliance of regulations of Corporate Governance by **PNB Housing Finance Limited ("the Company")** for the year ended March 31, 2021, as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of regulations of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the regulations of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For VLA & Associates
Company Secretaries

Vishal Lochan Aggarwal
(Proprietor)
FCS No. F7241
C.P. No. 7622
UDIN: F007241C000640016

Date: June 17, 2021
Place: New Delhi

ANNEXURE-II

FORM AOC- 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

1. Details of contracts or arrangements not at Arm's length basis : **NIL**
2. Details of material contracts or arrangements or transactions at Arm's length basis are as under*:

S. No.	Name of the Party with which the contract is entered into	Nature of Contract/Transaction	Duration of Contract	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval at the meeting of the Board	Amount paid as advances, if any,
1.	Punjab National Bank (Promoter)	• Assignment of loans • Principal paid on assignment of loans • Fixed deposit made/renewed • Fixed deposit mature • Bank deposits • Term loans • External commercial borrowings (The value of transactions are disclosed in notes to accounts)	April 2020 – March 2021	All the transactions are in ordinary course of business and at arms' length. The transactions with Punjab National Bank are in the nature of banking transactions with a large public sector bank.	The Company has taken omnibus approval of the Audit Committee	nil

*All related party transactions are benchmarked for arm's length, approved by Audit Committee and reviewed by Statutory Auditors. The above disclosures on material transactions are based on threshold of 10 percent of consolidated turnover for the purpose of Section 188(1) of the Act.

For and on behalf of the Board

Chairman

Date: June 08, 2021

Place: New Delhi

ANNUAL BUSINESS RESPONSIBILITY REPORT (2020-21)

PART A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company:	L65922DL1988PLC033856
Name of the Company:	**PNB Housing Finance Limited**
Registered address:	9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi-110001, Tel: 011-23445200, Fax: 011-23736857
Website:	www.pnbhousing.com
E-mail id:	Investor.services@pnbhousing.com
Financial Year reported:	2020-21

Sector(s) that the Company is engaged in (industrial activity code-wise):

Group	Class	Sub-class	Description
641	6419	64192	Activities of specialized institutions granting credit for house purchases that also take deposits

List three key products/services that the Company manufactures/provides (as in balance sheet)

1. Housing Loan
2. Deposit
3. Non-housing loan

Total number of locations where business activity is undertaken by the Company

1. Number of International Locations (Provide details of major 5): None
2. Number of National Locations: 94 branches, 17 outreach office, 22 hubs and 1 corporate office

Markets served by the Company- Local/State/National/International: National

SECTION B: FINANCIAL DETAILS (CONSOLIDATED)

Paid up Capital (₹)	₹168.27 crores
Total Turnover (₹) for the Year ended March 31, 2021	₹7,624.08 crores
Total profit after taxes (₹) for the year ended March 31, 2021	₹929.90 crores
Total spending on Corporate Social Responsibility (CSR)	₹22.72 crores
List of activities in which CSR expenditure has been incurred: -	For the sustained benefit to the society, the Company is focussed on long term capital projects during the year which will be ongoing beyond a financial year. Out of the total spend, ₹14.4 crores was spent in the long-term projects. • Upgrade health care facilities in primary healthcare centers and government hospitals • Promote research and innovation in Health Care and construction sector • Skilling of construction workers –On the Job and at source training. • To enhance infrastructure of government schools. • Establishing and running holistic day care centres for the children of construction workers. • Ensuring formal education to the underprivileged children. • Supporting scientific research to combat COVID-19 pandemic • Supporting COVID-19 relief efforts by donating to PM-CARES fund. • Supporting Cancer patient helpline and clinic. • Supporting health and hygiene awareness and vocational skills development for adolescent females and young women • Women empowerment through trainings • Provide holistic support to three women athletes • Supporting a welfare home for the elderly • Supporting environmental conservation. • Promoting holistic development of children through sports

SECTION C: OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?

As on March 31, 2021, PNB Housing has two wholly owned subsidiaries, namely, PHFL Home Loans and Services Limited and PEHEL Foundation.

Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s)

PHFL Home Loans and Services Limited has its own BR initiatives, however, ethos towards CSR are aligned with the PNB Housing which aims to be catalyst to enable the marginalized community to become capable and self-reliant. Further, PEHEL Foundation is a non-profit subsidiary of the Company to carry out various CSR activities of PNB Housing and PHFL Home Loans and Services Limited.

Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

PNB Housing engages with various stakeholders (e.g. suppliers, employees, lenders, investors, community etc.) and communicates its BR initiatives to the concerned stakeholders.

SECTION D: BR INFORMATION

a) Details of the Director/Directors responsible for implementation of the BR policy/ policies.

1. DIN Number: 08024303
2. Name: Mr. Hardayal Prasad
3. Designation: Managing Director & CEO

b) Details of the BR head

Mr. Sanjay Jain
Company Secretary and Head Compliance
9th Floor, Antriksh Bhawan,
22, Kasturba Gandhi Marg,
New Delhi – 110001
Ph.: 01123445206
E-mail: sanjay.jain@pnbhousing.com

Company Profile

PNB Housing is a registered housing finance company with National Housing Bank. The Company was promoted by Punjab National Bank as a wholly owned subsidiary and commenced its operations on November 11, 1988. The Company came out with an IPO and got listed on the Indian stock exchanges i.e. NSE and BSE on November 07, 2016. PNB continues to be the promoter of the Company and currently holds 32.64%.

The Company is primarily engaged in the business of providing housing and non-housing loans to its retail customers. It is the 4th largest housing finance company in terms of loan assets and 3rd largest by deposits among HFCs. The Company also provide construction finance loans to real estate developers against mortgage of property.

The underwriting of loans is performed in specialized hubs located across the country. The Company follows comprehensive underwriting process for all its loan products by using well-trained in-house teams of underwriters, technical, legal and fraud control.

The Company has a large distribution network of branches across India. As on March 31, 2021, the Company has pan India presence through 94 branches, 17 outreach locations, 22 hubs, totaling to 133 distribution outlets and one registered and corporate office. The Company has no overseas branch.

The Company sources its loan business through its distribution subsidiary viz PHFL Home Loans and Services Limited as well as through outside sourcing agents (DSA). The Company publishes a Business Responsibility Report (BRR) on an annual basis. The BR report is a part of the Annual report and is placed on the website of the Company i.e. www.pnbhousing.com

The requisite policies have been developed based on the best practices or as per the regulatory requirements in consultation with relevant stakeholders which may include a combination of internal policies of the Company which are accessible to all internal stakeholders and the policies are placed on the Company's website.

Further, the policies are internally evaluated by various department heads, business heads and the management on a continuous basis and principal wise details are available in Section E of the Report.

The 9 principles outlined in the National Voluntary Guidelines are:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability: **Yes**
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle: Yes
P3	Businesses should promote the well-being of all employees: **Yes**
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized: **Yes**
P5	Businesses should respect and promote human rights: **Yes**
P6	Businesses should respect, protect and make efforts to restore the environment: **Yes**
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner: **Yes**
P8	Businesses should support inclusive growth and equitable development: **Yes**
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner: **Yes**

PRINCIPAL 1

Business should conduct and govern themselves with ethics, transparency and accountability:

Ethics (Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?)

The Company makes no compromise on professional ethics. The Company is transparent and compliant with the laws of the land. The Company follows zero tolerance for bribery and corruption. The Company has formulated code of conduct for its Non-Executive Directors, Executive Directors and members of Senior Management. These codes have been placed on the website of the Company.

PNB Housing has put in place a policy on ethics, transparency and accountability that applies to all internal stakeholders through the Employees' Code of Conduct.

Code of Conduct

The Employees' Code of Conduct, which is applicable to all its employees, enunciates principles for ethical business conduct and acceptable employee behavior. The Code mirrors, Company's core values and covers aspects related but not limited to ethics, bribery and corruption. The Code has been made available as a part of the Employees' Handbook.

Failure to comply with the code leads to disciplinary action. All the employees have been provided with a copy of Code of Conduct. The e-copy of Code of Conduct is available on employees' platform on Company's website. There are regular training programmes for the employees on Code of Conduct. Every new joinee is also trained on Code of Conduct and is provided with a copy.

PNB Housing has put in place a Whistle Blower Policy, which provides a neutral and unbiased forum for the Directors, Employees and Business Partners of the Company to voice their concerns in a responsible and effective manner.

PNB Housing has also adopted Code of Conduct with respect to the Board of Directors and Senior Management to guide the Board members and senior management for ensuring highest ethical standards in managing the affairs of the Company.

The Company has also adopted following other codes and policies. These codes and policies have been adopted by the Company towards efficient functioning, ethical decision making, risk management, governance and transparency;

- Fair Practice Code
- Know Your Customer Policy
- Code of Conduct for DSA and Deposit Agents
- Policy on Related Party Transaction
- Insider Trading Code
- Code of Practice for Fair Disclosure of Unpublished Price Sensitive Information
- Corporate Social Responsibility Policy
- Whistle Blower Policy
- Policy for Protection of Women against Sexual Harassment
- Policy on determining materiality

The policies have been formulated in consultation with the relevant stakeholders. These policies confirm to the best practices in the industry. The Policies wherever required have been approved by the Board. The Board has several Committees to oversee the functioning of various policies. The policies have been placed on the website of the Company for communication to internal and external stakeholders. The Policies are internally reviewed from time to time in line with business, regulatory and statutory requirements. The Company has an internal structure to ensure implementation of the policies.

The Company has a full-fledged grievance redressal mechanism to address grievances of different stakeholders at different levels. The Business Responsibility Report forms part of annual report of the Company and is published annually. The report is also available at www.pnbhousing.com.

Transparency

The Company adheres to all the applicable governmental and regulatory rules. Any breach is viewed very seriously by the management and appropriate disciplinary action is taken against the errant employee.

The Board has constituted various committees such as: Audit Committee, Risk Management Committee, Credit Committee of the Board, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and IT Strategy Committee. These Committees meet periodically to supervise, review and advice on the relevant/ respective matters. All the polices of the Company are subject to review.

Corporate Governance

The Company follows high standards of corporate governance, ethical corporate behavior, integrity and transparency in conducting its business. Over the years, the Company has built long-term relationships with its borrowers, channel partners, depositors, agents and shareholders. The Company is committed towards highest standards of governance through transparency, accountability and integrity.

Stakeholders' Complaints

The Company has a large family of loan customers, depositors, shareholders, debenture holders and channel partners. The Company has put in place a mechanism for recording and redressing complaints raised by each of these stakeholders.

Customers are most important to the Company. The Company uses digital platform for enhancing customer experience, such as customer service mobile app, customer service web portal, inbound contact centre etc. All the requests and complaints received from the customers are recorded in CRM system. During the year, the Company has received over 10 lacs service requests from loan and deposit customers. Majority of requests were handled within the turnaround time specified by the Company. During the year, the Company had received 2,793 escalations from loan and deposit customers, which were all resolved in the standard turnaround time.

The Company has Head of Customer Service to deal with day to day customer service requests and escalations. The complaints forwarded by the regulatory and supervisory authorities are tracked separately electronically. A grievance redressal procedure recommended by National Housing Bank

(NHB) is also available on Company's website. An escalation matrix for grievance received from the investors is also available on the website of the Company.

During the year, the Company has not received any complaint from the shareholder. In addition to this, the Company has received few requests for physical copy of annual report and revalidation of dividend warrants, which has been closed.

The Company places status of requests/ complaints received, redressed and outstanding from its customers and stakeholders along with the nature of complaints and their mode of redressal, to the senior management and every quarter to the Audit Committee of the Board.

The Company has a robust investor outreach programme and the Investor Relations team continue its close connect with market participants across geographies. All the information viz. quarterly results, half yearly results, annual results and other material information is intimated to the stock exchanges and uploaded on the website. The information is also emailed to the market participants and shareholders.

PRINCIPAL 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle:

Environment

The Company provides and maintains a clean, safe, and healthy work environment for employees, customers, investors and other stakeholders. The Company encourages paperless methods of conducting business to maintain environment and save cost. The Company has introduced technologies, which encourage paperless operations and customer services. The Company is in service industry and does not engage itself in any kind of manufacturing activities as per NHB/RBI regulations.

The Company conducts legal and technical assessment of properties and projects financed by it. The Company ensures that the projects directly funded by it have environmental clearances. The loan documentation has a clause mentioning that the construction would be as per the guidelines of the National Building Code. The Company on need basis also get Environment and Social Due Diligence Assessment of the projects it has funded.

As a responsible corporate citizen, Company has taken multiple initiatives during the year, towards green & sustainable environment like: adoption of Cloud Computing Technology, promoting Virtualisation, Datacentre energy optimisation, Work from home/Teleworking platform, Paperless processing, replacing physical customer correspondence with e-Communication, etc.

The Company has, through its various CSR initiatives contributed to environment protection. The Company has rationalized consumption of electricity and usage of natural resources to save energy.

The waste generated at the Company's offices is managed as per the waste disposal process.

The digitalisation initiatives undertaken by the Company has enabled business continuity even during lockdowns owing to the COVID-19 induced pandemic. The Company has undertaken several digitalisation initiatives in its business that brings in time and cost efficiencies for both, borrowers and depositors. During the year, the Company introduced ACE digital platform for customer onboarding and Homie, a sales chatbot service which enables its customers to connect and interact with the Company digitally while reducing physical interface. Customers have responded well to the Company's online platforms and have appreciated the ease of using such platforms. During the year, 99% of EMI was collected through digital mode. For the green initiative adopted by the Shareholders, the Annual Report of the Company were sent to them by email and all meetings/communications were held through audio video means. Overall digital initiatives have helped the Company to substantially reduce its paper consumption.

As a testament to Company's various initiatives, the Company has been awarded "Highly Commended Winner 2020" award by Adam Smith Awards Asia for a term finance for on lending to affordable housing. Further, the Company in the month of June 2021 has received the "Business Transformation Award 2021" by Mint (TECHCiRCLE) for its ACE technology platform.

The Company was included in the MSCI ESG indices effective March 01, 2021.

PRINCIPAL 3

Business should promote the wellbeing of all employees:

As on March 31, 2021, the company had a total of 1,391 full time employees on its rolls. The Company has 246 women employees, which constitute 17.69% of the total workforce. The Company has employed 5 employees with disabilities.

The Company provides safe and hygienic environment for its employees. The Company has not employed any child labour at any of its offices. The Company has a Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and has constituted an Internal Complaints Committee, which is in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013. The said policy is in line with relevant Act passed by the Parliament in 2013. The Company, through the policy ensures that all such complaints are resolved within defined timelines. During the year, 1 case was investigated and disposed off. Further, the Company has not received any complaints relating to child labour, forced labour, and involuntary labour.

The Company always look to attract and retain the best talent available in the industry. The recruitment process of the Company is built at fair and effective procedure, which is consistent with employment legislation and the Company's equal opportunities policies and practices. The ethos of the Company lies in the 'Build' option rather than on the 'Buy' option. We focus on developing our internal talents to fill up the vacated position in the higher levels. This helped in building a highly motivated team with clear career progression visibility.

During the nationwide lockdown, we engaged regularly with our teams, ensured their wellbeing and kept their morale high. The values of the Company talks about 'People First' and continue to undertake several initiatives to ensure the safety and wellbeing of employees. The Company provides multiple insurance policies to its employees covering upto 5x of annual total fixed pay.

The COVID-19 was the testament to how the company had built its culture that even in turbulent times the employees stayed strong. The team involved in cross-functional activities to keep the business momentum running even during the lockdown.

The Company has a whistle blower mechanism, under its Whistle Blower Policy. The policy has been uploaded on the website and communicated to all the employees. The policy has empowered employees to fearlessly voice their concerns on various matters pertaining to any malpractice, actual/suspected fraud, abuse of power and authority by any official or any other act. There is also a Managing Director (MD) post, where an employee can directly write to the MD without disclosing his/her identity on any suspected fraud/ malpractices/harassment etc.

The Company has an In-house magazine, Vibes, which provides a medium for employees and their family members to know about colleagues and the latest happenings within the Company. The employees needed continuous motivation to maintain their desired level of performance amid extreme stress. The Company initiated 'Sampark' to engage with each of our employees. Each of the HR team members connected with around 30 members on a regular basis to enquire about their wellbeing.

The gaps in competencies, job specific knowledge gaps, skills and attitudes are identified during the performance appraisal process and also on the basis of dynamic business requirements. The Company conducts regular training programmes for its employees, which are aimed at skill development, behavioral competence and other learning and development programmes, in house as well as in association with various reputed institutes. These training programmes are based on our philosophy of Organizational Needs, Functional Needs and Individual Needs.

Employees are nominated for various skill development programmes to enhance their effectiveness and for improved productivity levels. Various types of trainings such as On-the-job training, cross-functional training, workshops by industry experts and MDPs at reputed national and international universities are organised for employee capability development. The organization has also nurtured in-house training expertise in the form of dedicated trainers and subject matter experts from the core functional and business teams.

There has been a 360 degrees shift from classical learning model to a digital and social learning model in FY 2020-21. During FY 2020-21, various training programs were conducted on various functional areas including Selling skills, Credit Appraisal techniques, Fraud containment and Loan Lifecycle Management. On the behavioural side, the programs were designed around Talent-pool Development, Succession Planning, Leadership Skills, Customer Centricity and many more.

During the year, the focus on more digital form of trainings remained priority. We have also been leveraging technology, by using our web-based e-learning platform called "eGuru" and its mobile app, which provides our employees with the ease to learn on-the-go. Due to movement restrictions and to exercise abundant precautions, the Company used technology based virtual learning interventions to meet the diverse learning needs of the workforce. Various e-learning modules are available on the platform to help employees enhance their knowledge on products, policies and processes. Various knowledge enhancing courses were launched during the year on functional areas like Affordable Housing, Loan against Property, Fixed Deposits and Information Security & Awareness which were very well received by the employees.

The online platform is extensively used to conduct compliance based e-learning modules on topics such as Prevention of Sexual Harassment at Workplace for Women, Prohibition of Insider Trading, Employee's Code of Conduct and Anti-money Laundering & KYC.

S No	Category	Coverage details
1	Permanent employees to whom training has been imparted	17,900
2	Total Number of unique employees who have been trained	1,536
3	Total Number of training programs conducted	1,562
4	Total Number of Learning Hours	43,438
5	Total Number of Learning Days per employee	3.54
6	Permanent women employees to whom training has been imparted	219

PRINCIPAL 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:

Has the Company mapped its internal and external stakeholders?

The Company's key stakeholders are promoters, employees, customers, business associates, investors (including shareholders), lenders, suppliers, regulatory agencies, CSR implementing agencies etc. The Company values the support of all its stakeholders and respects their interest and concerns. The Company has continuous engagement with its various stakeholders to understand their concerns, assess their requirements and respond to their needs in an effective manner.

Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Company fully endorses and supports the government's endeavour towards its flagship scheme, Pradhan Mantri Awas Yojana. The Company is augmenting growth in lending to the affordable housing segment through Unnati with focus on ATS of ₹15 lakhs.

The Company through its CSR activities has partners with outside agencies towards projects aimed at underprivileged and marginalized sections of the society. The Company is running two major programmes; skilling of construction workers and day care centres for the children of construction workers.

The Company in partnership with developers and NGOs, has established and supported day care centres at the construction sites for the children of construction workers. The programme was initiated with Mobile Creches and has now expanded to other partners to establish new day care centres.

Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Through our CSR initiatives, we are committed to design and implement projects that work toward socio-economic upliftment of construction workers and their immediate families. In FY 2020-21, the Company continued to work towards supporting its long-term initiative of providing holistic development to construction workers and their immediate families. However, due to pandemic, the real estate sector saw reverse migration and there was a dip in the construction activities across the country. While we continued supporting the skilling programmes for construction workers and day-care centres for their children, we have significantly invested in initiatives related to healthcare, enabling access to formal education, water conservation, research and innovation towards construction material and livelihood generating for resource poor women. The Company has also invested in long term infrastructure projects.

The Company is also investing in the long-term capital projects for the sustained benefit to the society. This includes building infrastructure for government schools, support healthcare facilities and promote research and innovation.

PRINCIPLE 5

Businesses should respect and promote human rights:

Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Protection of human rights and prevention of violations are fundamental under all circumstances and the Company remains committed in its efforts in this direction. The Company respects and adheres to all the human rights laws framed under the Constitution of India and all other statutes which embodies the principles of human rights such as prevention of child labour, forced labour, woman empowerment etc. The Company maintains cordial and transparent relations with all its stakeholders including its employees.

Every customer, employee and other stakeholders are treated with dignity irrespective of his/ her position. It advocates as well as practices fair and transparent business conduct which is clearly embodied in its systems and policies The Company has adopted guidelines and procedures, which are aimed at respecting human rights. The Company will continue to conduct its business in a manner that respects the rights and dignity of all the people, complying with all legal requirements. The employees are trained to respect human rights while doing business.

The Company has not received any complaint pertaining to violation of human rights from stakeholders in this regard.

PRINCIPLE 6

Businesses should respect, protect and make efforts to restore the environment:

Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

The applicability of Policy related to Principle 6 is only for the Company. The subsidiaries have their own set of policies but work on the same ethos and values. The financial services business of the Company does not require an intensive consumption of environmental resources. However, the Company is taking necessary steps for energy conservation and environment protection. The Company has rationalised consumption of electricity and usage of natural resources to save energy through:

- Use of hardware which uses optimum energy
- Use of high star rated electronic devices

The Company has taken multiple initiatives towards green & sustainable environment viz adoption of Cloud Computing Technology, promoting Virtualisation, Datacentre energy optimisation, Work from home/Teleworking platform etc.

Environment protection has been a key part of the Company's long-term CSR initiatives. The Company promotes green environment and in minimum use of paper. The Company has adopted electronic mode of communication internally and with all the stakeholders to a very large extent. The Company uses technology that helps in environment protection. The Company uses equipment and technologies that reduces waste, consume less electricity and are energy efficient. The Company shall comply with all legal / regulatory requirements related to environment protection, management and sustainable development.

As part of CSR initiative, the Company constantly contribute towards environment protection under the project environment conservation. The Company has developed and maintained green areas as part of CSR initiative. The Company will continue to work in this direction.

The Company believe that 'Nature' is the most important customer today. It is our responsibility to conserve the rapidly depleting natural wealth of planet Earth and hence the Company make all the efforts to restore the environment.

Does company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?

The Company recognizes the risks associated with the climate change and global warming. The Company as a part of its CSR activities does activities directly related to the environment including pledge for working towards COVID-19 pandemic:

- The Company, through its CSR arm, Pehel Foundation, has collaborated with SM Sehgal Foundation to support Jal Khushhali, a water conservation project. Under this project, the Company will support the construction of one check dam and two ponds in Karauli, Rajasthan. The project aims to develop the groundwater recharge potential of the water-stressed district. The project also focusses on building capacities of Panchayats to improve their functioning of key government services.

- The Company, through its CSR arm, Pehel Foundation, has supported the further research for the development of an effective and efficient technique for earthquake resistant construction by using low cost energy dissipating devices of the Department of Earthquake Engineering, IIT Roorkee. Upon successful testing, the proposed technology will be used in housing construction up to four storeys giving impetus to the company as the prime facilitator of this technology.
- CSR efforts towards COVID-19 includes:
  - Research and Development of Personal Protective Equipment (PPE) for combating COVID-19 Prototype Development and Pilot Run Phase Developing effective COVID diagnostic tests with IIT Delhi
  - We have contributed significantly to the Hon'ble Prime Minister's National Relief Fund and Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) for COVID-19 emergency response in the Country.
  - CT Scan in a box for combating COVID-19 with United Way Bengaluru
  - Aided by our support, the partners have been proactively working in their respective regions to provide ration and hygiene kits to the people in need.

Does the company identify and assess potential environmental risks?

Yes, the Company is aware of the direct and indirect environmental impact of its operations and considers them in decision making. The Company encourages housing projects, which are environmentally safe and secure.

The Company being an HFC is not engaged in a business concerning design of products that could raise social concerns, economic risks and/or hazardous opportunities. However, the Company, has designed its financial lending activities to ensure financial inclusion of various marginalized sections of the society; predominantly in geographies with limited presence of organized financiers.

The Company ensures financial inclusion of various marginalised sections of society through affordable housing to address the country's housing shortage thereby providing access to easy and affordable loans even in the remoter parts of the country. A significant portion of the company's loans are extended for "Priority Sector Lending" in line with the Government norms.

Further, the rapid spread of the COVID-19 virus during the year has taken its economic toll due to shut down in most parts of the world which had a huge impact on people and communities around the world. The Company participated in the ECLGS Scheme for MSMEs announced by the government of India for extending the hands to revive the economy by extending credit to sectors which are hit by the COVID pandemic.

Does the Company have any project related to Clean Development Mechanism?

The Company does not have any project related to Clean Development Mechanism.

Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?

All our initiatives are towards clean technology. We use hardware in our offices, which uses optimum energy and saves in energy consumption. The Air conditioning equipment is maintained regularly thereby saving energy and costs. The Company has taken multiple initiatives during the year, towards green & sustainable environment like: adoption of Cloud Computing Technology, promoting Virtualisation, Datacentre energy optimisation, Work from home/Teleworking platform, Paperless processing, replacing physical customer correspondence with e-Communication, etc. The Company also encourages paperless process not only internally but also among the customers. Over 55% customers are on mobile app. With the use of technology, the Company has empowered its customers to use digital platforms like Homie and ACE.

Are the Emissions/ Waste generated by the company within the permissible limits given by CPSB/ SPCB for the financial year being reported?

Not applicable.

Number of show cause/ legal notices received from CPSB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL.

PRINCIPLE 7

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company recognizes that the housing and real estate industry play an important role in the Indian economy. The Company will continue to support and advocate for the development of housing and work towards promoting home ownership. The Company continues to make recommendations/ representations before various regulators, forums and associations relevant to further promote the housing industry.

Is your company a member of any trade and chamber or association?

The Company is a member of Confederation of Real Estate Developers' Associations of India (CREDAI). CREDAI is the apex body representing private Real Estate developers. CREDAI is a not-for-profit company which seeks to create a favourable policy climate to ensure housing for all.

2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good?

Yes, the Company, through its association with CREDAI and NAREDCO have been supporting and ensuring better work environment for construction workers. The programme also ensures social security benefits to construction workers under Building and Other Construction Workers act. The day care centres for the children of construction workers ensure wholesome meal to the children and aligns with Government initiative of Poshan Abhiyan.

Through our initiatives of physical transformation of government schools we aim at improving the school infrastructure and also improving the access to education for children coming from marginalized communities in the most backward districts of the country.

Though our water conservation initiatives we are working with key stakeholders from the government and community at district, block and village level to improve the water infrastructure for better irrigation and household consumption.

Further, highly experienced members of the Board, Senior Management and Executives of the Company are associated with various committees constituted by the government, regulators and industry bodies from time to time for constructive discussions to strengthen the development of the housing industry and other related areas.

PRINCIPLE 8

Businesses should support inclusive growth and equitable development:

Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof:

The Company is engaged in an important business activity, which is housing finance. It is one of the fundamental requirement of a human being and a basic need for a family. The Company is participating in Pradhan Mantri Awas Yojana (PMAY), and has partnered with the nodal agency in distribution of interest subsidy under Government's Credit Linked Subsidy Scheme (CLSS).

Through its CSR activities, the Company is changing the life of thousands of construction workers and their families. In association with CREDAI CSR Foundation and NAREDCO, the Company is engaged in the development and execution of social and charitable projects with focus on construction workers. The Company has so far ensured skill training of over 6000 construction workers pan India. In association with Mobile Creches, the Company has supported holistic development of thousands of children of construction workers.

Through intervention for resource poor women, we aim at providing livelihood opportunities to women to ensure that they learn employable skills and help them be self-reliant.

In the current COVID-19 pandemic situation, the Company has also stepped up efforts by contributing significantly towards combating the disease by means of supporting national scientific level research and development and relief efforts. Other areas of inclusive growth and equitable development include-elderly care, environmental conservation and promotion of sports.

2. Are the programmes/ projects undertaken through in-house team/ own foundation / external NGO / Government structures / and any other organisation?

As part of the CSR interventions of the Company, we have partnered with various implementing agencies such as CREDAI CSR Foundation, NAREDCO, Mobile Creches, Mumbai Mobile Creches, Tara Mobile Creches Pune, Vidya-Integrated Society for Youth and Adults, CanSupport, IIT Delhi, IIT Roorkee, United Ways SM Sehgal Foundation, Karuna Trust etc. With the implementing agencies, we have designed and executed various programmes on the key thematic areas such as skilling of construction workers, day care centres for the children of construction workers, ensuring education to underprivileged children, enabling access to health care, COVID-19 relief work, etc.

We have also implemented a few projects directly as well such as; Swachh Bharat Abhiyan and this year we have contributed significantly towards the PM-CARES central government fund for COVID-19 emergency response and relief work in the country.

The Company also commenced the operations of its corporate foundations and initiated few long term programmes through the same.

3. Have you done any impact assessment of your initiative?

Monitoring and evaluation is a very critical part of all the programmatic interventions that the Company executes. We have detailed implementation strategies which help us evaluate the project progress at regular intervals. The implementation agencies also submit their report with details of all those beneficiaries who have benefitted from the project and also the overall implementation of the project. Additionally, each project has been allotted with a mentor from the teams within the organization based on their expertise and interest. This not only ensures employee volunteering but also creates project ownership among the employees leading to better project implementation.

The Company conducts field visit to the project site to assess the overall feasibility of the project, which is considered to be funded. We partner with various external agencies/ consultants/auditors as well to strengthen reporting and monitoring capabilities for the larger goal of effectiveness of the program implemented.

What is your company's direct contribution to community development projects – Amount in ₹ and the details of the project undertaken?

Under the CSR programme we have

- Improving livelihoods of **construction workers** through a robust **skill development** program: The Company has worked extensively towards skill training of 6000 construction workers.
- Operating **crèches at construction sites** for supporting holistic development of **children of the workers**. The Company via partners Mobile Creches (MC), Plan International-India, Mumbai MC, TARA MC Pune and Savera Social Welfare Society ensured the holistic development for 4000 children of migrant construction workers through their day care centres
- Promoting **formal primary education** and Infrastructure Development for children in need. The Company, in partnership with Vidya, a not for profit organization for education and empowerment of underprivileged children, has supported the operational cost of running two formal schools in Delhi and ensured formal education to 550 children. The Company, through its CSR arm, Pehel Foundation has also contributed towards the transformation of government schools of Delhi, Haryana and Rajasthan.

- Provide **COVID relief and support:** As a socially responsible corporate, we have always stood at the forefront of any emergency response effort for the country. At this hour of need, the Company pledged for its support towards aiding the ongoing efforts of the Government to control and counter COVID-19.
- **Improving access to Healthcare:** The Company's contribution has been significant in the realm of healthcare in the FY 2020-21. The Company, through its CSR arm, Pehel Foundation has supported the upgradation of medical equipment at primary and secondary government hospitals. The Company also continued supporting programmes ensuring wellbeing of Cancer patients.
- Promoting **Women Empowerment and Livelihood generation** initiatives, through Pehel Foundation, the Company has donated E-cars to resource poor women in Jaipur and Indore through Azad Foundation. Through this initiative, the women will become professional drivers to gain remunerative 'livelihoods with dignity'.
- Promoting **sports for development:** The Company has collaborated with SRF Foundation to work with the children in the government schools adopted by SRF foundation in Chennai and Bangalore, using sports as medium of empowerment. The Company will also support the holistic development of three women athletes in the sports- race walking, 3000m event and para badminton.
- Supporting **Research and Development:** The Company, through its CSR arm, Pehel Foundation, has supported the further research for the development of an effective and efficient technique for earthquake resistant construction by using low cost energy dissipating devices of the Department of Earthquake Engineering, IIT Roorkee. Upon successful testing, the proposed technology will be used in housing construction up to four storeys giving impetus to the company as the prime facilitator of this technology.
- Promoting **Environmental Conservation and Water Management:** The Company, through its CSR arm, Pehel Foundation, has collaborated with SM Sehgal Foundation to support Jal Khushhali, a water conservation project. Under this project, the Company will support the construction of one check dam and two ponds in Karauli, Rajasthan.

Besides the interventions listed above, we have also invested in sports for development, elderly care, developing infrastructure in government hospitals and environment conservation The Company on a consolidated basis has spent nearly ₹22.72 crores on these programmes during FY 21.

Under the CSR initiatives of the Company, the Company has impacted 2.5 lakhs people during FY 21.

Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, the Company has partnered with such implementation agencies, while extending its CSR contribution, for a regular track record. The Implementation agencies submit their report with details of all those beneficiaries who have benefitted from the project and also the overall implementation of the project. The Company conducts field visit to the project site to assess the overall feasibility of the project.

PRINCIPLE 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner:

Customer centric is one of the core values of the Company. In this direction, the Company has taken a number of initiatives with a promise of providing omni channel experience to the customers which integrates various modes of communication with the customers for better experience and faster resolution. Our 'customer service operations' are now ISO 9001:2015 certified. The Company has introduced non-branch/alternate channels of communication, which customers can use to interact and transact seamlessly. Through mobile application, the users can get information on loans and deposits and can avail multiple other services. Through loan application tracker, customers can track the step by step status of loan application.

The Company has been constantly investing in upgrading technology and in acquiring new technology.

The Company has started digitization of documents. Customers can get their loan documents images on various digital interfaces i.e. mobile app and the web portal. PNB Housing is aggressively strengthening its footprint to reach out to more customers through pan India presence with 94 branches across 64 cities. The hub-and-spoke operating model is the backbone of operations and we are strengthening it through continuous investments in analytics, technology enhancements and digitalisation.

We are dedicated to enriching the customer experience at every touchpoint. We empathise with our customers and want to make their journey of owning a home as seamless as possible with value addition. Our policies are fair and transparent at every step for the customers. The CRM system even allows on-the-job training and improvement for the relationship management team, incorporating the suggestions and feedback received from customers.

What percentage of customer complaints/ consumer cases are pending as on the end of the financial year?

The Company has various modes to communicate with the customers at any point of time. At the end of the year, there were 29 customer complaints pending in the system which were subsequently resolved. For the FY 2020-21, the Company has no complaints pending in the system as on date.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

The Company is a housing finance company and hence this question is not applicable. However, features of housing loan schemes are disclosed to the applicant before financing. The Company also displays the information pertaining to its products at each of its branch offices across India. The details of the product attributes, relevant information on the products and services offered, fees and charges, benchmark interest rates, and other important notifications like 'Most Important Terms and Conditions', grievance redressal mechanism is available in all the offices and also available on the website of the Company.

The Company has formulated the Fair Practice Code which applies to all the Products and Services offered with an objective to promote good and fair practice by setting reasonable standards in dealing with the customers. The performance and financial highlights of the Company, which are disclosed to the stock exchange, are also available on the website of the Company.

The Company strives to ensure that transparent, correct and relevant information, pertaining to its products and services, is disseminated through its advertising material and the information displayed on the digital platforms owned by the Company. The Company encourages responsible and responsive communication towards all its stakeholders be it customers, media, investors, analysts, regulatory authorities, vendors and other stakeholders. The Company is a strong proponent of true and fair advertising and as such, discourages all kinds of means and activities that are unethical.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There is no such instance.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The Company on a continuous basis measures the advocacy and satisfaction levels of customers across various products and digital touch points. As part of this exercise, the customer's recommendation and satisfaction levels with the product and transaction experience are measured. This feedback is then analyzed and the insights from the same are implemented to improve products and processes and enhance the service quality to the customers. In addition, extensive diagnostic research in specific areas is conducted on a regular basis. The focus of the research is to identify areas of improvement in the products and services offered to the customers and define appropriate action points for improvement.

INDEPENDENT AUDITORS' REPORT

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

We have audited the standalone financial statements of PNB Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and the statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

EMPHASIS OF MATTER

We draw your attention to Note 48 to the standalone financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the Covid-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Our response to the Key Audit Matter
Impairment of loans to customers The Company reported total gross loans of ₹63,231.48 crores and ₹2,544.11 crores of expected credit loss provisions as on March 31, 2021 (Refer Note 6). Key judgements and estimates (Refer Note 2.20) in respect of the timing and measurement of expected credit losses (ECL) include: • Allocation of assets to stage 1, 2, or 3 using criteria in accordance with the Indian Accounting Standard 109; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL; • Completeness and accuracy of data used to calculate the ECL; • Inputs and assumptions used to estimate the impact of multiple economic scenarios; • Completeness and valuation of post model adjustments; • Measurements of individually assessed provisions including the assessment of multiple scenarios; and • Accuracy and adequacy of the financial statement disclosures.	Our audit procedures included testing the design and operating effectiveness of key controls across the processes relevant to the ascertainment and measurement of ECL. These controls/ processes included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and disclosures and accounting thereof. The criteria used to allocate an asset to stage 1, 2 or 3 in accordance with Ind AS 109 was evaluated. Assets in stage 1, 2 and 3 were reviewed to verify that they were allocated to the appropriate stage. With the support of the team of modelling specialists employed by the Company to make the models, we tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default', 'Exposure at Default', historical loss rates used, and the valuation of collateral. To verify data quality, calculation of the data used in the ECL was tested by reconciling to source systems. To test credit monitoring, risk ratings were checked for a sample of performing loans. Appropriateness of forecasted macroeconomic variables, such as GDP, Money supply and House Price Index were evaluated. The completeness and appropriateness of post model adjustments was assessed. The adequacy and appropriateness of disclosures for compliance with the Ind AS including disclosure of Ind AS 107 was ascertained.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, for example, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

The other information is expected to be made available to us after the date of this auditors' report. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the

disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'I' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, based on our audit we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'II'.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40(i) to the standalone financial statements;

      ii. The Company has recognised provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 15 and Note 43 to the standalone financial statements;

      iii. The Company has generally been regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund.

For **B R Maheswari & Co LLP**
Chartered Accountants
Firm's Registration No. 001035N/N500050

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 21504704AAAAEE2978

Place: New Delhi
Date: April 27, 2021

ANNEXURE 'I' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

1) In respect of its fixed assets (Property, Plant and Equipment):

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Based upon the audit procedure performed and according to the records of the Company, the title deeds of all the immovable properties are held in the name of the Company.

2) The provisions of paragraph (ii) of the order are not applicable to the Company, as the Company is engaged in the financial services sector.

3) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act for the financial year 2020-2021, and accordingly clauses (a), (b) and (c) of para (iii) of the order are not applicable.

4) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security.

5) In our opinion and according to the information and explanations given to us, the Company being a non-banking financial company in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the provisions of section 73 to 76 or any other relevant provisions of the Act, and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to acceptance of deposits from the public are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board or the National Company Law Tribunal or Reserve Bank of India or by any other court or tribunal with regard to aforesaid deposits.

6) The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

7) (a) According to the information and explanations given to us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2021 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, the details of disputed amount of Income Tax not deposited by the Company are as follows:

Name of the statute	Nature of the dues	Amount under dispute (₹ in crores)	Period to which the amount relates (Assessment Year)	Forum where dispute is pending
Income tax Act	Income tax	3.36	2018-19	CIT (A), Delhi
Income tax Act	Income tax	2.51	2017-18	CIT (A), Delhi
Income tax Act	Income tax	1.84	2016-17	ITAT, Delhi
Income tax Act	Income tax	0.23	2015-16	CIT (A), Delhi
Income tax Act	Income tax	1.06	2015-16	ITAT, Delhi
Income tax Act	Income tax	1.96	2014-15	ITAT, Delhi
Total		**10.96**		

8) Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans and borrowings to the financial institutions, banks or debenture holders. The Company did not have any outstanding loans and borrowings from government during the year.

9) Based upon the audit procedures performed and the information and explanations given by the management, the Company has applied the money raised from term loans during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised money by way of public offer during the year.

10) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on the Company by its officers or employees or by the Company has been noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context and size of the Company and the nature of its business and which have been adequately provided for.

11) In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a Nidhi company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, therefore reporting under clause 3 (xiv) of the Order is not applicable.

15) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not entered into any non- cash transaction with directors or persons connected with him.

16) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 read with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. Thus, paragraph 3 (xvi) is not applicable to the Company.

For **B R Maheswari & Co LLP**
Chartered Accountants
Firm's Registration No. 001035N/N500050

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 21504704AAAAEE2978

Place: New Delhi
Date: April 27, 2021

ANNEXURE 'II' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date)

Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PNB Housing Finance Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B R Maheswari & Co LLP
Chartered Accountants
Firm's Registration No. 001035N/N500050

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 21504704AAAAEE2978

Place: New Delhi
Date: April 27, 2021

STANDALONE BALANCE SHEET

as at March 31, 2021

(₹ in crores)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	3	6,906.43	8,512.46
Bank balance other than cash and cash equivalents	4	0.07	0.07
Derivative financial instruments	15	-	125.66
Receivables			
Trade receivables	5	15.03	5.84
Other receivables		-	-
Loans	6	60,687.37	66,668.68
Investments	7	2,032.92	2,048.32
Other financial assets	8	906.08	701.69
		70,547.90	**78,062.72**
Non- financial assets			
Current tax assets (net)	9.1	-	43.44
Deferred tax assets (net)	10	429.48	275.45
Investment property	11	0.54	0.55
Property, plant and equipment	12	81.68	105.21
Right of use assets	12	78.00	119.69
Capital work-in-progress		0.01	1.23
Other Intangible assets	13	20.43	24.80
Intangible assets under development		2.37	2.83
Other non-financial assets	14	35.63	31.70
Assets held for sale		136.48	206.56
		784.62	**811.46**
Total		**71,332.52**	**78,874.18**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	15	51.44	-
Payables			
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		112.35	83.54
Other payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		-	-
Debt securities	17	11,461.48	17,836.46
Borrowings (other than debt securities)	18	29,746.34	32,328.12
Deposits	19	16,747.42	16,132.68
Subordinated liabilities	20	1,438.58	1,438.58
Other financial liabilities	21	1,645.52	1,689.55
		61,203.13	**69,508.93**
Non financial liabilities			
Current tax liabilities (net)	9.2	65.59	-
Provisions	22	17.97	18.43
Other non-financial liabilities	23	1,178.65	1,399.66
		1,262.21	**1,418.09**
Equity			
Equity share capital	24	168.27	168.19
Other equity	25	8,698.91	7,778.97
Total equity		**8,867.18**	**7,947.16**
Total		**71,332.52**	**78,874.18**
Overview and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the standalone financial statements.			

In terms of our report of even date
For B.R. Maheswari and Co. LLP
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Akshay Maheshwari
Partner
M. No.: 504704

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Place: New Delhi
Date: April 27, 2021

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(₹ in crores)

Particulars	Note No.	Current Year	Previous Year
Revenue from operations			
Interest income	26	7,191.62	7,689.46
Dividend Income		-	110.00
Fees and commission income	27	142.26	185.90
Net gain on fair value changes	28	160.79	156.81
Income on derecognised (assigned) loans		70.53	336.15
Total revenue from operations		**7,565.20**	**8,478.32**
Other income		18.78	7.60
Total income		**7,583.98**	**8,485.92**
Expenses			
Finance costs	29	5,099.45	5,875.30
Impairment on financial instruments	30	861.83	1,250.51
Employee benefits expense	31	176.37	195.28
Fees and commission expense		6.68	8.03
Depreciation and amortisation		58.78	65.64
Other expenses	32	194.15	266.16
Total expenses		**6,397.26**	**7,660.92**
Profit before exceptional items & tax		**1,186.72**	**825.00**
Exceptional items		-	-
Profit before tax		**1,186.72**	**825.00**
Tax expense/(credit)			
Current tax	33	407.96	366.32
Deferred tax ((credit)/ charge)	33	(146.46)	(223.63)
Profit for the year		**925.22**	**682.31**
Other comprehensive (loss) / income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan		1.68	0.27
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.42)	(0.07)
Subtotal (A)		**1.26**	**0.20**
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		(30.08)	(46.91)
(ii) Income tax relating to items that will be reclassified to profit or loss		7.57	(8.98)
Subtotal (B)		**(22.51)**	**(55.89)**
Other comprehensive (loss) / income (A + B)		**(21.25)**	**(55.69)**
Total comprehensive income for the year		**903.97**	**626.62**
Earnings per equity share (Face value of ₹10/- each fully paid up)			
Basic (₹)	34	55.01	40.60
Diluted (₹)	34	54.98	40.55
Overview and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the standalone financial statements.			

In terms of our report of even date
For B.R. Maheswari and Co. LLP
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Akshay Maheshwari
Partner
M. No.: 504704

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Place: New Delhi
Date: April 27, 2021

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

(₹ in crores)

Particulars	Equity share	Other equity*							Total equity
		Reserves and surplus					Other comprehensive income	Total other equity	
		Share premium reserve	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
Balances as at March 31, 2019	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,578.26**	**(138.31)**	**7,267.54**	**7,435.01**
Equity shares issued during the year	0.72	23.55	-	-	-	-	-	23.55	24.27
Employee stock option excised during the year (Refer note 24.7)	-	8.03	-	-	(8.03)	-	-	-	-
Transfer to special reserve#	-	-	182.00	-	-	(182.00)	-	-	-
Transfer to statutory reserve##	-	-	-	-	-	-	-	-	-
Share based payment to employees (Refer Note 24.7(iv))	-	-	-	-	21.06	-	-	21.06	21.06
Transfer on account of stock option lapsed/ expired	-	-	-	-	(1.82)	1.82	-	-	-
Dividend (including dividend distribution tax) (Refer note 24.8)	-	-	-	-	-	(159.75)	-	(159.75)	(159.75)
Profit for the year	-	-	-	-	-	682.31	-	682.31	682.31
Fair value changes on derivatives	-	-	-	-	-	-	(55.89)	(55.89)	(55.89)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.20	-	0.20	0.20
Others	-	-	-	-	-	(0.05)	-	(0.05)	(0.05)
Balances as at March 31, 2020	**168.19**	**4,044.33**	**813.76**	**126.97**	**67.32**	**2,920.79**	**(194.20)**	**7,778.97**	**7,947.16**
Equity shares issued during the year	0.08	2.66	-	-	-	-	-	2.66	2.74
Employee stock option exercised during the year (Refer note 24.7)	-	0.91	-	-	(0.91)	-	-	-	-
Transfer to special reserve#	-	-	197.00	-	-	(197.00)	-	-	-
Transfer to statutory reserve##	-	-	-	-	-	-	-	-	-
Share based payment to employees (Refer note 24.7 (iv))	-	-	-	-	13.30	-	-	13.30	13.30
Transfer on account of stock option lapsed/ expired	-	-	-	-	(6.42)	6.42	-	-	-
Dividend (Refer note 24.8)	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	925.22	-	925.22	925.22
Fair value changes on derivatives	-	-	-	-	-	-	(22.51)	(22.51)	(22.51)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	1.26	-	1.26	1.26
Others	-	-	-	-	-	0.01	-	0.01	0.01
Balances as at March 31, 2021	**168.27**	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,656.70**	**(216.71)**	**8,698.91**	**8,867.18**

*Refer notes 25.1 for nature and the purpose of reserves.

#As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹197.00 crores (Previous year ₹182.00 crores) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹ Nil (Previous year ₹ Nil) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report of even date
For B.R. Maheswari and Co. LLP
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Akshay Maheshwari
Partner
M. No.: 504704

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: April 27, 2021

STANDALONE STATEMENT OF CASH FLOW

for the year ended March 31, 2021
(Indirect Method)

(₹ in crores)

Particulars	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,186.72	825.00
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	58.78	65.64
Loss on sale of property, plant and equipment	3.71	0.61
Impairment on financial instruments	778.75	1,173.15
Impairment/ (reversal of impairment) on assets held for sale	26.64	55.80
Net loss on financial asset at fair value through profit and loss	4.43	(0.22)
Share based payment expense	13.30	21.06
Effective interest rate on financial assets	20.22	(34.78)
Effective interest rate on financial liabilities	(40.96)	68.75
Income on derecognised (assigned) loans	(172.22)	(181.48)
Restructure gain on financial assets	(62.11)	-
Interest on leases including modification gain/(loss)	6.95	11.02
Re-measurement on defined benefit plan	1.68	0.27
Bad debts written-off	83.07	77.36
	722.24	**1,257.18**
Operating profits before changes in working capital	1,908.96	2,082.18
Working Capital changes		
Trade payables	28.81	(48.62)
Provision	1.54	(6.96)
Financial liabilities	(3.74)	(530.12)
Non financial liabilities	(221.01)	(597.04)
Loans at amortised cost	5,161.63	6,443.66
Trade receivable	(9.19)	20.90
Other financial asset	(34.43)	(6.48)
Derivative impact of external commercial borrowings	154.21	(383.37)
Other non financial asset	(5.27)	(21.62)
Investments (net)	10.97	2,410.40
Asset held for sale	43.44	(131.25)
Other bank balances	0.00	0.04
	5,126.96	7,149.54
Cash generated / (used) in operations	**7,035.92**	**9,231.72**
Taxes paid (net of refunds)	(305.18)	(320.58)
Net cash generated / (used) in operating activities	**6,730.74**	**8,911.14**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(7.70)	(63.63)
Capital work-in-progress and intangible assets under development (net)	1.69	1.11
Sale of property, plant and equipment and other intangible assets	0.37	0.11
	(5.64)	(62.41)
Net cash used in investing activities	**(5.64)**	**(62.41)**

STANDALONE STATEMENT OF CASH FLOW

for the year ended March 31, 2021
(Indirect Method)

(₹ in crores)

Particulars	Current Year	Previous Year
Cash flow from financing activities*		
Proceeds from borrowings		
Debt securities & subordinated liabilities	1,690.00	3,000.00
Borrowings from bank	18,027.27	15,989.83
Deposits (net)	631.32	2,108.71
Commercial paper	2,125.00	-
Repayment of borrowings		
Debt securities & subordinated liabilities	(8,746.00)	(7,308.00)
Borrowings from bank	(20,612.66)	(10,448.29)
Commercial paper	(1,416.00)	(7,534.00)
Lease Liability	(32.80)	(35.01)
Proceeds from issue of share capital	0.08	0.72
Share premium received	2.66	23.55
Dividend paid (including dividend distribution tax)	-	(159.75)
Net cash (used) / generated from financing activities	**(8,331.13)**	**(4,362.24)**
Net changes in cash & cash equivalents	**(1,606.03)**	**4,486.49**
Cash or cash equivalents at the beginning of the year	8,512.46	4,025.97
Cash or cash equivalents at the end the of the year	6,906.43	8,512.46
Net (decrease) / increase of cash & cash equivalents during the year	**(1,606.03)**	**4,486.49**
Components of cash and cash equivalents		
Balances with banks in current accounts	932.72	4,801.79
Bank deposit with maturity of less than 3 months	5,972.84	3,710.49
Cash on hand	0.87	0.17
Stamps on hand	0.00	0.01
	6,906.43	**8,512.46**
*Refer Note no 44 for change in liabilities arising from financing activities.		
Note : Figures in bracket denotes application of cash		
The accompanying notes are an integral part of the standalone financial statements.		

In terms of our report of even date
For B.R. Maheswari and Co. LLP
Chartered Accountants
FR No : 001035N/N500050

Akshay Maheshwari
Partner
M. No.: 504704

Place: New Delhi
Date: April 27, 2021

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

1. OVERVIEW

1.1. Overview

PNB Housing Finance Limited ('PNBHFL', 'the Company') was incorporated on November 11, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. The Company is listed on BSE Limited and National Stock Exchange of India Limited. The Company's registered office is at 9th floor, Antriksh Bhawan, 22, K.G.Marg, New Delhi -110001.

These standalone financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on April 27th, 2021.

1.2. Basis of preparation and presentation/ Statement of Compliance

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial instruments held for trading, all of which have been measured at fair value.

The standalone financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act 2013 and the relevant provisions of the National Housing Bank Act, 1987 and the Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Directions') as amended from time to time.

The standalone financial statements are prepared in accordance with provision contained in section 129 of the Companies Act 2013, read with Division III of Schedule III. The Statement of Cash Flows has been prepared and presented as per Ind AS 7 "Statement of Cash Flows".

The Finance (No.2) Act, 2019 has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI). The Central Government has since issued notification appointing August 09, 2019 as the date on which the relevant part of that Act shall come into effect. RBI vide its press release dated August 13, 2019 notified that HFCs will henceforth be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. Subsequently, RBI vide its notification dated February 17th 2021 issued master directions for HFCs called the "Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 repealing erstwhile Housing Finance Companies Directions 2010.

The standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores with two decimals, except when otherwise indicated.

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note no. 45.

Accounting policies have been consistently applied except where a newly-issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of the assets.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

b) **Fair value of financial instruments**

The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer of a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c) **Effective Interest Rate (EIR) method**

EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

d) **Impairment of financial asset**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. (refer note 2.20).

e) **Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash/ stamp on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above.

2.3 Revenue Recognition

a) **Interest and related income**

Interest income for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the EIR on net amount i.e. (gross carrying amount less allowance for expected credit loss) . If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at Fair value through profit and loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

b) **Dividend income**

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

c) **Profit on derecognition of financial assets**

When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety then whole of the interest spread and net servicing fees (over

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

d) Fees and commission income

Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

e) Other income

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals.

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) PPE

PPE are stated at cost (including incidental expenses) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Capital work in progress includes assets which are not ready for the intended use at the end of the reporting year and is carried at cost including incidental expenses.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost (excluding tax credits availed, if any) and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any).

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Intangible assets which are not ready for the intended use at the end of the reporting year are disclosed as Intangible assets under development.

2.5 Depreciation and amortisation

a) Depreciation

Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively. Leasehold improvements are amortised over the period of five years.

All fixed assets individually costing ₹5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of fixed assets is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and changes (if any) are then treated as changes in accounting estimates.

b) Amortisation

Intangible assets are amortised over a period of five years on straight-line method except website development costs which are amortised over a period of three years on a straight-line basis from the date when the assets are available for use.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

2.6 Investment Property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Schedule II of the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.7 Foreign Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss except for differences arising on cash flow hedges.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

2.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee - The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Right-of-use assets - The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liability - At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets - The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Subleases - The Company as an intermediate lessor, accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.11 Contingent liabilities, Contingent assets and Commitments

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

a) Contingent liability is disclosed in case of –

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

b) Contingent assets are not recognised in the financial statements.

c) Commitments are future liabilities for contractual expenditure and is disclosed in case of –

- Estimated amount of contracts remaining to be executed on capital account and not provided for;
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.12 Employee Benefits

a) Retirement and other employee benefits

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to reduction in future payment or a cash refund.

Defined Benefit Plan

The Company has defined benefit plans as Compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

b) **Short term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences, which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- In case of non-accumulating compensated absences, when the absences occur

c) **Share based payments**

The Company operates a number of Employee Stock Option Scheme/ Restricted stock units ('the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. These Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account). The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 Taxes

Taxes on income

Tax expense comprises current and deferred tax.

a) **Current income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) **Deferred tax**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and the conditions to avail the credit are fulfilled as per the underlying law.

2.14 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the result would be antidilutive.

2.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial asset at amortised cost
- Financial asset (debt instruments) at FVTOCI
- Financial asset at FVTPL

Financial asset at amortised costs

Financial asset is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment (if any). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees / costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets (debt instruments) at FVOCI

Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii) The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

b) Financial Liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified

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for the year ended March 31, 2021

as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees , commission / brokerage and ancillary costs incurred in relation to the financial liability.The EIR amortisation is included in interest expense in the statement of profit and loss.

c) **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the face value and proceeds received in excess of the face value are recognised as share premium.

2.16 Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics :

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

2.17 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for as Cash flow hedges.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

acquires, disposes of, or terminates a business line. Further, whenever there is a change in the business model the underlying affected financial asset are reclassified. Financial liabilities are never reclassified.

2.19 Derecognition of financial assets and liabilities

a) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset

  Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

  Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

2.20 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

Default

Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. Reserve Bank of India defines NPA in Paragraph 8.3.5 in its Master Directions – Non Banking Financial Company

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

– Housing Finance (Reserve Bank) Directions, 2021 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

Staging

The Company while assessing whether there has been a SICR of an exposure since origination, it compares the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition. The Company classifies the accounts into three stages based on comparisons made between an account's credit risk at origination and its credit risk on the reporting date.

The mechanics and key inputs for classifying the stages and computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired and for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance based on the probability of default.
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having SICR since initial recognition (origination of facilities) are classified under (if not impaired) stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	DPD 90+	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses 90+ DPD as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components for computation of Expected Credit Loss are:

- **Probability of Default (PD)**

  Probability of Default (PD) is one of the three risk components needed to estimate ECL under INDAS 109. PD is defined as the probability that a borrower will be unable to meet his/her debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

  The Company uses 12-month PD for stage 1 borrowers and lifetime PD for stage 2 and Stage 3 assets.

- **Loss Given Default (LGD)**

  The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral. It is expressed as a percentage of EAD.

- **Exposure at default (EAD)**

  Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	Asset coverage based / Expected Collateral Realisation (ECR)

Broadly, the Company has grouped the portfolio into retail and corporate category. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on ECR. Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

The retail portfolio is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Previous year(s) portfolio behaviour of homogenous pools is considered for PD estimation. The Company has further stressed the PDs for such selective group of customers who are falling in early warning signal pool like customers who have had experienced delinquency with other financial institutions during post moratorium period but remained good with us, customers showing very early signs of stress in emerging delinquencies.

Loss Given Default
The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last few years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/ expected recoveries, depending on resolution strategies already materialised or in the process of materialisation. Further, LGD pools have been aligned with the PD pools. Multiple factors has been considered for determining the LGD including time taken for resolutions, expected delay in regulatory and legal procedures, geographies etc.

Exposure at Default
EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Corporate Loans

Probability of Default:
Historically, the Company has observed low instance of default for the corporate portfolio. PDs for the corporate portfolio are determined by using external ratings as cohorts along with ever default behavior of an account in last 12 months (basis external ratings based statistical technique of Pluto-Tasche). For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Loss Given Default
For LGD estimates, the Company has used ECR approach and have applied business logic based on security coverage ratio of existing portfolio. Sensitivity analysis, resolution feedbacks are applied on probability weighted scenarios to compute loss given default.

Exposure at Default
EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioral analysis of the Company's historical experience.

Significant increase in credit risk (SICR)

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans:

Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is those stage 1 loan assets where underlying property is under construction and construction progress in last one year is slow.

Corporate Loans:

The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio, resolution team feedback etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward looking information

Ind AS 109 requires entities to model their ECL and apply forward-looking macroeconomic scenarios taking into consideration possibility of favorable, neutral, adverse and stressed economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL considering the impact of COVID-19 several macroeconomic variables such as GDP at constant prices, Housing Price Index (HPI) inflation, Gross national savings, unemployment rate etc. were considered from the International Monetary Fund (IMF), NHB and RBI websites and the Company's historical data were analysed.

A model was then built, and forecasts were generated, and scenario creation carried out to finally arrive at the final macroeconomic overlay. Identification of relevant macroeconomic variables was done combining statistical analysis (correlation) and business intuition (sign of correlation). The selected model incorporates the variables like Inflation, end of period consumer prices quarter on quarter change, general government revenue etc.

The macroeconomic variables (MEVs) of the final model were used to generate multiple simulations for forecasting 20 quarters ahead of macroeconomic variable data under different probabilistic scenarios, i.e., favorable, neutral, adverse and stress scenarios. Under each scenario, based on the independent variable forecasts, the forecasted default rates are obtained using the final model relationship between the default rates and macroeconomic variables. The scenarios are identified based on the probability of occurrence, i.e. expected probability of the future economic state. An anchor variable (GDP) analysis was performed in order to select a particular scenario for future quarters. Accordingly, the probability weighted ECL is computed using the likelihood as weights.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

2.21 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note no 2.20.

2.22 Write offs

The Company undertakes write off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of senior officials of the Company. In case the Company writes off an asset, the recoveries resulting from the write off activity may result in impairment gains. For LGD computation, the Company considers contractual amount written off i.e. principal as well as interest overdue.

2.23 Collateral

The Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody and settlement. The Company complies with local by-laws and relevant jurisdictions to ensure that the collaterals are free from all encumbrances. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The Company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

On case-to-case basis, the Company may ask for additional security, which may in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

2.24 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.25 Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Interest for the period from last maturity date to the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

2.26 Share Premium

Share premium is credited:

- when shares are issued at premium;
- with the fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme

Share premium can be utilised only for limited purposes such as issuance of bonus shares or adjustment of share issue expenses, net of tax, as permissible under section 52(2) of the Companies Act. 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.

2.27 Assets held for sale

The Company repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets acquired by the Company under SARFASI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Company is committed to sell these asset and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decision. Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015.

2.29 Investment in subsidiaries

Investments in Subsidiaries are measured at cost as per Ind AS 27 – Separate Financial Statements.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 3: CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks in current accounts	932.72	4,801.79
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	5,972.84	3,710.49
Cash on hand	0.87	0.17
Stamps on hand	0.00	0.01
Total	**6,906.43**	**8,512.46**

Note : 3.1 Short-term deposits earn interest at the respective short-term deposit rates.

NOTE 4: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Earmarked balances with bank (Refer Note 4.1)	0.07	0.07
Total	**0.07**	**0.07**

Note : 4.1 Earmarked balances with bank include unclaimed dividend on equity shares.

NOTE 5: RECEIVABLES

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Unsecured considered good (Refer note 5.1)	0.00	0.00
Receivables from related parties	15.03	5.84
Receivables which have significant increase in credit risk	-	-
Receivables – credit impaired	-	-
	15.03	**5.84**
Less : Provision for impairment	-	-
Total	**15.03**	**5.84**

Note 5.1 : No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, director or member.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 6: LOANS (AT AMORTISED COST)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Term Loans	63,231.48	68,434.30
Total Gross	**63,231.48**	**68,434.30**
Less: Impairment loss allowance	2,544.11	1,765.62
Total Net	**60,687.37**	**66,668.68**
Secured by tangible assets	63,231.48	68,434.30
Total Gross	**63,231.48**	**68,434.30**
Less: Impairment loss allowance	2,544.11	1,765.62
Total Net	**60,687.37**	**66,668.68**
Loans in India		
Public Sector	-	-
Others	63,231.48	68,434.30
Total Gross	**63,231.48**	**68,434.30**
Less: Impairment loss allowance	2,544.11	1,765.62
Total Net (a)	**60,687.37**	**66,668.68**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total Net (b)	-	-
Total Net (a+b)	**60,687.37**	**66,668.68**

Note 6.1: Loans - Staging analysis#

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	47,202.09	2,646.19	1,382.87	51,231.15	51,322.60	1,597.80	715.11	53,635.51
Total	**47,202.09**	**2,646.19**	**1,382.87**	**51,231.15**	**51,322.60**	**1,597.80**	**715.11**	**53,635.51**

As on March 31, 2020, the Company had loan assets of ₹53,635.51 crores of which 95.69% were in stage 1, 2.98% were in stage 2 and 1.33% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 18.92% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 5.94% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 19.01% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

As on March 31, 2019, the Company had loan assets of ₹56,137.08^^ crores of which 97.10% were in stage 1, 2.32% were in stage 2 and 0.58% were in stage 3.

Movement of loan assets is as follows:

Movement of Stage 1:

i) 16.05% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 16.09% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

c) Movement of Stage 3:

   i) 33.09% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 3 or had backward flows

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	9,197.09	1,187.70	1,615.54	12,000.33	12,567.48	934.04	1,297.27	14,798.79
Total	**9,197.09**	**1,187.70**	**1,615.54**	**12,000.33**	**12,567.48**	**934.04**	**1,297.27**	**14,798.79**

As on March 31, 2020, the Company had loan assets of ₹14,798.79 crores of which 84.92% were in stage 1, 6.31% were in stage 2 and 8.77% were in stage 3.

a) Movement of Stage 1:

   i) 17.47% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

   i) Nil loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

   i) 10.24% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 3 or backward flows

As on March 31, 2019, the Company had loan assets of ₹18,053.39^^ crores of which 93.63% were in stage 1, 6.20% were in stage 2 and 0.17% were in stage 3.

a) Movement of Stage 1:

   i) 16.03% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

   i) 2.03% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

   i) 0% of loan assets moved out of books by year end

Analysis of change in gross carrying amount of loans is as follows:

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening gross carrying amount	63,890.08	2,531.84	2,012.38	68,434.30	72,064.16	2,478.90	378.54	74,921.60
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	10,327.42	110.89	6.22	10,444.53	18,490.78	94.44	40.31	18,625.53
Asset paid in part or full (excluding write off) (net)	(14,563.63)	(44.78)	(165.51)	(14,773.92)	(15,200.41)	(421.41)	(109.13)	(15,730.95)
Asset derecognised (loan assigned)	(788.60)	-	-	(788.60)	(9,310.63)	-	-	(9,310.63)
Asset written off	(18.22)	(0.57)	(66.04)	(84.83)	(10.10)	(20.58)	(40.57)	(71.25)
Transfer to stage 1	291.27	(268.18)	(23.09)	-	404.12	(397.59)	(6.53)	-
Transfer to stage 2	(2,280.10)	2,286.10	(6.00)	-	(1,901.62)	1,913.47	(11.85)	-
Transfer to stage 3	(459.04)	(781.41)	1,240.45	-	(646.22)	(1,115.39)	1,761.61	-
Closing gross carrying amount	**56,399.18**	**3,833.89**	**2,998.41**	**63,231.48**	**63,890.08**	**2,531.84**	**2,012.38**	**68,434.30**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 6.2: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	251.31	288.24	358.95	898.50	233.57	173.10	167.94	574.61
Total	**251.31**	**288.24**	**358.95**	**898.50**	**233.57**	**173.10**	**167.94**	**574.61**

ECL movement as on March 31, 2020 and March 31, 2021^^^

a) The loan assets in stage 2 were 5.17% as on March 31, 2021 as against 2.98% as on March 31, 2020. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹613.62 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2021 would be 3.46% and last year 1.62%.

b) Increase in stage 2 ECL % principal outstanding (POS) is attributed to incorporation of pre-emptive measures in PD models, higher LGD's on account of restructure cases.

c) Overall ECL % POS have increased by 68 bps on accounts of conservatism build upon by the above mentioned reasons as well as incorporation of provision required as per regulatory guidelines and comparing it with existing level.

ECL movement as on March 31, 2019 and March 31, 2020^^^

a) The loan assets in stage 2 were 2.96% as on March 31, 2020 as against 2.32% as on March 31,2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹720 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.59%.

b) Increase in stage 2 ECL % POS is attributed to incorporation of pre-emptive measures in PD models, higher LGD's on account of COVID scenario.

c) Overall ECL % POS have increased by 83 bps on accounts of conservatism build upon by the above mentioned reasons as well as incorporation of PD markup's & macro economic shocks.

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	396.25	359.05	890.31	1,645.61	432.13	254.37	504.51	1,191.01
Total	**396.25**	**359.05**	**890.31**	**1,645.61**	**432.13**	**254.37**	**504.51**	**1,191.01**

ECL movement as on March 31, 2020 and March 31, 2021^^^

a) Stage 1 ECL % of POS increased from 3.44% to 4.31% this is due to backward flow of accounts from stage 2 carrying higher provisions.

b) The loan assets in stage 2 were 9.90% as on March 31, 2021 as against 6.31% as on March 31, 2020. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹877.31 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 27.23% to 30.23%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2021 would be 2.38% as against 3.65% as on March 31, 2020.

d) The Company's stage 3 asset ratio has increased from 8.77% as on March 31, 2020 to 13.46% as on March 31, 2021 owing to this ECL has also increased.

ECL movement as on March 31, 2019 and March 31, 2020^^^

a) Stage 1 ECL % of POS increased from 0.67% to 3.46% on account of conservatism build upon the incorporation of PD markup's, application of stressed LGD's of the NPA ECR accounts and macro economic shocks.

b) The loan assets in stage 2 were 6.25% as on March 31, 2020 as against 6.20% as on March 31,2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹389 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 15.22% to 27.84%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2020 would be 3.59% as against 1.52% as on March 31, 2019.

d) The Company's stage 3 asset ratio has increased from 0.17% as on March 31, 2019 to 8.18% as on March 31, 2020 owing to this ECL has also increased.

^The restructuring was done for Stage 1 accounts, total restructured assets were ₹1,378 crores,against which provision of ₹206 crores is held.

^^ Loans represents principal outstanding (Including principal overdue) as on the date of reporting.

^^^ For ECL movement between March 2019 and March 2020, POS represents loans principal outstanding (Including principal overdue) as on the date of reporting. However, for ECL movement between March 2020 and March 2021 POS represents loan assets as per Ind AS as on the date of reporting, hence comparative percentages reported for March 2020 vis a vis March 2019 and March 2021 would differ marginally.

#Refer note no. 2.20. 46.1 and 48.

Note 6.3: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

i) Equitable / Simple / English Mortgage of immovable property;

ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;

iii) Demand Promissory Note;

iv) Post dated cheques towards the repayment of the debt;

v) Personal / Corporate Guarantees;

vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;

vii) Undertaking to create a security;

viii) Letter of comfort.

NOTE 7: INVESTMENTS

(₹ in crores)

Particulars	As at March 31, 2021			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Government securities^	1,941.79	-	-	1,941.79
Debt securities	-	90.83	-	90.83
Subsidiaries	-	-	0.30	0.30
Total gross	**1,941.79**	**90.83**	**0.30**	**2,032.92**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**1,941.79**	**90.83**	**0.30**	**2,032.92**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,941.79**	**90.83**	**0.30**	**2,032.92**

(₹ in crores)

Particulars	As at March 31, 2020			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Government securities^	1,952.74	-	-	1,952.74
Debt securities	-	95.28	-	95.28
Subsidiaries	-	-	0.30	0.30
Total gross	**1,952.74**	**95.28**	**0.30**	**2,048.32**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**1,952.74**	**95.28**	**0.30**	**2,048.32**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,952.74**	**95.28**	**0.30**	**2,048.32**

*Others include investment in subsidiaries which have been carried at cost.

^Expected credit loss provision has not been recognised on investments made in government securities.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 8: OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables on assignment of loans (Refer Note 8.1 and 8.2)	886.12	676.53
Security deposits	16.46	18.73
Other Receivables	5.76	6.43
Total gross (a)	**908.34**	**701.69**
Less: Impairment loss allowance (b)	2.26	-
Total net (a-b)	**906.08**	**701.69**

Note 8.1: During the year ended March 31 2021, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, the de-recognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crores)

Loans and advances measured at amortised cost	As at March 31, 2021	As at March 31, 2020
Carrying amount of derecognised financial assets	12,213.95	15,775.38

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial asset.

Note 8.2: Includes receivable from related party ₹0.13 crores (previous year ₹2.55 crores).

NOTE 9: CURRENT TAX (NET)

Note 9.1 : Current tax assets (net)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance tax (net of provision)	-	43.44
Total	**-**	**43.44**

Note 9.1 : Current tax liability (net)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for tax (net of advance tax)	65.59	-
Total	**65.59**	**-**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 10: DEFERRED TAX ASSETS (NET)

As at March 31, 2021

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	10.57	-	3.24	-
Provision for employee benefits	4.52	-	0.38	-
Impairment allowance for financial assets	584.72	-	160.48	-
Derivative instruments in cash flow hedge	72.88	-	-	7.57
Expenses paid in advance (net of income received in advance)	-	59.20	8.97	-
Interest spread on assigned loans	-	212.03	(43.34)	-
Fair valuation of financial instruments held for trading	1.11	-	1.17	-
Remeasurement gain/(loss) on defined benefit plan	-	-	(0.12)	-
Others temporary differences	26.91	-	15.68	-
Total	**700.71**	**271.23**	**146.46**	**7.57**

As at March 31, 2020

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	7.33	-	1.11	-
Provision for employee benefits	4.14	-	(17.75)	-
Impairment allowance for financial assets	424.24	-	217.72	-
Derivative instruments in cash flow hedge	65.31	-	-	(8.98)
Expenses paid in advance (net of income received in advance)	-	68.17	17.12	-
Interest spread on assigned loans	-	168.69	1.67	-
Fair valuation of financial instruments held for trading	-	0.06	(0.10)	-
Remeasurement gain/(loss) on defined benefit plan	0.12	-	-	(0.07)
Others temporary differences	11.23	-	3.86	-
Total	**512.37**	**236.92**	**223.63**	**(9.05)**

Note 10.1 Pursuant to Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019, the Company has exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.168%) from last financial year. The impact of revised tax rates on the opening net deferred tax asset has been adjusted in last year tax expense.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 11: INVESTMENT PROPERTY

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Buildings*	0.58	-	-	0.58	0.03	0.01	-	0.04	0.54	0.55
Total	**0.58**	-	-	**0.58**	**0.03**	**0.01**	-	**0.04**	**0.54**	**0.55**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.58	-	-	0.58	0.02	0.01	-	0.03	0.55	0.56
Total	**0.58**	-	-	**0.58**	**0.02**	**0.01**	-	**0.03**	**0.55**	**0.56**

*Refer note 17.1 (a)

Note 11.1: The Company has leased out its investments properties and same has been classified as operating leases on account that there was no transfer of substantial risk and rewards incidental to the ownership of the assets. Recognition of income and related expenses in profit or loss for investment properties are tabulated below:

(₹ in crores)

Particulars	Current Year	Previous Year
Rental Income	0.09	0.09
Profit from investment properties before depreciation	0.09	0.09
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.08**	**0.08**

Note 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum undiscounted lease payments receivable under non-cancellable leases of investment properties after the reporting period:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	0.05	0.05
Later than one year but not later than five year	0.01	-
Later than five years	-	-

Note 11.3: The Company obtains independent valuations for its investment properties by a specialist in valuing these type of investment property. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment properties	5.55	5.55

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 12: PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Buildings*	37.72	-	-	37.72	0.42	1.19	-	1.61	36.11	37.30
Furniture & Fixtures	23.33	0.62	1.85	22.10	7.80	2.34	0.92	9.22	12.88	15.53
Vehicles	0.10	-	-	0.10	0.03	0.01	-	0.04	0.06	0.07
Computers	24.33	0.11	0.01	24.43	14.88	4.27	0.01	19.14	5.29	9.45
Office Equipment & Others	30.84	0.89	1.88	29.85	14.15	5.34	1.46	18.03	11.82	16.69
Leasehold Improvements	51.44	1.00	9.94	42.50	25.27	8.92	7.21	26.98	15.52	26.17
Total	**167.76**	**2.62**	**13.68**	**156.70**	**62.55**	**22.07**	**9.60**	**75.02**	**81.68**	**105.21**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.27	37.45	-	37.72	0.02	0.40	-	0.42	37.30	0.25
Furniture & Fixtures	22.70	1.76	1.13	23.33	5.89	2.58	0.67	7.80	15.53	16.81
Vehicles	0.10	-	-	0.10	0.02	0.01	-	0.03	0.07	0.08
Computers	23.45	0.88	-	24.33	9.77	5.11	-	14.88	9.45	13.68
Office Equipment & Others	27.60	4.04	0.80	30.84	8.63	6.22	0.70	14.15	16.69	18.97
Leasehold Improvements	45.42	8.58	2.56	51.44	16.98	10.70	2.41	25.27	26.17	28.44
Total	**119.54**	**52.71**	**4.49**	**167.76**	**41.31**	**25.02**	**3.78**	**62.55**	**105.21**	**78.23**

*Refer note 17.1 (a)

Right of use

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2020	Addition during the year	Disposal / modification during the year	As at March 31, 2021	As at April 01, 2020	For the year	Disposal / modification during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Buildings	150.12	1.94	19.93	132.13	30.43	27.26	3.56	54.13	78.00	119.69
Total	**150.12**	**1.94**	**19.93**	**132.13**	**30.43**	**27.26**	**3.56**	**54.13**	**78.00**	**119.69**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019^	Addition during the year	Disposal / modification during the year	As at March 31, 2020	As at April 01, 2019	For the year	Disposal / modification during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Building	143.39	8.63	1.90	150.12	-	30.97	0.54	30.43	119.69	-
Total	**143.39**	**8.63**	**1.90**	**150.12**	**-**	**30.97**	**0.54**	**30.43**	**119.69**	**-**

^On adoption of Ind AS 116.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Software	46.28	5.07	-	51.35	21.48	9.44	-	30.92	20.43	24.80
Total	**46.28**	**5.07**	**-**	**51.35**	**21.48**	**9.44**	**-**	**30.92**	**20.43**	**24.80**

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Software	35.36	10.92	-	46.28	11.84	9.64	-	21.48	24.80	23.52
Total	**35.36**	**10.92**	**-**	**46.28**	**11.84**	**9.64**	**-**	**21.48**	**24.80**	**23.52**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 14: OTHER NON FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
Prepaid expenses	4.54	4.37
Statutory receivables (net)	25.83	24.23
Others	5.26	3.10
Total	**35.63**	**31.70**

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crores)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:						
Spot forwards	691.03	-	24.99	306.88	12.45	-
Currency swaps	5,972.26	199.57	2.85	5,658.66	421.17	-
(i)	**6,663.29**	**199.57**	**27.84**	**5,965.54**	**433.62**	**-**
Interest rate derivatives:						
Forward rate agreements and interest rate swaps	3,417.97	-	230.36	3,505.44	-	307.96
Margin money paid to counter party bank	-	-	(7.19)	-	-	-
(ii)	**3,417.97**	**-**	**223.17**	**3,505.44**	**-**	**307.96**
Total derivative financial instruments (i)+(ii)	**10,081.26**	**199.57**	**251.01**	**9,470.98**	**433.62**	**307.96**
Included in above are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
Currency derivatives	6,663.29	199.57	27.84	5,965.54	433.62	-
Interest rate derivatives	3,417.97	-	223.17	3,505.44	-	307.96
Total derivative financial instruments	**10,081.26**	**199.57**	**251.01**	**9,470.98**	**433.62**	**307.96**

*Refer note no. 18.3 , 43 and 46.2.

NOTE 16: TRADE PAYABLES

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	101.85	81.28
Due to related parties	10.50	2.26
Total	**112.35**	**83.54**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 16.1: The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is as follows:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Principal amount due and remaining unpaid	-	-
2. Interest due on (1) above and the unpaid interest	-	-
3. Interest paid on all delayed payment under the MSMED Act	-	-
4. Payment made beyond the appointed day during the year	-	-
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	-	-
7. Amount of further interest remaining due and payable in succeeding years	-	-
Total	-	-

NOTE 17: DEBT SECURITIES

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Redeemable non convertible debentures	10,356.50	-	-	10,356.50	17,430.40	-	-	17,430.40
Unsecured								
Commercial papers	1,104.98	-	-	1,104.98	406.06	-	-	406.06
Total	**11,461.48**	-	-	**11,461.48**	**17,836.46**	-	-	**17,836.46**
Debt securities in India	11,461.48	-	-	11,461.48	17,836.46	-	-	17,836.46
Debt securities outside India	-	-	-	-	-	-	-	-
Total	**11,461.48**	-	-	**11,461.48**	**17,836.46**	-	-	**17,836.46**

Note: 17.1 Nature of security and terms of repayment:

a) **Nature of security**

Redeemable non-convertible debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, Initial few series of redeemable non-convertible debentures are also secured by mortgage of buildings of ₹0.77 crores (Refer Note 11 & 12).

b) **Terms of repayment**

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
7.01% - 8.00%	1,685.00	1,275.00	-	-	5,500.00	1,270.00	-	-
8.01% - 9.00%	2,558.00	1,155.00	500.00	2,000.00	3,216.00	3,113.00	600.00	2,500.00
9.01% - 10.00%	430.00	830.00	-	-	30.00	960.00	300.00	-
	4,673.00	**3,260.00**	**500.00**	**2,000.00**	**8,746.00**	**5,343.00**	**900.00**	**2,500.00**

Note : 17.2 The rate of interest and amount of repayment appearing in note 17.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 18: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Term loans								
National housing bank	7,847.86	-	-	7,847.86	6,235.28	-	-	6,235.28
Banks	13,188.95	-	-	13,188.95	18,270.29	-	-	18,270.29
External commercial borrowing	3,961.36	-	-	3,961.36	3,595.62	-	-	3,595.62
Bank overdraft	99.74	-	-	99.74	695.90	-	-	695.90
Loans from related party	4,648.43	-	-	4,648.43	3,531.03	-	-	3,531.03
Total	**29,746.34**	-	-	**29,746.34**	32,328.12	-	-	32,328.12
Borrowings in India	23,837.11	-	-	23,837.11	26,734.77	-	-	26,734.77
Borrowings outside India	5,909.23	-	-	5,909.23	5,593.35	-	-	5,593.35
Total	**29,746.34**	-	-	**29,746.34**	**32,328.12**	-	-	**32,328.12**

Note: 18.1: Refinance from National Housing Bank (NHB):

a) **Nature of security**

During FY 21, the Company has been availed refinance facility from NHB aggregating to ₹1500 crores under Liberalised Refinance Scheme and ₹2,000 crores under Special Refinance Facility and Additional Special Refinance Facility Schemes of NHB to provide refinance assistance in respect of eligible individual housing loans. All the present and outstanding refinancing from NHB are secured by hypothecation of specific loans/ book debts to the extent of 1.0 to 1.20 times of outstanding amount.

b) **Terms of repayment**

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	2,307.41	819.76	677.25	827.39	176.60	353.20	353.20	134.55
6.01% - 8.00%	351.80	839.41	705.71	887.03	488.84	970.10	920.26	2,030.53
8.01% - 10.00%	78.00	208.00	146.10	-	162.01	313.19	216.80	116.00
	2,737.21	**1,867.17**	**1,529.06**	**1,714.42**	**827.45**	**1,636.49**	**1,490.26**	**2,281.08**

Note: 18.2: Term loan from Banks:

a) **Nature of security**

i) Term loan from Punjab National Bank (related party) are secured by hypothecation by way of exclusive charge on specific standard book debts of the Company with minimum asset cover of 1.10 times to be maintained at all times.

ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
5.90% - 7.00%	830.00	400.00	400.00	-	-	-	-	-
7.01% - 9.00%	620.80	449.76	-	-	866.67	541.63	125.00	-
from others:								
4.00% - 7.00%	2,399.99	823.93	300.00	-	-	-	-	-
7.01% - 9.00%	3,004.57	5,897.44	770.71	-	6,701.81	7,230.93	1,513.22	-
9.01% - 11.00%	-	-	-	-	1,441.79	1,266.88	124.58	-
	6,855.36	**7,571.13**	**1,470.71**	**-**	**9,010.27**	**9,039.44**	**1,762.80**	**-**

Note 18.3: External commercial borrowing:

a) Nature of security

i) During FY 21, the Company has raised ECB of USD 75 million from a Japanese multilateral institution under the automatic route for financing eligible housing units under "approval route" in terms of the RBI guidelines on ECB. The ECB borrowings are secured against eligible housing loans/book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.

ii) The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance (if any) on the derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

iii) As at March 31, 2021, the Company has outstanding ECB of USD 812.50 million (March 31, 2020 USD 750.63 million). The Company has undertaken cross currency swaps and principal only swaps to hedge the foreign currency risk of the ECB principals. Whereas the Company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments respectively. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
USD LIBOR + 110 - 200 bps	-	1,947.87	-	-	-	-	1,997.73	-
from others:								
USD LIBOR + 110 - 200 bps	121.28	2,616.77	1,286.34	-	98.94	1,074.24	2,487.74	-
	121.28	**4,564.64**	**1,286.34**	**-**	**98.94**	**1,074.24**	**4,485.47**	**-**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 18.4: Bank overdraft:

a) **Nature of security**

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

b) **Terms of Repayment**

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
7.00% - 9.95%	99.74	-	-	-	695.90	-	-	-

Note : 18.5

The rate of interest and amount of repayment appearing in note 18.1(b), 18.2(b) and 18.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate)

NOTE 19: DEPOSITS

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured								
Deposits								
(i) From public*	14,076.07	-	-	14,076.07	13,573.02	-	-	13,573.02
(ii) From banks	511.76	-	-	511.76	539.58	-	-	539.58
(iii) From others	2,159.59	-	-	2,159.59	2,020.08	-	-	2,020.08
Total	**16,747.42**	-	-	**16,747.42**	**16,132.68**	-	-	**16,132.68**

* Refer note 36.31

NOTE 20: SUBORDINATED LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured								
Redeemable non convertible debentures	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58
Total	**1,438.58**	-	-	**1,438.58**	**1,438.58**	-	-	**1,438.58**
Subordinated liabilities in India	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
Total	**1,438.58**	-	-	**1,438.58**	**1,438.58**	-	-	**1,438.58**

Note :20.1 Nature of security and terms of repayment:

a) **Nature of security**

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2021, ₹916.30 crores (March 31, 2020 ₹1,079.10 crores) qualify as Tier II Capital under regulatory guidelines for assessing capital adequacy.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
8.01% - 9.00%	-	499.00	410.00	290.00	-	-	699.00	500.00
9.01% - 10.00%	-	200.00	-	39.70	-	200.00	-	39.70
	-	**699.00**	**410.00**	**329.70**	**-**	**200.00**	**699.00**	**539.70**

Note : 20.2 The rate of interest and amount of repayment appearing in note 20.1(b) are as per the term of the debt instruments. (i.e. excluding impact of effective interest rate)

NOTE 21: OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on deposits	257.32	224.51
Interest accrued but not due on borrowings (Refer Note 21.1)	442.51	585.94
Amount payable under assignments (Refer Note 21.2)	535.64	516.27
Other liabilities (Refer Note 21.3 and Note 37)	410.05	362.83
Total	**1,645.52**	**1,689.55**

Note 21.1: Includes amount payable to related party ₹14.42 crores (previous year ₹10.88 crores).

Note 21.2: Includes amount payable to related party ₹238.29 crores (previous year ₹182.49 crores).

Note 21.3: Includes lease liabilities as per Ind AS 116.

NOTE 22: PROVISIONS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Retirement benefits	17.97	16.43
Letter of comforts	-	2.00
Total	**17.97**	**18.43**

NOTE 23: OTHER NON-FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Book overdraft	929.41	882.36
Advance received from customers (Refer Note 26.1)	175.71	436.55
Statutory dues Payable	49.13	53.99
Other liabilities	24.40	26.76
Total	**1,178.65**	**1,399.66**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 24: EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
50,00,00,000 equity shares of ₹10/- each	500.00	500.00
	500.00	500.00
Issued, subscribed and paid-up		
16,82,68,123 equity shares of ₹10/- each fully paid up (March 31, 2020: 16,81,86,908)	168.27	168.19
Total	**168.27**	**168.19**

Note 24.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in crores	No. of shares	₹ in crores
At the beginning of the year	16,81,86,908	168.19	16,74,69,016	167.47
Add: Share allotted pursuant to exercise of stock option	81,215	0.08	717,892	0.72
Outstanding at the end of the year	**16,82,68,123**	**168.27**	**16,81,86,908**	**168.19**

Note 24.2: Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.64	5,49,14,840	32.65
Quality Investments Holdings	5,41,92,300	32.21	5,41,92,300	32.22
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.86	1,65,93,240	9.87
Investment Opportunities V Pte. Limited	1,66,87,956	9.92	-	-

Note 24.3: Terms / Rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹10/ - per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 24.4: The Company has not allotted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note 24.5: The Company has not:

i. Issued any securities convertible into equity / preference shares.

ii. Issued any shares where calls are unpaid.

iii. Forfeited any shares.

Note 24.6: Capital Management:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as per the directives of the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB & RBI from time to time.

Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder's value.

The Company manages its capital structure after taking in to consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board of Director's at regular intervals.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve, deferred revenue expenditure and intangible assets. The book value of investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate 10% of owned funds will be reduced while arriving at the Tier I capital.

The other component of regulatory capital is Tier II Capital Instruments, which includes non convertible preference shares, revaluation reserve, general provision and loss reserves to the extent of one and one fourth percent of risk weighted asset, hybrid capital instruments and subordinated debts.(Refer note no. 36.1)

Note 24.7: Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details are as follows:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹338.00	₹1600.60	₹1206.35	₹1333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2016 Tranche V
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019	August 19, 2020
Number of options granted	18,15,000	2,35,000	1,81,200	5,50,000
Exercise price per option	₹1333.35	₹1333.35	₹847.40	₹261.15
Date of vesting	The vesting will be as under:			
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020	10% on August 19, 2021
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021	20% on August 19, 2022
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022	30% on August 19, 2023
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023	40% on August 19, 2024
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	ESOS - 2018 Tranche IV	ESOS - Restricted stock units 2020
Date of Grant	August 19, 2020	February 15, 2021
Number of options granted	45,000	2,75,676
Exercise price per option	₹261.15	₹10.00
Date of vesting	The vesting will be as under:	The vesting will be as under:
	10% on August 19, 2021	10% on February 15, 2022
	20% on August 19, 2022	20% on February 15, 2023
	30% on August 19, 2023	30% on February 15, 2023
	40% on August 19, 2024	40% on February 15, 2024
Exercise period	Within 3 years from the date of respective vesting	Within 1 years from the date of respective vesting
Method of settlement	Through allotment of one equity share for each option granted	Through allotment of one equity share for each option granted
Vesting conditions	Employee to remain in service on the date of vesting	Employee to remain in service on the date of vesting

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2021			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the beginning of the year	(b)	1,19,258	1,26,350	40,000	18,671
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	1,98,520	27,025	-	7,225
Options vested during the year	(e)	6,68,004	61,550	20,000	17,046
Options exercised during the year*	(f)	81,215	-	-	-
Options forfeited during the year	(g)	-	11,925	-	11,725
Options outstanding at end of the year	(h) = (a+c-e-g)	-	52,875	40,000	27,243
Options exercisable at the end of the year	(i) = (b+e-d-f)	5,07,527	1,60,875	60,000	28,492
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35

Particulars		As at March 31, 2021			
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2016 Tranche V
Options Outstanding at the beginning of the year	(a)	13,92,000	1,22,625	1,12,050	-
Options exercisable at the beginning of the year	(b)	-	40,875	37,350	-
Options granted during the year	(c)	-	-	-	5,50,000
Options lapsed / expired during the year	(d)	20,520	16,250	9,475	-
Options vested during the year	(e)	1,80,975	40,875	27,875	-
Options exercised during the year*	(f)	-	-	-	-
Options forfeited during the year	(g)	3,08,155	16,250	30,925	-
Options outstanding at end of the year	(h) = (a+c-e-g)	9,02,870	65,500	53,250	550,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,60,455	65,500	55,750	-
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40	261.15

Particulars		As at March 31, 2021	
		ESOS - 2018 Tranche IV	ESOS - Restricted stock units 2020
Options Outstanding at the beginning of the year	(a)	-	-
Options exercisable at the beginning of the year	(b)	-	-
Options granted during the year	(c)	45,000	2,75,676
Options lapsed / expired during the year	(d)	-	-
Options vested during the year	(e)	-	-
Options exercised during the year*	(f)	-	-
Options forfeited during the year	(g)	-	12,090
Options outstanding at end of the year	(h) = (a+c-e-g)	45,000	2,63,586
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-
Weighted Average Exercise Price per option	(₹)	261.15	10.00

Particulars		As at March 31, 2020			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the beginning of the year	(b)	3,500	75,675	20,000	-
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	-	24,500	-	3,875
Options vested during the year	(e)	8,34,650	75,175	20,000	22,546
Options exercised during the year**	(f)	7,18,892	-	-	-
Options forfeited during the year	(g)	1,74,146	25,500	-	28,625
Options outstanding at end of the year	(h) = (a+c-e-g)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,19,258	1,26,350	40,000	18,671
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35

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for the year ended March 31, 2021

Particulars		As at March 31, 2020		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	17,03,800	1,99,000	1,71,400
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	-	-	-
Options lapsed / expired during the year	(d)	-	5,625	-
Options vested during the year	(e)	-	46,500	37,350
Options exercised during the year**	(f)	-	-	-
Options forfeited during the year	(g)	3,11,800	29,875	22,000
Options outstanding at end of the year	(h) = (a+c-e-g)	13,92,000	1,22,625	1,12,050
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	40,875	37,350
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40

* Weighted average share price at the date of the exercise of the stock option is ₹420.60

** Weighted average share price at the date of the exercise of the stock option is ₹420.79

(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2016 Tranche V
Estimated Value of Stock Option (₹)	593.17	511.64	321.87	120.56
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40	261.15
Exercise Price (₹)	1,333.35	1,333.35	847.40	261.15
Expected Volatility (%)*	0.3560	0.3560	0.4102	0.4834
Dividend Yield Rate (%)	0.53	0.55	1.06	-
Expected Life of Options** (year)	5.21	4.00	4.00	4.50
Risk Free Rate of Interest (%)	7.90	7.79	6.97	5.06

Particulars	ESOS - 2018 Tranche IV	ESOS - Restricted stock units 2020
Estimated Value of Stock Option (₹)	120.56	348.04
Share Price at Grant Date (₹)	261.15	356.40
Exercise Price (₹)	261.15	10.00
Expected Volatility (%)*	0.4834	0.4905
Dividend Yield Rate (%)	-	-
Expected Life of Options** (year)	4.50	3.50
Risk Free Rate of Interest (%)	5.06	5.10

*Expected volatility has been computed from the date of the listing of the share to the grant date.

**Expected life of the share option is based on the date of grant and is not necessarily indicative of exercise pattern that may occur.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

(iv) The expense recognised for the employee services received during the year are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	13.30	21.06
Expense arising from cash settled share based payment transaction	-	-
Total	**13.30**	**21.06**

Note 24.8: Dividend paid and proposed

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders.

(₹ in crores)

Particulars	Current Year	Pre]vious Year
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2020: ₹ Nil per share	-	-
Final dividend for 2019: ₹9/- per share*	-	182.37
Total dividend paid	-	**182.37**
Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31)		
Dividend on ordinary shares:		
Final dividend for 2021: ₹ Nil per share	-	-
Final dividend for 2020: ₹ Nil per share	-	-

*Dividend includes dividend distribution taxes (DDT) paid by the Company as well as subsidiary Company (amount paid by subsidiary is ₹22.62 crores).

NOTE 25: OTHER EQUITY

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Share premium reserve	4,047.90	4,044.33
Special reserve	1,010.76	813.76
Statutory reserve	126.97	126.97
Share option outstanding account	73.29	67.32
Retained earnings	3,656.71	2,920.79
Effective portion of cash flow hedges	(216.71)	(194.20)
Total	**8,698.91**	**7,778.97**

Note 25.1 Nature and purpose of reserves

Share premium reserve

Share premium reserve includes :

- amount of premium received on issue of equity shares and;
- fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme.

The reserve can be utilised only for limited purposes such as issuance of bonus shares, issue expenses of securities which qualify as equity instruments in accordance with the provisions of the Companies Act, 2013.

Special reserve and Statutory reserve

In accordance with Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve fund (statutory reserve) before any dividend is declared.

The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29(c)(i).

Share option outstanding accounts

The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity settled transaction is credited to share option outstanding account in equity.

Effective portion of cash flow hedges

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps and interest rate swaps. To

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

NOTE 26: INTEREST INCOME

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	6,987.32	-	6,987.32	7,487.68	-	7,487.68
Investments						
Financial investments - Debt	154.25	-	154.25	135.03	-	135.03
Financial asset valued at fair value through profit and loss	-	11.09	11.09	-	9.53	9.53
Deposits with banks	36.04	-	36.04	55.00	-	55.00
Other Interest income						
Loan against deposits	2.92	-	2.92	2.22	-	2.22
Total	**7,180.53**	**11.09**	**7,191.62**	**7,679.93**	**9.53**	**7,689.46**

Note 26.1: In accordance with RBI circular no RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07,2021, the Company shall refund / adjust 'interest on interest' to all borrowers during the moratorium period in conformity with the judgement pronounced by the Hon'ble Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021.The methodology for calculation of the amount of such 'interest on interest' has been recently circulated by the Indian Banks Association (IBA). The Company is in the process of suitably implementing this methodology and has created a liability of ₹28.00 crores towards estimated interest relief and reduced the same from the interest income for the year ended March 31, 2021.

NOTE 27: FEES AND COMMISSION INCOME

(₹ in crores)

Particulars	Current Year	Previous Year
Fees Income	79.39	133.91
Other charges recovered	62.87	51.99
Total	**142.26**	**185.90**

NOTE 28: NET GAIN ON FAIR VALUE CHANGES

(₹ in crores)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	160.79	156.81
Total	**160.79**	**156.81**
Fair value changes:		
-Realised	165.22	156.59
-Unrealised	(4.43)	0.22
Total	**160.79**	**156.81**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 29: FINANCE COSTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Interest on debt securities	-	1,209.80	1,209.80	-	1,841.54	1,841.54
Interest on borrowings	-	2,409.77	2,409.77	-	2,568.54	2,568.54
Interest on deposits	-	1,332.80	1,332.80	-	1,304.04	1,304.04
Interest on subordinated liabilities	-	123.08	123.08	-	124.48	124.48
Fee and other charges (Refer Note 29.1 and Note 37)	-	24.00	24.00	-	36.70	36.70
Total	**-**	**5,099.45**	**5,099.45**	**-**	**5,875.30**	**5,875.30**

Note 29.1 Fee and other charges includes notional interest on lease liabilities in accordance with Ind AS 116.

NOTE 30: IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Loans	-	778.49	778.49	-	1,171.49	1,171.49
Bad debts written off (net)	-	83.08	83.08	-	77.36	77.36
Letter of comforts and other receivables	-	0.26	0.26	-	1.66	1.66
Total	**-**	**861.83**	**861.83**	**-**	**1,250.51**	**1,250.51**

NOTE 31: EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	151.94	162.63
Contribution to provident and other funds	8.67	9.42
Share based payments to employees	13.30	21.06
Staff welfare expenses	2.46	2.17
Total	**176.37**	**195.28**

NOTE 32: OTHER EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Rent, taxes and energy costs	10.60	16.14
Repairs and maintenance	16.21	12.81
General office expenses	54.29	63.13
Legal and professional charges	33.63	43.32
Advertisement and publicity	8.05	23.09
Corporate social responsibility expenses (Refer note 32.1)	22.72	24.41
Communication costs	9.05	6.38
Travelling and conveyance	2.86	7.49

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in crores)

Particulars	Current Year	Previous Year
Printing and stationery	3.01	5.93
Training and recruitment expenses	0.86	4.57
Director's fees, allowances and expenses	1.44	1.13
Auditor's fees and expenses (Refer note 32.2)	0.56	0.54
Insurance	0.33	0.29
Bank charges	0.19	0.52
Net loss on derecognition of property, plant and equipment	3.71	0.61
Impairment on assets held for sale	26.64	55.80
Total	**194.15**	**266.16**

Note 32.1 Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2021 as amended, the Company is required to spent for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

(₹ in crores)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	22.72	24.41
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above*		
- Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon**	21.58	23.19
- Expenditure on administrative overheads for CSR***	1.14	1.22
Total	**22.72**	**24.41**

* During the previous year the Company on the basis of Circular no. 05/01/2019-CSR dated March 23, 2020, issued by Ministry of Corporate Affairs (MCA) had contributed ₹0.20 crores to Lieutenant Governor/Chief Minister Relief Fund to support the Government of Delhi in providing relief and assistance to migrant construction workers in Delhi during the pandemic (COVID 19).

The MCA has issued another circular no. F. No. CSR-01/4/2020-CSR-MCA on April 10, 2020 whereby while responding to the FAQ's they have clarified that contribution made to Chief Minister Relief Fund will not qualify as admissible CSR expenditure.

Since the contribution to Lieutenant Governor/Chief Minister Relief Fund was made by the Company prior to the date of issue of FAQ's and basis the earlier circular dated March 23, 2020, the Company on May 06, 2020 has filed a request to MCA to consider the same as admissible CSR expenditure.

The Company has not received the reply from MCA till the date of signing of the financial statement.

** Includes contribution to related party (Pehel foundation) amounting to ₹14.71 crores (Previous year ₹Nil crores).

*** Includes directors sitting fees for CSR committee meetings and amount provisioned ₹Nil crores (Previous year ₹0.20 crores) to be paid subsequently.

Note: 32.2 Auditor's fees and expenses*

(₹ in crores)

Particulars	Current Year	Previous Year
Statutory audit fee	0.18	0.18
Tax audit fee	0.06	0.06
Limited review fee	0.12	0.12
Other certification fee	0.19	0.18
Out of pocket expenses	0.01	-
Total	**0.56**	**0.54**

* Including good and services tax for which tax credit is not available to the Company.

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for the year ended March 31, 2021

NOTE 33: INCOME TAXES

The components of income tax expense are:

(₹ in crores)

Particulars	Current Year	Previous Year
Current tax	423.97	378.17
Adjustments in respect of current income tax of prior years	(16.01)	(11.85)
Deferred tax relating to origination and reversal of temporary differences (including impact of change in tax rate)	(146.46)	(223.63)
Total	**261.50**	**142.69**
Current tax	407.96	366.32
Deferred tax (Refer note 10)	(146.46)	(223.63)

Note 33.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2021 and March 31, 2020 is as follows:

(₹ in crores)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,186.72	825.00
Statutory income tax rate (%)	(b)	25.168	25.168
Tax at statutory income tax rate	(c) = (a*b)	298.67	207.63
Adjustments in respect of current income tax of prior years	(d)	(16.01)	(11.85)
Impact of:			
-Income not subject to tax	(e)	(79.42)	(29.46)
-Non deductible expenses	(f)	280.55	251.99
-Deduction under section 35 D	(g)	(3.77)	(3.77)
-Deduction under section 36 (1) (viii)	(h)	(49.53)	(45.71)
-Deduction under section 80G	(i)	-	(2.51)
-Other deductions	(j)	(22.53)	-
Total current tax expense	**(c+d+e+f+g+h+i+j)**	**407.96**	**366.32**
Other comprehensive income			
Tax expense on re-measurement gains/ (losses) on defined benefit plan		(0.42)	-
Total tax on other comprehensive income		**(0.42)**	-

NOTE 34: EARNING PER SHARE

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	Year ended March 31, 2021	Year ended March 31, 2020
a) Amount used as the numerator for basic EPS profit after tax	(₹ in crores)	925.22	682.31
b) Weighted average number of equity shares for basic EPS	Number	16,81,92,754	16,80,63,445
c) Weighted average number of equity shares for diluted EPS	Number	16,82,69,266	16,82,55,680
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
- Basic (a/b)	(in ₹)	55.01	40.60
- Diluted (a/c)	(in ₹)	54.98	40.55

ii) The basic earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceed receivable had the equity shares been actually issued at fair value (i.e.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented. Diluted earnings per share does not include conversion or exercise of potential ordinary shares that would have an antidilutive effect on earnings per share.

Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows:-

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average number of equity shares for computation of basic earnings per share	16,81,92,754	16,80,63,445
Effect of dilutive equity shares - share option outstanding	76,512	192,235
Weighted average number of equity shares for computation of dilutive earnings per share	16,82,69,266	16,82,55,680

NOTE 35: ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of selling the same. These properties are classified as assets held for sale.

NOTE 36: DISCLOSURE AS PER NON-BANKING FINANCIAL COMPANY-HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021

(i) The following additional disclosures have been given in compliance with “Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021” (‘RBI directions”) issued by RBI vide notification number RBI/2020-21/73/DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021. Since, these directions are effective from February 17, 2021 hence the disclosures as at and for the year ended March 31, 2021 are as per these directions.

Prior to above directions the disclosures were to be given in terms of the circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 issued by the National Housing Bank. The figures appearing in the disclosures as at and for the year ended March 31, 2020 are not traceable to the Financial Statements as the disclosures are made as per the regulatory requirement (i.e. erstwhile accounting standard notified under section 133 of the Companies Act, 2013) whereas the financial statements are prepared as per Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

The figures appearing in the disclosures as at and for the year ended March 31, 2021 is not comparable to the figures for the corresponding previous year as the figures as at and for the year ended March 31, 2020 are as per the regulatory requirement (i.e. erstwhile accounting standard notified under section 133 of the Companies Act, 2013) whereas the figures as at and for the year ended March 31, 2021 are basis the above stated directions of RBI and financial statements which are prepared as per Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

Note 36.1: Capital to Risk Assets Ratio (CRAR)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
i) CRAR (%)	18.73	17.98
ii) CRAR – Tier I Capital (%)	15.53	15.18
iii) CRAR – Tier II Capital (%)	3.20	2.80
(iv) Amount of subordinated debt raised as Tier-II Capital	-	-
(v) Amount raised by issue of Perfetual Debt Instruments	-	-

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for the year ended March 31, 2021

Note 36.2: Reserve Fund u/s 29C of NHB Act, 1987

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	126.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	813.76	631.76
(c) Total	940.73	758.73
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	-	-
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	197.00	182.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
Balance at the end of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	126.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	1,010.76	813.76
(c) Total	**1,137.73**	**940.73**

Note 36.3: Investments

(₹ in crores)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	2,032.92	1,946.95
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	2,032.92	1,946.95
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	21.47
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	21.47
(iv) Closing balance	-	-

Note 36.4: Derivatives

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) The notional principal of swap agreements	10,081.26	9,470.98
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	199.57	433.62
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	10,081.26	9,470.98
(v) The fair value of the swap book	(51.44)	125.66

@ The Company has entered into swap and forward agreements with various banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

ii) Exchange Traded Interest Rate (IR) Derivative – There is no exchange traded interest rate derivative.

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

iii) Disclosure on Risk Exposure in Derivatives

A. Qualitative Disclosure

Particulars	Details
a) the structure and organization for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade into derivative products. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates, and	The Company has not entered into any speculative derivative transaction (without underlying exposure). The Company has entered in to derivative transaction only for hedging its foreign currency and interest rate exposure against foreign currency borrowing which has been availed for financing prospective buyers of eligible housing units. The derivative transactions entered into for hedging the ECB borrowings are as per the applicable guidelines of RBI. The hedging is guided by the Board resolution authorising the Company to borrow through ECB route and hedging of the underlying exposure.
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

B. Quantitative Disclosure

(₹ in crores)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	6,663.29	3,417.97	5,965.54	3,505.44
(ii) Marked to Market Positions				
(a) Assets (+)	199.57	-	433.62	-
(b) Liability (-)*	(27.84)	(223.17)	-	(307.96)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	231.42	2.32	229.39	16.32

* Net of margin money paid to counter party bank.

Note 36.5: Assignment / Securitisation

i) There are no SPVs sponsored by PNB Housing Finance Limited.

ii) During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (Previous year ₹ Nil)

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

iii) Details of assignment transactions undertaken:

(₹ in crores)

Particulars	Current Year	Previous Year
(i) No. of accounts	3,231	31,093
(ii) Aggregate value (net of provisions) of accounts assigned	788.60	9,310.63
(iii) Aggregate consideration	788.60	9,310.63
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

iv) During the year, the Company has not purchased / sold any non-performing financial assets (Previous year ₹ Nil)

Note 36.6: Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding pre-payments and renewals as prescribed by the regulator. Maturity pattern of certain items of assets and liabilities are as follows:

As at March 31, 2021

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances*	Investments	Foreign currency assets
1 day to 7 days	73.47	99.73	189.00	-	220.68	-	-
8 days to 14 days	59.92	-	-	-	220.68	90.83	-
15 days to 30/31 days	122.88	380.00	-	-	535.92	-	-
Over 1 month to 2 months	524.13	1,288.58	320.00	-	961.12	10.13	-
Over 2 months to 3 months	326.02	1,407.91	975.00	27.56	945.23	-	-
Over 3 months to 6 months	1,304.85	3,411.85	2,769.00	27.56	2,742.99	0.10	-
Over 6 months to 1 year	2,206.96	3,104.23	1,545.00	66.15	5,091.33	0.12	-
Over 1 year to 3 years	4,238.84	9,438.30	3,959.00	4,564.64	15,964.83	618.71	-
Over 3 years to 5 years	4,015.91	2,999.77	910.00	1,223.32	11,731.68	650.00	-
Over 5 years	3,874.44	1,706.73	2,233.06	-	22,272.91	663.03	-
Total	**16,747.42**	**23,837.10**	**12,900.06**	**5,909.23**	**60,687.37**	**2,032.92**	**-**

As at March 31, 2020

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign currency liability	Net Advances*	Investments	Foreign currency liability
Upto 30/31 days (one month)	302.49	290.21	1,025.00	-	679.54	89.95	-
Over 1 month to 2 months	414.86	444.82	235.00	-	1,407.70	-	-
Over 2 months to 3 months	333.77	1,277.10	1,300.00	14.13	681.98	-	-
Over 3 months to 6 months	1,347.12	2,012.93	3,952.00	28.27	3,571.96	-	-
Over 6 months to 1 year	2,105.53	3,342.66	2,650.00	56.54	7,288.83	0.25	-
Over 1 year to 3 years	3,142.58	10,675.95	5,543.00	1,074.25	18,026.29	114.76	-
Over 3 years to 5 years	3,542.64	6,418.96	1,599.00	4,485.46	13,136.42	844.30	-
Over 5 years to 7 years	2,027.52	965.93	1,500.00	-	7,832.00	320.00	-
Over 7 years to 10 years	3,253.49	750.49	1,539.70	-	6,825.09	576.01	-
Over 10 years	-	564.66	-	-	7,938.81	1.68	-
Total	**16,470.00**	**26,743.71**	**19,343.70**	**5,658.65**	**67,388.62**	**1,946.95**	**-**

* Includes Instalments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.7: Exposure:

i) Exposure to Real Estate Sector

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
i) Direct Exposure		
A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	43,063.35	44,451.40
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	20,168.13	23,557.69
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	-	-
i) Residential	-	-
ii) Commercial Real Estate	-	-
ii) Indirect Exposure	-	-
Fund based and non-fund based exposures on NHB and Housing Finance Companies (HFCs)	-	-
Total exposures to real estate sector	**63,231.48**	**68,009.09**

Note: While computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

ii) As on March 31, 2021, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2021, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2021, the Company has not exceeded the prudential exposure limit for single borrower or group borrower (Previous year ₹ Nil).

v) As on March 31, 2021, the Company has not given any unsecured advances (Previous year ₹ Nil).

vi) As on March 31, 2021, all advances of the Company are secured against tangible assets and there are no advances against intangible assets (Previous year ₹Nil).

vii) As on March 31, 2021, the Company has no exposures to group companies engaged in the real estate business.

Note 36.8: Registration obtained from financial sector regulators

NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note 36.9: Disclosure of Penalties imposed by NHB/RBI and other regulators:

During the financial year ended March 31, 2021, NHB has carried out the inspection and has imposed a penalty of ₹1.90 crores (Previous year ₹0.01 crores) on account of the below mentioned observations:

(i) For reduction in the rate of interest on request of the specific borrower (not a class of borrowers). Non-compliance of Para 2(1)(zc)(ii) of the HFC (NHB) Directions 2010 and Policy Circular 55.

(ii) For asset classification on the basis of DPD calculated from payable date instead of due date. Non-compliance of para 2(1)(v) and 2(1)(x) of Housing Finance Companies (NHB) Directions, 2010.

(iii) For wrong classification of one loan account as substandard as on 31.12.2018. Non-compliance of Para 27(1) of HFCs (NHB) Directions.

(iv) For not putting in place adequate credit appraisal systems and controls commensurate with the scale of operations with particular reference to exposure on high value builder loans, construction finance etc. Non-compliance of NHB (ND)/DRS/ Misc. Circular No.5/2011.

(v) For not framing Board approved Grievance Redressal Mechanism (GRM).Non-compliance of para 4.6(b) of Master Circular-Fair Practice Code.

(vi) For not set the prudential limits on individual Gaps in various time buckets under interest rate sensitivity statement. Non-compliance of policy circular 35.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.10: Related Party Transactions

	Name of the Related Party	Nature of Relationship
i)	Pehel Foundation (Incorporated on October 14, 2019)	Wholly owned Subsidiary
ii)	PHFL Home Loan and Services Limited	Wholly owned Subsidiary
iii)	Punjab National Bank Limited	Enterprise having Significant Influence
iv)	PNB Investment Services Limited	Enterprise having Significant Influence
v)	Quality Investment Holdings Limited	Enterprise having Significant Influence
vi)	Mr. CH. S. S. Mallikarjuna Rao (Chairman-Non Executive Director) (w.e.f. December 20, 2019)	Key Managerial Personnel
vii)	Mr. Sunil Mehta (Chairman-Non Executive Director)*	Key Managerial Personnel
viii)	Mr. L. V. Prabhakar (Non-Executive Director)**	Key Managerial Personnel
ix)	Mr. Shital Kumar Jain (Independent Director)***	Key Managerial Personnel
x)	Mr. Sunil Kaul (Non-Executive Nominee Director)	Key Managerial Personnel
xi)	Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Managerial Personnel
xii)	Dr Gourav Vallabh (Independent Director)****	Key Managerial Personnel
xiii)	Mr. Nilesh S Vikamsey (Independent Director)	Key Managerial Personnel
xiv)	Mr. Ashwani Kumar Gupta (Independent Director)	Key Managerial Personnel
xv)	Mrs. Shubhalakshmi Panse (Independent Director)*****	Key Managerial Personnel
xvi)	Mr. Neeraj Vyas (Non-Executive Director)^	Key Managerial Personnel
xvii)	Mr. Tejendra Mohan Bhasin (Independent Director) (w.e.f. April 02,2020)	Key Managerial Personnel
xviii)	Mr. Sudarshan Sen (Independent Director) (w.e.f. October 01, 2020)	Key Managerial Personnel
xix)	Mr. Kapil Modi (Non-Executive Nominee Director) (w.e.f. October 01, 2020)	Key Managerial Personnel
xx)	Mr. Rajneesh Karnatak (Non-Executive Nominee Director) (w.e.f. January 19, 2021)	Key Managerial Personnel
xxi)	Mr. Hardayal Prasad (Managing Director and CEO) (w.e.f. August 10, 2020)	Key Managerial Personnel
xxii)	Mr. Sanjaya Gupta (Managing Director)^^	Key Managerial Personnel
xxiii)	Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xxiv)	Mr. Kapish Jain (Chief Financial Officer)	Key Managerial Personnel

*Ceases to be the Chairman and Non Executive Director of the Company w.e.f. September 30, 2019.
**Ceases to be the Non-Executive Director of the Company w.e.f. January 31, 2020.
*** Ceases to be the Independent Director of the Company w.e.f. August 09, 2020.
****Ceases to be the Independent Director w.e.f. April 21, 2021.
*****Ceases to be the Independent Director of the Company w.e.f. January 5, 2021
^Appointed as an Independent director w.e.f. April 15, 2019 and ceases to be Independent Director and appointed as an Executive Director and Interim Managing Director and CEO of the Company w.e.f. April 28, 2020.With effect from August 10, 2020 ceases to be Executive Director and Interim Managing Director and CEO of the Company and appointed as Non-executive and non- independent director of the Company with effect from September 01, 2020.
^^Ceases to be the Managing Director and CEO of the Company w.e.f. April 28, 2020 and Non Executive Director of the Company w.e.f. May 04, 2020.

Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

(₹ in crores)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:						
Pehel Foundation						
- Investment in Equity Share	-	-	-	0.05	-	-
- Donation paid	-	-	14.71	-	-	-
PHFL Home Loan and Services Limited						
- Dividend Income	-	-	-	110.00	-	-
- Fees and commission income	-	-	31.97	94.06	-	-
- Rental income	-	-	0.22	0.22	-	-
- Commission & support services expense	-	-	73.08	110.56	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in crores)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Punjab National Bank Limited^						
- Purchase of property	-	35.00	-	-	-	-
- Assignment of loan	-	3,836.64	-	-	-	-
- Principal paid on assignment of loans	1,950.46	1,593.01	-	-	-	-
- Fixed deposit made/renewed	9,341.71	8,651.41	-	-	-	-
- Fixed deposit matured	9,863.05	6,961.68	-	-	-	-
- Term loan raised	2,260.00	500.00				
- Term loan repaid	3,100.75	449.99				
- Interest received on Fixed Deposits	14.59	49.12	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	8.90	8.64	-	-	-	-
- Interest Paid on Term Loan Instalment / ECB / OD	252.34	188.64	-	-	-	-
- Rent & Maintenance Charges	0.33	1.05	-	-	-	-
- Bank Charges	0.05	0.25	-	-	-	-
- Interest & other charges paid on assignment of loans	607.83	490.24	-	-	-	-
- Dividend Paid	-	49.42	-	-	-	-
Quality Investments Holdings						
- Dividend Paid	-	48.77	-	-	-	-
PNB Investment Service Private Limited						
- Fees paid	0.02	0.05	-	-	-	-
Transactions with KMPs and relatives:						
Sitting Fee and Commission paid to Directors						
- Punjab National Bank Limited on behalf of nominated directors	0.05	0.07	-	-	-	-
- Mr. Shital Kumar Jain	-	-	-	-	0.14	0.09
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	0.19	0.08
- Dr Gourav Vallabh	-	-	-	-	0.18	0.08
- Mr. Nilesh S Vikamsey	-	-	-	-	0.18	0.08
- Mr. Ashwani Kumar Gupta	-	-	-	-	0.21	0.13
- Mrs. Shubhalakshmi Panse	-	-	-	-	0.14	0.09
- Mr. Neeraj Vyas	-	-	-	-	0.17	0.08
- Mr. Tejendra Mohan Bhasin	-	-	-	-	0.06	-
- Mr. Sudarshan Sen	-	-	-	-	0.02	-
Reimbursement of expense:						
- Dr Gourav Vallabh	-	-	-	-	0.02	-
Rental expense:						
- Mr. Tejendra Mohan Bhasin and Anjali Bhasin	-	-	-	-	0.24	-
Remuneration expense$#:						
- Mr. Hardayal Prasad	-	-	-	-	1.26	-
- Mr. Neeraj Vyas	-	-	-	-	0.65	-
- Mr. Sanjaya Gupta	-	-	-	-	0.72	2.92
- Mr. Sanjay Jain	-	-	-	-	0.67	0.66
- Mr. Kapish Jain	-	-	-	-	1.28	1.44
Dividend Paid						
- Mr. Sanjaya Gupta	-	-	-	-	-	0.12

* Excluding running current / overdraft account transactions.
$ As the liabilities for gratuity are provided on actuarial basis for the Company as a whole, amount accrued pertaining to key management personnel are not included above.
# Excluding perquisites on exercise of stock options during the year.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in crores)

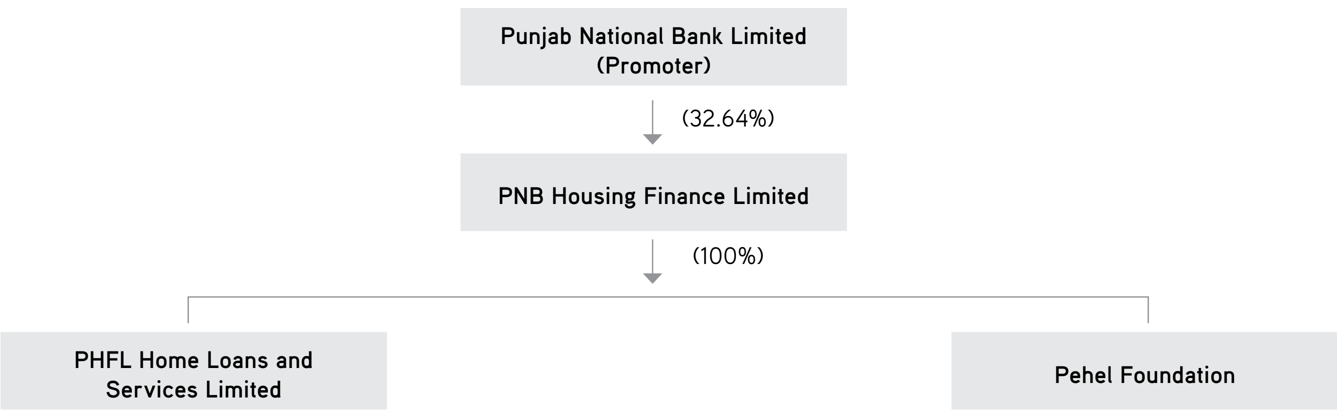
Particulars	Enterprises having significant influence		Wholly owned subsidiaries	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Outstanding balances#				
Punjab National Bank Limited				
Receivables				
- Bank Deposits	1,700.00	2,200.00	-	-
- Interest accrued on bank deposits	0.17	9.18	-	-
- Servicing fees receivable on assignment on loans	0.13	2.55	-	-
Payables				
- Term loans	2,700.56	1,533.31	-	-
- External Commercial Borrowings##	1,947.87	1,997.73	-	-
- Interest accrued on term loans and external commercial borrowings	14.42	10.88	-	-
- Payable on assignment on loans	238.29	182.49	-	-
PHFL Home Loan and Services Limited				
Receivables				
Others (net)	-	-	4.53	3.58

#Excluding running current / overdraft account balances.

##Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note 36.11: Diagrammatic representation of group structure along with holding percentage is as follows:



Note 36.12: Rating assigned by Credit Rating Agencies and migration of rating during the year are as follows:

Nature of Instrument	As at March 31, 2021	As at March 31, 2020
Deposits	CRISIL FAA+ (Outlook-Negative) CARE AA (Outlook - Stable)	CRISIL FAA+ (Outlook-Stable) CARE AA+ (Outlook-Stable)
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)
	CARE AA (Outlook - Stable)	CARE AA+ (Outlook-Stable)
	IND AA (Outlook-Negative)	IND AA (Outlook-Stable)
	ICRA AA (Outlook-Negative)	ICRA AA+ (Outlook-Negative)
Commercial Paper	CRISIL A1+	CRISIL A1+
	CARE A1+	CARE A1+
Bank Term Loan	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)
	CARE AA (Outlook - Stable)	CARE AA+ (Outlook-Stable)

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.13: Remuneration of Directors: Details of Remuneration of Directors are disclosed in Form No. MGT - 9.

Note 36.14: Management: Management Discussion and Analysis report shall be referred for the relevant disclosures.

Note 36.15: During the year, no transaction was accounted which was related to prior period (Previous year ₹Nil).

Note 36.16: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

Note 36.17: Consolidated Financial Statements (CFS): Consolidated Financial Statements shall be referred for the relevant disclosures.

Note 36.18: Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in Profit and Loss Account is given as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax	407.96	366.32
3. Provision towards NPA	576.81	245.05
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	77.86	(31.47)
iii) CRE – RH	9.66	(13.82)
iv) Other Loans	114.16	(12.71)
Total (i+ii+iii+iv)	**201.68**	**(58.00)**
5. Other Provision and Contingencies (Refer Note 2.20)	0.26	(112.98)
6. Provision for Stock of Acquired Properties	26.64	55.80

Note 36.19: Break-up of Loan & Advances and Provisions thereon

The Company has complied with the norms prescribed by the regulator for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of more than 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under directions issued by the regulator.

(₹ in crores)

Particulars	Housing		Non-Housing	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Standard Assets				
a) Total Outstanding Amount	41,802.90	45,950.53	18,430.17	20,202.33
b) Provision made	856.56	177.99	438.29	121.01
Sub-Standard Assets				
a) Total Outstanding Amount	904.50	1,211.15	341.53	419.26
b) Provision made	362.84	181.67	101.65	62.89
Doubtful Assets - Category-I				
a) Total Outstanding Amount	1,276.45	123.56	312.54	31.46
b) Provision made	632.14	33.96	80.91	8.21
Doubtful Assets - Category-II				
a) Total Outstanding Amount	124.43	51.43	32.25	13.47
b) Provision made	53.82	23.17	11.11	5.67
Doubtful Assets - Category-III				
a) Total Outstanding Amount	2.61	4.62	4.10	1.28
b) Provision made	2.49	4.62	4.30	1.28
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision made	-	-	-	-
Total				
a) Total Outstanding Amount	**44,110.89**	**47,341.29**	**19,120.59**	**20,667.80**
b) Provision made	**1,907.85**	**421.41**	**636.26**	**199.06**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.20: Draw Down from Reserves: During the year there were no draw down from Reserves.

Note 36.21: Concentration of Public Deposits

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total deposits of twenty largest depositors	2,066.67	2,487.29
Percentage of deposits of twenty largest depositors to total deposits	14.68%	17.90%

Note 36.22: Concentration of Loans & Advances

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total loans & advances to twenty largest borrowers	8,332.74	9,366.02
Percentage of loans & advances to twenty largest borrowers to total advances	13.18%	13.77%

Note 36.23: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to twenty largest borrowers / customers	10,159.19	11,585.01
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	16.07%	15.25%

Note 36.24: Concentration of NPAs

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top ten NPA accounts	1,622.37	1,207.26

Note 36.25: Sector-wise NPAs

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2021	As at March 31, 2020
A. Housing Loans:	5.23	2.94
1. Individuals	2.53	1.13
2. Builders/Project Loans	15.70	9.21
3. Corporates	10.36	3.88
4. Others (specify)	-	-
B. Non-Housing Loans:	3.61	2.25
1. Individuals	2.06	1.07
2. Builders/Project Loans	10.17	7.66
3. Corporates	3.50	1.53
4. Others (specify)	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.26: Movement of NPAs

(₹ in crores)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	2.82%	2.28%
(II) Movement of NPAs (Gross)		
a) Opening balance	2,012.38	354.87
b) Additions during the year	1,307.95	2,834.66
c) Reductions during the year	321.92	1,333.30
d) Closing balance	2,998.41	1,856.23
(III) Movement of Net NPAs		
a) Opening balance	1,339.93	278.44
b) Additions during the year	648.06	2,517.65
c) Reductions during the year	238.84	1,261.33
d) Closing balance	1,749.15	1,534.76
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	672.45	76.43
b) Provisions made during the year	659.89	317.01
c) Write-off/write-back of excess provisions	83.08	71.97
d) Closing balance	1,249.26	321.47

Note 36.26.1: Net NPA to loan asset (principal outstanding Including principal overdue) as on March 31, 2021 is 2.43% (Previous year 1.75%).

Note 36.27: As on March 31, 2021, the Company does not have any assets outside the country (Previous year ₹ Nil).

Note 36.28: As on March 31, 2021, the Company does not have any Off-Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms (Previous year Nil).

Note 36.29: Disclosure of Complaints

Particulars	As at March 31, 2021	As at March 31, 2020
a) No. of complaints pending at the beginning of the year	13	28
b) No. of complaints received during the year	2,793	2,267
c) No. of complaints redressed during the year	2,777	2,282
d) No. of complaints pending at the end of the year	29	13

Note 36.30: As on March 31, 2021, the Company has not granted any loans and has no outstanding loans against collateral gold jewellary (Previous year Nil).

Note 36.31: Deposit includes Public Deposits as defined in Paragraph 4.1.30 of RBI Directions, 2021 are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987. As on March 31, 2021, the public deposits (including accrued interest) outstanding amounts to ₹14,429.04 crores (Previous year ₹13,894.90 crores).

The Company is carrying Statutory Liquid Assets amounting to ₹1,941.79 crores (Previous year ₹1,916.23 crores).

Note 36.32: As on March 31, 2021, the Company operates with in India and does not have any joint venture or overseas subsidary.

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio

(a) Liquidity Risk Management disclosures as at March 31, 2021:

(i) Funding Concentration based on significant counterparty *(both deposits and borrowings)

Number of Significant Counterparties^	Amount (₹ in crores)	% of total deposits	% of total deposits
14	33,405	NA*	53.48%

*Company does not have any depositor who would be eligible as significant counterparty

^Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

(ii) Top 20 large deposits

Particulars	Amount (₹ in crores)	% of total deposits
Top 20 large deposits	3,221	19.23%

(iii) Top 10 borrowings

Particulars	Amount (₹ in crores)	% of total deposits
Top 10 borrowings	30,415	48.69%

(iv) Funding Concentration based on significant instrument/product

Name of the instrument/product^^	Amount (₹ in crores)	% of total liabilities
1) Secured Non-Convertible Debentures	10,356.50	16.58%
2) Commercial Papers	1,104.98	1.77%
3) Refinance Facility from NHB	7,847.86	12.56%
4) Bank Facilities (Long Term + Short Term)	15,989.25	25.60%
5) External Commercial Borrowings	5,909.23	9.46%
6) Deposits	16,747.42	26.81%
7) Subordinated Tier-II Non-Convertible Debentures	1,438.58	2.30%
Total Borrowings	**59,393.82**	**95.08%**
Total Liabilities	**62,465.34**	

^^Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(v) Stock ratios

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	1.86%	1.77%	1.55%
Non-Convertible Debentures (original maturity of less than 1 year)	NA	NA	NA
Other short term liabilities*	8.05%	7.65%	6.70%

* Includes short term funds with original maturity of less than 1 year and includes funds from Refinance from NHB, Short Term Lines / OD / WCDL.

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee (ALCO) and the Risk Management Committee. The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating and monitoring the integrated risk management system of the Company including liquidity risk. The ALCO is responsible for ensuring adherence to the liquidity risk tolerance/limits set out in the board approved Asset Liability Management (ALM) policy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile for assets & liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity position of the Company. The ALM Policy is reviewed periodically to realign the same pursuant to any regulatory changes/changes in the economic landscape or business needs and tabled to the Board for approval.

Management regularly reviews the position of cash and cash equivalents by aligning the same with the projected maturity of financial assets and financial liabilities, economic environment, liquidity position in the financial market, anticipated pipeline of future borrowing & future liabilities and threshold of minimum liquidity defined in the ALM policy with additional liquidity buffers as management overlay.

(b) Liquidity Coverage Ratio (LCR) guidelines are applicable on the Company with effect from December 01, 2021, hence there are no disclsoures around LCR.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.34: Disclsoure as per Anexure III of RBI directions:

(₹ in crores)

S. No	Particulars Liabilities side	Amount outstanding	Amount overdue
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**		
	(a) Debentures : Secured	10,574.72	-
	: Unsecured	1,439.67	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	29,969.54	-
	(d) Inter-corporate loans and borrowing	2,575.70	-
	(e) Commercial Paper	1,104.98	-
	(f) Public Deposits	14,429.04	-
	(g) Other Loans (specify nature)	-	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	14,429.04	-

	Assets side	Amount outstanding
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
	(a) Secured	63,231.48
	(b) Unsecured	-
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**	
	(i) Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards asset financing activities	
	(a) Loans where assets have been repossessed (net of provision)	136.48
	(b) Loans other than (a) above	-
5	**Break-up of Investments**	
	Current Investments	
	1. Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	90.83
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
	2. Unquoted	
	Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Assets side	Amount outstanding
(v) Others (please specify)	-
Long Term Investments	
1. Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	1,941.79
(v) Others (please specify)	-
2. Unquoted	
Shares	
(a) Equity	0.30
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

6 **Borrower group-wise classification of assets financed as in (3) and (4) above:(Please see Note 2 below)**

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	60,687.37	-	60,687.37
Total	**60,687.37**	**-**	**60,687.37**

7 **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**

Category	Market Value / Break up or fair value or NAV	Total Book Value (net of provisions)
1. Related Parties		
(a) Subsidiaries*	96.88	0.30
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	2,118.92	2,032.62
Total	**2,215.80**	**2,032.92**

8 **Other information**

Particulars	Amount
1. Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	2,998.41
2. Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	1,749.15
Assets acquired in satisfaction of debt	-

* Equity capital contributed by the Company has been considered as break up value for subsidiary formed under section 8 of the Company Act 2013 as the subsidiary is prohibited to give any right over its profits to any of its members.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.35: RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22, 2020 defined the principal business criteria for HFCs. Further, it also states that those HFCs which does not fulfill the defined criteria as on October 22, 2020 has an option to submit a board approved plan including a roadmap to fulfill the defined criteria and timeline for transition to RBI with in three months from the date of circular.

In compliance with the above circular, the Company has submitted board approved plan along with roadmap to fulfill the defined criteria and timeline for transition to RBI on January 21, 2021.

Details of principal business criteria as on March 31, 2021 is as follows:

As at	% of total assets towards housing finance	% of total assets towards housing finance for individuals
March 31, 2021	61.86%	48.95%

Note 36.36: In compliance with RBI notification number RBI/DNBS/2016-17/49/Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016, during the year the Company has reported five fraud case in relation to loans advanced to the borrowers amounting to ₹1.92 crores to NHB (Previous year ₹4.22 crores).

Note 36.37: In compliance with RBI circular number RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 is tabulated below:

(₹ in crores)

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
Performing Assets						
Standard	Stage 1	56,399.18	647.56	55,751.62	237.02	410.54
	Stage 2	3,833.89	647.29	3,186.60	19.98	627.31
Subtotal		**60,233.07**	**1,294.85**	**58,938.22**	**257.00**	**1,037.85**
Non-Performing Assets (NPA)						
Substandard	**Stage 3**	**1,246.03**	**464.49**	**781.54**	**179.55**	**284.94**
Doubtful - up to 1 year	Stage 3	1,588.99	713.05	875.94	366.97	346.08
1 to 3 years	Stage 3	156.68	64.93	91.75	54.08	10.85
More than 3 years	Stage 3	6.71	6.79	(0.08)	5.63	1.16
Subtotal for doubtful		**1,752.38**	**784.77**	**967.61**	**426.68**	**358.09**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,998.41**	**1,249.26**	**1,749.15**	**606.23**	**643.03**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in crores)

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	902.59	2.26	900.33	-	2.26
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**902.59**	**2.26**	**900.33**	**-**	**2.26**
Total	**Stage 1**	**57,301.77**	**649.82**	**56,651.95**	**237.02**	**412.80**
	Stage 2	**3,833.89**	**647.29**	**3,186.60**	**19.98**	**627.31**
	Stage 3	**2,998.41**	**1,249.26**	**1,749.15**	**606.23**	**643.03**
Total		**64,134.07**	**2,546.37**	**61,587.70**	**863.23**	**1,683.14**

Note 36.38: In compliance with RBI circular number RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, the disclosure in relation to COVID19 - Asset Classification and Provisioning is tabulated below:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances outstanding in SMA/overdue categories, where the moratorium / deferment was extended, as per the COVID 19 regulatory package as at February 29, 2020 #	4,861.00	5,034.00
Advances outstanding where asset classification benefits is extended*	729.00	174.00
Provisions made in terms of paragraph 5 of the COVID 19 Regulatory Package	225.00	35.00
Provisions adjusted against slippages in terms of paragraph 6	Nil	Nil
Residual provisions in terms of paragraph 6 of the COVID 19 Regulatory Package	225.00	35.00

#Loan assets as on March 31, 2021 and March 31, 2020 respectively on account of all accounts which were in moratorium as on August 31, 2020.

*For FY 2021, ₹729 crores were proforma NPAs as on December 31, 2020. Post March 23, 2021 the movement of days past due is as at actuals.

Note 36.39: In compliance with RBI circular number RBI/2020-21/16/DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020, the disclosure in relation to resolution plan implemented under the Resolution Framework for COVID-19-related stress is tabulated below:

(₹ in crores)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan #	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution
Personal Loans*	2,444	1,359.41	Nil	Nil	119.76
Corporate persons					
of which, MSMEs	Nil	Nil	Nil	Nil	Nil
Others^	14	341.14	Nil	Nil	32.95
Total	**2,458**	**1,700.55**	**Nil**	**Nil**	**152.71**

*Covid restructured assets of retail portfolio.

^Covid restructured assets of corporate finance portfolio.

#Exposure to accounts before implementation of plan is of September 2020.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 37: LEASES

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply practical expedients of paragraph 46A of Ind AS 116.

The Company has elected to use the practical expedient of paragraph 46A to not to assess whether a rent concession that meets the conditions of paragraph 46B is a lease modification and account for any change in lease payments resulting from the rent concession as if the change were not a lease modification. The Company has applied the practical expedients to all rent concessions that meet the conditions specified in paragraph 46B of Ind AS 116.

The Company has recognised ₹0.43 crores as other income for the year ended March 31, 2021 on account of applicability of the above practical expedients.

Movement of lease liability

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability as at the beginning of the year*	126.68	143.39
Additions (b)	1.94	8.64
Accretion of interest (c)	7.98	11.05
Payments (d)	32.80	35.01
Modification (e)	17.41	1.39
Lease liability as at the end of the year (a+b+c-d-e)	**86.39**	**126.68**

* Lease liability as at April 01, 2019 is on account of adoption of Ind AS 116.

Maturity analysis of minimum undiscounted lease payments after the reporting period

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	31.28	35.11
Later than one year but not later than five years	69.48	97.97
Later than five years	8.46	21.96
Total	**109.22**	**155.04**

NOTE 38: DISCLOSURE ON TEMPORARY EXCEPTIONS FROM APPLYING SPECIFIC HEDGE ACCOUNTING REQUIREMENTS AS PER IND AS 109

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply the exceptions set out in paragraphs 6.8.4-6.8.12 of Ind AS 109.

The Company has elected to apply the exceptions as specified above. Disclosure with respect to paragraph 24H of Ind AS 107 in relation to uncertainty arising from interest rate benchmark reforms is as follows:

a) The Company has foreign currency borrowings in USD only and the significant interest rate benchmarks where the Company's hedging relationship is related are 3month and 6month USD LIBOR.

b) The Company has an outstanding principal of USD 812.50 million (equivalent to INR 5,972.26 crores) which is directly linked or affected by the abovementioned benchmarks (USD 562.50 million – 3month USD LIBOR and USD 250.00 million – 6 month USD LIBOR).

c) USD 3 month & 6 Month LIBOR will cease to exist from 30th June 2023 and outstanding principal exposure as on that date will be USD 640 million for which Company will discuss and negotiate the alternative reference rate with the respective lenders to incorporate or align the same in the corresponding derivative deals. The Company will do bilateral negotiation or sign the ISDA fall back protocol as the case may be with each of the derivative counterparties.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

d) The outstanding borrowings are long term in nature and the Company hasn't yet received any communication from the lenders regarding the timelines to change to an alternate reference/benchmark rate. Further, so far there is no directive/ guidelines by the regulator i.e. RBI in this matter. Whenever RBI issues directions in this matter or lenders approaches the Company, the Company will make the necessary assumptions or judgements for the transition.

e) The nominal amount of hedging instruments as on March 31, 2021 is USD 812.50 million.

NOTE 39: SEGMENT REPORTING

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/ Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015. The Company operates within India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

NOTE 40: CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities in respect of Income-tax of ₹12.12 crores (Previous year ₹11.94 crores) is disputed and are under appeals. These includes contingent liability of ₹4.87 crores (Previous year ₹4.87 crores) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.

ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹4.31 crores (Previous year ₹6.86 crores).

iii) Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)

iv) Letter of comfort issued on behalf of the clients and bank guarantee amounting to ₹0.25 crores (Previous year ₹65.25 crores)

NOTE 41: DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS

In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

Note 41.1: The Company has made contribution to Provident Fund of ₹6.70 crores (Previous year ₹7.33 crores) which has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 31.

Note 41.2: Defined Benefit Plans

Gratuity Liability

Change in present value of obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	11.60	9.68
Interest cost	0.77	0.74
Current service cost	2.01	2.14
Past Service Cost including curtailment gains/losses	-	-
Benefits paid	(0.47)	(0.69)
Actuarial (gain) / loss on obligation	(1.68)	(0.27)
Present value of obligation as at the end of year	12.23	11.60

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Change in fair value of plan assets*

(₹ in crores)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	12.23	9.73
Actual return on plan assets	0.81	0.75
Contributions	1.33	2.44
Benefits paid	(0.47)	(0.69)
Fair Value of plan assets as at the end of year	13.91	12.23
Funded status	1.68	0.63

Expense recognised in the statement of Profit and Loss

(₹ in crores)

Particulars	Current Year	Previous Year
Current service cost	2.01	2.14
Interest cost	0.77	0.74
Actual return on plan assets	(0.81)	(0.75)
Net actuarial (gain) / loss recognised in the year	(1.68)	(0.27)
Expenses recognised in the statement of profit & loss	0.29	1.86
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	1.68	0.27

Expected contribution for the next financial year is ₹2.16 crores.

Assumptions

Particulars	Current Year	Previous Year
a) Discounting Rate	6.53%	6.65%
b) Future salary Increase	7.00%	7.00%
c) Retirement Age (Years)	60	60
d) Mortality Table	IALM (2012-14)	IALM (2012-14)

Maturity profile of defined benefits obligation

(₹ in crores)

Particulars	Current Year	Previous Year
With in the next 12 months	1.14	0.91
above 1 year and upto 5 years	3.03	3.97
above 5 year	8.06	6.72

Sensitivity analysis of the defined benefit obligation**

Particulars	Current Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.43)	0.46	0.43	(0.42)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.42)	0.45	0.42	(0.41)

*100% of the plan assets are managed by the insurer for current as well as previous year.
**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated.

NOTE 42: EXPENDITURE IN FOREIGN CURRENCY

(₹ in crores)

Particulars	Current Year	Previous Year
Interest paid	109.20	195.31
Other expenses	6.42	15.21

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 43: DERIVATIVE FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING, NETTING ARRANGEMENTS

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
At 31 March, 2021	199.57	(199.57)	-	-	-	-	-	-	-
At 31 March, 2020	433.62	(307.96)	125.66	-	-	125.66	-	125.66	125.66

Derivative financial liabilities subject to offsetting, netting arrangements

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
At 31 March, 2021*	(251.01)	199.57	(51.44)	-	-	(51.44)	-	(51.44)	(51.44)
At 31 March, 2020	(307.96)	307.96	-	-	-	-	-	-	-

* Net of margin money paid to counter party bank.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 44: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crores)

Particulars	As at April 01, 2020	Cash flows (net)	Exchange difference	Others	As at March 31, 2021
Debt securities & subordinated liabilities	18,868.98	(7,056.00)	-	(17.90)	11,795.08
Borrowings from bank	32,328.12	(2,816.36)	230.97	3.60	29,746.34
Deposits	16,132.68	631.32	-	(16.58)	16,747.42
Commercial paper	406.06	709.00	-	(10.09)	1,104.98

(₹ in crores)

Particulars	As at April 01, 2019	Cash flows (net)	Exchange difference	Others	As at March 31, 2020
Debt securities & subordinated liabilities	23,188.61	(4,308.00)	-	(11.63)	18,868.98
Borrowings from bank	26,793.19	5,156.36	385.18	(6.61)	32,328.12
Deposits	14,023.04	2,108.71	-	0.93	16,132.68
Commercial paper	7,854.01	(7,534.00)	-	86.05	406.06

NOTES TO STANDALONE FINANCIAL STATEMENTS

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NOTE 45: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However with regard to loans and advances to customers the Company has used the contractual maturities for recovery/ settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

(₹ in crores)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	6,906.43	-	6,906.43	8,512.46	-	8,512.46
Bank balance other than cash and cash equivalents	0.07	-	0.07	0.07	-	0.07
Derivative financial instruments	-	-	-	31.79	93.87	125.66
Trade receivables	15.03	-	15.03	5.84	-	5.84
Loans	6,305.51	54,381.86	60,687.37	2,885.85	63,782.83	66,668.68
Investments	144.15	1,888.77	2,032.92	137.16	1,911.16	2,048.32
Other financial assets	242.66	663.42	906.08	190.54	511.15	701.69
Total (a)	**13,613.85**	**56,934.05**	**70,547.90**	**11,763.71**	**66,299.01**	**78,062.72**
Non- financial assets						
Current tax assets (net)	-	-	-	-	43.44	43.44
Deferred tax assets (net)	-	429.48	429.48	-	275.45	275.45
Investment property	-	0.54	0.54	-	0.55	0.55
Property, plant and equipment	-	81.68	81.68	-	105.21	105.21
Right of use assets	-	78.00	78.00	-	119.69	119.69
Capital work-in-progress	-	0.01	0.01	-	1.23	1.23
Other Intangible assets	-	20.43	20.43	-	24.80	24.80
Intangible assets under development	-	2.37	2.37	-	2.83	2.83
Other non- financial assets	34.52	1.11	35.63	3.22	28.48	31.70
Assets held for sale	136.48	-	136.48	206.56	-	206.56
Total (b)	**171.00**	**613.62**	**784.62**	**209.78**	**601.68**	**811.46**
Total asset c = (a+b)	**13,784.85**	**57,547.67**	**71,332.52**	**11,973.49**	**66,900.69**	**78,874.18**
LIABILITIES						
Financial liabilities						
Derivative financial instruments	51.44	-	51.44	-	-	-
Trade Payables	112.35	-	112.35	83.54	-	83.54
Debt Securities	5,712.60	5,748.88	11,461.48	9,152.06	8,684.40	17,836.46
Borrowings (other than debt securities)	9,782.46	19,963.88	29,746.34	10,632.56	21,695.56	32,328.12
Deposits	6,134.76	10,612.66	16,747.42	6,589.09	9,543.59	16,132.68
Subordinated liabilities	-	1,438.58	1,438.58	-	1,438.58	1,438.58
Other financial liabilities	1,336.34	309.18	1,645.52	1,372.01	317.54	1,689.55
Total (d)	**23,129.95**	**38,073.18**	**61,203.13**	**27,829.26**	**41,679.67**	**69,508.93**
Non financial liabilities						
Current tax liabilities (net)	-	65.59	65.59	-	-	-
Provisions	2.34	15.63	17.97	1.40	17.03	18.43
Other Non-financial Liabilities	1,154.23	24.42	1,178.65	1,372.90	26.76	1,399.66
Total (e)	**1,156.57**	**105.64**	**1,262.21**	**1,374.30**	**43.79**	**1,418.09**
Total liabilities f = (d+e)	**24,286.52**	**38,178.82**	**62,465.34**	**29,203.56**	**41,723.46**	**70,927.02**
Net (c-f)			**8,867.18**			**7,947.16**

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NOTE 46: RISK MANAGEMENT

The Company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the board. The risk management framework broadly includes governance, risk appetite approach, risk-specific guidelines, risk measurement, mitigation, monitoring reporting, and key risk indicators (KRIs). The Company has developed a clearly articulated risk appetite statement, functional policies, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight, and assesses whether it is consistent with the risk tolerance levels laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

Note 46.1: Credit Risk

The Company's asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company's pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

Credit Risk Management

Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company's line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and functional heads, in implementing the risk management framework and policy.

The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company's Risk Framework for credit risk management is mentioned below:

1) **Established an appropriate credit risk environment**
   The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

2) **Ensure sound credit approval process**
   The Company's Target Operating Model (TOM) comprises Hub and Spoke structure, advanced technology platform, experienced and specialized professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

   The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoke or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

   The credit sanction is done through a well-defined delegation matrix under four eye principal. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

   Hubs and Spokes are supported by central support office (CSO), centralised operations (COPS) and central processing centre (CPC).

3) **Maintains an appropriate credit administration, measurement, and monitoring process**
   Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company's credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable.

   Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 46.2: Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

Note 46.3: Analysis of risk concentration

(i) Risk concentrations on loans

An analysis of the Company's credit risk concentrations per product / sub product is provided in the below mentioned table:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Concentration by sector - Retail		
Housing loans	35,293.71	37,155.82
Non housing loans	15,937.44	16,479.69
Total (a)	**51,231.15**	**53,635.51**
Concentration by sector - Corporate		
Construction finance	8,817.16	10,507.62
Corporate term loan	2,275.82	3,083.80
Lease rental discounting	907.35	1,207.37
Total (b)	**12,000.33**	**14,798.79**
Total (a+b)	**63,231.48**	**68,434.30**

(ii) Risk concentrations on financial assets other than loans

(₹ in crores)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2021					
Cash and cash equivalents	-	6,906.43	-	-	6,906.43
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Trade receivables	-	-	15.03	0.00	15.03
Investments	1,737.61	-	295.31	-	2,032.92
Other financial assets	5.28	884.15	2.71	13.94	906.08
Total	**1,742.89**	**7,790.65**	**313.05**	**13.94**	**9,860.53**
As at March 31, 2020					
Cash and cash equivalents	-	8,512.46	-	-	8,512.46
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Derivative financial instruments	-	125.66	-	-	125.66
Trade receivables	-	-	5.84	-	5.84
Investments	1,713.77	-	334.55	-	2,048.32
Other financial assets	3.36	676.53	6.57	15.23	701.69
Total	**1,717.13**	**9,314.72**	**346.96**	**15.23**	**11,394.04**

Note 46.4: Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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Note 46.4.1 Total market risk exposure

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020	Primary risk sensitivity
	Carrying amount		
ASSETS			
Financial assets			
Cash and cash equivalents	6,906.43	8,512.46	-
Bank balance other than cash and cash equivalents	0.07	0.07	-
Derivative financial instruments	-	125.66	Interest rate/ Currency risk
Trade receivables	15.03	5.84	-
Loans	60,687.37	66,668.68	Interest rate
Investments	2,032.92	2,048.32	Interest rate
Other financial assets	906.08	701.69	Interest rate
Total	**70,547.90**	**78,062.72**	
LIABILITIES			
Financial liabilities			
Derivative financial instruments	51.44	-	Interest rate/ Currency risk
Trade payables	112.35	83.54	-
Debt securities	11,461.48	17,836.46	Interest rate
Borrowings (other than debt securities)	29,746.34	32,328.12	
Deposits	16,747.42	16,132.68	
Subordinated liabilities	1,438.58	1,438.58	
Other financial liabilities	1,645.52	1,689.55	-
Total	**61,203.13**	**69,508.93**	

46.4.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables asses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit & (loss)
Loans	2019-20	50 bps / (50) bps	315.82 / (315.82)
	2020-21	50 bps / (50) bps	303.57 / (303.57)
Investments	2019-20	25 bps / (25) bps	(1.23) / 1.23
	2020-21	25 bps / (25) bps	(0.88) / 0.88
Other financial assets	2019-20	25 bps / (25) bps	108.90 / (108.90)
	2020-21	25 bps / (25) bps	88.85 / (88.85)
Derivative financial instruments	2019-20	20 bps / (20) bps	(11.49) / 11.49
	2020-21	20 bps / (20) bps	(2.53) / 2.53
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2019-20	50 bps / (50) bps	(229.05) / 229.05
	2020-21	50 bps / (50) bps	(188.85) / 188.85

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46.4.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings which are primarily in US dolllar ($). The Company manages its foreign currency risk by entering into cross currency swaps and forward contracts. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table asses the sensitivity of the assets and liabilities over the profit and loss and other comprehensive income with change in currency rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in %	Sensitivity on profit and loss / other comperehensive income
Derivative financial instruments on ECB	2019-20	10 % / (10) %	(15.34) / 15.34
	2020-21	10 % / (10) %	(23.14) / 23.14

Note 46.4.4: Equity price risk :

The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

Note 46.5: Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds ,fixed deposits,liquid bonds, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and asses the liquidity position. Moreover, the Company keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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Note 46.5.1: Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company's financial liabilities.

(₹ in crores)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities						
Derivative financial instruments	51.44	-	51.44	-	-	-
Trade payables	112.35	-	112.35	83.54	-	83.54
Debt securities	5,712.60	5,748.88	11,461.48	9,152.06	8,684.40	17,836.46
Borrowings (other than debt securities)	9,782.46	19,963.88	29,746.34	10,632.56	21,695.56	32,328.12
Deposits	6,134.76	10,612.66	16,747.42	6,589.09	9,543.59	16,132.68
Subordinated liabilities	-	1,438.58	1,438.58	-	1,438.58	1,438.58
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,864.65	6,495.51	10,360.16	4,787.92	9,050.30	13,838.22
Other financial liabilities	1,336.34	309.18	1,645.52	1,372.01	317.54	1,689.55
Total	**26,994.60**	**44,568.69**	**71,563.29**	**32,617.18**	**50,729.97**	**83,347.16**

The table below shows the contractual expiry by maturity of the Company's contingent assets, liabilities and commitments.

(₹ in crores)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2021			
Undrawn commitments relating to advances	2,341.67	2,341.66	4,683.33
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	3,445.00	-	3,445.00
As at March 31, 2020			
Undrawn commitments relating to advances	2,725.49	2,878.72	5,604.21
Undrawn commitments relating to Letter of comfort	-	65.00	65.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	4,019.07	-	4,019.07

NOTE 47: FAIR VALUE MEASUREMENT

The principles and techniques of fair valuation measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

Level 3: Those that include one or more unobservable input that is significant to the measurement as whole.

(b) Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

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(c) Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in crores)

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Debt securities	-	90.83	-	90.83
Derivative financial instruments				
Forward contracts and currency swaps	-	199.57	-	199.57
Total assets measured at fair value on a recurring basis (a)	**-**	**290.40**	**-**	**290.40**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	136.48	-	136.48
Total assets measured at fair value on a non recurring basis (b)	**-**	**136.48**	**-**	**136.48**
Total assets measured at fair value (a)+(b)	**-**	**426.88**	**-**	**426.88**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Interest rate swaps	-	251.01	-	251.01
Total liabilities measured at fair value through profit or loss	**-**	**251.01**	**-**	**251.01**

(₹ in crores)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Debt securities	-	95.28	-	95.28
Derivative financial instruments				
Forward contracts and currency swaps	-	433.62	-	433.62
Total assets measured at fair value on a recurring basis (a)	**-**	**528.90**	**-**	**528.90**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	206.56	-	206.56
Total assets measured at fair value on a non recurring basis (b)	**-**	**206.56**	**-**	**206.56**
Total assets measured at fair value (a)+(b)	**-**	**735.46**	**-**	**735.46**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Interest rate swaps	-	307.96	-	307.96
Total liabilities measured at fair value through profit or loss	**-**	**307.96**	**-**	**307.96**

Valuation methodologies of financial instruments measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are recorded and measured at fair value in the Company's financial statements.

1. **Debt securities**
   The Company's debt instruments are standard fixed rate securities, some with zero coupon feature.The Company uses market prices whenever available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

2. **Assets held for sale**
   Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

3. **Derivative financial instruments**
   Interest rate derivatives
   For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

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Foreign exchange contracts
Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options. However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

(d) Fair Value of financial instruments not measured at fair value

(₹ in crores)

As at March 31, 2021	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	60,687.37	-	60,786.41	-	60,786.41
Investment					
Government Securities (at amortised cost) & Equity (at cost)#	1,942.09	-	2,028.09	-	2,028.09
Total financial assets	**62,629.46**	**-**	**62,814.50**	**-**	**62,814.50**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	10,356.51	-	10,767.79	-	10,767.79
Deposits (including interest accrued)	17,004.74	-	-	17,253.11	17,253.11
Subordinated liabilities	1,438.58	-	1,509.47	-	1,509.47
Total financial liabilities	**28,799.83**	**-**	**12,277.26**	**17,253.11**	**29,530.36**

(₹ in crores)

As at March 31, 2020	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	66,668.68	-	66,673.99	-	66,673.99
Investment					
Government Securities (at amortised cost) & Equity (at cost)#	1,953.04	-	2,058.56	-	2,058.56
Total financial assets	**68,621.72**	**-**	**68,732.55**	**-**	**68,732.55**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	17,430.40	-	17,745.84	-	17,745.84
Deposits (including interest accrued)	16,357.19	-	-	16,441.48	16,441.48
Subordinated liabilities	1,438.58	-	1,467.12	-	1,467.12
Total financial liabilities	**35,226.17**	**-**	**19,212.96**	**16,441.48**	**35,654.44**

#fair value has been disclosed for those valued at amortised cost.

Valuation methodologies of financial instruments not measured at fair value
Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements.

1. **Financial assets and liabilities (Short term)**
   In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not been disclosed.

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2. Financial assets

   Loans and advances to customers

   Substantial amount of the loans are based on floating rate of interest,carrying amount of which represents the fair value of these loans. Minuscule amount of loans are based on fixed to floating rate of interest, the fair values of these loans are computed by discounted cash flow models incorporating prevalling interest rate. The Company classifies these assets as Level 2.

   Government debt securities

   Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

3. Financial liabilities

   Debt securities and Subordinated liabilities

   Debt securities and subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification.When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

   Deposits

   The fair values of deposits are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 3.

   Financial assets or liabilities other than those mentioned above resembles the value approximate to their fair value.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended 31st March 2021, and 31st March 2020.

(f) There is no valuation adjustment relating to Credit Valuation Adjustment/ Debit Valuation Adjustment.

NOTE 48: COVID IMPACT

The extent to which the COVID 19 pandemic, including the current "second wave" will impact the Company's future results will depend on economic situation, which is highly unpredictable.The Company is well capitalised and has maintained adequate liquidity. The Company also continue to raise funds from multiple lenders, refinancing from NHB and fixed deposits. The Company did not opt for moratorium from its lenders and serviced its financial obligations in a timely manner. Further, there is no material impact on internal financial controls of the Company.

The Company will continue to closely monitor any material changes to future economic conditions. However, operating in the secured mortgage asset business we believe we hold a much stable asset class which can withstand the pandemic relatively better compared other asset classes.

Hon'ble Supreme Court, in a public interest litigation vide an interim order dated September 03, 2020 ('interim order'), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 were not been classified as NPA.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble Supreme Court. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

NOTE 49: AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs has amended Companies (Accounts) Rules, 2014 and Schedule III of the Companies Act 2013. As per the amendments notified changes are applicable on the Company from April 1, 2021, hence the Company will make the relevant disclosures in subsequent financial statements.

NOTE 50: Previous year figures have been rearranged / regrouped wherever necessary to correspond with current year's classification disclosure.

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

PART A SUBSIDIARIES

Sr. No.	Particulars	Details/ Amount (₹ in crores)
1	Name of the subsidiary	PHFL Home Loans and Services Limited
2	Date since when subsidiary was acquired/ incorporated	PHFL Home Loans and Services Limited was not acquired, however it was incorporated as wholly owned subsidiary of the Company as on August 22, 2017.
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	From April 01, 2020 to March 31, 2021
4	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	₹
5	Share capital	0.25
6	Reserves and surplus	97.04
7	Total assets	135.65
8	Total Liabilities	38.36
9	Investments	12.15
10	Turnover	147.24
11	Profit before taxation	21.64
12	Provision for taxation	5.19
13	Profit after taxation	16.45
14	Proposed Dividend	-
15	Extent of shareholding (in percentage)	100%

Sr. No.	Particulars	Details/ Amount (₹ in crores)
1	Name of the subsidiary	PEHEL Foundation
2	Date since when subsidiary was acquired/ incorporated	Pehel Foundation was not acquired, however it was incorporated as wholly owned subsidiary of the Company as on October 14, 2019
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	From April 01, 2020 to March 31, 2021
4	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	₹
5	Share capital	0.05
6	Reserves and surplus	15.74
7	Total assets	15.79
8	Total Liabilities	0.00
9	Investments	-
10	Turnover	16.04
11	Profit before taxation / excess of income over expenditure	15.74
12	Provision for taxation	-
13	Profit after taxation / excess of income over expenditure	15.74
14	Proposed Dividend	-
15	Extent of shareholding (in percentage)	100%

Notes:

1. Names of subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

PART B ASSOCIATES AND JOINT VENTURES

The Company has no associate company or joint venture.

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: April 27, 2021

INDEPENDENT AUDITORS' REPORT

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of PNB Housing Finance Limited ("the Holding Company"), and its Subsidiary (the Holding Company and its Subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), Consolidated Statement of changes in equity and the Consolidated statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2021, and its Consolidated profit, Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

EMPHASIS OF MATTER

We draw your attention to Note 49 to the consolidated financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the Covid-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the *consolidated financial statements* of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Our response to the Key Audit Matter
Impairment of loans to customers The Company reported total gross loans of ₹63,188.83 crores and ₹2,544.11 crores of expected credit loss provisions as on March 31, 2021 (Refer Note 6). Key judgements and estimates (Refer Note 2.20) in respect of the timing and measurement of expected credit losses (ECL) include: • Allocation of assets to stage 1, 2, or 3 using criteria in accordance with the Indian Accounting Standard 109; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL; • Completeness and accuracy of data used to calculate the ECL; • Inputs and assumptions used to estimate the impact of multiple economic scenarios; • Completeness and valuation of post model adjustments; • Measurements of individually assessed provisions including the assessment of multiple scenarios; and • Accuracy and adequacy of the financial statement disclosures.	Our audit procedures included testing the design and operating effectiveness of key controls across the processes relevant to the ascertainment and measurement of ECL. These controls/ processes included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and disclosures and accounting thereof. The criteria used to allocate an asset to stage 1, 2 or 3 in accordance with Ind AS 109 was evaluated. Assets in stage 1, 2 and 3 were reviewed to verify that they were allocated to the appropriate stage. With the support of the team of modelling specialists employed by the Company to make the models, we tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default', 'Exposure at Default', historical loss rates used, and the valuation of collateral. To verify data quality, calculation of the data used in the ECL was tested by reconciling to source systems. To test credit monitoring, risk ratings were checked for a sample of performing loans. Appropriateness of forecasted macroeconomic variables, such as GDP, Money supply and House Price Index were evaluated. The completeness and appropriateness of post model adjustments was assessed. The adequacy and appropriateness of disclosures for compliance with the Ind AS including disclosure of Ind AS 107 was ascertainment.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, for example, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, Key Highlights etc., but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

The other information is expected to be made available to us after the date of this auditors' report. When we read this other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance, Consolidated changes in equity and Consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the Companies include in a Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure 'I'.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated financial statements disclose the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 40(i) to the consolidated financial statements;

ii. The Group has recognised provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 15 and Note 43 to the consolidated financial statements;

iii. The Holding Company has generally been regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund.

For **B R Maheswari & Co LLP**
Chartered Accountants
Firm's Registration No. 001035N/N500050

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 21504704AAAEF4947

Place: New Delhi
Date: April 27, 2021

ANNEXURE 'I' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1(f) under the heading "Report on other legal and regulatory requirements" of our report of even date)

Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PNB Housing Finance Limited ("the Holding Company") and its Subsidiary as of March 31, 2021 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company and its Subsidiary, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B R Maheswari & Co LLP
Chartered Accountants
Firm's Registration No. 001035N/N500050

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 21504704AAAAEF4947

Place: New Delhi
Date: April 27, 2021

CONSOLIDATED BALANCE SHEET

as at March 31, 2021

(₹ in crores)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	3	6,968.56	8,514.32
Bank balance other than cash and cash equivalents	4	0.07	0.07
Derivative financial instruments	15	-	125.66
Receivables			
Trade receivables	5	44.94	44.90
Other receivables		-	-
Loans	6	60,644.72	66,628.02
Investments	7	2,044.82	2,075.74
Other financial assets	8	906.58	701.70
		70,609.69	**78,090.41**
Non- financial assets			
Current tax assets (net)	9.1	-	61.01
Deferred tax assets (net)	10	429.63	285.94
Investment property	11	0.54	0.55
Property, plant and equipment	12	81.75	105.31
Right of use assets	12	78.09	119.80
Capital work-in-progress		0.01	1.23
Other Intangible assets	13	20.89	25.42
Intangible assets under development		2.37	2.83
Other non- financial assets	14	32.75	30.67
Assets held for sale		136.48	206.56
		782.51	**839.32**
Total		**71,392.20**	**78,929.73**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	15	51.44	-
Payables			
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		111.88	86.92
Other payable			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		-	-
Debt securities	17	11,461.48	17,836.46
Borrowings (other than debt securities)	18	29,746.34	32,328.12
Deposits	19	16,746.04	16,131.94
Subordinated liabilities	20	1,438.58	1,438.58
Other financial liabilities	21	1,652.18	1,689.95
		61,207.94	**69,511.97**
Non financial liabilities			
Current tax liabilities (net)	9.2	62.93	-
Provisions	22	18.39	18.94
Other non-financial liabilities	23	1,179.91	1,401.05
		1,261.23	**1,419.99**
Equity			
Equity share capital	24	168.27	168.19
Other equity	25	8,754.76	7,829.58
Total equity		**8,923.03**	**7,997.77**
Total		**71,392.20**	**78,929.73**
Overview, principles of consolidation and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements.			

In terms of our report of even date
For B.R. Maheswari and Co. LLP
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Akshay Maheshwari
Partner
M. No.: 504704

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: April 27, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(₹ in crores)

Particulars	Note No.	Current Year	Previous Year
Revenue from operations			
Interest income	26	7,189.83	7,688.21
Fees and commission income	27	181.23	298.84
Net gain on fair value changes	28	162.33	158.64
Income on derecognised (assigned) loans		70.53	336.15
Total revenue from operations		**7,603.92**	**8,481.84**
Other income		20.16	7.71
Total income		**7,624.08**	**8,489.55**
Expenses			
Finance costs	29	5,099.78	5,874.95
Impairment on financial instruments	30	861.90	1,251.37
Employee benefits expense	31	211.29	233.06
Fees and commission expense		11.61	8.92
Depreciation, amortisation and impairment		59.01	65.85
Other expenses	32	173.46	244.39
Total expenses		**6,417.05**	**7,678.54**
Profit before exceptional items & tax		**1,207.03**	**811.01**
Exceptional items		-	-
Profit before tax		**1,207.03**	**811.01**
Tax expense/(credit)			
Current tax	33	413.25	389.24
Deferred tax ((credit)/ charge)	33	(136.12)	(224.47)
Profit for the year		**929.90**	**646.24**
Other comprehensive (loss) / income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan		2.43	0.79
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.61)	(0.20)
Subtotal (A)		**1.82**	**0.59**
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		(30.08)	(46.91)
(ii) Income tax relating to items that will be reclassified to profit or loss		7.57	(8.98)
Subtotal (B)		**(22.51)**	**(55.89)**
Other comprehensive (loss) / income (A + B)		**(20.69)**	**(55.30)**
Total comprehensive income for the year		**909.21**	**590.94**
Profit for the year, net of tax attributable to			
Owners of the parent		929.90	646.24
Non-controlling interest		-	-
Other comprehensive loss for the year, net of tax attributable to			
Owners of the parent		(20.69)	(55.30)
Non-controlling interest		-	-
Total comprehensive income for the year, net of tax attributable to			
Owners of the parent		909.21	590.94
Non-controlling interest		-	-
Earnings per equity share (Face value of ₹10/- each fully paid up)			
Basic (₹)	34	55.29	38.45
Diluted (₹)	34	55.26	38.41
Overview, principles of consolidation and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements.			

In terms of our report of even date
For B.R. Maheswari and Co. LLP
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Akshay Maheshwari
Partner
M. No.: 504704

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Place: New Delhi
Date: April 27, 2021

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

(₹ in crores)

Particulars	Equity share	Other equity*							Total equity
		Reserves and surplus					Other comprehensive income	Total other equity	
		Share premium reserve	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
Balances as at March 31, 2019	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,687.15**	**(138.31)**	**7,376.43**	**7,543.90**
Equity shares issued during the year	0.72	23.55	-	-	-	-	-	23.55	24.27
Employee stock option excised during the year (Refer note 24.7)	-	8.03	-	-	(8.03)	-	-	-	-
Transfer to special reserve[#]	-	-	182.00	-	-	(182.00)	-	-	-
Transfer to statutory reserve[##]	-	-	-	-	-	-	-	-	-
Share based payment to employees (Refer note 24.7(iv))	-	-	-	-	21.06	-	-	21.06	21.06
Transfer on account of stock option lapsed/ expired	-	-	-	-	(1.82)	1.82	-	-	-
Dividend (including dividend distribution tax) (Refer note 24.8)	-	-	-	-	-	(182.37)	-	(182.37)	(182.37)
Profit for the year	-	-	-	-	-	646.24	-	646.24	646.24
Fair value changes on derivatives	-	-	-	-	-	-	(55.89)	(55.89)	(55.89)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.59	-	0.59	0.59
Others	-	-	-	-	-	(0.03)	-	(0.03)	(0.03)
Balances as at March 31, 2020	**168.19**	**4,044.33**	**813.76**	**126.97**	**67.32**	**2,971.40**	**(194.20)**	**7,829.58**	**7,997.77**
Equity shares issued during the year	0.08	2.66	-	-	-	-	-	2.66	2.74
Employee stock option exercised during the year (Refer note 24.7)	-	0.91	-	-	(0.91)	-	-	-	-
Transfer to special reserve[#]	-	-	197.00	-	-	(197.00)	-	-	-
Transfer to statutory reserve[##]	-	-	-	-	-	-	-	-	-
Share based payment to employees (Refer note 24.7(iv))	-	-	-	-	13.30	-	-	13.30	13.30
Transfer on account of stock option lapsed/ expired	-	-	-	-	(6.42)	6.24	-	-	-
Dividend (Refer note 24.8)	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	929.90	-	929.90	929.90
Fair value changes on derivatives	-	-	-	-	-	-	(22.51)	(22.51)	(22.51)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	1.82	-	1.82	1.82
Others	-	-	-	-	-	0.01	-	0.01	0.01
Balances as at March 31, 2021	**168.27**	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,712.55**	**(216.71)**	**8,754.76**	**8,923.03**

*Refer notes 25.1 for nature and the purpose of reserves.

[#]As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹197.00 crores (Previous year ₹182.00 crores) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

[##]The Company has transferred an amount of ₹ Nil (Previous year ₹ Nil) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date
For B.R. Maheswari and Co. LLP
Chartered Accountants
FR No : 001035N/N500050

Akshay Maheshwari
Partner
M. No.: 504704

Place: New Delhi
Date: April 27, 2021

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2021
(Indirect Method)

(₹ in crores)

Particulars	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,207.03	811.01
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	59.01	65.85
Loss on sale of property, plant and equipment	3.71	0.61
Impairment on financial instruments	778.75	1,173.15
Impairment/ (reversal of impairment) on assets held for sale	26.64	55.80
Net loss on financial asset at fair value through profit and loss	4.71	0.47
Share based payment expense	13.30	21.06
Effective interest rate on financial assets	33.18	(21.83)
Effective interest rate on financial liabilities	(40.96)	68.75
Income on derecognised (assigned) loans	(172.21)	(181.48)
Restructure gain on financial assets	(62.11)	-
Interest on leases including modification gain/(loss)	6.96	11.03
Re-measurement on defined benefit plan	2.43	0.79
Bad debts written-off	83.07	78.22
	736.48	**1,272.42**
Operating profits before changes in working capital	1,943.51	2,083.43
Working Capital changes		
Trade payables	24.96	(40.24)
Provision	1.45	(7.98)
Financial liabilities	2.52	(539.78)
Non financial liabilities	(221.13)	(599.03)
Loans at amortised cost	5,150.67	6,430.92
Trade receivable	(0.04)	(6.02)
Other financial asset	(34.93)	(6.46)
Derivative impact of external commercial borrowings	154.21	(383.37)
Other non financial asset	(3.43)	(12.99)
Investments (net)	26.21	2,485.53
Asset held for sale	43.44	(131.25)
Other bank balances	0.00	0.04
	5,143.93	7,189.37
Cash generated / (used) in operations	**7,087.44**	**9,272.80**
Taxes paid (net of refunds)	(295.74)	(344.30)
Net cash generated / (used) in operating activities	**6,791.70**	**8,928.50**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(7.72)	(63.75)
Capital work-in-progress and intangible assets under development (net)	1.69	1.11
Sale of property, plant and equipment and other intangible assets	0.37	0.11
	(5.66)	**(62.53)**
Net cash used in investing activities	**(5.66)**	**(62.53)**

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2021
(Indirect Method)

(₹ in crores)

Particulars	Current Year	Previous Year
Cash flow from financing activities*		
Proceeds from borrowings		
Debt securities & subordinated liabilities	1,690.00	3,000.00
Borrowings from bank	18,027.27	15,989.83
Deposits (net)	630.68	2,107.97
Commercial paper	2,125.00	-
Repayment of borrowings		
Debt securities & subordinated liabilities	(8,746.00)	(7,308.00)
Borrowings from bank	(20,612.66)	(10,448.29)
Commercial paper	(1,416.00)	(7,534.00)
Lease Liability	(32.83)	(35.02)
Proceeds from issue of share capital	0.08	0.72
Share premium received	2.66	23.55
Dividend paid (including dividend distribution tax)	-	(182.37)
Net cash (used) / generated from financing activities	**(8,331.80)**	**(4,385.61)**
Net changes in cash & cash equivalents	**(1,545.76)**	**4,480.36**
Cash or cash equivalents at the beginning of the year	8,514.32	4,033.96
Cash or cash equivalents at the end the of the year	6,968.56	8,514.32
Net (decrease) / increase of cash & cash equivalents during the year	**(1,545.76)**	**4,480.36**
Components of cash and cash equivalents		
Balances with banks in current accounts	933.77	4,803.65
Bank deposit with maturity of less than 3 months	6,033.92	3,710.49
Cash on hand	0.87	0.17
Stamps on hand	0.00	0.01
	6,968.56	**8,514.32**
*Refer Note no 45 for change in liabilities arising from financing activities.		
Note : Figures in bracket denotes application of cash		
The accompanying notes are an integral part of the consolidated financial statements.		

In terms of our report of even date
For B.R. Maheswari and Co. LLP
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Akshay Maheshwari
Partner
M. No.: 504704

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Place: New Delhi
Date: April 27, 2021

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

1. OVERVIEW AND PRINCIPLES OF CONSOLIDATION

1.1. Overview

PNB Housing Finance Limited ('PNBHFL', 'the Company') was incorporated on November 11, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. The Company is listed on BSE Limited and National Stock Exchange of India Limited. The Company's registered office is at 9th floor, Antriksh Bhawan, 22, K.G.Marg, New Delhi -110001.

These consolidated financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on April 27, 2021.

1.2. Basis of preparation and presentation/ Statement of Compliance

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial instruments held for trading, all of which have been measured at fair value.

The consolidated financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act 2013 and the relevant provisions of the National Housing Bank Act, 1987 and the Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Directions') as amended from time to time.

The consolidated financial statements are prepared in accordance with provision contained in section 129 of the Companies Act 2013, read with Division III of Schedule III. The Statement of Cash Flows has been prepared and presented as per Ind AS 7 "Statement of Cash Flows".

The Finance (No.2) Act, 2019 has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI). The Central Government has since issued notification appointing August 09, 2019 as the date on which the relevant part of that Act shall come into effect. RBI vide its press release dated August 13, 2019 notified that HFCs will henceforth be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. Subsequently, RBI vide its notification dated February 17th 2021 issued master directions for HFCs called the "Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 repealing erstwhile Housing Finance Companies Directions 2010.

The consolidated financial statements relate to the Company and its wholly owned subsidiary Companies (herewith referred to as "Company") incorporated in India.

The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores with two decimals, except when otherwise indicated.

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note no. 46.

Accounting policies have been consistently applied except where a newly-issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

1.3. Principles of consolidation

The Company consolidates an entity only when it has a control over the entity and has a right to receive variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statement of the Company and its subsidiary are consolidated on line-by-line basis, by combining the like items of assets, liabilities, income, expense, cash flow and after eliminating the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary, the intra company balances and transactions resulting in unrealised profits or losses.

Profit or loss and each component of OCI are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of all Companies used for the purpose of consolidation are drawn up to same reporting date as that of the holding Company. (i.e. year ended and as at March 31st).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

The subsidiary considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership*	Country of incorporation	Date of incorporation	Principal activities
PHFL Home Loans and Services Limited	100%	India	August 22, 2017	Professional, consultancy and advisory services

The subsidiary not considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership*	Country of incorporation	Date of incorporation	Principal activities
Pehel Foundation	100%	India	October 14, 2019	Charitable activities

Pehel foundation is registered as a charitable organisation under Section 8 of the Companies Act, 2013 and it is prohibited to give any right over its profits to any of its members. Since PNBHFL does not have any right over any kind of returns from Pehel Foundation hence it does not meet the criteria of consolidation of financial statements laid down under Ind AS 110.

*Including nominee shareholders

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of the assets.

b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer of a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c) Effective Interest Rate (EIR) method

EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

d) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. (refer note 2.20).

e) **Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash / stamp on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above.

2.3 Revenue Recognition

a) **Interest and related income**

Interest income for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the EIR on net amount i.e. (gross carrying amount less allowance for expected credit loss). If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at Fair value through profit and loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

b) **Dividend income**

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

c) **Profit on derecognition of financial assets**

When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

d) **Fees and commission income**

Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

e) **Other income**

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals.

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

2.4 Property, plant and equipment (PPE) and Intangible assets

a) PPE

PPE are stated at cost (including incidental expenses) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Capital work in progress includes assets which are not ready for the intended use at the end of the reporting year and is carried at cost including incidental expenses.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost (excluding tax credits availed, if any) and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any).

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Intangible assets which are not ready for the intended use at the end of the reporting year are disclosed as Intangible assets under development.

2.5 Depreciation and amortisation

a) Depreciation

Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively. Leasehold improvements are amortised over the period of five years.

All fixed assets individually costing ₹5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of fixed assets is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and changes (if any) are then treated as changes in accounting estimates.

b) Amortisation

Intangible assets are amortised over a period of five years on straight-line method except website development costs which are amortised over a period of three years on a straight-line basis from the date when the assets are available for use.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

2.6 Investment Property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Schedule II of the Companies Act 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.7 Foreign Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss except for differences arising on cash flow hedges.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

2.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee - The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Right-of-use assets - The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liability - At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets - The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Subleases- The Company as an intermediate lessor, accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.11 Contingent liabilities, Contingent assets and Commitments

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

a) Contingent liability is disclosed in case of –

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

b) Contingent assets are not recognised in the financial statements.

c) Commitments are future liabilities for contractual expenditure and is disclosed in case of –

- Estimated amount of contracts remaining to be executed on capital account and not provided for;
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.12 Employee Benefits

a) Retirement and other employee benefits

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to reduction in future payment or a cash refund.

Defined Benefit Plan

The Company has defined benefit plans as Compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

b) Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences, which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The cost of short-term compensated absences is accounted as under:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- In case of non-accumulating compensated absences, when the absences occur

c) **Share based payments**

The Company operates a number of Employee Stock Option Scheme/ Restricted stock units ('the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. These Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account). The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 Taxes

Taxes on income

Tax expense comprises current and deferred tax.

a) **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) **Deferred tax**

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and the conditions to avail the credit are fulfilled as per the underlying law.

2.14 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the result would be antidilutive.

2.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

- **Initial recognition and measurement**

  Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

- **Classification and Subsequent measurement**

  For purposes of subsequent measurement, financial assets are classified in three categories:

  - Financial asset at amortised cost
  - Financial asset (debt instruments) at FVTOCI
  - Financial asset at FVTPL

Financial asset at amortised costs

Financial asset is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment (if any). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees / costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets (debt instruments) at FVOCI

Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii) The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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b) **Financial Liabilities**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees, commission / brokerage and ancillary costs incurred in relation to the financial liability. The EIR amortisation is included in interest expense in the statement of profit and loss.

c) **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the face value and proceeds received in excess of the face value are recognised as share premium.

2.16 Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics :

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

2.17 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for as Cash flow hedges.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in

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OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Further, whenever there is a change in the business model the underlying affected financial asset are reclassified. Financial liabilities are never reclassified.

2.19 Derecognition of financial assets and liabilities

a) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset

  Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

2.20 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

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for the year ended March 31, 2021

Default

Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. Reserve Bank of India defines NPA in Paragraph 8.3.5 in its Master Directions – Non Banking Financial Company – Housing Finance (Reserve Bank) Directions, 2021 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

Staging

The Company while assessing whether there has been a SICR of an exposure since origination, it compares the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition. The Company classifies the accounts into three stages based on comparisons made between an account's credit risk at origination and its credit risk on the reporting date.

The mechanics and key inputs for classifying the stages and computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired and for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance based on the probability of default.
Stage 2	DPD 31-90 Qualitative i ndicators of SICR	Financial instruments having SICR since initial recognition (origination of facilities) are classified under (if not impaired) stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	DPD 90+	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses 90+ DPD as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components for computation of Expected Credit Loss are:

- **Probability of Default (PD)**
  Probability of Default (PD) is one of the three risk components needed to estimate ECL under INDAS 109. PD is defined as the probability that a borrower will be unable to meet his/her debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

  The Company uses 12-month PD for stage 1 borrowers and lifetime PD for stage 2 and Stage 3 assets.

- **Loss Given Default (LGD)**
  The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral. It is expressed as a percentage of EAD.

- **Exposure at default (EAD)**
  Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

  The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	Asset coverage based / Expected Collateral Realisation (ECR)

Broadly, the Company has grouped the portfolio into retail and corporate category. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on ECR. Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

The retail portfolio is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Previous year(s) portfolio behaviour of homogenous pools is considered for PD estimation. The Company

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for the year ended March 31, 2021

has further stressed the PDs for such selective group of customers who are falling in early warning signal pool like customers who have had experienced delinquency with other financial institutions during post moratorium period but remained good with us, customers showing very early signs of stress in emerging delinquencies.

Loss Given Default

The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last few years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/ expected recoveries, depending on resolution strategies already materialised or in the process of materialisation. Multiple factors has been considered for determining the LGD including time taken for resolutions, expected delay in regulatory and legal procedures, geographies etc.

Further, LGD pools have been aligned with the PD pools.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Corporate Loans

Probability of Default:

Historically, the Company has observed low instance of default for the corporate portfolio. PDs for the corporate portfolio are determined by using external ratings as cohorts along with ever default behavior of an account in last 12 months (basis external ratings based statistical technique of Pluto-Tasche). For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Loss Given Default

For LGD estimates, the Company has used ECR approach and have applied business logic based on security coverage ratio of existing portfolio. Sensitivity analysis, resolution feedbacks are applied on probability weighted scenarios to compute loss given default.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioral analysis of the Company's historical experience.

Significant increase in credit risk (SICR)

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans

Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is those stage 1 loan assets where underlying property is under construction and construction progress in last one year is slow.

Corporate Loans

The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio, resolution team feedback etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward looking information

Ind AS 109 requires entities to model their ECL and apply forward-looking macroeconomic scenarios taking into consideration possibility of favorable, neutral, adverse and stressed economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL considering the impact of COVID-19 several macroeconomic variables such as GDP at constant prices, Housing Price Index (HPI) inflation, Gross national savings, unemployment rate etc. were considered from the International Monetary Fund (IMF), NHB and RBI websites and the Company's historical data were analysed.

A model was then built, and forecasts were generated, and scenario creation carried out to finally arrive at the final macroeconomic overlay. Identification of relevant macroeconomic variables was done combining statistical analysis (correlation) and business intuition (sign of correlation). The selected model incorporates the variables like Inflation, end of period consumer prices quarter on quarter change, general government revenue etc.

The macroeconomic variables (MEVs) of the final model were used to generate multiple simulations for forecasting 20 quarters ahead of macroeconomic variable data under different probabilistic scenarios, i.e., favorable, neutral, adverse and stress scenarios. Under each scenario, based on the independent variable forecasts, the forecasted default rates are obtained using the final model relationship between the default rates and macroeconomic variables. The scenarios are identified based on the probability of occurrence, i.e. expected probability of the future economic state. An anchor variable (GDP) analysis was performed in order to select a particular scenario for future quarters. Accordingly, the probability weighted ECL is computed using the likelihood as weights.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

2.21 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note no 2.20.

2.22 Write offs

The Company undertakes write off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of senior officials of the Company. In case the Company writes off an asset, the recoveries resulting from the write off activity may result in impairment gains. For LGD computation, the Company considers contractual amount written off i.e. principal as well as interest overdue.

2.23 Collateral

The Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody and settlement. The Company complies with local by-laws and relevant jurisdictions to ensure that the collaterals are free from all encumbrances. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The Company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

On case-to-case basis, the Company may ask for additional security, which may in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

2.24 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.25 Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Interest for the period from last maturity date to the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

2.26Share Premium

Share premium is credited:

- when shares are issued at premium;
- with the fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme

Share premium can be utilised only for limited purposes such as issuance of bonus shares or adjustment of share issue expenses, net of tax, as permissible under section 52(2) of the Companies Act. 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.

2.27Assets held for sale

The Company repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets acquired by the Company under SARFASI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Company is committed to sell these asset and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decision. Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015.

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for the year ended March 31, 2021

NOTE 3: CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks in current accounts	933.77	4,803.65
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	6,033.92	3,710.49
Cash on hand	0.87	0.17
Stamps on hand	0.00	0.01
Total	**6,968.56**	**8,514.32**

Note : 3.1 Short-term deposits earn interest at the respective short-term deposit rates.

NOTE 4: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Earmarked balances with bank (Refer Note 4.1)	0.07	0.07
Total	**0.07**	**0.07**

Note : 4.1 Earmarked balances with bank include unclaimed dividend on equity shares.

NOTE 5: RECEIVABLES

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Unsecured considered good (Refer note 5.1)	40.41	44.90
Receivables from related parties	4.53	-
Receivables which have significant increase in credit risk	0.07	-
Receivables – credit impaired	-	-
	45.01	**44.90**
Less : Provision for impairment	0.07	-
Total	**44.94**	**44.90**

Note 5.1 : No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, director or member.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 6: LOANS (AT AMORTISED COST)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Term Loans	63,188.83	68,393.64
Total Gross	**63,188.83**	**68,393.64**
Less: Impairment loss allowance	2,544.11	1,765.62
Total Net	**60,644.72**	**66,628.02**
Secured by tangible assets	63,188.83	68,393.64
Total Gross	**63,188.83**	**68,393.64**
Less: Impairment loss allowance	2,544.11	1,765.62
Total Net	**60,644.72**	**66,628.02**
Loans in India		
Public Sector	-	-
Others	63,188.83	68,393.64
Total Gross	**63,188.83**	**68,393.64**
Less: Impairment loss allowance	2,544.11	1,765.62
Total Net (a)	**60,644.72**	**66,628.02**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total Net (b)	-	-
Total Net (a+b)	**60,644.72**	**66,628.02**

Note 6.1: Loans - Staging analysis#

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	47,162.28	2,644.27	1,381.95	51,188.50	51,283.40	1,596.68	714.77	53,594.85
Total	**47,162.28**	**2,644.27**	**1,381.95**	**51,188.50**	**51,283.40**	**1,596.68**	**714.77**	**53,594.85**

As on March 31, 2020, the Company had loan assets of ₹53,594.85 crores of which 95.69% were in stage 1, 2.98% were in stage 2 and 1.33% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 18.92% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 5.94% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 19.01% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

As on March 31, 2019, the Company had loan assets of ₹56,137.08^^ crores of which 97.10% were in stage 1, 2.32% were in stage 2 and 0.58% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 16.05% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 16.09% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 33.09% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	9,197.09	1,187.70	1,615.54	12,000.33	12,567.48	934.04	1,297.27	14,798.79
Total	**9,197.09**	**1,187.70**	**1,615.54**	**12,000.33**	**12,567.48**	**934.04**	**1,297.27**	**14,798.79**

As on March 31, 2020, the Company had loan assets of ₹14,798.79 crores of which 84.92% were in stage 1, 6.31% were in stage 2 and 8.77% were in stage 3.

a) Movement of Stage 1:

i) 17.47% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) Nil loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 10.24% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or backward flows

As on March 31, 2019, the Company had loan assets of ₹18,053.39^^ crores of which 93.63% were in stage 1, 6.20% were in stage 2 and 0.17% were in stage 3.

a) Movement of Stage 1:

i) 16.03% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 2.03% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 0% of loan assets moved out of books by year end

Analysis of change in gross carrying amount of loans is as follows:

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening gross carrying amount	63,850.88	2,530.72	2,012.04	68,393.64	72,025.59	2,478.08	378.34	74,882.01
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	10,327.42	110.89	6.22	10,444.53	18,490.78	94.44	40.31	18,625.53
Asset paid in part or full (excluding write off) (net)	(14,565.53)	(44.84)	(165.54)	(14,775.91)	(15,201.58)	(421.36)	(109.08)	(15,732.02)
Asset derecognised (loan assigned)	(788.60)	-	-	(788.60)	(9,310.63)	-	-	(9,310.63)
Asset written off	(18.22)	(0.57)	(66.04)	(84.83)	(10.10)	(20.58)	(40.57)	(71.25)
Transfer to stage 1	291.06	(267.99)	(23.07)	-	403.91	(397.39)	(6.52)	-
Transfer to stage 2	(2,278.93)	2,284.92	(5.99)	-	(1,900.97)	1,912.81	(11.84)	-
Transfer to stage 3	(458.71)	(781.16)	1,239.87	-	(646.12)	(1,115.28)	1,761.40	-
Closing gross carrying amount	**56,359.37**	**3,831.97**	**2,997.49**	**63,188.83**	**63,850.88**	**2,530.72**	**2,012.04**	**68,393.64**

Note 6.2: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	251.31	288.24	358.95	898.50	233.57	173.10	167.94	574.61
Total	**251.31**	**288.24**	**358.95**	**898.50**	**233.57**	**173.10**	**167.94**	**574.61**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

ECL movement as on March 31, 2020 and March 31, 2021^^^

a) The loan assets in stage 2 were 5.17% as on March 31, 2021 as against 2.98% as on March 31, 2020. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹613.62 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2021 would be 3.46% and last year 1.62%.

b) Increase in stage 2 ECL % POS is attributed to incorporation of pre-emptive measures in PD models, higher LGD's on account of restructure cases.

c) Overall ECL % POS have increased by 68 bps on accounts of conservatism build upon by the above mentioned reasons as well as incorporation of provision required as per regulatory guidelines and comparing it with existing level.

ECL movement as on March 31, 2019 and March 31, 2020^^^

a) The loan assets in stage 2 were 2.96% as on March 31, 2020 as against 2.32% as on March 31,2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹720 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.59%.

b) Increase in stage 2 ECL % POS is attributed to incorporation of pre-emptive measures in PD models, higher LGD's on account of COVID scenario.

c) Overall ECL % POS have increased by 83 bps on accounts of conservatism build upon by the above mentioned reasons as well as incorporation of PD markup's & macro economic shocks.

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	396.25	359.05	890.31	1,645.61	432.13	254.37	504.51	1,191.01
Total	**396.25**	**359.05**	**890.31**	**1,645.61**	**432.13**	**254.37**	**504.51**	**1,191.01**

ECL movement as on March 31, 2020 and March 31, 2021^^^

a) Stage 1 ECL % of POS increased from 3.44% to 4.31% this is due to backward flow of accounts from stage 2 carrying higher provisions.

b) The loan assets in stage 2 were 9.90% as on March 31, 2021 as against 6.31% as on March 31, 2020. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹877.31 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 27.23% to 30.23%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2021 would be 2.38% as against 3.65% as on March 31, 2020.

d) The Company's stage 3 asset ratio has increased from 8.77% as on March 31, 2020 to 13.46% as on March 31, 2021 owing to this ECL has also increased.

ECL movement as on March 31, 2019 and March 31, 2021^^^

a) Stage 1 ECL % of POS increased from 0.67% to 3.46% on account of conservatism build upon the incorporation of PD markup's, application of stressed LGD's of the NPA ECR accounts and macro economic shocks.

b) The loan assets in stage 2 were 6.25% as on March 31, 2020 as against 6.20% as on March 31,2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹389 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 15.22% to 27.84%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2020 would be 3.59% as against 1.52% as on March 31, 2019.

d) The Company's stage 3 asset ratio has increased from 0.17% as on March 31, 2019 to 8.18% as on March 31, 2020 owing to this ECL has also increased.

^The restructuring was done for Stage 1 accounts, total restructured assets were ₹1,378 crores,against which provision of ₹206 crores is held.

^^ Loans represents principal outstanding (Including principal overdue) as on the date of reporting.

^^^ For ECL movement between March 2019 and March 2020, POS represents loans principal outstanding (Including principal overdue) as on the date of reporting. However, for ECL movement between March 2020 and March 2021 POS represents loan assets as per Ind AS as on the date of reporting, hence comparative percentages reported for March 2020 vis a vis March 2019 and March 2021 would differ marginally .

#Refer note no. 2.20, 47.1 and 49.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 6.3: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

i) Equitable / Simple / English Mortgage of immovable property;

ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;

iii) Demand Promissory Note;

iv) Post dated cheques towards the repayment of the debt;

v) Personal / Corporate Guarantees;

vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;

vii) Undertaking to create a security;

viii) Letter of comfort.

NOTE 7: INVESTMENTS

(₹ in crores)

Particulars	As at March 31, 2021			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	12.15	-	12.15
Government securities^	1,941.79	-	-	1,941.79
Debt securities	-	90.83	-	90.83
Subsidiaries	-	-	0.05	0.05
Total gross	**1,941.79**	**102.98**	**0.05**	**2,044.82**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**1,941.79**	**102.98**	**0.05**	**2,044.82**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,941.79**	**102.98**	**0.05**	**2,044.82**

(₹ in crores)

Particulars	As at March 31, 2020			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	27.67	-	27.67
Government securities^	1,952.74	-	-	1,952.74
Debt securities	-	95.28	-	95.28
Subsidiaries	-	-	0.05	0.05
Total gross	**1,952.74**	**122.95**	**0.05**	**2,075.74**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**1,952.74**	**122.95**	**0.05**	**2,075.74**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,952.74**	**122.95**	**0.05**	**2,075.74**

*Others include investment in subsidiaries which have been carried at cost.
^Expected credit loss provision has not been recognised on investments made in government securities.

NOTE 8: OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables on assignment of loans (Refer note 8.1 and 8.2)	886.12	676.53
Security deposits	16.47	18.74
Other Receivables	6.25	6.43
Total gross (a)	908.84	701.70
Less: Impairment loss allowance (b)	2.26	-
Total net (a-b)	**906.58**	**701.70**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 8.1: During the year ended March 31 2021, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, the de-recognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crores)

Loans and advances measured at amortised cost	As at March 31, 2021	As at March 31, 2020
Carrying amount of derecognised financial assets	12,213.95	15,775.38

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial asset.

Note 8.2: Includes receivable from related party ₹0.13 crores (previous year ₹2.55 crores).

NOTE 9 : CURRENT TAX (NET)

Note 9.1 : Current tax assets (net)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance tax (net of provision)	-	61.01
Total	**-**	**61.01**

Note 9.2 : Current tax liability (net)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for tax (net of advance tax)	62.93	-
Total	**62.93**	**-**

NOTE 10 : DEFERRED TAX ASSETS (NET)

As at March 31, 2021

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	10.56	-	3.25	-
Provision for employee benefits	4.52	-	0.25	-
Impairment allowance for financial assets	584.74	-	160.50	-
Derivative instruments in cash flow hedge	72.88	-	-	7.57
Expenses paid in advance (net of income received in advance)	-	59.20	(1.47)	-
Interest spread on assigned loans	-	212.03	(43.34)	-
Fair valuation of financial instruments held for trading	1.11	-	1.24	-
Remeasurement gain/(loss) on defined benefit plan	-	-	(0.12)	-
Others temporary differences	27.05	-	15.81	-
Total	**700.86**	**271.23**	**136.12**	**7.57**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

As at March 31, 2020

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	7.31	-	1.10	-
Provision for employee benefits	4.27	-	(17.77)	-
Impairment allowance for financial assets	424.24	-	217.72	-
Derivative instruments in cash flow hedge	65.31	-	-	(8.98)
Expenses paid in advance (net of income received in advance)	-	57.73	17.58	-
Interest spread on assigned loans	-	168.69	1.67	-
Fair valuation of financial instruments held for trading	-	0.13	0.17	-
Remeasurement gain/(loss) on defined benefit plan	0.12	-	-	(0.20)
Others temporary differences	11.24	-	4.00	-
Total	**512.49**	**226.55**	**224.47**	**(9.18)**

Note 10.1 Pursuant to Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019, the Company has exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.168%) from last financial year. The impact of revised tax rates on the opening net deferred tax asset has been adjusted in last year tax expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 11: INVESTMENT PROPERTY

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Buildings*	0.58	-	-	0.58	0.03	0.01	-	0.04	0.54	0.55
Total	**0.58**	**-**	**-**	**0.58**	**0.03**	**0.01**	**-**	**0.04**	**0.54**	**0.55**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.58	-	-	0.58	0.02	0.01	-	0.03	0.55	0.56
Total	**0.58**	**-**	**-**	**0.58**	**0.02**	**0.01**	**-**	**0.03**	**0.55**	**0.56**

*Refer note 17.1 (a)

Note 11.1: The Company has leased out its investments properties and same has been classified as operating leases on account that there was no transfer of substantial risk and rewards incidental to the ownership of the assets. Recognition of income and related expenses in profit or loss for investment properties are tabulated below:

(₹ in crores)

Particulars	Current Year	Previous Year
Rental Income	0.09	0.09
Profit from investment properties before depreciation	0.09	0.09
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.08**	**0.08**

Note 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum undiscounted lease payments receivable under non-cancellable leases of investment properties after the reporting period are as follows:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	0.05	0.05
Later than one year but not later than five year	0.01	-
Later than five years	-	-

Note 11.3: The Company obtains independent valuations for its investment properties by a specialist in valuing these type of investment property. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment properties	5.55	5.55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 12: PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Buildings*	37.72	-	-	37.72	0.42	1.19	-	1.61	36.11	37.30
Furniture & Fixtures	23.35	0.62	1.85	22.12	7.80	2.34	0.92	9.22	12.90	15.55
Vehicles	0.10	-	-	0.10	0.03	0.01	-	0.04	0.06	0.07
Computers	24.35	0.10	0.01	24.44	14.89	4.27	0.01	19.15	5.29	9.46
Office Equipment & Others	30.92	0.89	1.88	29.93	14.16	5.36	1.46	18.06	11.87	16.76
Leasehold Improvements	51.44	1.00	9.94	42.50	25.27	8.92	7.21	26.98	15.52	26.17
Total	**167.88**	**2.61**	**13.68**	**156.81**	**62.57**	**22.09**	**9.60**	**75.06**	**81.75**	**105.31**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.27	37.45	-	37.72	0.02	0.40	-	0.42	37.30	0.25
Furniture & Fixtures	22.72	1.76	1.13	23.35	5.89	2.58	0.67	7.80	15.55	16.83
Vehicles	0.10	-	-	0.10	0.02	0.01	-	0.03	0.07	0.08
Computers	23.47	0.88	-	24.35	9.77	5.12	-	14.89	9.46	13.70
Office Equipment & Others	27.67	4.05	0.80	30.92	8.63	6.23	0.70	14.16	16.76	19.04
Leasehold Improvements	45.42	8.58	2.56	51.44	16.98	10.70	2.41	25.27	26.17	28.44
Total	**119.65**	**52.72**	**4.49**	**167.88**	**41.31**	**25.04**	**3.78**	**62.57**	**105.31**	**78.34**

*Refer note 17.1 (a)

Right of use

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2020	Addition during the year	Disposal / modification during the year	As at March 31, 2021	As at April 01, 2020	For the year	Disposal / modification during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Building	150.25	1.94	19.93	132.26	30.45	27.28	3.56	54.17	78.09	119.80
Total	**150.25**	**1.94**	**19.93**	**132.26**	**30.45**	**27.28**	**3.56**	**54.17**	**78.09**	**119.80**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019*	Addition during the year	Disposal / modification during the year	As at March 31, 2020	As at April 01, 2019	For the year	Disposal / modification during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Building	143.51	8.63	1.90	150.25	-	30.99	0.54	30.45	119.80	-
Total	**143.51**	**8.63**	**1.90**	**150.25**	**-**	**30.99**	**0.54**	**30.45**	**119.80**	**-**

*On adoption of Ind AS 116.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Software	47.17	5.10	-	52.27	21.75	9.63	-	31.38	20.89	25.42
Total	**47.17**	**5.10**	**-**	**52.27**	**21.75**	**9.63**	**-**	**31.38**	**20.89**	**25.42**

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Software	36.15	11.02	-	47.17	11.94	9.81	-	21.75	25.42	24.21
Total	**36.15**	**11.02**	**-**	**47.17**	**11.94**	**9.81**	**-**	**21.75**	**25.42**	**24.21**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 14: OTHER NON FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
Prepaid expenses	5.49	5.68
Statutory receivables (net)	21.77	21.77
Others	5.49	3.22
Total	**32.75**	**30.67**

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crores)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:						
Spot forwards	691.03	-	24.99	306.88	12.45	-
Currency swaps	5,972.26	199.57	2.85	5,658.66	421.17	-
(i)	**6,663.29**	**199.57**	**27.84**	**5,965.54**	**433.62**	**-**
Interest rate derivatives:						
Forward rate agreements and interest rate swaps	3,417.97	-	230.36	3,505.44	-	307.96
Margin money paid to counter party bank	-	-	(7.19)	-	-	-
(ii)	**3,417.97**	**-**	**223.17**	**3,505.44**	**-**	**307.96**
Total derivative financial instruments (i)+(ii)	**10,081.26**	**199.57**	**251.01**	**9,470.98**	**433.62**	**307.96**
Included in above are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
Currency derivatives	6,663.29	199.57	27.84	5,965.54	433.62	-
Interest rate derivatives	3,417.97	-	223.17	3,505.44	-	307.96
Total derivative financial instruments	**10,081.26**	**199.57**	**251.01**	**9,470.98**	**433.62**	**307.96**

*Refer note no. 18.3 , 43 and 47.2.

NOTE 16: TRADE PAYABLES

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	111.88	86.92
Due to related parties	-	-
Total	**111.88**	**86.92**

Note 16.1: The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is as follows:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Principal amount due and remaining unpaid	-	-
2. Interest due on (1) above and the unpaid interest	-	-
3. Interest paid on all delayed payment under the MSMED Act	-	-
4. Payment made beyond the appointed day during the year	-	-
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	-	-
7. Amount of further interest remaining due and payable in succeeding years	-	-
Total	**-**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 17: DEBT SECURITIES

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Redeemable non convertible debentures	10,356.51	-	-	10,356.51	17,430.40	-	-	17,430.40
Unsecured								
Commercial papers	1,104.98	-	-	1,104.98	406.06	-	-	406.06
Total	**11,461.48**	-	-	**11,461.48**	**17,836.46**	-	-	**17,836.46**
Debt securities in India	11,461.48	-	-	11,461.48	17,836.46	-	-	17,836.46
Debt securities outside India	-	-	-	-	-	-	-	-
Total	**11,461.48**	-	-	**11,461.48**	**17,836.46**	-	-	**17,836.46**

Note 17.1: Nature of security and terms of repayment:

a) **Nature of security**

Redeemable non-convertible debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, Initial few series of redeemable non-convertible debentures are also secured by mortgage of buildings of ₹0.77 crores (Refer Note 11 & 12).

b) **Terms of repayment**

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
7.01% - 8.00%	1,685.00	1,275.00	-	-	5,500.00	1,270.00	-	-
8.01% - 9.00%	2,558.00	1,155.00	500.00	2,000.00	3,216.00	3,113.00	600.00	2,500.00
9.01% - 10.00%	430.00	830.00	-	-	30.00	960.00	300.00	-
	4,673.00	**3,260.00**	**500.00**	**2,000.00**	**8,746.00**	**5,343.00**	**900.00**	**2,500.00**

Note 17.2: The rate of interest and amount of repayment appearing in note 17.1(b) are as per the term of the debt instruments. (i.e. excluding impact of effective interest rate)

NOTE 18: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Term loans								
National housing bank	7,847.86	-	-	7,847.86	6,235.28	-	-	6,235.28
Banks	13,188.95	-	-	13,188.95	18,270.29	-	-	18,270.29
External commercial borrowing	3,961.36	-	-	3,961.36	3,595.62	-	-	3,595.62
Bank overdraft	99.74	-	-	99.74	695.90	-	-	695.90
Loans from related party	4,648.43	-	-	4,648.43	3,531.03	-	-	3,531.03
Total	**29,746.34**	-	-	**29,746.34**	**32,328.12**	-	-	**32,328.12**
Borrowings in India	23,837.11	-	-	23,837.11	26,734.77	-	-	26,734.77
Borrowings outside India	5,909.23	-	-	5,909.23	5,593.35	-	-	5,593.35
Total	**29,746.34**	-	-	**29,746.34**	**32,328.12**	-	-	**32,328.12**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 18.1: Refinance from National Housing Bank (NHB):

a) **Nature of security**

During FY 21, the Company has been availed refinance facility from NHB aggregating to ₹1500 crores under Liberalised Refinance Scheme and ₹2,000 crores under Special Refinance Facility and Additional Special Refinance Facility Schemes of NHB to provide refinance assistance in respect of eligible individual housing loans. All the present and outstanding refinancing from NHB are secured by hypothecation of specific loans/ book debts to the extent of 1.0 to 1.20 times of outstanding amount.

b) **Terms of repayment**

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	2,307.41	819.76	677.25	827.39	176.60	353.20	353.20	134.55
6.01% - 8.00%	351.80	839.41	705.71	887.03	488.84	970.10	920.26	2,030.53
8.01% - 10.00%	78.00	208.00	146.10	-	162.01	313.19	216.80	116.00
	2,737.21	**1,867.17**	**1,529.06**	**1,714.42**	**827.45**	**1,636.49**	**1,490.26**	**2,281.08**

Note 18.2: Term loan from Banks:

a) **Nature of security**

i) Term loan from Punjab National Bank (related party) are secured by hypothecation by way of exclusive charge on specific standard book debts of the Company with minimum asset cover of 1.10 times to be maintained at all times.

ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

b) **Terms of repayment**

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
5.90% - 7.00%	830.00	400.00	400.00	-	-	-	-	-
7.01% - 9.00%	620.80	449.76	-	-	866.67	541.63	125.00	-
from others:								
4.00% - 7.00%	2,399.99	823.93	300.00	-	-	-	-	-
7.01% - 9.00%	3,004.57	5,897.44	770.71	-	6,701.81	7,230.93	1,513.22	-
9.01% - 11.00%	-	-	-	-	1,441.79	1,266.88	124.58	-
	6,855.36	**7,571.13**	**1,470.71**	**-**	**9,010.27**	**9,039.44**	**1,762.80**	**-**

Note 18.3: External commercial borrowing:

a) **Nature of security**

i) During FY 21, the Company has raised ECB of USD 75 million from a Japanese multilateral institution under the automatic route for financing eligible housing units under "approval route" in terms of the RBI guidelines on ECB. The ECB borrowings are secured against eligible housing loans/book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.

ii) The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance (if any) on the derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

iii) As at March 31, 2021, the Company has outstanding ECB of USD 812.50 million (March 31, 2020 USD 750.63 million). The Company has undertaken cross currency swaps and principal only swaps to hedge the foreign currency risk of the ECB principals .Whereas the Company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments respectively. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
USD LIBOR + 110 - 200 bps	-	1,947.87	-	-	-	-	1,997.73	-
from others:								
USD LIBOR + 110 - 200 bps	121.28	2,616.77	1,286.34	-	98.94	1,074.24	2,487.74	-
	121.28	**4,564.64**	**1,286.34**	**-**	**98.94**	**1,074.24**	**4,485.47**	**-**

Note 18.4: Bank overdraft:

a) Nature of security

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

b) Terms of Repayment

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
7.00% - 9.95%	99.74	-	-	-	695.90	-	-	-

Note 18.5:

The rate of interest and amount of repayment appearing in note 18.1(b), 18.2(b) and 18.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate)

NOTE 19: DEPOSITS

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured								
Deposits								
(i) From public*	14,074.69	-	-	14,074.69	13,572.28	-	-	13,572.28
(ii) From banks	511.76	-	-	511.76	539.58	-	-	539.58
(iii) From others	2,159.59	-	-	2,159.59	2,020.08	-	-	2,020.08
Total	**16,746.04**	**-**	**-**	**16,746.04**	**16,131.94**	**-**	**-**	**16,131.94**

* Refer note 36.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 20: SUBORDINATED LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured								
Redeemable non convertible debentures	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58
Total	**1,438.58**	**-**	**-**	**1,438.58**	**1,438.58**	**-**	**-**	**1,438.58**
Subordinated liabilities in India	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
Total	**1,438.58**	**-**	**-**	**1,438.58**	**1,438.58**	**-**	**-**	**1,438.58**

Note 20.1: Nature of security and terms of repayment:

a) **Nature of security**

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2021, ₹916.30 crores (March 31, 2020 ₹1,079.10 crores) qualify as Tier II Capital under regulatory guidelines for assessing capital adequacy.

b) **Terms of repayment**

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
8.01% - 9.00%	-	499.00	410.00	290.00	-	-	699.00	500.00
9.01% - 10.00%	-	200.00	-	39.70	-	200.00	-	39.70
	-	**699.00**	**410.00**	**329.70**	**-**	**200.00**	**699.00**	**539.70**

Note 20.2: The rate of interest and amount of repayment appearing in note 20.1(b) are as per the term of the debt instruments. (i.e. excluding impact of effective interest rate)

NOTE 21: OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on deposits	257.32	224.51
Interest accrued but not due on borrowings (Refer Note 21.1)	442.51	585.94
Amount payable under assignments (Refer Note 21.2)	535.64	516.27
Other liabilities (Refer Note 21.3 and Note 37)	416.71	363.23
Total	**1,652.18**	**1,689.95**

Note 21.1: Includes amount payable to related party ₹14.42 crores (previous year ₹10.88 crores).

Note 21.2: Includes amount payable to related party ₹238.29 crores (previous year ₹182.49 crores).

Note 21.3: Includes lease liabilities as per Ind AS 116.

NOTE 22: PROVISIONS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Retirement benefits	18.39	16.94
Letter of comforts	-	2.00
Total	**18.39**	**18.94**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 23: OTHER NON-FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Book overdraft	929.41	882.36
Advance received from customers (Refer Note 26.1)	175.71	436.55
Statutory dues Payable	50.39	55.38
Other liabilities	24.40	26.76
Total	**1,179.91**	**1,401.05**

NOTE 24: EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
50,00,00,000 equity shares of ₹10/- each	500.00	500.00
	500.00	**500.00**
Issued, subscribed and paid-up		
16,82,68,123 equity shares of ₹10/- each fully paid up (March 31, 2020: 16,81,86,908)	168.27	168.19
Total	**168.27**	**168.19**

Note 24.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in crores	No. of shares	₹ in crores
At the beginning of the year	16,81,86,908	168.19	16,74,69,016	167.47
Add: Share allotted pursuant to exercise of stock option	81,215	0.08	7,17,892	0.72
Outstanding at the end of the year	**16,82,68,123**	**168.27**	**16,81,86,908**	**168.19**

Note 24.2: Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.64	5,49,14,840	32.65
Quality Investments Holdings	5,41,92,300	32.21	5,41,92,300	32.22
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.86	1,65,93,240	9.87
Investment Opportunities V Pte. Limited	1,66,87,956	9.92	-	-

Note 24.3: Terms / Rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 24.4: The Company has not allotted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note 24.5: The Company has not:

i. Issued any securities convertible into equity / preference shares.

ii. Issued any shares where calls are unpaid.

iii. Forfeited any shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 24.6: Capital Management:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as per the directives of the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB & RBI from time to time.

Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder's value.

The Company manages its capital structure after taking in to consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board of Director's at regular intervals.

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve, deferred revenue expenditure and intangible assets. The book value of investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate 10% of owned funds will be reduced while arriving at the Tier I capital.

The other component of regulatory capital is Tier II Capital Instruments, which includes non convertible preference shares, revaluation reserve, general provision and loss reserves to the extent of one and one fourth percent of risk weighted asset, hybrid capital instruments and subordinated debts.(Refer note no. 36.1)

Note 24.7: Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details are as follows:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹338.00	₹1,600.60	₹1,206.35	₹1,333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2016 Tranche V
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019	August 19, 2020
Number of options granted	18,15,000	2,35,000	1,81,200	5,50,000
Exercise price per option	₹1,333.35	₹1,333.35	₹847.40	₹261.15
Date of vesting	The vesting will be as under:			
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020	10% on August 19, 2021
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021	20% on August 19, 2022
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022	30% on August 19, 2023
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023	40% on August 19, 2024
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Particulars	ESOS - 2018 Tranche IV	ESOS - Restricted stock units 2020
Date of Grant	August 19, 2020	February 15, 2021
Number of options granted	45,000	2,75,676
Exercise price per option	₹261.15	₹10.00
Date of vesting	The vesting will be as under:	The vesting will be as under:
	10% on August 19, 2021	10% on February 15, 2022
	20% on August 19, 2022	20% on February 15, 2023
	30% on August 19, 2023	30% on February 15, 2023
	40% on August 19, 2024	40% on February 15, 2024
Exercise period	Within 3 years from the date of respective vesting	Within 1 years from the date of respective vesting
Method of settlement	Through allotment of one equity share for each option granted	Through allotment of one equity share for each option granted
Vesting conditions	Employee to remain in service on the date of vesting	Employee to remain in service on the date of vesting

(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2021			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the beginning of the year	(b)	1,19,258	1,26,350	40,000	18,671
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	1,98,520	27,025	-	7,225
Options vested during the year	(e)	6,68,004	61,550	20,000	17,046
Options exercised during the year*	(f)	81,215	-	-	-
Options forfeited during the year	(g)	-	11,925	-	11,725
Options outstanding at end of the year	(h) = (a+c-e-g)	-	52,875	40,000	27,243
Options exercisable at the end of the year	(i) = (b+e-d-f)	5,06,527	1,60,875	60,000	28,492
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1,206.35	1,333.35

Particulars		As at March 31, 2021			
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2016 Tranche V
Options Outstanding at the beginning of the year	(a)	13,92,000	1,22,625	1,12,050	-
Options exercisable at the beginning of the year	(b)	-	40,875	37,350	-
Options granted during the year	(c)	-	-	-	5,50,000
Options lapsed / expired during the year	(d)	20,520	16,250	9,475	-
Options vested during the year	(e)	1,80,975	40,875	27,875	-
Options exercised during the year*	(f)	-	-	-	-
Options forfeited during the year	(g)	308,155	16,250	30,925	-
Options outstanding at end of the year	(h) = (a+c-e-g)	9,02,870	65,500	53,250	5,50,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,60,455	65,500	55,750	-
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40	261.15

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Particulars		As at March 31, 2021	
		ESOS - 2018 Tranche IV	ESOS - Restricted stock units 2020
Options Outstanding at the beginning of the year	(a)	-	-
Options exercisable at the beginning of the year	(b)	-	-
Options granted during the year	(c)	45,000	2,75,676
Options lapsed / expired during the year	(d)	-	-
Options vested during the year	(e)	-	-
Options exercised during the year*	(f)	-	-
Options forfeited during the year	(g)	-	12,090
Options outstanding at end of the year	(h) = (a+c-e-g)	45,000	2,63,586
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-
Weighted Average Exercise Price per option	(₹)	261.15	10.00

Particulars		As at March 31, 2020			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the beginning of the year	(b)	3,500	75,675	20,000	-
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	-	24,500	-	3,875
Options vested during the year	(e)	8,34,650	75,175	20,000	22,546
Options exercised during the year**	(f)	7,18,892	-	-	-
Options forfeited during the year	(g)	174,146	25,500	-	28,625
Options outstanding at end of the year	(h) = (a+c-e-g)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,19,258	1,26,350	40,000	18,671
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35

Particulars		As at March 31, 2020		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	17,03,800	1,99,000	1,71,400
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	-	-	-
Options lapsed / expired during the year	(d)	-	5,625	-
Options vested during the year	(e)	-	46,500	37,350
Options exercised during the year**	(f)	-	-	-
Options forfeited during the year	(g)	3,11,800	29,875	22,000
Options outstanding at end of the year	(h) = (a+c-e-g)	13,92,000	1,22,625	1,12,050
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	40,875	37,350
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40

* Weighted average share price at the date of the exercise of the stock option is ₹420.60
** Weighted average share price at the date of the exercise of the stock option is ₹420.79

(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2016 Tranche V
Estimated Value of Stock Option (₹)	593.17	511.64	321.87	120.56
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40	261.15
Exercise Price (₹)	1,333.35	1,333.35	847.40	261.15
Expected Volatility (%)*	0.3560	0.3560	0.4102	0.4834
Dividend Yield Rate (%)	0.53	0.55	1.06	-
Expected Life of Options** (year)	5.21	4.00	4.00	4.50
Risk Free Rate of Interest (%)	7.90	7.79	6.97	5.06

Particulars	ESOS - 2018 Tranche IV	ESOS - Restricted stock units 2020
Estimated Value of Stock Option (₹)	120.56	348.04
Share Price at Grant Date (₹)	261.15	356.40
Exercise Price (₹)	261.15	10.00
Expected Volatility (%)*	0.4834	0.4905
Dividend Yield Rate (%)	-	-
Expected Life of Options** (year)	4.50	3.50
Risk Free Rate of Interest (%)	5.06	5.10

*Expected volatility has been computed from the date of the listing of the share to the grant date.

**Expected life of the share option is based on the date of grant and is not necessarily indicative of exercise pattern that may occur.

(iv) The expense recognised for the employee services received during the year are as follows:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Expense arising from equity settled share based payment transaction	13.30	21.06
Expense arising from cash settled share based payment transaction	-	-
Total	**13.30**	**21.06**

Note 24.8: Dividend paid and proposed

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders.

(₹ in crores)

Particulars	Current Year	Previous Year
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2020: ₹ Nil per share	-	-
Final dividend for 2019: ₹9/- per share*	-	182.37
Total dividend paid	**-**	**182.37**
Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31)		
Dividend on ordinary shares:		
Final dividend for 2021: ₹ Nil per share	-	-
Final dividend for 2020: ₹ Nil per share	-	-

*Dividend includes dividend distribution taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 25: OTHER EQUITY

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Share premium reserve	4,047.90	4,044.33
Special reserve	1,010.76	813.76
Statutory reserve	126.97	126.97
Share option outstanding account	73.29	67.32
Retained earnings	3,712.55	2,971.40
Effective portion of cash flow hedges	(216.71)	(194.20)
Total	**8,754.76**	**7,829.58**

Note 25.1: Nature and purpose of reserves

Share premium reserve

Share premium reserve includes :

- amount of premium received on issue of equity shares and;
- fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme.

The reserve can be utilised only for limited purposes such as issuance of bonus shares, issue expenses of securities which qualify as equity instruments in accordance with the provisions of the Companies Act, 2013.

Special reserve and Statutory reserve

In accordance with Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve fund (statutory reserve) before any dividend is declared.

The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29(c)(i).

Share option outstanding accounts

The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity settled transaction is credited to share option outstanding account in equity.

Effective portion of cash flow hedges

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

NOTE 26: INTEREST INCOME

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	6,985.44	-	6,985.44	7,486.43	-	7,486.43
Investments						
Financial investments - Debt	154.25	-	154.25	135.03	-	135.03
Financial asset valued at fair value through profit and loss	-	11.09	11.09	-	9.53	9.53
Deposits with banks	36.13	-	36.13	55.00	-	55.00
Other Interest income						
Loan against deposits	2.92	-	2.92	2.22	-	2.22
Total	**7,178.74**	**11.09**	**7,189.83**	**7,678.68**	**9.53**	**7,688.21**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 26.1: In accordance with RBI circular no RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07,2021, the Company shall refund / adjust 'interest on interest' to all borrowers during the moratorium period in conformity with the judgement pronounced by the Hon'ble Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021.The methodology for calculation of the amount of such 'interest on interest' has been recently circulated by the Indian Banks Association (IBA) . The Company is in the process of suitably implementing this methodology and has created a liability of ₹28.00 crores towards estimated interest relief and reduced the same from the interest income for the year ended March 31, 2021.

NOTE 27: FEES AND COMMISSION INCOME

(₹ in crores)

Particulars	Current Year	Previous Year
Fees Income	118.36	246.85
Other charges recovered	62.87	51.99
Total	**181.23**	**298.84**

NOTE 28: NET GAIN ON FAIR VALUE CHANGES

(₹ in crores)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	162.33	158.64
Total	**162.33**	**158.64**
Fair value changes:		
-Realised	167.04	159.11
-Unrealised	(4.71)	(0.47)
Total	**162.33**	**158.64**

NOTE 29: FINANCE COSTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Interest on debt securities	-	1,209.79	1,209.79	-	1,841.54	1,841.54
Interest on borrowings	-	2,409.77	2,409.77	-	2,568.54	2,568.54
Interest on deposits	-	1,332.25	1,332.25	-	1,303.68	1,303.68
Interest on subordinated liabilities	-	123.08	123.08	-	124.48	124.48
Fee and other charges (Refer Note 29.1 and Note 37)	-	24.89	24.89	-	36.71	36.71
Total	**-**	**5,099.78**	**5,099.78**	**-**	**5,874.95**	**5,874.95**

Note 29.1: Fee and other charges includes notional interest on lease liabilities in accordance with Ind AS 116.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 30: IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
Loans	-	778.49	778.49	-	1,171.49	1,171.49
Bad debts written off (net)	-	83.08	83.08	-	78.22	78.22
Letter of comforts and other receivables	-	0.33	0.33	-	1.66	1.66
Total	**-**	**861.90**	**861.90**	**-**	**1,251.37**	**1,251.37**

NOTE 31: EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	179.10	189.58
Contribution to provident and other funds	15.43	19.16
Share based payments to employees	13.30	21.06
Staff welfare expenses	3.46	3.26
Total	**211.29**	**233.06**

NOTE 32: OTHER EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Rent, taxes and energy costs	10.59	16.15
Repairs and maintenance	16.23	12.82
General office expenses	30.10	33.70
Legal and professional charges	34.22	44.10
Advertisement and publicity	8.08	27.04
Corporate social responsibility expenses (Refer note 32.1)	24.68	26.36
Communication costs	9.55	6.84
Travelling and conveyance	3.12	7.67
Printing and stationery	3.03	6.04
Training and recruitment expenses	0.90	4.69
Director's fees, allowances and expenses	1.44	1.13
Auditor's fees and expenses (Refer note 32.2)	0.65	0.63
Insurance	0.33	0.29
Bank charges	0.19	0.52
Net loss on derecognition of property, plant and equipment	3.71	0.61
Impairment on assets held for sale	26.64	55.80
Total	**173.46**	**244.39**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 32.1: Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2021 as amended, the Company is required to spent for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

(₹ in crores)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	**24.68**	**26.36**
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above*		
- Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon**	23.45	25.05
- Expenditure on administrative overheads for CSR***	1.23	1.31
Total	**24.68**	**26.36**

*During the previous year the Company on the basis of Circular no. 05/01/2019-CSR dated March 23, 2020, issued by Ministry of Corporate Affairs (MCA) had contributed ₹0.40 crores to Lieutenant Governor/Chief Minister Relief Fund to support the Government of Delhi in providing relief and assistance to migrant construction workers in Delhi during the pandemic (COVID 19).
The MCA has issued another circular no. F. No. CSR-01/4/2020-CSR-MCA on April 10, 2020 whereby while responding to the FAQ's they have clarified that contribution made to Chief Minister Relief Fund will not qualify as admissible CSR expenditure.
Since the contribution to Lieutenant Governor/Chief Minister Relief Fund was made by the Company prior to the date of issue of FAQ's and basis the earlier circular dated March 23, 2020, the Company on May 06, 2020 has filed a request to MCA to consider the same as admissible CSR expenditure. The Company has not received the reply from MCA till the date of signing of the financial statement.

** Includes contribution to related party (Pehel foundation) amounting to ₹16.04 crores (Previous year ₹ Nil crores).

*** Includes directors sitting fees for CSR committee meetings and amount provisioned ₹ Nil crores (Previous year ₹0.20 crores) to be paid subsequently.

Note: 32.2: Auditor's fees and expenses*

(₹ in crores)

Particulars	Current Year	Previous Year
Statutory audit fee	0.20	0.20
Tax audit fee	0.07	0.07
Limited review fee	0.17	0.16
Other certification fee	0.20	0.20
Out of pocket expenses	0.01	-
Total	**0.65**	**0.63**

* Including good and services tax for which tax credit is not available to the Company.

NOTE 33: INCOME TAXES

The components of income tax expense are:

(₹ in crores)

Particulars	Current Year	Previous Year
Current tax	429.15	402.19
Adjustments in respect of current income tax of prior years	(15.90)	(12.95)
Deferred tax relating to origination and reversal of temporary differences (including impact of change in tax rate)	(136.12)	(224.47)
Total	**277.13**	**164.77**
Current tax	413.25	389.24
Deferred tax (Refer note 10)	(136.12)	(224.47)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 33.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2021 and March 31, 2020 is as follows:

(₹ in crores)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,207.03	811.01
Statutory income tax rate (%)	(b)	25.168	25.168
Tax at statutory income tax rate	(c) = (a*b)	303.79	204.11
Adjustments in respect of current income tax of prior years	(d)	(15.90)	(12.95)
Impact of:			
-Income not subject to tax	(e)	(79.42)	(1.78)
-Non deductible expenses	(f)	281.09	252.55
-Deduction under section 35 D	(g)	(3.77)	(3.77)
-Deduction under section 36 (1) (viii)	(h)	(49.53)	(45.71)
-Deduction under section 80G	(i)	-	(2.80)
-Other deductions	(j)	(23.01)	(0.41)
Total current tax expense	**(c+d+e+f+g+h+i+j)**	**413.25**	**389.24**
Other comprehensive income			
Tax expense on re-measurement gains/ (losses) on defined benefit plan		(0.61)	-
Total tax on other comprehensive income		**(0.61)**	**-**

NOTE 34: EARNING PER SHARE

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars		Unit	Year ended March 31, 2021	Year ended March 31, 2020
a)	Amount used as the numerator for basic EPS profit after tax	(₹ in crores)	929.90	646.24
b)	Weighted average number of equity shares for basic EPS	Number	16,81,92,754	16,80,63,445
c)	Weighted average number of equity shares for diluted EPS	Number	16,82,69,266	16,82,55,680
d)	Nominal value per share	(in ₹)	10/-	10/-
e)	Earnings per share:			
	-Basic (a/b)	(in ₹)	55.29	38.45
	-Diluted (a/c)	(in ₹)	55.26	38.41

ii) The basic earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceed receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented. Diluted earnings per share does not include conversion or exercise of potential ordinary shares that would have an antidilutive effect on earnings per share.

Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows:-

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average number of equity shares for computation of basic earnings per share	16,81,92,754	16,80,63,445
Effect of dilutive equity shares - share option outstanding	76,512	1,92,235
Weighted average number of equity shares for computation of dilutive earnings per share	**16,82,69,266**	**16,82,55,680**

NOTE 35: ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of selling the same. These properties are classified as assets held for sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 36: DISCLOSURE AS PER NON-BANKING FINANCIAL COMPANY-HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021

(i) The following additional disclosures have been given in compliance with "Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021" ('RBI directions") issued by RBI vide notification number RBI/2020-21/73/DOR. FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021. Since, these directions are effective from February 17, 2021 hence the disclosures as at and for the year ended March 31, 2021 are as per these directions.

Prior to above directions the disclosures were to be given in terms of the circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 issued by the National Housing Bank. The figures appearing in the disclosures as at and for the year ended March 31, 2020 are not traceable to the Financial Statements as the disclosures are made as per the regulatory requirement (i.e. erstwhile accounting standard notified under section 133 of the Companies Act, 2013) whereas the financial statements are prepared as per Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

The figures appearing in the disclosures as at and for the year ended March 31, 2021 is not comparable to the figures for the corresponding previous year as the figures as at and for the year ended March 31, 2020 are as per the regulatory requirement (i.e. erstwhile accounting standard notified under section 133 of the Companies Act, 2013) whereas the figures as at and for the year ended March 31, 2021 are basis the above stated directions of RBI and financial statements which are prepared as per Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

The above stated RBI directions and NHB Directions are applicable to the Company on standalone basis (except related party disclosure given in note no. 36.10), hence these disclosures are basis the standalone financial statement of the Company.

Note 36.1: Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2021	As at March 31, 2020
i) CRAR (%)	18.73	17.98
ii) CRAR – Tier I Capital (%)	15.53	15.18
iii) CRAR – Tier II Capital (%)	3.20	2.80
(iv) Amount of subordinated debt raised as Tier-II Capital	-	-
(v) Amount raised by issue of Perfetual Debt Instruments	-	-

Note 36.2: Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crores)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	126.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	813.76	631.76
(c) Total	**940.73**	**758.73**
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	-	-
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	197.00	182.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
Balance at the end of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	126.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	1,010.76	813.76
(c) Total	**1,137.73**	**940.73**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.3: Investments

(₹ in crores)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	2,032.92	1,946.95
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	2,032.92	1,946.95
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	21.47
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	21.47
(iv) Closing balance	-	-

Note 36.4: Derivatives

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) The notional principal of swap agreements	10,081.26	9,470.98
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	199.57	433.62
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	10,081.26	9,470.98
(v) The fair value of the swap book	(51.44)	125.66

@ The Company has entered into swap and forward agreements with various banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

ii) Exchange Traded Interest Rate (IR) Derivative – There is no exchange traded interest rate derivative.

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

iii) Disclosure on Risk Exposure in Derivatives

A. Qualitative Disclosure

Particulars	Details
a) the structure and organization for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade into derivative products. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates, and	The Company has not entered into any speculative derivative transaction (without underlying exposure). The Company has entered in to derivative transaction only for hedging its foreign currency and interest rate exposure against foreign currency borrowing which has been availed for financing prospective buyers of eligible housing units. The derivative transactions entered into for hedging the ECB borrowings are as per the applicable guidelines of RBI. The hedging is guided by the Board resolution authorising the Company to borrow through ECB route and hedging of the underlying exposure.
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

B. Quantitative Disclosure

(₹ in crores)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	6,663.29	3,417.97	5,965.54	3,505.44
(ii) Marked to Market Positions				
(a) Assets (+)	199.57	-	433.62	-
(b) Liability (-)*	(27.84)	(223.17)	-	(307.96)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	231.42	2.32	229.39	16.32

* Net of margin money paid to counter party bank.

Note 36.5: Assignment / Securitisation

i) There are no SPVs sponsored by PNB Housing Finance Limited.

ii) During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (Previous year ₹ Nil)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

iii) Details of assignment transactions undertaken:

(₹ in crores)

Particulars	Current Year	Previous Year
(i) No. of accounts	3,231	31,093
(ii) Aggregate value (net of provisions) of accounts assigned	788.60	9,310.63
(iii) Aggregate consideration	788.60	9,310.63
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

iv) During the year, the Company has not purchased / sold any non-performing financial assets (Previous year ₹ Nil)

Note 36.6: Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding pre-payments and renewals as prescribed by the regulator. Maturity pattern of certain items of assets and liabilities are as follows:

As at March 31, 2021

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency liabilities	Net Advances*	Investments	Foreign currency assets
1 day to 7 days	73.47	99.73	189.00	-	220.68	-	-
8 days to 14 days	59.92	-	-	-	220.68	90.83	-
15 days to 30/31 days	122.88	380.00	-	-	535.92	-	-
Over 1 month to 2 months	524.13	1,288.58	320.00	-	961.12	10.13	-
Over 2 months to 3 months	326.02	1,407.91	975.00	27.56	945.23	-	-
Over 3 months to 6 months	1,304.85	3,411.85	2,769.00	27.56	2,742.99	0.10	-
Over 6 months to 1 year	2,206.96	3,104.23	1,545.00	66.15	5,091.33	0.12	-
Over 1 year to 3 years	4,238.84	9,438.30	3,959.00	4,564.64	15,964.83	618.71	-
Over 3 years to 5 years	4,015.91	2,999.77	910.00	1,223.32	11,731.68	650.00	-
Over 5 years	3,874.44	1,706.73	2,233.06	-	22,272.91	663.03	-
Total	**16,747.42**	**23,837.10**	**12,900.06**	**5,909.23**	**60,687.37**	**2,032.92**	**-**

As at March 31, 2020

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency liabilities	Net Advances*	Investments	Foreign currency assets
Upto 30/31 days (one month)	302.49	290.21	1,025.00	-	679.54	89.95	-
Over 1 month to 2 months	414.86	444.82	235.00	-	1,407.70	-	-
Over 2 months to 3 months	333.77	1,277.10	1,300.00	14.13	681.98	-	-
Over 3 months to 6 months	1,347.12	2,012.93	3,952.00	28.27	3,571.96	-	-
Over 6 months to 1 year	2,105.53	3,342.66	2,650.00	56.54	7,288.83	0.25	-
Over 1 year to 3 years	3,142.58	10,675.95	5,543.00	1,074.25	18,026.29	114.76	-
Over 3 years to 5 years	3,542.64	6,418.96	1,599.00	4,485.46	13,136.42	844.30	-
Over 5 years to 7 years	2,027.52	965.93	1,500.00	-	7,832.00	320.00	-
Over 7 years to 10 years	3,253.49	750.49	1,539.70	-	6,825.09	576.01	-
Over 10 years	-	564.66	-	-	7,938.81	1.68	-
Total	**16,470.00**	**26,743.71**	**19,343.70**	**5,658.65**	**67,388.62**	**1,946.95**	**-**

* Includes Instalments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.7: Exposure:

i) Exposure to Real Estate Sector

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
i) Direct Exposure		
A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	43,063.35	44,451.40
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	20,168.13	23,557.69
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures – i) Residential	-	-
ii) Commercial Real Estate	-	-
ii) Indirect Exposure		
Fund based and non-fund based exposures on NHB and Housing Finance Companies (HFCs)	-	-
Total exposures to real estate sector	**63,231.48**	**68,009.09**

Note: While computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

ii) As on March 31, 2021, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2021, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2021, the Company has not exceeded the prudential exposure limit for single borrower or group borrower (Previous year ₹ Nil).

v) As on March 31, 2021, the Company has not given any unsecured advances (Previous year ₹ Nil).

vi) As on March 31, 2021, all advances of the Company are secured against tangible assets and there are no advances against intangible assets (Previous year ₹ Nil).

vii) As on March 31, 2021, the Company has no exposures to group companies engaged in the real estate business.

Note 36.8: Registration obtained from financial sector regulators

NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note 36.9: Disclosure of Penalties imposed by NHB/RBI and other regulators:

During the financial year ended March 31, 2021, NHB has carried out the inspection and has imposed a penalty of ₹1.90 crores (Previous year ₹0.01 crores) on account of the below mentioned observations:

(i) For reduction in the rate of interest on request of the specific borrower (not a class of borrowers). Non-compliance of Para 2(1)(zc)(ii) of the HFC (NHB) Directions 2010 and Policy Circular 55.

(ii) For asset classification on the basis of DPD calculated from payable date instead of due date. Non-compliance of para 2(1)(v) and 2(1)(x) of Housing Finance Companies (NHB) Directions, 2010.

(iii) For wrong classification of one loan account as substandard as on 31.12.2018. Non-compliance of Para 27(1) of HFCs (NHB) Directions.

(iv) For not putting in place adequate credit appraisal systems and controls commensurate with the scale of operations with particular reference to exposure on high value builder loans, construction finance etc. Non-compliance of NHB (ND)/DRS/ Misc. Circular No.5/2011.

(v) For not framing Board approved Grievance Redressal Mechanism (GRM). Non-compliance of para 4.6(b) of Master Circular-Fair Practice Code.

(vi) For not set the prudential limits on individual Gaps in various time buckets under interest rate sensitivity statement. Non-compliance of policy circular 35.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.10: Related Party Transactions

	Name of the Related Party	Nature of Relationship
i)	Pehel Foundation (Incorporated on October 14, 2019)	Wholly owned Subsidiary
ii)	Punjab National Bank Limited	Enterprise having Significant Influence
iii)	PNB Investment Services Limited	Enterprise having Significant Influence
iv)	Quality Investment Holdings Limited	Enterprise having Significant Influence
v)	Mr. CH. S. S. Mallikarjuna Rao (Chairman-Non Executive Director) (w.e.f. December 20, 2019)	Key Managerial Personnel
vi)	Mr. Sunil Mehta (Chairman-Non Executive Director)*	Key Managerial Personnel
vii)	Mr. L. V. Prabhakar (Non-Executive Director)**	Key Managerial Personnel
viii)	Mr. Shital Kumar Jain (Independent Director)***	Key Managerial Personnel
ix)	Mr. Sunil Kaul (Non-Executive Nominee Director)	Key Managerial Personnel
x)	Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Managerial Personnel
xi)	Dr Gourav Vallabh (Independent Director)****	Key Managerial Personnel
xii)	Mr. Nilesh S Vikamsey (Independent Director)	Key Managerial Personnel
xiii)	Mr. Ashwani Kumar Gupta (Independent Director)	Key Managerial Personnel
xiv)	Mrs. Shubhalakshmi Panse (Independent Director)*****	Key Managerial Personnel
xv)	Mr. Neeraj Vyas (Non-Executive Director)^	Key Managerial Personnel
xvi)	Mr. Tejendra Mohan Bhasin (Independent Director) (w.e.f. April 02,2020)	Key Managerial Personnel
xvii)	Mr. Sudarshan Sen (Independent Director) (w.e.f. October 01, 2020)	Key Managerial Personnel
xviii)	Mr. Kapil Modi (Non-Executive Nominee Director) (w.e.f. October 01, 2020)	Key Managerial Personnel
xix)	Mr. Rajneesh Karnatak (Non-Executive Nominee Director) (w.e.f. January 19, 2021)	Key Managerial Personnel
xx)	Mr. Hardayal Prasad (Managing Director and CEO) (w.e.f. August 10, 2020)	Key Managerial Personnel
xxi)	Mr. Sanjaya Gupta (Managing Director)^^	Key Managerial Personnel
xxii)	Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xxiii)	Mr. Kapish Jain (Chief Financial Officer)	Key Managerial Personnel

*Ceases to be the Chairman and Non Executive Director of the Company w.e.f. September 30, 2019

**Ceases to be the Non-Executive Director of the Company w.e.f. January 31, 2020.

*** Ceases to be the Independent Director of the Company w.e.f. August 09, 2020.

****Ceases to be the Independent Director w.e.f. April 21, 2021.

*****Ceases to be the Independent Director of the Company w.e.f. January 5, 2021

^Appointed as an Independent director w.e.f. April 15, 2019 and ceases to be Independent Director and appointed as an Executive Director and Interim Managing Director and CEO of the Company w.e.f. April 28, 2020.With effect from August 10, 2020 ceases to be Executive Director and Interim Managing Director and CEO of the Company and appointed as Non-executive and non- independent director of the Company with effect from September 01, 2020.

^^Ceases to be the Managing Director and CEO of the Company w.e.f. April 28, 2020 and Non Executive Director of the Company w.e.f. May 04, 2020.

Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

(₹ in crores)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:						
Pehel Foundation						
- Investment in Equity Share	-	-	-	0.05	-	-
- Donation paid	-	-	16.04	-	-	-
Punjab National Bank Limited^						
- Purchase of property	-	35.00	-	-	-	-
- Assignment of loan	-	3,836.64	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in crores)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
- Principal paid on assignment of loans	1,950.46	1,593.01	-	-	-	-
- Fixed deposit made/renewed	9,341.71	8,651.41	-	-	-	-
- Fixed deposit matured	9,863.05	6,961.68	-	-	-	-
- Term loan raised	2,260.00	500.00				
- Term loan repaid	3,100.75	449.99				
- Interest received on Fixed Deposits	14.59	49.12	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	8.90	8.64	-	-	-	-
- Interest Paid on Term Loan Instalment / ECB / OD	252.34	188.64	-	-	-	-
- Rent & Maintenance Charges	0.33	1.05	-	-	-	-
- Bank Charges	0.05	0.25	-	-	-	-
- Interest & other charges paid on assignment of loans	607.83	490.24	-	-	-	-
- Dividend Paid	-	49.42	-	-	-	-
Quality Investments Holdings						
- Dividend Paid	-	48.77	-	-	-	-
PNB Investment Service Private Limited						
- Fees paid	0.02	0.05	-	-	-	-
Transactions with KMPs and relatives:						
Sitting Fee and Commission paid to Directors						
- Punjab National Bank Limited on behalf of nominated directors	0.05	0.07	-	-	-	-
- Mr. Shital Kumar Jain	-	-	-	-	0.14	0.09
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	0.19	0.08
- Dr Gourav Vallabh	-	-	-	-	0.18	0.08
- Mr. Nilesh S Vikamsey	-	-	-	-	0.18	0.08
- Mr. Ashwani Kumar Gupta	-	-	-	-	0.21	0.13
- Mrs. Shubhalakshmi Panse	-	-	-	-	0.14	0.09
- Mr. Neeraj Vyas	-	-	-	-	0.17	0.08
- Mr. Tejendra Mohan Bhasin	-	-	-	-	0.06	-
- Mr. Sudarshan Sen	-	-	-	-	0.02	-
Reimbursement of expense:						
- Dr Gourav Vallabh	-	-	-	-	0.02	-
Rental expense:						
- Mr. Tejendra Mohan Bhasin and Anjali Bhasin	-	-	-	-	0.24	-
Remuneration expense$#:						
- Mr. Hardayal Prasad	-	-	-	-	1.26	-
- Mr. Neeraj Vyas	-	-	-	-	0.65	-
- Mr. Sanjaya Gupta	-	-	-	-	0.72	2.92
- Mr. Sanjay Jain	-	-	-	-	0.67	0.66
- Mr. Kapish Jain	-	-	-	-	1.28	1.44
Dividend Paid						
- Mr. Sanjaya Gupta	-	-	-	-	-	0.12

^ Excluding running current / overdraft account transactions.

$ As the liabilities for gratuity are provided on actuarial basis for the Company as a whole, amount accrued pertaining to key management personnel are not included above.

Excluding perquisites on exercise of stock options during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in crores)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Outstanding balances#				
Punjab National Bank Limited				
Receivables				
- Bank Deposits	1,700.00	2,200.00	-	-
- Interest accrued on bank deposits	0.17	9.18	-	-
- Servicing fees receivable on assignment on loans	0.13	2.55	-	-
Payables				
- Term loans	2,700.56	1,533.31	-	-
- External Commercial Borrowings##	1,947.87	1,997.73	-	-
- Interest accrued on term loans and external commercial borrowings	14.42	10.88	-	-
- Payable on assignment on loans	238.29	182.49	-	-

#Excluding running current / overdraft account balances.

##Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note 36.11: Diagrammatic representation of group structure along with holding percentage is as follows:

Punjab National Bank Limited (Promoter)

(32.64%)

PNB Housing Finance Limited

(100%)

PHFL Home Loans and Services Limited

Pehel Foundation

Note 36.12: Rating assigned by Credit Rating Agencies and migration of rating during the year

Nature of Instrument	As at March 31, 2021	As at March 31, 2020
Deposits	CRISIL FAA+ (Outlook-Negative)	CRISIL FAA+ (Outlook-Stable)
	CARE AA (Outlook - Stable)	CARE AA+ (Outlook-Stable)
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)
	CARE AA (Outlook - Stable)	CARE AA+ (Outlook-Stable)
	IND AA (Outlook-Negative)	IND AA (Outlook-Stable)
	ICRA AA (Outlook-Negative)	ICRA AA+ (Outlook-Negative)
Commercial Paper	CRISIL A1+	CRISIL A1+
	CARE A1+	CARE A1+
Bank Term Loan	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)
	CARE AA (Outlook - Stable)	CARE AA+ (Outlook-Stable)

Note 36.13: Remuneration of Directors: Details of Remuneration of Directors are disclosed in Form No. MGT - 9.

Note 36.14: Management: Management Discussion and Analysis report shall be referred for the relevant disclosures.

Note 36.15: During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

Note 36.16: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.17: Consolidated Financial Statements (CFS): Refer note no. 1.3 "Principal of consolidation".

Note 36.18: Provisions and Contingencies:

Break up of Provisions and Contingencies shown under the head expenditure in Profit and Loss Account is given as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax	407.96	366.32
3. Provision towards NPA	576.81	245.05
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	77.86	(31.47)
iii) CRE – RH	9.66	(13.82)
iv) Other Loans	114.16	(12.71)
Total (i+ii+iii+iv)	**201.68**	**(58.00)**
5. Other Provision and Contingencies (Refer Note 2.20)	0.26	(112.98)
6. Provision for Stock of Acquired Properties	26.64	55.80

Note 36.19: Break-up of Loan & Advances and Provisions thereon:

The Company has complied with the norms prescribed by the regulator for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of more than 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under directions issued by the regulator.

(₹ in crores)

Particulars	Housing		Non-Housing	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Standard Assets				
a) Total Outstanding Amount	41,802.90	45,950.53	18,430.17	20,202.33
b) Provision made	856.56	177.99	438.29	121.01
Sub-Standard Assets				
a) Total Outstanding Amount	904.50	1,211.15	341.53	419.26
b) Provision made	362.84	181.67	101.65	62.89
Doubtful Assets - Category-I				
a) Total Outstanding Amount	1,276.45	123.56	312.54	31.46
b) Provision made	632.14	33.96	80.91	8.21
Doubtful Assets - Category-II				
a) Total Outstanding Amount	124.43	51.43	32.25	13.47
b) Provision made	53.82	23.17	11.11	5.67
Doubtful Assets - Category-III				
a) Total Outstanding Amount	2.61	4.62	4.10	1.28
b) Provision made	2.49	4.62	4.30	1.28
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**44,110.89**	**47,341.29**	**19,120.59**	**20,667.80**
b) Provision made	**1,907.85**	**421.41**	**636.26**	**199.06**

Note 36.20: Draw Down from Reserves During the year there were no draw down from Reserves.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.21: Concentration of Public Deposits

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Deposits of twenty largest depositors	2,066.67	2,487.29
Percentage of deposits of twenty largest depositors to total deposits	14.68%	17.90%

Note 34.22: Concentration of Loans & Advances

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total loans & advances to twenty largest borrowers	8,332.74	9,366.02
Percentage of loans & advances to twenty largest borrowers to total advances	13.18%	13.77%

Note 36.23: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to twenty largest borrowers /customers	10,159.19	11,585.01
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	16.07%	15.25%

Note 36.24: Concentration of NPAs

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top ten NPA accounts	1,622.37	1,207.26

Note 36.25: Sector-wise NPAs

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2021	As at March 31, 2020
A. Housing Loans:	5.23	2.94
1. Individuals	2.53	1.13
2. Builders/Project Loans	15.70	9.21
3. Corporates	10.36	3.88
4. Others (specify)	-	-
B. Non-Housing Loans:	3.61	2.25
1. Individuals	2.06	1.07
2. Builders/Project Loans	10.17	7.66
3. Corporates	3.50	1.53
4. Others (specify)	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.26: Movement of NPAs

(₹ in crores)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	2.82%	2.28%
(II) Movement of NPAs (Gross)		
a) Opening balance	2,012.38	354.87
b) Additions during the year	1,307.95	2,834.66
c) Reductions during the year	321.92	1,333.30
d) Closing balance	2,998.41	1,856.23
(III) Movement of Net NPAs		
a) Opening balance	1,339.93	278.44
b) Additions during the year	648.06	2,517.65
c) Reductions during the year	238.84	1,261.33
d) Closing balance	1,749.15	1,534.76
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	672.45	76.43
b) Provisions made during the year	659.89	317.01
c) Write-off/write-back of excess provisions	83.08	71.97
d) Closing balance	1,249.26	321.47

Note 36.26.1: Net NPA to loan asset (principal outstanding Including principal overdue) as on March 31, 2021 is 2.43% (Previous year 1.75%).

Note 36.27: As on March 31, 2021, the Company does not have any assets outside the country (Previous year ₹ Nil).

Note 36.28: As on March 31, 2021, the Company does not have any Off-Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms (Previous year Nil).

Note 36.29: Disclosure of Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	13	28
b) No. of complaints received during the year	2,793	2,267
c) No. of complaints redressed during the year	2,777	2,282
d) No. of complaints pending at the end of the year	29	13

Note 36.30: As on March 31, 2021, the Company has not granted any loans and has no outstanding loans against collateral gold jewellary (Previous year Nil).

Note 36.31: Deposit includes Public Deposits as defined in Paragraph 4.1.30 of RBI Directions, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987. As on March 31, 2021, the public deposits (including accrued interest) outstanding amounts to ₹14,429.04 crores (Previous year ₹13,894.90 crores).

The Company is carrying Statutory Liquid Assets amounting to ₹1,941.79 crores (Previous year ₹1,916.23 crores).

Note 36.32: As on March 31, 2021, the Company operates with in India and does not have any joint venture or overseas subsidary.

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio

(a) Liquidity Risk Management disclosures as at March 31, 2021:

(i) Funding Concentration based on significant counterparty *(both deposits and borrowings)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Number of Significant Counterparties^	Amount (₹ in crores)	% of total deposits	% of total liabilities
14	33,405	NA*	53.48%

*Company does not have any depositor who would be eligible as significant counterparty

^Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

(ii) Top 20 large deposits

Particulars	Amount (₹ in crores)	% of total deposits
Top 20 large deposits	3,221	19.23%

(iii) Top 10 borrowings

Particulars	Amount (₹ in crores)	% of total deposits
Top 10 borrowings	30,415	48.69%

(iv) Funding Concentration based on significant instrument/product

Name of the instrument/product^^	Amount (₹ in crores)	% of total liabilities
1) Secured Non-Convertible Debentures	10,356.50	16.58%
2) Commercial Papers	1,104.98	1.77%
3) Refinance Facility from NHB	7,847.86	12.56%
4) Bank Facilities (Long Term + Short Term)	15,989.25	25.60%
5) External Commercial Borrowings	5,909.23	9.46%
6) Deposits	16,747.42	26.81%
7) Subordinated Tier-II Non-Convertible Debentures	1,438.58	2.30%
Total Borrowings	**59,393.82**	**95.08%**
Total Liabilities	**62,465.34**	

^^Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(v) Stock ratios

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	1.86%	1.77%	1.55%
Non-Convertible Debentures (original maturity of less than 1 year)	NA	NA	NA
Other short term liabilities*	8.05%	7.65%	6.70%

* Includes short term funds with original maturity of less than 1 year and includes funds from Refinance from NHB, Short Term Lines / OD / WCDL.

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee (ALCO) and the Risk Management Committee. The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating and monitoring the integrated risk management system of the Company including liquidity risk. The ALCO is responsible for ensuring adherence to the liquidity risk tolerance/limits set out in the board approved Asset Liability Management (ALM) policy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile for assets & liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity position of the Company. The ALM Policy is reviewed periodically to realign the same pursuant to any regulatory changes/changes in the economic landscape or business needs and tabled to the Board for approval.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Management regularly reviews the position of cash and cash equivalents by aligning the same with the projected maturity of financial assets and financial liabilities, economic environment, liquidity position in the financial market, anticipated pipeline of future borrowing & future liabilities and threshold of minimum liquidity defined in the ALM policy with additional liquidity buffers as management overlay.

(b) Liquidity Coverage Ratio (LCR) guidelines are applicable on the Company with effect from December 01, 2021, hence there are no disclsoures around LCR.

Note 36.34: Disclsoure as per Anexure III of RBI directions:

(₹ in crores)

S. No	Particulars Liabilities side	Amount outstanding	Amount overdue
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**		
	(a) Debentures : Secured	10,574.72	-
	: Unsecured	1,439.67	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	29,969.54	-
	(d) Inter-corporate loans and borrowing	2,575.70	-
	(e) Commercial Paper	1,104.98	-
	(f) Public Deposits	14,429.04	-
	(g) Other Loans (specify nature)	-	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	14,429.04	-

	Assets side	Amount outstanding
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
	(a) Secured	63,231.48
	(b) Unsecured	-
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**	
	(i) Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards asset financing activities	
	(a) Loans where assets have been repossessed (net of provision)	136.48
	(b) Loans other than (a) above	-
5	**Break-up of Investments**	
	Current Investments	
	1. Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	90.83
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Assets side	Amount outstanding
2. Unquoted	
Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
Long Term Investments	
1. Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	1,941.79
(v) Others (please specify)	-
2. Unquoted	
Shares	
(a) Equity	0.30
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	60,687.37	-	60,687.37
Total	**60,687.37**	**-**	**60,687.37**

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value / Break up or fair value or NAV	Total Book Value (net of provisions)
1. Related Parties		
(a) Subsidiaries*	96.88	0.30
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	2,118.92	2,032.62
Total	**2,215.80**	**2,032.92**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

8 Other information

Particulars	Amount
1. Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	2,998.41
2. Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	1,749.15
Assets acquired in satisfaction of debt	-

* Equity capital contributed by the Company has been considered as break up value for subsidiary formed under section 8 of the Company Act 2013 as the subsidiary is prohibited to give any right over its profits to any of its members.

Note 36.35: RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22, 2020 defined the principal business criteria for HFCs. Further, it also states that those HFCs which doesnot fulfill the defined criteria as on October 22, 2020 has an option to submit a board approved plan including a roadmap to fulfill the defined criteria and timeline for transition to RBI with in three months from the date of circular.

In compliance with the above circular, the Company has submitted board approved plan along with roadmap to fulfill the defined criteria and timeline for transition to RBI on January 21, 2021.

Details of principal business criteria as on March 31, 2021 is as follows:

As at	% of total assets towards housing finance	% of total assets towards housing finance for individuals
March 31, 2021	61.86%	48.95%

Note 36.36: In compliance with RBI notification number RBI/DNBS/2016-17/49/Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016, during the year the Company has reported five fraud case in relation to loans advanced to the borrowers amounting to ₹1.92 crores to NHB (Previous year ₹4.22 crores).

Note 36.37: In compliance with RBI circular number RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 is tabulated below:

(₹ in crores)

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
Performing Assets						
Standard	Stage 1	56,399.18	647.56	55,751.62	237.02	410.54
	Stage 2	3,833.89	647.29	3,186.60	19.98	627.31
Subtotal		**60,233.07**	**1,294.85**	**58,938.22**	**257.00**	**1,037.85**
Non-Performing Assets (NPA)						
Substandard	**Stage 3**	**1,246.03**	**464.49**	**781.54**	**179.55**	**284.94**
Doubtful - up to 1 year	Stage 3	1,588.99	713.05	875.94	366.97	346.08
1 to 3 years	Stage 3	156.68	64.93	91.75	54.08	10.85
More than 3 years	Stage 3	6.71	6.79	(0.08)	5.63	1.16
Subtotal for doubtful		**1,752.38**	**784.77**	**967.61**	**426.68**	**358.09**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,998.41**	**1,249.26**	**1,749.15**	**606.23**	**643.03**

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for the year ended March 31, 2021

(₹ in crores)

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	902.59	2.26	900.33	-	2.26
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**902.59**	**2.26**	**900.33**	**-**	**2.26**
Total	**Stage 1**	**57,301.77**	**649.82**	**56,651.95**	**237.02**	**412.80**
	Stage 2	**3,833.89**	**647.29**	**3,186.60**	**19.98**	**627.31**
	Stage 3	**2,998.41**	**1,249.26**	**1,749.15**	**606.23**	**643.03**
Total		**64,134.07**	**2,546.37**	**61,587.70**	**863.23**	**1,683.14**

Note 36.38: In compliance with RBI circular number RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, the disclosure in relation to COVID19 - Asset Classification and Provisioning is tabulated below:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances outstanding in SMA/overdue categories, where the moratorium / deferment was extended, as per the COVID 19 regulatory package as at February 29, 2020 #	4,861.00	5,034.00
Advances outstanding where asset classification benefits is extended*	729.00	174.00
Provisions made in terms of paragraph 5 of the COVID 19 Regulatory Package	225.00	35.00
Provisions adjusted against slippages in terms of paragraph 6	Nil	Nil
Residual provisions in terms of paragraph 6 of the COVID 19 Regulatory Package	225.00	35.00

#Loan assets as on March 31, 2021 and March 31, 2020 respectively on account of all accounts which were in moratorium as on August 31, 2020.

*For FY 2021, ₹729 crores were proforma NPAs as on December 31, 2020. Post March 23, 2021 the movement of days past due is as at actuals.

Note 36.39: In compliance with RBI circular number RBI/2020-21/16/DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020, the disclosure in relation to resolution plan implemented under the Resolution Framework for COVID-19-related stress is tabulated below:

(₹ in crores)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan #	(C) of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution
Personal Loans*	2,444	1,359.41	Nil	Nil	119.76
Corporate persons					
of which, MSMEs	Nil	Nil	Nil	Nil	Nil
Others^	14	341.14	Nil	Nil	32.95
Total	**2,458**	**1,700.55**	**Nil**	**Nil**	**152.71**

*Covid restructured assets of retail portfolio.

^Covid restructured assets of corporate finance portfolio.

#Exposure to accounts before implementation of plan is of September 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 37: LEASES

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply practical expedients of paragraph 46A of Ind AS 116.

The Company has elected to use the practical expedient of paragraph 46A to not to assess whether a rent concession that meets the conditions of paragraph 46B is a lease modification and account for any change in lease payments resulting from the rent concession as if the change were not a lease modification. The Company has applied the practical expedients to all rent concessions that meet the conditions specified in paragraph 46B of Ind AS 116.

The Company has recognised ₹0.43 crores as other income for the year ended March 31, 2021 on account of applicability of the above practical expedients.

Movement of lease liability

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability as at the beginning of the year*	126.79	143.51
Additions (b)	1.94	8.63
Accretion of interest (c)	8.00	11.06
Payments (d)	32.83	35.02
Modification (e)	17.40	1.39
Lease liability as at the end of the year (a+b+c-d-e)	**86.50**	**126.79**

*Lease liability as at April 01, 2019 is on account of adoption of Ind AS 116.

Maturity analysis of minimum undiscounted lease payments after the reporting period:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	31.30	35.12
Later than one year but not later than five years	69.56	98.05
Later than five years	8.50	22.02
Total	**109.36**	**155.19**

NOTE 38: DISCLOSURE ON TEMPORARY EXCEPTIONS FROM APPLYING SPECIFIC HEDGE ACCOUNTING REQUIREMENTS AS PER IND AS 109

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply the exceptions set out in paragraphs 6.8.4-6.8.12 of Ind AS 109.

The Company has elected to apply the exceptions as specified above. Disclosure with respect to paragraph 24H of Ind AS 107 in relation to uncertainty arising from interest rate benchmark reforms is as follows:

a) The Company has foreign currency borrowings in USD only and the significant interest rate benchmarks where the Company's hedging relationship is related are 3month and 6month USD LIBOR.

b) The Company has an outstanding principal of USD 812.50 million (equivalent to INR 5,972.26 crores) which is directly linked or affected by the abovementioned benchmarks (USD 562.50 million – 3month USD LIBOR and USD 250.00 million – 6 month USD LIBOR).

c) USD 3 month & 6 Month LIBOR will cease to exist from 30th June 2023 and outstanding principal exposure as on that date will be USD 640 million for which Company will discuss and negotiate the alternative reference rate with the respective lenders to incorporate or align the same in the corresponding derivative deals. The Company will do bilateral negotiation or sign the ISDA fall back protocol as the case may be with each of the derivative counterparties.

d) The outstanding borrowings are long term in nature and the Company hasn't yet received any communication from the lenders regarding the timelines to change to an alternate reference/benchmark rate. Further, so far there is no directive/ guidelines by the regulator i.e. RBI in this matter. Whenever RBI issues directions in this matter or lenders approaches the Company, the Company will make the necessary assumptions or judgements for the transition.

e) The nominal amount of hedging instruments as on March 31, 2021 is USD 812.50 million.

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for the year ended March 31, 2021

NOTE 39: SEGMENT REPORTING

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/ Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015. The Company operates within India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

NOTE 40: CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities in respect of Income-tax of ₹12.12 crores (Previous year ₹11.94 crores) is disputed and are under appeals. These includes contingent liability of ₹4.87 crores (Previous year ₹4.87 crores) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.

ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹4.31 crores (Previous year ₹6.86 crores).

iii) Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)

iv) Letter of comfort issued on behalf of the clients and bank guarantee amounting to ₹0.25 crores (Previous year ₹65.25 crores)

NOTE 41: DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS

In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

Note 41.1: The Company has made contribution to Provident Fund of ₹11.07 crores (Previous year ₹12.97 crores) which has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 31.

Note 41.2: Defined Benefit Plans

Gratuity Liability

Change in present value of obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	13.69	10.95
Interest cost	0.90	0.84
Current service cost	2.95	3.37
Past service cost including curtailment gains / losses	-	-
Benefits paid	(0.48)	(0.69)
Actuarial (gain) / loss on obligation	(2.41)	(0.78)
Present value of obligation as at the end of year	14.65	13.69

Change in fair value of plan assets*

(₹ in crores)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	14.10	9.73
Actual return on plan assets	0.95	0.86
Contributions	1.97	4.20
Benefits paid	(0.48)	(0.69)
Fair Value of plan assets as at the end of year	16.54	14.10
Funded status	1.89	0.40

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Expense recognised in the statement of Profit and Loss

(₹ in crores)

Particulars	Current Year	Previous Year
Current service cost	2.95	3.37
Interest cost	0.90	0.84
Actual return on plan assets	(0.95)	(0.86)
Net actuarial (gain) / loss recognised in the year	(2.41)	(0.78)
Expenses recognised in the statement of profit & loss	0.49	2.58
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	2.43	0.79

Expected contribution for the next financial year is ₹3.36 crores.

Assumptions

Particulars	Current Year	Previous Year
a) Discounting rate	6.53%	7.65%
b) Future salary increase	7.00%	7.75%
c) Retirement age (Years)	60	60
d) Mortality table	IALM (2012-14)	IALM (2012-14)

Maturity profile of defined benefits obligation

(₹ in crores)

Particulars	Current Year	Previous Year
With in the next 12 months	1.14	0.91
Above 1 year and upto 5 years	3.44	4.20
Above 5 year	10.07	8.58

Sensitivity analysis of the defined benefit obligation**

Particulars	Current Year			
	Discount Rate		Future salary increase	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.59)	0.64	0.61	(0.58)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.58)	0.62	0.59	(0.57)

*100% of the plan assets are managed by the insurer for current as well as previous year.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated.

NOTE 42: EXPENDITURE IN FOREIGN CURRENCY

(₹ in crores)

Particulars	Current Year	Previous Year
Interest paid	109.20	195.31
Other expenses	6.42	15.21

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 43: DERIVATIVE FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING, NETTING ARRANGEMENTS

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
At 31 March, 2021	199.57	(199.57)	-	-	-	-	-	-	-
At 31 March, 2020	433.62	(307.96)	125.66	-	-	125.66	-	125.66	125.66

Derivative financial liabilities subject to offsetting, netting arrangements

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
At 31 March, 2021*	(251.01)	199.57	(51.44)	-	-	(51.44)	-	(51.44)	(51.44)
At 31 March, 2020	(307.96)	307.96	-	-	-	-	-	-	-

* Net of margin money paid to counter party bank.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 44: ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013, OF ENTERPRISE CONSOLIDATED AS SUBSIDIARY/ ASSOCIATES/JOINT VENTURES:

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crores)	As % of consolidated profit or (loss)	Amount (₹ in crores)	As % of consolidated other comprehensive income	Amount (₹ in crores)	As % of consolidated total comprehensive income	Amount (₹ in crores)
	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
Parent								
PNB Housing Finance Limited	99.37	8,867.18	99.50	925.22	102.71	(21.25)	99.42	903.97
Indian subsidiary								
PHFL Home Loans and Services Limited	1.09	97.29	1.77	16.45	(2.71)	0.56	1.87	17.01
Inter-Company elimination and other consolidated adjustments	(0.46)	(41.44)	(1.27)	(11.77)	-	-	(1.29)	(11.77)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	100.00	8,923.03	100.00	929.90	100.00	(20.69)	100.00	909.21

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crores)	As % of consolidated profit or (loss)	Amount (₹ in crores)	As % of consolidated other comprehensive income	Amount (₹ in crores)	As % of consolidated total comprehensive income	Amount (₹ in crores)
	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
Parent								
PNB Housing Finance Limited	99.37	7,947.16	105.58	682.31	100.71	(55.69)	106.04	626.62
Indian subsidiary								
PHFL Home Loans and Services Limited	1.00	80.28	11.43	73.88	(0.71)	0.39	12.57	74.27
Inter-Company elimination and other consolidated adjustments	(0.37)	(29.67)	(17.01)	(109.95)	-	-	(18.61)	(109.95)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	100.00	7,997.77	100.00	646.24	100.00	(55.30)	100.00	590.94

Note 44.1: Pehel foundation being the subsidiary of the Company is a charitable organisation under Section 8 of the Companies Act, 2013 and it is prohibited to give any right over its profits to any of its members. Since PNBHFL does not have any right over any kind of returns from Pehel Foundation hence it does not meet the criteria of consolidation of financial statements laid down under Ind AS 110.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 45 : CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crores)

Particulars	As at April 01, 2020	Cash flow (net)	Exchange difference	Others	As at March 31, 2021
Debt securities & subordinated liabilities	18,868.98	(7,056.00)	-	(17.90)	11,795.08
Borrowings from bank	32,328.12	(2,816.36)	230.97	3.60	29,746.34
Deposits (net)	16,131.94	630.68	-	16.58	16,746.04
Commercial paper	406.06	709.00	-	(10.09)	1,104.98

(₹ in crores)

Particulars	As at April 01, 2019	Cash flow (net)	Exchange difference	Others	As at March 31, 2020
Debt securities & subordinated liabilities	23,188.61	(4,308.00)	-	(11.63)	18,868.98
Borrowings from bank	26,793.19	5,156.36	385.18	(6.61)	32,328.12
Deposits (net)	14,023.04	2,107.97	-	0.93	16,131.94
Commercial paper	7,854.01	(7,534.00)	-	86.05	406.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 46: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However with regard to loans and advances to customers the Company has used the contractual maturities for recovery/ settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

(₹ in crores)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	6,968.56	-	6,968.56	8,514.32	-	8,514.32
Bank balance other than cash and cash equivalents	0.07	-	0.07	0.07	-	0.07
Derivative financial instruments	-	-	-	31.79	93.87	125.66
Trade receivables	44.94	-	44.94	44.90	-	44.90
Loans	6,290.31	54,354.41	60,644.72	2,878.62	63,749.40	66,628.02
Investments	156.30	1,888.52	2,044.82	164.83	1,910.91	2,075.74
Other financial assets	243.15	663.43	906.58	190.54	511.16	701.70
Total (a)	**13,703.33**	**56,906.36**	**70,609.69**	**11,825.07**	**66,265.34**	**78,090.41**
Non- financial assets						
Current tax assets (net)	-	-	-	-	61.01	61.01
Deferred tax assets (net)	-	429.63	429.63	-	285.94	285.94
Investment property	-	0.54	0.54	-	0.55	0.55
Property, plant and equipment	-	81.75	81.75	-	105.31	105.31
Right of use assets	-	78.09	78.09	-	119.80	119.80
Capital work-in-progress	-	0.01	0.01	-	1.23	1.23
Other Intangible assets	-	20.89	20.89	-	25.42	25.42
Intangible assets under development	-	2.37	2.37	-	2.83	2.83
Other non- financial assets	31.64	1.11	32.75	2.19	28.48	30.67
Assets held for sale	136.48	-	136.48	206.56	-	206.56
Total (b)	**168.12**	**614.39**	**782.51**	**208.75**	**630.57**	**839.32**
Total asset c = (a+b)	**13,871.45**	**57,520.75**	**71,392.20**	**12,033.82**	**66,895.91**	**78,929.73**
LIABILITIES						
Financial liabilities						
Derivative financial instruments	51.44	-	51.44	-	-	-
Trade Payables	111.88	-	111.88	86.92	-	86.92
Debt Securities	5,712.60	5,748.88	11,461.48	9,152.06	8,684.40	17,836.46
Borrowings (other than debt securities)	9,782.46	19,963.88	29,746.34	10,632.56	21,695.56	32,328.12
Deposits	6,133.38	10,612.66	16,746.04	6,588.35	9,543.59	16,131.94
Subordinated liabilities	-	1,438.58	1,438.58	-	1,438.58	1,438.58
Other financial liabilities	1,343.00	309.18	1,652.18	1,372.29	317.66	1,689.95
Total (d)	**23,134.76**	**38,073.18**	**61,207.94**	**27,832.18**	**41,679.79**	**69,511.97**
Non financial liabilities						
Current tax liabilities (net)	-	62.93	62.93	-	-	-
Provisions	2.42	15.97	18.39	1.91	17.03	18.94
Other Non-financial liabilities	1,155.49	24.42	1,179.91	1,374.29	26.76	1,401.05
Total (e)	**1,157.91**	**103.32**	**1,261.23**	**1,376.20**	**43.79**	**1,419.99**
Total liabilities f = (d+e)	**24,292.67**	**38,176.50**	**62,469.17**	**29,208.38**	**41,723.58**	**70,931.96**
Net (c-f)			**8,923.03**			**7,997.77**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 47: RISK MANAGEMENT

The Company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the board. The risk management framework broadly includes governance, risk appetite approach, risk-specific guidelines, risk measurement, mitigation, monitoring reporting, and key risk indicators (KRIs). The Company has developed a clearly articulated risk appetite statement, functional policies, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight, and assesses whether it is consistent with the risk tolerance levels laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

Note 47.1: Credit Risk

The Company's asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company's pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

Credit Risk Management

Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company's line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and functional heads, in implementing the risk management framework and policy. The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company's Risk Framework for credit risk management is mentioned below:

1) **Established an appropriate credit risk environment**

The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

2) **Ensure sound credit approval process**

The Company's Target Operating Model (TOM) comprises Hub and Spoke structure, advanced technology platform, experienced and specialized professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoke or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

The credit sanction is done through a well-defined delegation matrix under four eye principal. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

Hubs and Spokes are supported by central support office (CSO), centralised operations (COPS) and central processing centre (CPC).

3) **Maintains an appropriate credit administration, measurement, and monitoring process**

Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company's credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable.

Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 47.2: Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

Note 47.3: Analysis of risk concentration

(i) Risk concentrations on loans

An analysis of the Company's credit risk concentrations per product / sub product is provided in the below mentioned table:

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Concentration by sector - Retail		
Housing loans	35,249.30	37,103.78
Non housing loans	15,939.20	16,491.07
Total (a)	**51,188.50**	**53,594.85**
Concentration by sector - Corporate		
Construction finance	8,817.16	10,507.62
Corporate term loan	2,275.82	3,083.80
Lease rental discounting	907.35	1,207.37
Total (b)	**12,000.33**	**14,798.79**
Total (a+b)	**63,188.83**	**68,393.64**

(ii) Risk concentrations on financial assets other than loans

(₹ in crores)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2021					
Cash and cash equivalents	-	6,968.56	-	-	6,968.56
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Trade receivables	-	-	39.04	5.90	44.94
Investments	1,737.61	12.15	295.06	-	2,044.82
Other financial assets	5.28	884.65	2.71	13.94	906.58
Total	**1,742.89**	**7,865.43**	**336.81**	**19.84**	**9,964.97**
As at March 31, 2020					
Cash and cash equivalents	-	8,514.32	-	-	8,514.32
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Derivative financial instruments	-	125.66	-	-	125.66
Trade receivables	-	-	43.69	1.21	44.90
Investments	1,713.77	27.67	334.30	-	2,075.74
Other financial assets	3.36	676.53	6.57	15.24	701.70
Total	**1,717.13**	**9,344.25**	**384.56**	**16.45**	**11,462.39**

Note 47.4: Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 47.4.1: Total market risk exposure

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020	Primary risk sensitivity
	Carrying amount		
ASSETS			
Financial assets			
Cash and cash equivalents	6,968.56	8,514.32	-
Bank balance other than cash and cash equivalents	0.07	0.07	-
Derivative financial instruments	-	125.66	Interest rate/ Currency risk
Trade receivables	44.94	44.90	-
Loans	60,644.72	66,628.02	Interest rate
Investments	2,044.82	2,075.74	Interest rate
Other financial assets	906.58	701.70	Interest rate
Total	**70,609.69**	**78,090.41**	
LIABILITIES			
Financial liabilities			
Derivative financial instruments	51.44	-	Interest rate/ Currency risk
Trade payables	111.88	86.92	-
Debt securities	11,461.48	17,836.46	Interest rate
Borrowings (other than debt securities)	29,746.34	32,328.12	
Deposits	16,746.04	16,131.94	
Subordinated liabilities	1,438.58	1,438.58	
Other financial liabilities	1,652.18	1,689.95	-
Total	**61,207.94**	**69,511.97**	

47.4.2: Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables asses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates

(₹ in crores)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit & (loss)
Loans	2019-20	50 bps / (50) bps	315.82 / (315.82)
	2020-21	50 bps / (50) bps	303.57 / (303.57)
Investments	2019-20	25 bps / (25) bps	(1.25) / 1.25
	2020-21	25 bps / (25) bps	(0.88) / 0.88
Other financial assets	2019-20	25 bps / (25) bps	108.90 / (108.90)
	2020-21	25 bps / (25) bps	88.85 / (88.85)
Derivative financial instruments	2019-20	20 bps / (20) bps	(11.49) / 11.49
	2020-21	20 bps / (20) bps	(2.53) / 2.53
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2019-20	50 bps / (50) bps	(229.05) / 229.05
	2020-21	50 bps / (50) bps	(188.85) / 188.85

47.4.3: Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings which are primarily in US dolllar ($). The Company manages its foreign currency risk by entering into cross currency swaps and forward contracts. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

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for the year ended March 31, 2021

Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table asses the sensitivity of the assets and liabilities over the profit and loss and other comprehensive income with change in currency rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in %	Sensitivity on profit and loss / other comperehensive income
Derivative financial instruments	2019-20	10 % / (10) %	(15.34) / 15.34
	2020-21	10 % / (10) %	(23.14) / 23.14

Note 47.4.4: Equity price risk :

The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

Note 47.5: Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds ,fixed deposits,liquid bonds, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and asses the liquidity position. Moreover, the Company keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

Note 47.5.1: Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company's financial liabilities.

(₹ in crores)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities						
Derivative financial instruments	51.44	-	51.44	-	-	-
Trade payables	111.88	-	111.88	86.92	-	86.92
Debt securities	5,712.60	5,748.88	11,461.48	9,152.06	8,684.40	17,836.46
Borrowings (other than debt securities)	9,782.46	19,963.88	29,746.34	10,632.56	21,695.56	32,328.12
Deposits	6,133.38	10,612.66	16,746.04	6,588.35	9,543.59	16,131.94
Subordinated liabilities	-	1,438.58	1,438.58	-	1,438.58	1,438.58
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,864.65	6,495.51	10,360.16	4,787.92	9,050.30	13,838.22
Other financial liabilities	1,343.00	309.18	1,652.18	1,372.29	317.66	1,689.95
Total	**26,999.41**	**44,568.69**	**71,568.10**	**32,620.10**	**50,730.09**	**83,350.19**

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The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

(₹ in crores)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2021			
Undrawn commitments relating to advances	2,341.67	2,341.66	4,683.33
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	3,445.00	-	3,445.00
As at March 31, 2020			
Undrawn commitments relating to advances	2,725.49	2,878.72	5,604.21
Undrawn commitments relating to Letter of comfort	-	65.00	65.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	4,019.07	-	4,019.07

NOTE 48: FAIR VALUE MEASUREMENT

The principles and techniques of fair valuation measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

Level 3: Those that include one or more unobservable input that is significant to the measurement as whole.

(b) Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

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(c) Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in crores)

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual Funds	12.15	-	-	12.15
Debt securities	-	90.83	-	90.83
Derivative financial instruments				
Forward contracts and currency swaps	-	199.57	-	199.57
Total assets measured at fair value on a recurring basis (a)	**12.15**	**290.40**	**-**	**302.55**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	136.48	-	136.48
Total assets measured at fair value on a non recurring basis (b)	**-**	**136.48**	**-**	**136.48**
Total assets measured at fair value (a)+(b)	**12.15**	**426.88**	**-**	**439.03**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	251.01	-	251.01
Total liabilities measured at fair value through profit or loss	**-**	**251.01**	**-**	**251.01**

(₹ in crores)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	27.67	-	-	27.67
Debt securities	-	95.28	-	95.28
Derivative financial instruments				
Forward contracts and currency swaps	-	433.62	-	433.62
Total assets measured at fair value on a recurring basis (a)	**27.67**	**528.90**	**-**	**556.57**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	206.56	-	206.56
Total assets measured at fair value on a non recurring basis (b)	**-**	**206.56**	**-**	**206.56**
Total assets measured at fair value (a)+(b)	**27.67**	**735.46**	**-**	**763.13**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	307.96	-	307.96
Total liabilities measured at fair value through profit or loss	**-**	**307.96**	**-**	**307.96**

Valuation methodologies of financial instruments measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are recorded and measured at fair value in the Company's financial statements.

1. Mutual funds

   Units held in mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.

2. Debt securities

   The Company's debt instruments are standard fixed rate securities, some with zero coupon feature. The Company uses market prices whenever available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

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3. **Assets held for sale**
   Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

4. **Derivative financial instruments**
   Interest rate derivatives
   For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

   Foreign exchange contracts
   Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options. However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

(d) Fair value of financial instruments not measured at fair value

(₹ in crores)

As at March 31, 2021	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	60,644.72	-	60,743.76	-	60,743.76
Investment					
Government Securities (at amortised cost) & Equity (at cost)#	1,941.84	-	2,028.09	-	2,028.09
Total financial assets	**62,586.56**	**-**	**62,771.85**	**-**	**62,771.85**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	10,356.51	-	10,767.79	-	10,767.79
Deposits (including interest accrued)	17,003.36	-	-	17,253.11	17,253.11
Subordinated liabilities	1,438.58	-	1,509.47	-	1,509.47
Total financial liabilities	**28,798.45**	**-**	**12,277.26**	**17,253.11**	**29,530.37**

(₹ in crores)

As at March 31, 2020	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	66,628.02	-	66,633.33	-	66,633.33
Investment					
Government Securities (at amortised cost) & Equity (at cost)#	1,952.79	-	2,058.56	-	2,058.56
Total financial assets	**68,580.81**	**-**	**68,691.89**	**-**	**68,691.89**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	17,430.40	-	17,745.84	-	17,745.84
Deposits (including interest accrued)	16,356.45	-	-	16,440.74	16,440.74
Subordinated liabilities	1,438.58	-	1,467.12	-	1,467.12
Total financial liabilities	**35,225.43**	**-**	**19,212.96**	**16,440.74**	**35,653.70**

#fair value has been disclsoed for those valued at amortised cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements.

1. Financial assets and liabilities (Short term)
   In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not been disclosed.

2. Financial assets
   Loans and advances to customers
   Substantial amount of the loans are based on floating rate of interest,carrying amount of which represents the fair value of these loans. Minuscule amount of loans are based on fixed to floating rate of interest, the fair values of these loans are computed by discounted cash flow models incorporating prevalling interest rate. The Company classifies these assets as Level 2.

   Government debt securities
   Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

3. Financial liabilities
   Debt securities and Subordinated liabilities
   Debt securities and subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

   Deposits
   The fair values of deposits are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 3.

   Financial assets or liabilities other than those mentioned above resembles the value approximate to their fair value.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended March 31, 2021 and March 31, 2020.

(f) There is no valuation adjustment relating to Credit Valuation Adjustment/ Debit Valuation Adjustment.

NOTE 49: COVID IMPACT

The extent to which the COVID 19 pandemic, including the current "second wave" will impact the Company's future results will depend on economic situation, which is highly unpredictable.The Company is well capitalised and has maintained adequate liquidity. The Company also continue to raise funds from multiple lenders, refinancing from NHB and fixed deposits. The Company did not opt for moratorium from its lenders and serviced its financial obligations in a timely manner. Further, there is no material impact on internal financial controls of the Company.

The Company will continue to closely monitor any material changes to future economic conditions. However, operating in the secured mortgage asset business we believe we hold a much stable asset class which can withstand the pandemic relatively better compared other asset classes.

Hon'ble Supreme Court, in a public interest litigation vide an interim order dated September 03, 2020 ('interim order'), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 were not been classified as NPA.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble Supreme Court. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

NOTE 50: AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs has amended Companies (Accounts) Rules, 2014 and Schedule III of the Companies Act 2013. As per the amendments notified changes are applicable on the Company from April 1, 2021, hence the Company will make the relevant disclosures in subsequent financial statements.

NOTE 51: Previous year figures have been rearranged / regrouped wherever necessary to correspond with current year's classification disclosure.

CORPORATE INFORMATION

DIRECTORS ON BOARD
Mr. CH. S.S. Mallikarjuna Rao, Chairman
Mr. Sunil Kaul
Mr. R Chandrasekaran
Mr. Nilesh S Vikamsey
Mr. Ashwani Kumar Gupta
Dr. Tejendra Mohan Bhasin
Mr. Neeraj Vyas
Mr. Sudarshan Sen
Mr. Kapil Modi
Mr. Rajneesh Karnatak
Ms. Gita Nayyar
Mr. Hardayal Prasad, Managing Director and CEO

AUDITORS
M/s B. R. Maheshwari & Co.
M-118, Connaught Circus,
New Delhi – 110001

TRUSTEES FOR DEBENTURE HOLDERS
IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17, R, Kamani Marg, Ballard Estate
Mumbai – 400 001

CHIEF FINANCIAL OFFICER
Mr. Kapish Jain

COMPANY SECRETARY
Mr. Sanjay Jain

REGISTERED AND CENTRAL SUPPORT OFFICE
9th Floor, Antriksh Bhavan,
22 Kasturba Gandhi Marg,
New Delhi – 110001

BANKERS AND FINANCIAL INSTITUTIONS
Asian Development Bank
ANZ Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank
Canara Bank
Catholic Syrian Bank
Central Bank of India
Citi Bank
CTBC
Deutsche Bank
Federal Bank
HDFC Bank Limited
ICICI Bank Limited
IDFC First Bank
Indian Bank
Indus Ind Bank
International Finance Corporation
Japan International Cooperation Agency
Karnataka Bank Limited
Karur Vysya Bank
National Housing Bank
Punjab National Bank
Punjab & Sind Bank
RBL Bank Limited
State Bank of India
Sumitomo Mitsui Banking Corporation
The HSBC Limited
UCO Bank
Union Bank of India

pnb Housing
Finance Limited

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