Growth in Focus

Resilient | Robust | Responsible

pnb Housing Finance Limited

34th Annual Report 2021-22

About PNB Housing Finance

PNB Housing is one of India's prominent and fourth largest Housing Finance Company by Asset Under Management as on 31st March 2022*. We offer retail and corporate loans, including individual home loans, retail loan against property, retail non-resident property loan, construction finance and lease rental discounting among others.

We are also establishing ourselves in the affordable housing financing space with our dedicated Unnati segment. Our network of 99 branches are spread across 67 unique cities and 38 outreach centres. This includes 24 new locations for Unnati across the country.

We operate the sales and distribution function through our wholly-owned subsidiary, PHFL Home Loans and Services Limited.

99
Branches

₹65,977 CRORE
Asset under management

2.50 LAKH
Active loan customer base

1,425
Employees

As on 31st March 2022

*as per Company reports

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Well-rounded growth is an outcome of striking the delicate balance among resilience, robustness and responsibility and never losing sight of our raison d'être.

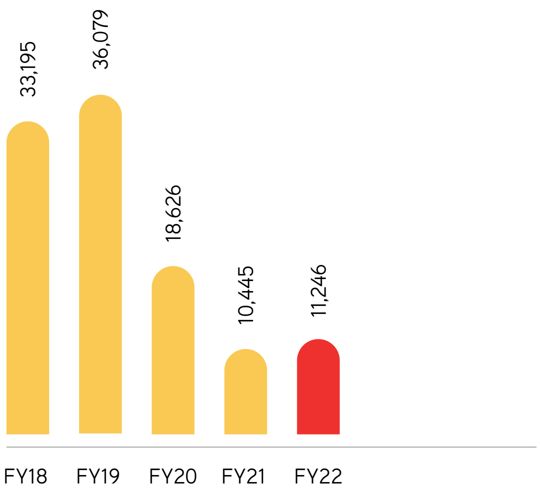
The past couple of years have taught businesses and humans a lot about striking the right balance. Fraught with upheavals, the time contributed to our slowed growth, teaching us prudence and pragmatism in navigating challenges to emerge on the other side. We had our sight set on making steady progress and touching lives positively. At the same time, we focused our collective energy on making the organisation future-ready to support our ambitions in the next growth phase through well laid-out strategies:

1. Strengthen our capital position and risk management
2. Strengthen credit underwriting through digital interventions
3. Improve collections by leveraging data analytics
4. Digital drive to enhance efficiencies across verticals
5. Grow the retail segment by leveraging expertise in mass housing and self-employed segment
6. Expand our affordable segment offering through Unnati

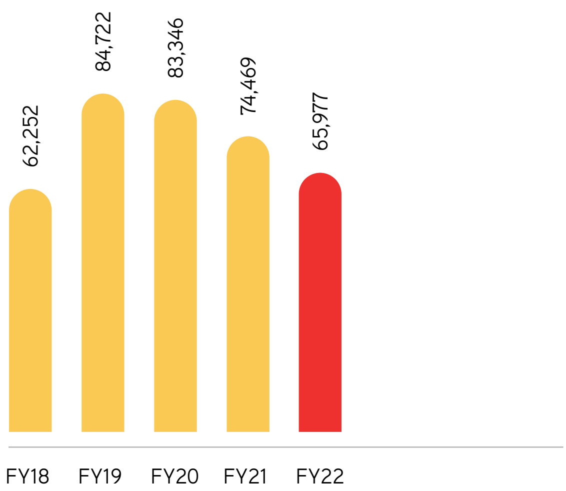
Demonstrating resilience

While the volatile and often disruptive external environment created continuous challenges, our transformative measures and people helped us demonstrate tenacity and perform through unforeseen business cycles.

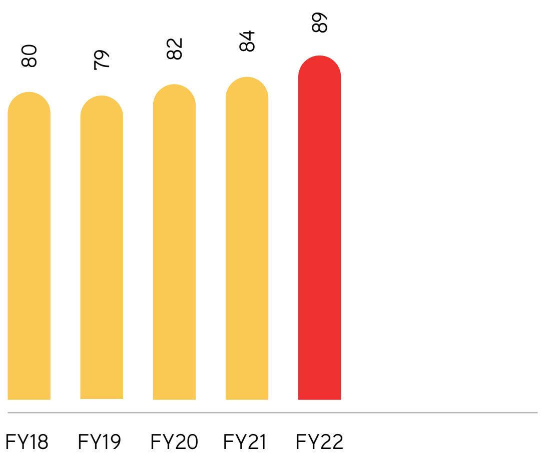
Loan disbursement
(₹ in crore)



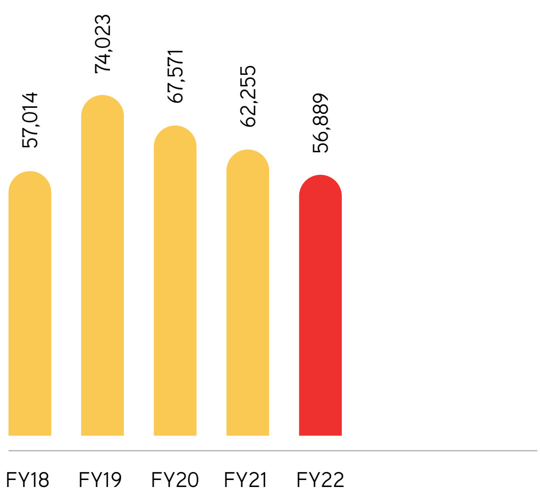
Assets under management^+
(₹ in crore)



Retail segment as % of AUM^+



Loan asset^+
(₹ in crore)

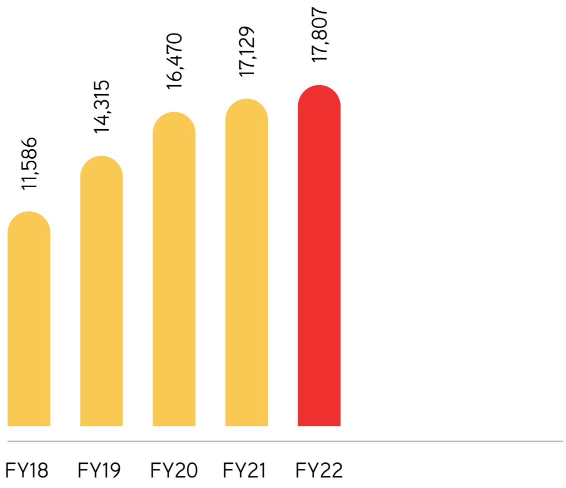


+ Principal outstanding including principal overdue

^Indicates dates as on 31st March

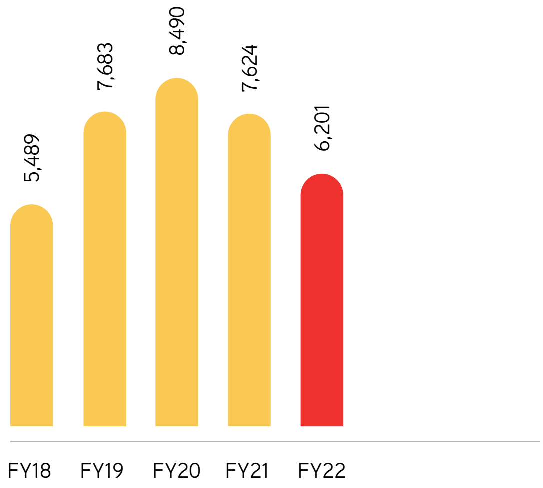
Deposit outstanding^+

(₹ in crore)



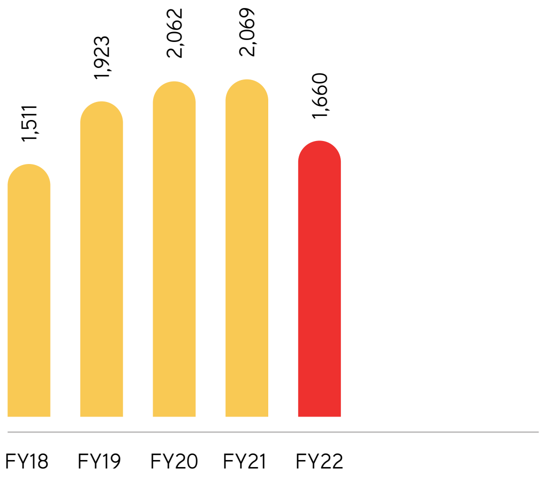
Total revenue

(₹ in crore)



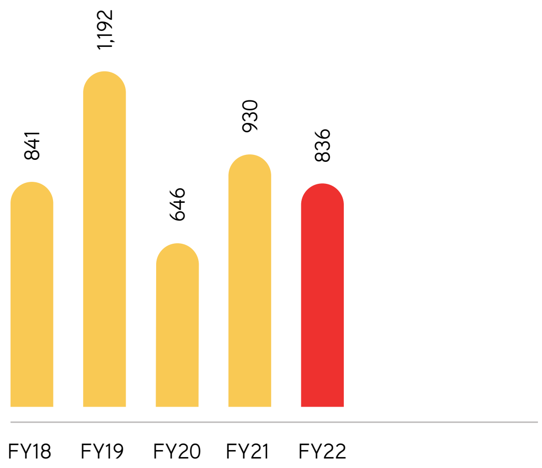
Pre-provision operating profit

(₹ in crore)



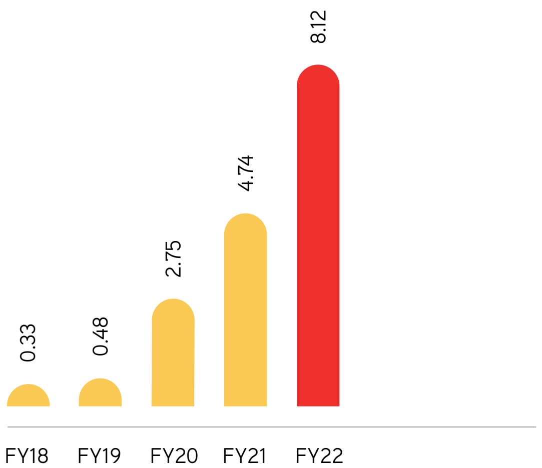
Profit after tax

(₹ in crore)



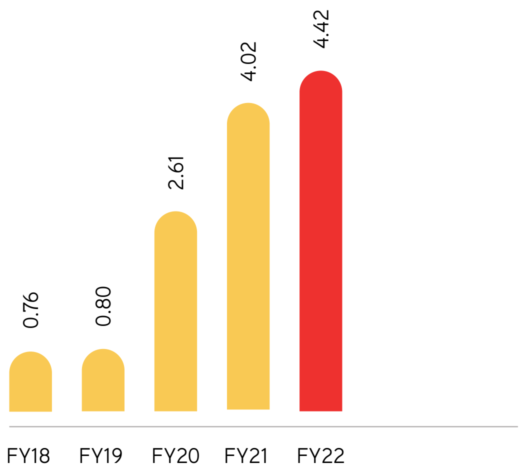
Gross non-performing assets*^

(%)



Total provision to total asset*^

(%)



^Indicates dates as on 31st March

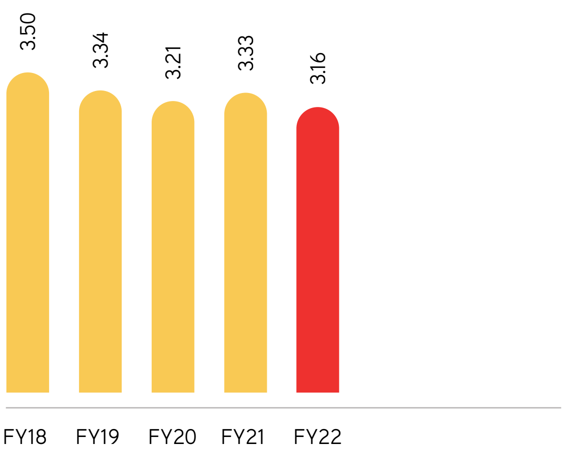
+ Principal outstanding including principal overdue

*As per Ind AS for FY2020-21 and FY2021-22

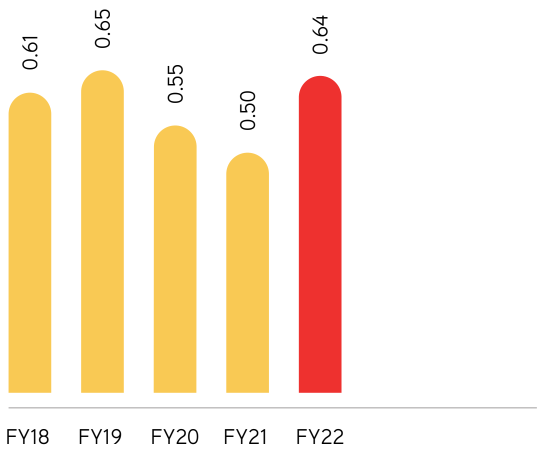
PERFORMANCE TRENDS

Gross interest margin

(%)

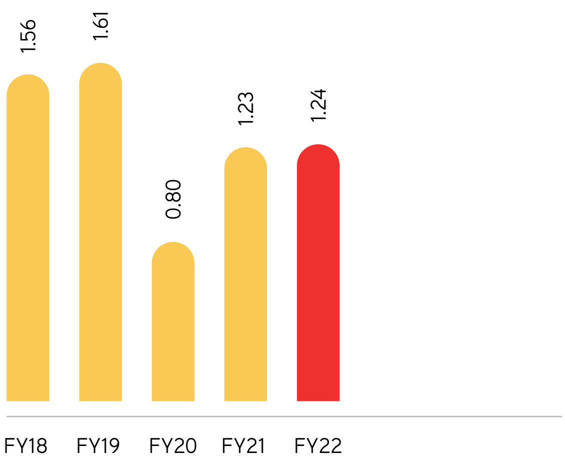


OPEX to ATA



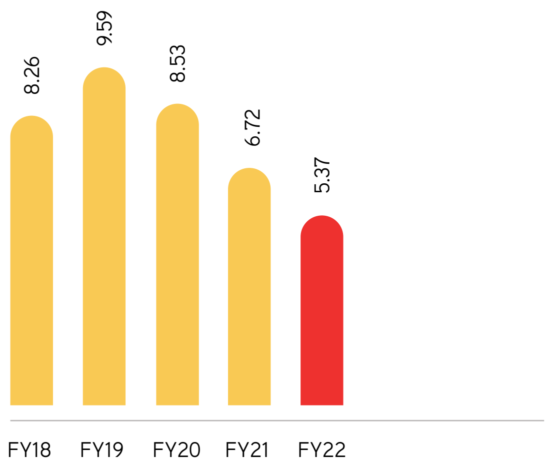
Return on asset

(%)



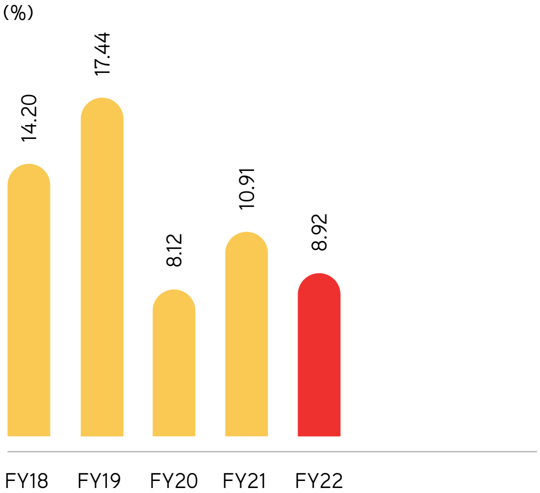
Gearing^

(x)



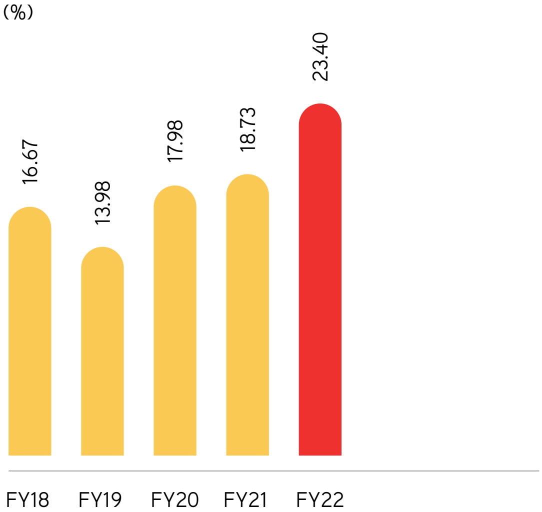
Return on equity

(%)



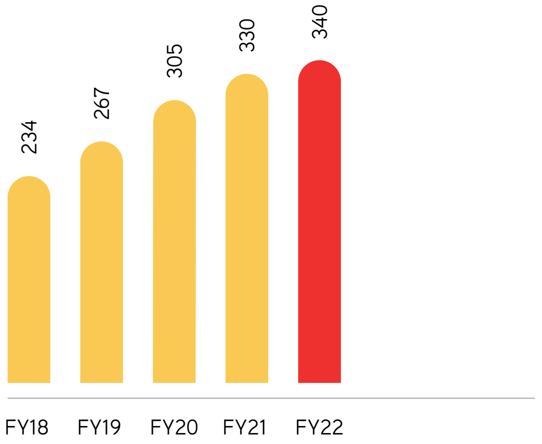
CRAR^

(%)



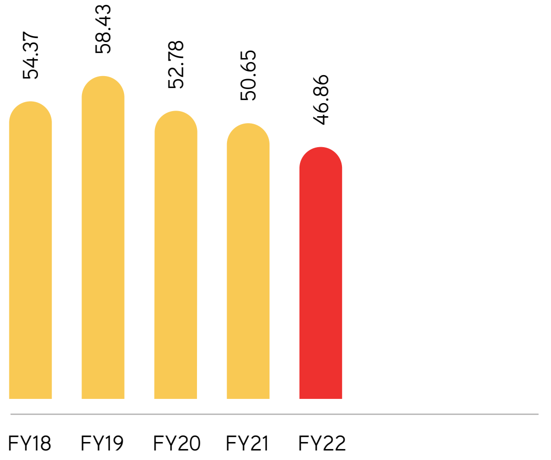
^Indicates dates as on 31st March

Number of loan and deposit accounts per employee^ (average)



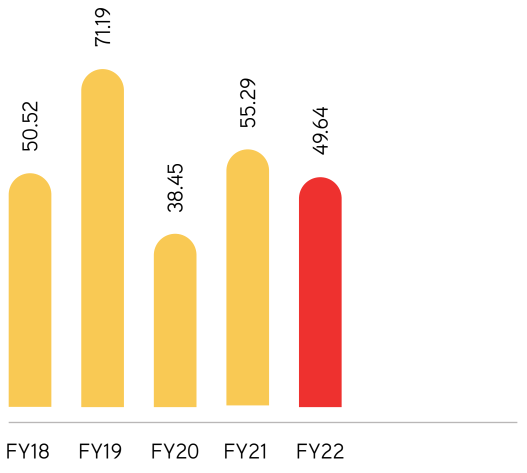
Average AUM per employee^

(₹ in crore)



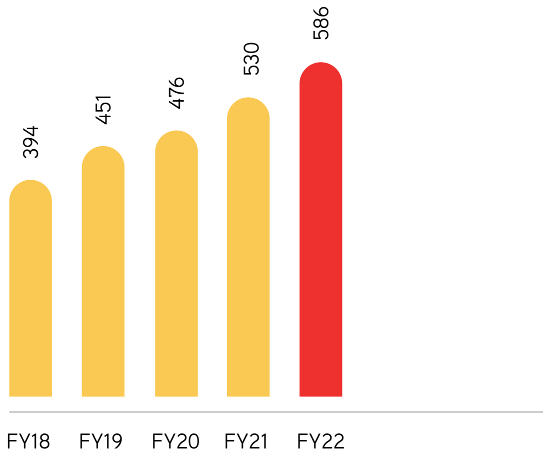
Earnings per share

(₹)



Book value^

(₹/share)



^Indicates dates as on 31st March

Imbuing new efficiencies for greater resilience

Lotus begins its journey from seeds rooted in mud, through which it patiently makes its way to the top and blossoms as a beautiful flower. It is symbolic of life's urge to overcome difficulties and challenges, and grow consistently to stand tall against the wind. Enterprises must transform intrinsically to weather strong and unpredictable business cycles with confidence and agility.

Resilience is ingrained in our culture. While the external world remained challenging, we worked relentlessly to build a resilient business model that can effectively withstand external upheavals. We relooked at our business model to identify and address gaps, and focused on realigning our customer mix while prioritising the retail lending segment with increased emphasis on the affordable housing segment (through the dedicated product segment called Unnati).

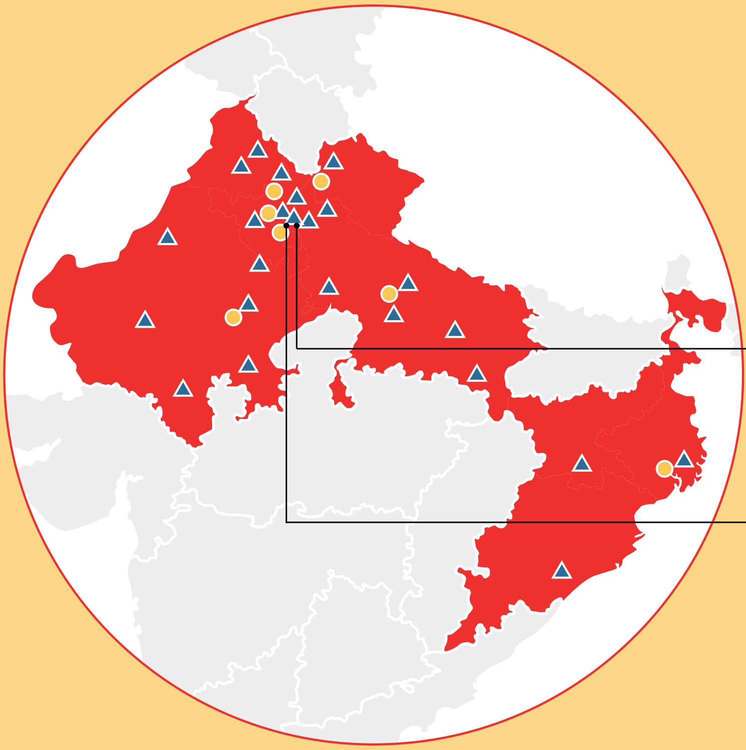
We have stepped up our digitalisation efforts and are using various tools to augment our offerings, control risks, increase efficiency and service our customers better.

PRESENCE

Reaching our key markets

At PNB Housing Finance, we believe in staying closer to our customers. We have focused on building our strategic physical presence across the country to address their growing needs. Our 99 branches are present in 67 unique cities and towns across the country, fulfilling the requirement of our millions of customers.

Further, we have identified specific geographies to expand our Unnati segment through dedicated branches. During the year, we started 24 new locations dedicated to Unnati.



NORTH ZONE

33 Branches

08 Hubs

NORTH ZONAL OFFICE (CO-HOUSED WITH COPS & CPC)

(CSO) DELHI

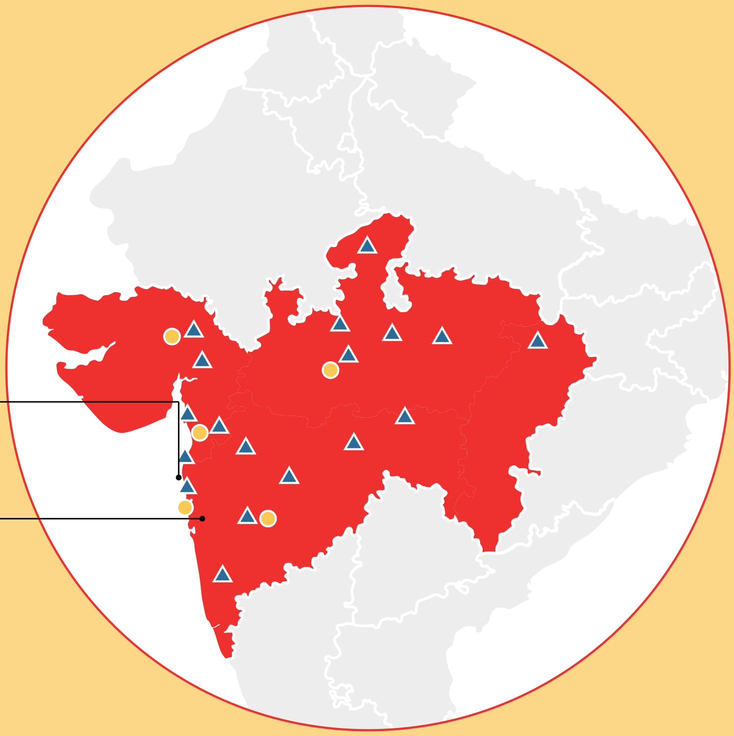
WEST ZONE

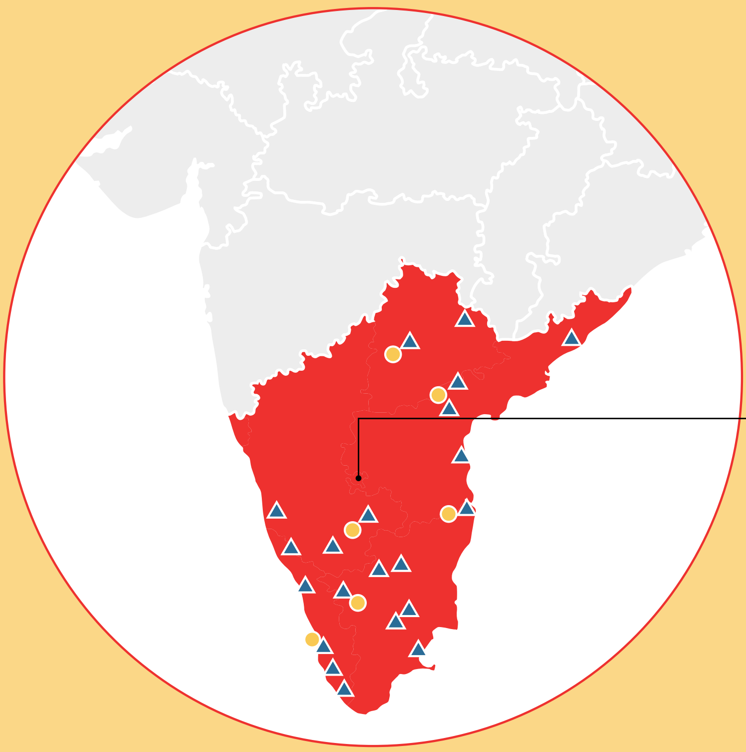
33 Branches

07 Hubs

(FD BRANCH) MUMBAI

WEST ZONAL OFFICE
(CO-HOUSED WITH CPC)





SOUTH ZONE

33 Branches

07 Hubs

SOUTH ZONAL OFFICE
(CO-HOUSED WITH CPC)

MANAGING DIRECTOR'S MESSAGE

Advancing with resilience

Hardayal Prasad
Managing Director and CEO

Since our inception, PNB Housing Finance has helped millions of Indians in realising their aspiration of owning a home. With India soon to celebrate 75 years of Independence, we renew our commitment towards the 'Housing for All' vision and are well positioned to catalytic growth in the real estate sector. At PNB Housing Finance, we are committed to India's growth story

13-15%

Estimated NBFCs/HFCs portfolio growth in FY23

15-17%

Expected affordable housing segment growth in FY23

Dear Shareholders,

It gives me immense pleasure to present to you our 34th Annual Report at a time when India, along with the world, is emerging out of the throes of the pandemic. India demonstrated its resilience to the pandemic and was quick to recover, emerging as the fastest-growing economy in the world. With the largest young population in the world and robust economic fundamentals, the country is poised for strong growth.

According to CRISIL, the real estate cycle that had witnessed contraction for a decade, is likely to see upcycle from FY22 onwards. CRISIL estimates housing demand to surpass pre-pandemic levels, indicating the beginning of a growth cycle. In both FY23 and FY24, CRISIL expects real estate demand to grow modestly at 5-10%. Considering the anticipated improvements in the macroeconomic situation, a large number of people are expected to enter the home purchase market. CRISIL further expects the portfolio of NBFCs/HFCs to grow by 13-15% on account of improved affordability and pent-up demand. Affordable housing is expected to grow by 15-17% in FY23.

After a lapse of several years, the residential real estate market is expected to grow for the next five years. HFCs will be able to tap the opportunity. The reforms in the past few years, including the implementation of RERA and GST, have brought transparency in the housing sector. Consumers today are more convinced about their investments and we are confident that the housing sector offers great potential.

Since our inception, PNB Housing Finance has helped millions of Indians in realising their aspirational dream of owning a home. With India soon to celebrate 75 years of Independence, we renew our commitment towards the 'Housing for All' vision. We are well-positioned to catalytic growth in the real estate sector. At PNB Housing Finance, we remain committed to India's growth story.

PERFORMANCE AT A GLANCE

The year FY22 had started on a sombre note, with the second wave of the pandemic overwhelming India's healthcare infrastructure and leading to the reimposition of lockdowns. The government rightly focused on accelerating the nationwide vaccination drive while continuing to undertake measures to stabilise the economy. The lockdown resulted in loss of business in

At PNB Housing Finance, our focus is to ensure speed, transparency, convenience and personalisation of the entire experience. Our digital onboarding tool ACE, helps contactless completion of our customers' entire loan onboarding cycle

Q1 FY22. While the challenges were innumerable, the team displayed solid grit and determination, to put the business back on track, and remained steadfast in their commitment to grow our network and connect manifold.

In line with our retail first strategy, we disbursed 97% of our total disbursement to the retail segment. As per our stated policy, we reduced our corporate loan book by 39% during the year, through sell-down and accelerated re-payments. We closed FY22 with an AUM of ₹ 65,977 crore, with the retail segment accounting for 89% of AUM. During the year, we reported disbursements of ₹ 11,246 crore, reflecting a y-o-y growth of 8%.

Within the retail segment, we continue to build our affordable housing portfolio. We opened 24 locations to cater to Unnati loans. With our strong distribution network, underwriting capabilities and customer service, Unnati loans are expected to play a significant role in driving our growth. We closed our Unnati book AUM at ₹ 3,108 crore as on 31st March 2022.

During the year, the asset classification norms underwent changes and the COVID-19 waves had an impact on the HFC sector. This put our financial performance under pressure as well. Our gross NPA (as per Ind AS), as on 31st March 2022 stood at 8.12%. Our total provisions to total assets stood at 4.42% at the end of the financial year under review. Meanwhile, with sustained efforts, our cost of borrowing fell sequentially, with the incremental cost of borrowing during the year at 5.8% and overall at 7.3% at the close of the year. For FY22, net interest income stood at ₹ 1,868.92 crore against ₹ 2,322.91 crore in FY21. Operating profit declined 20% y-o-y to ₹ 1,660.32 crore, while net profit reported a degrowth of 10% to ₹ 836.48 crore.

With the renewed focus on retail business and reduction in corporate loans, our CRAR increased to 23.4% at the end of FY22 from 18.7% at the end of FY21. The Tier 1 stood at 20.7%. Our leverage fell to 5.4x from 6.7x. We maintained liquidity of around ₹ 6,260 crore with a Liquidity Coverage Ratio of 144%. With various internal measures undertaken, we witnessed a rating outlook upgrade to 'Stable' from Negative on our non-convertible debentures (NCDs) from ICRA on 12th April 2022. The Board has approved capital raise upto ₹ 2,500 crore through Rights Issue, subject to necessary approvals.

EASE OF ACCESS AND BETTER CUSTOMER EXPERIENCE

Owning a home is an important milestone in the life of an individual and home loan remains one of the biggest financial decisions in one's life. At PNB Housing Finance, our focus is to ensure speed, transparency, convenience and personalisation of the entire experience. Our digital onboarding tool ACE, helps contactless completion of our customers' entire loan onboarding cycle.

We are increasingly using digital tools in our processes to improve turnaround time and create a long-lasting impression in the minds of our customers. Our Customer Relationship Management tool TALISMA, which is tightly coupled with our dialer AMEYO and the Core Banking ESS system, stitches all the processes together so that any customer request received through multiple channels is executed within the pre-defined TAT. Even during the pandemic, this digital service infrastructure allowed us to offer all the relief packages like moratorium, restructuring, GECL to our customers in a seamless and paperless manner, which they could access from the safety of their respective homes.

Our extended business hours, service through non-branch channels and social media connections have ensured that we remain on top of our customers' mind, for servicing their financial needs, enabling us to create a consistent experience for them.

23.4%
CRAR at the end of FY22

3.5 LAKH
CSR beneficiaries in FY22

THE BUSINESS TRANSFORMATION

We started the year with the Business Process Re-engineering project and have reached a stage of maturity with interventions in our businesses. The outcomes of the transformation journey were higher logins through digital tools, strengthened underwriting and collection capabilities, and building of the high-yielding Unnati business while ensuring productivity and efficiency in operations.

CARING FOR THE COMMUNITY

We believe holistic community development is key to our progress. During the year, our CSR activities saw us contribute ₹ 23.22 crore to improve the lives of 3.5 lakh beneficiaries. These initiatives extended from skilling programmes, investments in healthcare and access to formal education. As part of our efforts to facilitate inclusive growth, we worked with construction workers, an important stakeholder in our ecosystem whose well-being and growth we are committed to. We have dedicated programmes for water conservation, research and development for the betterment of lives. We were agile in our response to the second wave of the pandemic and contributed by setting up ICU facilities and oxygen regeneration plant, among others.

I am delighted to share that our CSR arm, Pehel Foundation, has commenced a long-term infrastructure project for water conservation in water-starved districts of Rajasthan among many other projects undertaken in our constant endeavour for environment protection and conservation.

FOCUSED ON VALUE CREATION

The strategic priorities adopted in the previous financial year have become the bedrock for our growth in the coming years. We have continued to sharpen our focus on business growth and collections while accelerating digital interventions to build efficiencies. We have made steadfast progress in this direction, making the organisation future-ready.

While we advance in our growth journey, compliance and corporate governance remain important areas for us. We have a robust governance framework in place, helping us maintain high compliance standards. This has helped us inculcate a strong sense of value across the organisation.

SIGNING OFF WITH OPTIMISM

Today, India is one of the youngest countries in the world and the demographic advantage sets us apart from the global economies which are aging fast.

As we look ahead, we feel that the Indian economy is in much better shape to tackle external shocks. With the government's policies and specific initiatives like PLI schemes, the country is well-positioned to emerge as a manufacturing hub. This, in turn, will have a trickle-down impact across all the sectors and help the country emerge as US$ 5 trillion economy.

Having said that, I must conclude that the support of our stakeholders was critical in navigating through the challenges we have witnessed in the past few years. With shareholders' continued faith in us, we will be able to unlock significant value for them going ahead.

On behalf of all the PNB Housing employees, I am thankful to the Board for being the beacon in guiding us through our difficult times. I thank all our regulators for continuously supporting us in our journey. We are optimistic that an exciting growth journey has just begun.

Our team and their families have been pivotal in driving our journey. I thank them for working relentlessly and building a strong value-based organisation.

Warm regards,

Hardayal Prasad
Managing Director and CEO

Intrinsic

strengths that bring in future readiness

In Ancient Rome, Gladioli was associated with gladiators. They would wear Gladiolus corms around their neck to win battles. The Gladiolus flower is thus associated with strength and integrity.

The global pandemic and liquidity crisis have hit the country's housing finance companies in recent years, and PNB Housing Finance was no exception. During this period, the Company has intensified its efforts to strengthen its core to drive future growth.

With our focused measures, we have reduced our leverage to 5.4x as on 31st March 2022 and increased CRAR to 23.4% with Tier 1 at 20.7% as on 31st March 2022.

We have well-established and streamlined credit underwriting and collection processes, which have helped us manage the large scale of our business by enhancing our productivity and our ability to take prudent credit decisions. Our strength lies in our ability to efficiently underwrite all categories of customers and nurture strong relationships with our business partners and stakeholders. Our underwriting processes are gradually moving towards automation and digitisation.

We have accelerated our digital journey and embarked on contactless customer onboarding and disbursal. In India, we are among the first among HFCs to introduce a digital platform to onboard customers, verify documents and disbursement, helping us optimise customer acquisition cost, better customer servicing and improve efficiency.

EXTERNAL ENVIRONMENT

Favourable tailwinds

After the initial disruptions caused by the pandemic, the housing sector in the country recovered gradually, driven by lower mortgage rates, favourable sops provided by various state governments and continuous push by the central government towards the affordable housing sector. Despite the new waves of the pandemic, the fundamentals of the sector remain strong.

CHANGES IN BUYING PATTERN

The pandemic has altered the home buying pattern of Indians. Indians are now more aligned to invest in a home, either to live in or leverage as an asset with an additional income generation possibility, that can be used during a period of crisis. Millennials are more comfortable about accessing home loans, and the ease of getting a loan powered by digital tools has provided a fillip to the sector. Additionally, the need for larger space owing to remote working models and reverse migration has pushed demand for homes, especially in Tier II and III cities.

LOWER MORTGAGE PENETRATION

India's mortgage penetration to GDP is one of the lowest in the world at 10.6%. With long-term growth drivers putting real estate growth back on track, the housing finance sector is poised for accelerated growth in the foreseeable future. As per CRISIL, considering the demand prospects, the on-book portfolio of HFCs/NBFCs is expected to grow by 13-15% in FY23.

AFFORDABLE HOUSING, A KEY DEMAND DRIVER

The government has reinforced its commitment to the affordable housing segment by further allocating ₹ 48,000 crore in Budget 2022-23 to meet the housing deficit in the country. The sector has demonstrated strong growth over the past few years and expects to continue the momentum going forward. Since the announcement of the scheme, close to 98.4 lakh houses have been grounded of the 122.69 lakh sanctioned.

DIGITALISATION AS A GAMECHANGER

Post-pandemic, organisations across the board have accelerated the adoption of digital tools. HFCs are leveraging the power of advanced digital tools to seamlessly onboard customers, providing frictionless journey. Additionally, use of advanced analytics, data sciences, machine learning and artificial intelligence is helping augment underwriting capabilities, resulting in faster TAT. Besides, these tools are also helping the organisation to strengthen credit profiling, collection, recoveries while optimising operating cost.

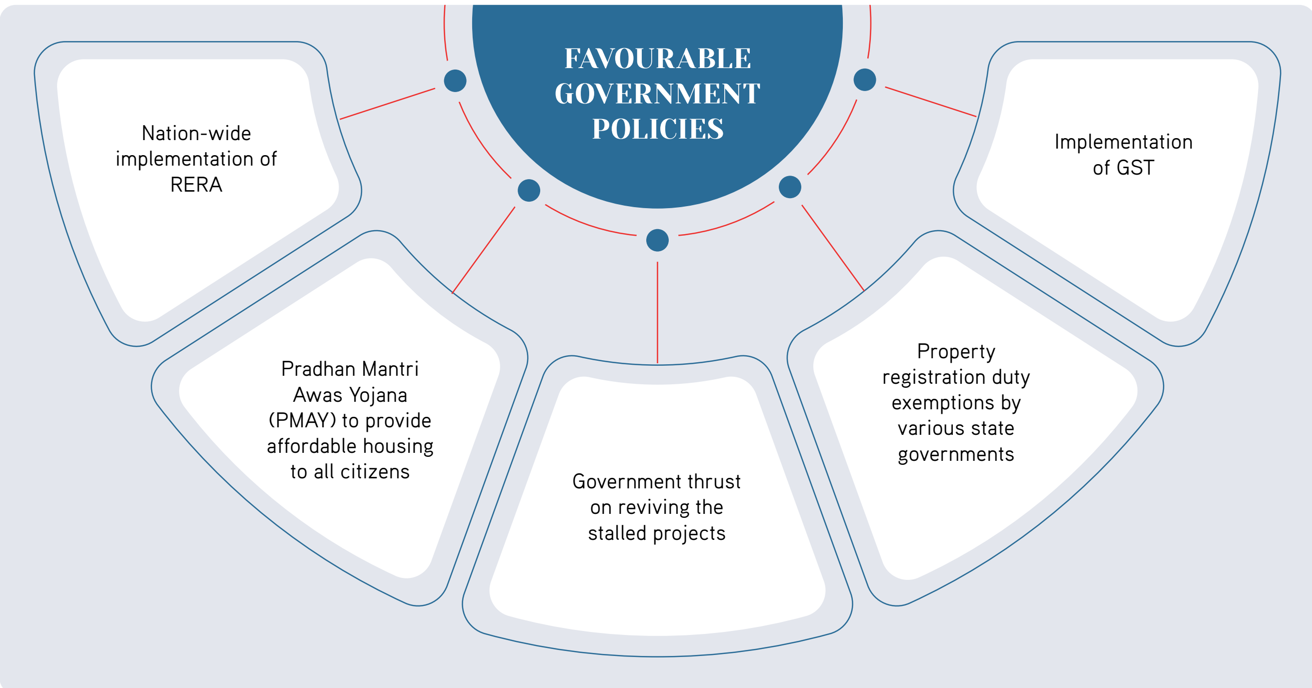
RESPONDING TO THE OPPORTUNITIES

PNB Housing Finance is cognisant of the external opportunities and is taking the following initiatives to strengthen its position in the Indian housing finance sector.

- Enhancing capabilities of ACE, digital onboarding app for customers
- Implementation of organisation-wide digitisation tools to augment underwriting, collections and recoveries
- Growing share of retail segment
- Affordable housing focused products and branches, especially in Tier II and III cities

Read more on Page 38

GOOD TIDINGS

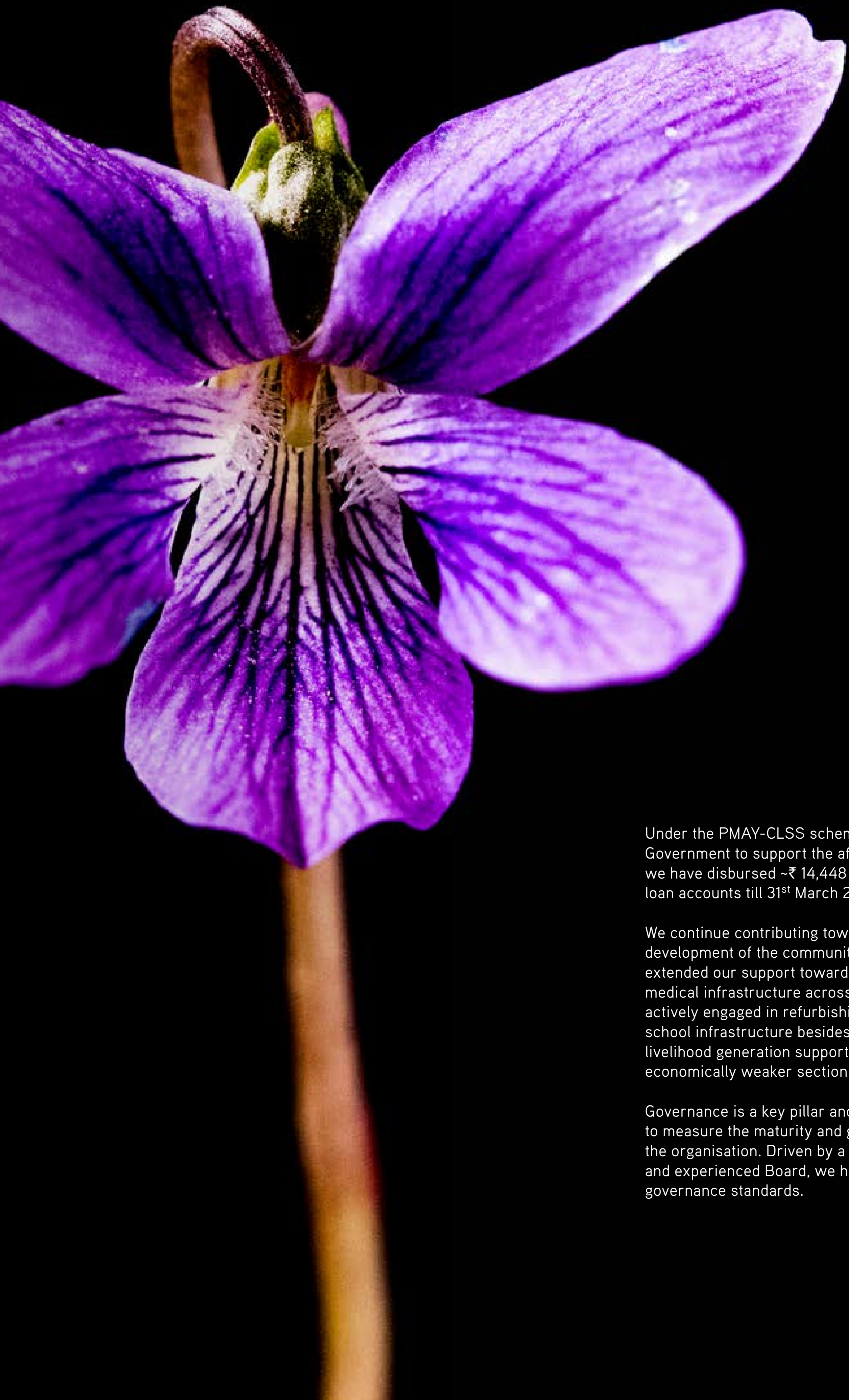


Partnering progress that is sustainable

With a resolution to always contribute to the welfare of people, deep understanding of the social concerns that plague our society and a promise to touch lives positively, our sense of responsibility correlates with the Iris flower, which is seen as a symbol of trust, wisdom and hope.

As an organisation, we believe only holistic progress accounts for true success in the world of business. One where we take our stakeholders and the community on a path towards more opportunities, security and a chance to better living standards. At PNB Housing Finance, we undertake several initiatives that cement our position as responsible corporate citizens.

We continuously encourage our customers to use our digital medium and conserve paper and other resources. Over 99% of our EMI collections happens through digital mode. We have further introduced ACE for digital customer onboarding. As part of our community intervention, we are supporting water conservation in Rajasthan. We are also aiding research and innovation in the construction sector for environmentally friendly material.



Under the PMAY-CLSS scheme of the Government to support the affordable segment, we have disbursed ~₹ 14,448 crore to 67,258 loan accounts till 31st March 2022.

We continue contributing towards the holistic development of the community. We have extended our support towards augmenting medical infrastructure across locations. We are actively engaged in refurbishing government school infrastructure besides providing livelihood generation support to women from economically weaker sections.

Governance is a key pillar and parameter to measure the maturity and growth of the organisation. Driven by a professional and experienced Board, we have set high governance standards.

Building future-ready human capital

Our people are critical to our progress on our strategic objectives and attempts to serve our customers better. Raising an engaged and motivated workforce, which is raring to go and explore novel pathways to the future, is our key to creating a strong foundation for accelerated growth.

Our employees and the management share a symbiotic relationship. Our management ensures that employees remain engaged throughout the business cycle by communicating business decisions and strategies to its diverse functions and teams. Employee vintage is an indicator we prioritise. It symbolises stability, security and organisational dynamics.

We strive to strengthen our human capital and enhance their potential to achieve organisational goals while improving their individual skillsets. We believe in continuously upskilling our employees to be better at their roles and preparing them for future assignments by providing training in key competencies.

4 YEARS
Average tenor of employees in the organisation

845
Number of training programmes conducted

16.15
Average training hours per employee

16%
Share of women in workforce

CORE PHILOSOPHY

People First, one of our core values, ensures that we stay committed to enabling equal opportunity and inclusive growth. True to this ethos of grooming our people and bringing them cross-functional exposures, we created 55 internal opportunities last year, wherein our in-house talents were entrusted with higher responsibilities.

Our people are given thorough orientation to facilitate understanding of the organisation's culture and its products and services. Our tenured workforce, including employees who hold key leadership positions, has witnessed many changes and cycles in the organisation and thus understand what works and what does not.

RECRUITMENT STRATEGY

We revamped our hiring proposition in the last two quarters, which resulted in 90% of workforce capacitation by the end of the year under review. This was supported by initiatives like the relaunch of the employee referral programme, listing of open positions on the career page of our official website and on LinkedIn. We saw 41% increase in new offers during FY22, which was a challenging year. We have also started using social media tools to engage with prospective candidates.

PERFORMANCE MANAGEMENT

We extended performance-linked variable pays and market-competitive average increments in full. We also ensured grade promotions and long-term incentive rewards for eligible employees in a year of intrinsic cutbacks in these regards across the industry.

TRAINING AND DEVELOPMENT

Training and development remains a key focus area for us. During the year, more than 28,558 training hours were imparted to hone the skills of our people. Our comprehensive learning management system, eGURU, is used for training our people. It is a repository of PNB Housing Finance's entire process manuals as well as compliance-related training modules. In our sector, staying updated with compliance-related issues are of paramount importance. We ensure our people are trained periodically on key compliance issues such as anti-money laundering, prevention of insider training, prevention of sexual harassment, cybersecurity as well as other topics.

EMPLOYEE RECOGNITION

Employee recognition strengthens the trust pillar by promoting a sense of pride and ownership across functions. Each function has specific, ongoing contests to recognise and appreciate employees for their exceptional contributions towards organisational performance.

Xceed

A recently launched programme to recognise and reward PNB Housing Finance employees for their exemplary performance across various cross sell products. We invited 100+ top performing employees to be part of an exclusive award night in Mumbai in February 2022. We wish to associate all our future R&R programmes of cross sell products under the brand Xceed, an exclusive programme that will inspire our people to exceed their past milestones.

LEVERAGING TECHNOLOGY IN PEOPLE MANAGEMENT

We have fully digitalised our HRMS system with all modules related to our HR processes being operationalised on the platform, including recruitment, performance management system and employee life cycle management.

We recently launched a fully digitised employee self-service payroll portal that will enable us to reduce manual dependency and provide easy accessibility of the technology-based platform, functioning in real time for all employees in the organisation. On click availability of reports, real-time dashboards and employee self-service module, including our mobile app, is a great value addition that provides comfort and accessibility to our employees.

Our in-house learning management system, eGuru, provides a strong platform through web and mobile applications. Various eLearning modules are available for our employees on eGuru to help them enhance their knowledge on products, policies and processes. The eGuru mobile app enables employees to learn at the place and time of their convenience. The platform is also extensively used for conducting all compliance-based training through eLearning modules.

EMPLOYEE HEALTH AND SAFETY

Employee safety and well-being are critically important to us. Various measures were taken during the pandemic to protect employees from the onslaught and provide care for those who had contracted the virus. Multiple Company-sponsored vaccination drives were also conducted during the year. In order to provide further comfort to the employees, we enhanced the medical insurance coverage limit for all our employees.

PROMOTING DIVERSITY AND INCLUSION

We are actively promoting diversity and inclusion in the organisation and have initiated the following steps to ensure the same:

Equal employment opportunity policy

To achieve our business objectives, we are committed to a merit-based appointment process. We have policies and practices in place that enable capable employees to access all opportunities available with the organisation, in a fair and equitable manner.

Physical environment and security policy

It is important that employees are provided a secure and clean work environment because it bears direct impact on their productivity. We are committed to providing a healthy and safe workplace. We have crèche facility available at certain locations.

Leave policy

We believe that our people have changing needs during different stages in their life and career. We have best-in-class practices with respect to maternity, paternity and adoption related leave and compensation policies, besides extending the choice of examination leave and sabbaticals, among others.

Developing women leaders

We devised a 12-month programme for our women leaders to develop their insights, cross-cultural competence while imbuing into them key leadership competencies. This programme is holistic and follows an integrated approach to train and empower our women leaders in gaining the skills critical to succeed and lead organisations across all sectors of the global economy.

Inclusivity at the workplace

We endorse the creation of a workforce that makes people from all backgrounds, genders, religion and walks of life feel welcome and valued at PNB Housing Finance. We celebrate diverse festival days together, which our people see as an opportunity to interact with their colleagues from other departments.

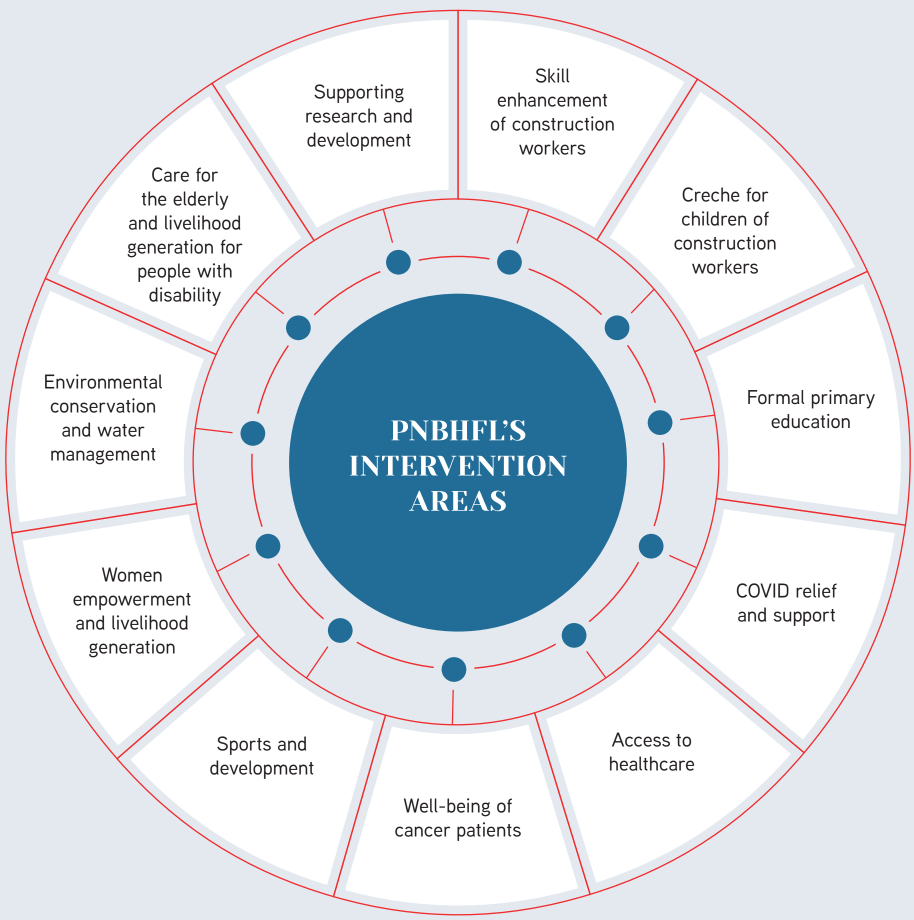
Progress that takes everyone along

At PNB Housing Finance, we believe in driving action towards the sustainable development of communities around us. Through Pehel Foundation, our dedicated CSR arm, we are executing our social vision and making a positive impact.

With the pandemic wreaking havoc on human health, we channelised our collective energy towards strengthening the healthcare infrastructure across various locations. We continued to support welfare projects for construction workers, and enabling children's access to formal education by strengthening school infrastructure. We also worked on projects related to water conservation, increasing green cover, improving access to clean drinking water, and livelihood generation for women and persons with disability.

₹23.22 CRORE
CSR spend in FY22

3.5 LAKH
CSR beneficiaries in FY22



SUPPORT DURING COVID-19

We remained steadfast in extending a helping hand to the nation during the recurrent COVID-19 waves, in the following ways:

- Supported government hospitals by setting up a 50-bed ICU facility at Palwal, Haryana and 20-bed ICU facility at Raipur, Chhattisgarh
- Set up PSA technology-based oxygen plant at a government hospital in Bhopal, MP
- Provided one ambulance each at Agra and Delhi NCR as emergency pre-hospital medical care to the underprivileged, benefiting 150+ persons during the time

STRENGTHENING INDIA'S HEALTHCARE INFRASTRUCTURE

Recognising the need to put up a strong front in the face of the pandemic and future health crises, we contributed in the following ways:

- Upgraded infrastructure of 5 Primary Healthcare Centres (PHCs)/Community Health Centres (CHCs) in semi-urban locations near Chennai, Udaipur, Hyderabad, Ahmedabad and Noida by providing modern healthcare equipment and improving civil infrastructure
- Provided 3D printing and 3D scanning devices in prosthetics and related areas to National Institute for Empowerment of Persons with Multiple Disabilities (NIPMED), Chennai which significantly impacted the quality of life for individuals with missing limbs through the creation of customised affordable prosthetics
- Upgraded a blood bank in Hyderabad in partnership with Give India by providing automated blood screening devices for children with Thalassemia
- Set up a state-of-the art facility in Hyderabad, in partnership with Give India, to offer advanced ear and hearing care services to the underprivileged and address hearing and associated problems in people with hearing impairment

PROMOTING QUALITY EDUCATION THROUGH INFRASTRUCTURE DEVELOPMENT

Our aim is to bring education opportunities to young people with potential. We are helping strengthen infrastructure at several schools in association with NGOs. Some of our efforts include:

- Supported Lotus Petal Foundation, a not-for-profit organisation for the construction of a new campus to provide education and skill development for 17,000 children from less privileged backgrounds in the outskirts of Gurugram in Village Dhunela
- Developed 20 remote teaching units, in partnership with Lotus Petal Foundation, to run online interactive classes for ~75 government schools across Haryana
- Supported the operational cost of running two formal schools in Delhi, in partnership with Vidya, a not-for-profit organisation, for the education and empowerment of underprivileged children
- Backed the Niramaya Charitable Trust to renovate five Anganwadi centres into Pehel Smart Anganwadi centres for improved learning, growth and health outcomes for children in the outskirts of Ahmedabad, Gujarat
- Supported Spherule, a not-for-profit organisation, in transforming three government schools into smart schools by facilitating the development of STEM (Science, Technology, Engineering and Maths) laboratories, digital classrooms and playgrounds
- Aided Vanvasi Kalyan Ashram, a not-for-profit organisation working to uplift indigenous girl students, through the restoration of a residential facility in Nashik, Maharashtra

17,000
Children were given education and skill development opportunities

10,000
Construction workers impacted through two welfare schemes

ENVIRONMENTAL CONSERVATION AND WATER MANAGEMENT

Our responsibilities as a model corporate citizen extends to the natural environment around us and some of the measures we have undertaken are as follows:

- Partnered with Manjari Foundation to provide access to safe drinking water supply to 200 households in two villages of Chittorgarh, Rajasthan
- Set up five community-level, decentralised water ATMs to create affordable access to safe drinking water in villages around Ahmedabad, Gurugram and Udaipur districts in partnership with SMEC Trust
- Initiated Jal Khushali II and partnered with SM Sehgal for the development of two pond structures in Baretha village in Morar Block in Gwalior, and Nareshwar Village in Morena Block in Madhya Pradesh
- To strengthen our commitment towards environment conservation, we partnered with SMEC Trust in planting (Miyawaki technique) 6,300 saplings in Bengaluru and 2,000 in Narela, New Delhi
- Partnered with Give India to set up Integrated Waste Management (IWM) system with provisions of composting machine and a waste collection vehicle at Dehradun, Uttarakhand

BRINGING HOLISTIC WELFARE FOR CONSTRUCTION WORKERS

We are always striving to find ways to make a positive difference to the lives of those integral to the housing ecosystem. Some of our efforts include:

- Partnered with CREDAI and DB Tech to impart high quality skill training in construction related trades, improving livelihood opportunities for 1,000 candidates
- Improve skilling infrastructure for building construction trades and facilitate continuous skilling of building construction workforce
- Supported DB Tech in setting up two physical training centres at Kanpur and Lucknow. We also partnered with JK Cement Nimbaheda Foundation for the development of Building Construction Excellence Lab, which is configured with modern training equipment and facilities in Kanpur, Uttar Pradesh
- To enable access of construction workers to various entitlements and government schemes, we partnered with Haqdarshak and supported 10,000 construction workers pan India in accessing two eligible welfare schemes or documents for their empowerment

Integrity and prudence at the core

As one of India's leading housing finance companies, we acknowledge our responsibility to set the right example in the industry as a transparent and pragmatic enterprise. We work to conform with global standards of ethics and integrity to protect stakeholder value over the long term.

60 YEARS
Average age of Board members

3 YEARS
Average tenure of Board members

30+ YEARS
Average experience of Board members

BOARD COMPOSITION AND COMMITTEES OF THE BOARD

The Board comprises 11 members, including six Independent Directors, 4 Non-Executive Directors and one Managing Director as on 31st March 2022.

The Board functions through seven 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. The Committees except Credit Committee are chaired by an Independent Director.

Our Board of Directors comprises renowned professionals with diverse experience and expertise in banking, financial markets, risk management, regulatory affairs, finance, credit, information technology, human resource management and other domains. We also have IT experts on the Board as Non-Executive/ Independent Directors, given our focus on digitalisation and the associated risks related to cybersecurity, data privacy and infrastructure.

The Board has in-depth understanding of the business model, business processes and business environment. The Board members are regularly updated on relevant topics of interest relating to the Company's business environment and operations, such as the current state of affairs of the Company and industry growth and outlook, impact of new guidelines issued by the RBI/ SEBI/MCA.

Board members also participate in seminars on relevant subjects conducted by reputed organisations. Newly appointed Independent Directors undergo a structured orientation/ familiarisation process and also engage with the functional heads to familiarise themselves with their roles and the Company's operations and the business model.

DIVERSITY IN THE BOARD

We have a well-diversified Board in terms of expertise, domain, academic qualification and industry experience. The Board has one female Independent Director. The average age of the Board is 60 years. The Company has in place a Board Diversity policy, which views performance through the lens of inclusivity.

RESPONSIBILITIES OF THE BOARD

The Board meets as often as necessary, at least quarterly, and as and when requested. The Board is also apprised of the decisions of the Committees on a regular basis. The Board and the Senior Management meet on a quarterly basis, or whenever required. Key discussion points include updates on business, financials, credit appraisal, human resources, regulations, enterprise risk management, and strategy. In addition, the Board meets annually to discuss and approve the business plan of the Company. The Board also engages with the Senior Management through its committees for matters related to delegated areas.

Separate meeting of Independent Directors without the management was also held during the last financial year.

The Risk Management Committee also meets the CRO, and the Audit Committee meets the Internal Audit Head without the presence of the management to ensure the independence of their roles. During the pandemic and even during the last financial year, the Board met virtually. The average attendance at the Board meetings in FY22 was 89%. All Board meetings are attended by all members of the Executive Management. In addition, members of the Senior Management participate in Committee meetings as well in relation to their respective responsibilities.

POLICIES AND FRAMEWORKS FOR ETHICAL CONDUCT

The Board has 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 is 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 obligations as Directors of the Company. The Board has also adopted a separate Code of Conduct for Executive Directors and the Senior Management.

To ensure a pervasive culture of ethical behaviour, the Board has approved and adopted policies and frameworks that encourage appropriate business conduct. These policies are communicated regularly to the management, employees and other stakeholders. Our corporate governance policies include:

- Internal Guidelines on Corporate Governance
- Policies to prevent insider trading
- Policy on related-party transactions
- Policy around Prevention of Sexual Harassment (POSH)
- CSR Policy
- Fair Practice Code

RISK MANAGEMENT FRAMEWORK

Global events have challenged nearly every company, leading to a rethink of assumptions and adaption of strategies to a new operating environment that involves managing major risks with a renewed focus on the safety of people. Our Risk Management Framework, enabled by the effective use of new technologies, has enhanced the organisation's readiness in responding to COVID-19. The framework helps to identify, assess, respond to and monitor, on a real-time basis, risks that impact business objectives. Risk management is an integral component of the Company Management System. Effective risk management with enhanced use of technology has improved the quality of business decisions.

We have a well established three lines of defense approach.

- Business/Process Managers (First line of Defense)
- Risk Management and Compliance Function (Second line of Defense)
- Internal Audit (Third line of Defense)

The key risks that the organisation is exposed to in the course of its business are - Credit Risk, Market Risk and Operational Risk. Given the evolving lending landscape, Liquidity Risk and Cyber Security Risk are also vital. These risks not only have a bearing on our financial strength and operations but also on our reputation. Keeping this in mind, we have put in place Board-approved risk related policies, whose implementation is supervised by the Executive Risk Monitoring Committee. The Committee monitors the compliance of risk parameters/aggregate exposures with the appetite set by the Board. It ensures that frameworks are established for assessing and managing various risks faced by the Company. Systems are developed to relate risk to the Company's capital level. Methods have been instituted to monitor compliance with internal risk management policies and processes. The Committee guides the development of policies, procedures and systems for managing risks. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of Company and its risk appetite.

We give due importance to prudent lending practices and have put in place suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of customer's business place and residence, inhouse technical and legal verification, conservative loan to value parameters, and insurance coverage. Our Risk Management Framework seeks to minimise adverse impact of risks on the key business objectives and enables us to leverage market opportunities effectively. The Risk Management Committee reviews on a quarterly basis various risks faced by the Company and monitors the measures undertaken to mitigate the same.

ADDITIONAL POLICIES

We have a Whistle-blower policy, which allows all employees to raise concerns on any serious irregularities or violations within the organisation. Through this policy, employees have direct access to the Chairperson of the Audit Committee. We have also put in place a grievance redressal mechanism for customers. There is a robust system to address shareholders' grievances, wherein they can send their complaints to the Company through dedicated email IDs: investor.services@pnbhousing.com and investor.relations@pnbhousing.com.

The Compliance and Investor Relations Team keeps track of these emails and resolve shareholders' complaints accordingly. These email addresses are posted on the Company 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. We have a Board approved succession planning policy, outsourcing policy, anti-corruption and anti-bribery policy, information security policy, cyber crisis management plan and other statutory policies.

ANTI-MONEY LAUNDERING (AML)

We have a comprehensive Know Your Customer and Anti Money Laundering (AML) policy (based on RBI guidelines/provisions of the Prevention of Money Laundering Act, 2002) duly approved by the Board and incorporating the key elements of Customer Acceptance Policy, Customer Identification Procedures, Risk Management and Monitoring of Transactions. Adherence to the guidelines prescribed in the policy is monitored by us at various stages of the customer lifecycle. We have developed a training module for focused and effective training on anti-corruption and AML.

Board of Directors

MR. ATUL KUMAR GOEL

Non-Executive Nominee Director

DIN: 07266897
Date of joining: 28th April 2022

Mr. Goel is Managing Director & CEO of Punjab National Bank from 1st February 2022. Earlier, he was Managing Director & CEO of UCO Bank, Executive Director in Union Bank of India and held various positions in Allahabad Bank.

He is a qualified Chartered Accountant, having more than three decades of banking experience, in large corporate, treasury management, risk management, financial planning, investor relations, business transformation, compliance etc. He was Chief Financial Officer (CFO) of Allahabad Bank.

Committee Membership

Nomination and Remuneration and Stakeholders Relationship

MR. SUNIL KAUL

Non-Executive Nominee Director

DIN: 05102910
Date of joining: 5th March 2015

Mr. Kaul is 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. Earlier, he was President of Citibank Japan and Chairman of CitiCards Japan KK and CitiFinancial Japan KK. He was also the Head of Retail Banking for Citibank in Asia, Head of International Personal Banking for Citibank in New York and Head of Global Transaction Services at Citibank, Japan. He has over 35 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

Independent Director

DIN: 00580842
Date of joining: 7th October 2015

Mr. Chandrasekaran was one of the co-founders of Cognizant. He retired as the Executive Vice Chairman of Cognizant India in March 2019. He has been widely recognised as a significant contributor to the growth of Cognizant, including its global footprint. Prior to joining Cognizant, he was with Tata Consultancy Services for over nine years. He has over 37 years of experience in the field of information technology.

Committee Membership

Nomination and Remuneration, IT Strategy and Corporate Social Responsibility

Board of Directors

MR. NILESH S VIKAMSEY

Independent Director

DIN: 00031213
Date of joining: 22nd April 2016

Mr. Vikamsey is 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

DR. T.M. BHASIN

Independent Director

DIN: 03091429
Date of joining: 2nd April 2020

Dr. Bhasin is presently Chairman of the Advisory Board for Banking Frauds constituted by the Central Vigilance Commission in consultation with the RBI. He was Vigilance Commissioner at the Central Vigilance Commission. He held various positions with Oriental Bank of Commerce, and was Executive Director of the United Bank of India and the Chairman and Managing Director of Indian Bank. He has over four decades of experience in administration, banking and finance industry.

Committee Membership

Audit, Risk Management and Corporate Social Responsibility

MR. SUDARSHAN SEN

Independent Director

DIN: 03570051
Date of joining: 1st October 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, he worked in banking regulation, bank supervision, fintech regulation, human resources, information technology, and currency management. He has been on a number of major national and international committees constituted by the RBI.

Committee Membership

Audit, Nomination and Remuneration and Corporate Social Responsibility

MS. GITA NAYYAR

Independent Director

DIN: 07128438
Date of joining: 29^{th} May 2021

Ms. Nayyar is a finance professional with over 30 years of global leadership experience with MNC banks/VC funds and corporates. She has 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 NGO's and a VC fund.

Committee Membership

Nomination and Remuneration and Stakeholders Relationship

MR. NEERAJ VYAS

Non-Executive Director

DIN: 07053788
Date of joining: 1^{st} September 2020

Mr. Vyas is Non-Executive Director since 1^{st} September 2020. Earlier, he was Independent Director on the Board from 15^{th} April 2019 till 28^{th} April 2020. He was appointed Managing Director & CEO of the Company from 28^{th} April 2020 till 10^{th} August 2020.

He superannuated as the Deputy Managing Director and Chief Operating Officer (COO) of the State Bank of India (SBI) on 30^{th} June 2018. He has handled several assignments for SBI in India and abroad. 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, Risk Management and Audit

MR. KAPIL MODI

Non-Executive Nominee Director

DIN: 07055408
Date of joining: 1^{st} October 2020

Mr. Modi is a Director in Carlyle India team and has been a part of the investment team for $1.7 billion of investments by Carlyle in India over the last 12 years. He holds a B. Tech degree in Computer Science from IIT Kharagpur and is a postgraduate in management (gold medallist) 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 and Credit

Board of Directors

MR. BINOD KUMAR

Non-Executive Nominee Director

DIN: 07361689
Date of joining: 12th January 2022

Mr. Kumar is a banker with more than 26 years of experience in the field. He is Chief General Manager of PNB. He has held many senior positions in the Bank. He is B.Sc (H), CAIIB, Financial Risk Manager (FRM) conducted by GARP (USA), Post Graduate Diploma in Banking & Finance (NIBM), Diploma in Treasury Investment & Risk Management (DTIRM), NSE's Certification in Financial Markets - Mutual Fund and Securities Market and Diploma in Banking & Finance.

MR. HARDAYAL PRASAD

Managing Director & CEO

DIN: 08024303
Date of joining: 10th August 2020

Mr. Prasad is a 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 for over three decades and has handled several assignments for the bank. 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.

Committee Membership

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

Leadership team

MR. HARDAYAL PRASAD
Managing Director and CEO

MR. PANKAJ JAIN
Chief Sales Officer – Retail

MR. JATUL ANAND
Chief Credit & Collections Officer

MR. SANJAY JAIN
Company Secretary and Compliance Head

MR. AMIT SINGH
Chief People Officer

MR. ANUBHAV RAJPUT
Chief Information Officer

MR. KAUSHAL MITHANI
Chief Financial Officer

MR. ANSHUL DALELA
Head - Customer Service & Operations

MR. NEERAJ MANCHANDA
Chief Risk Officer

MR. ANUJAI SAXENA
Chief Transformation Officer

Recognised across platforms

Mr. Hardayal Prasad, Managing Director and CEO, PNB Housing Finance Ltd. awarded 'CEO of the Year, HFC' at the 3rd Annual BFSI Technology Excellence Awards 2022 by Quantic Business Media Pvt. Ltd.

Best Housing Finance Company of the year at the 3rd Annual BFSI Technology Excellence Awards 2022 by Quantic Business Media Pvt. Ltd.

PNB Housing Finance is the proud recipient of the **Global CSR Excellence & Leadership Award** in the category of **Women Empowerment by World CSR Congress**

Mr. Hardayal Prasad, MD & CEO PNB Housing Finance Ltd has been recognised as one of the **Business Icons of India 2022 by Team Marksmen in association with Zee Business**

The League of American Communications Professionals (LACP) ranked our annual report **20th** worldwide and has awarded both print and digital version in **platinum** category, a step up from the Gold category the previous year

Mr. Hardayal Prasad, Managing Director and CEO PNB Housing Finance Ltd has been recognised as one of the **'Inspiring CEOs 2021' by The Economic Times**

PNB Housing Finance is one of the **Economic Times Iconic Brands of India** (two years in a row). This recognition shows that strategic brand thinking not only elevates a business, but also lays the ground for sustainable growth and contributes to nation building

PNB Housing Finance is one of the proud recipients of The **Economic Times Best Brands 2021**

PNB Housing won the **Business Transformation Awards 2021** organised by **Mint|TechCircle** for ACE technology platform

Statutory Reports and Financial Statements

38–114

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MANAGEMENT DISCUSSION AND ANALYSIS

PNB Housing Finance is fourth largest housing finance company in India by AUM as on 31st March 2022, offering a wide range of financing products and solutions and helping Indians fulfil their aspirations.

INDIAN ECONOMY OVERCOMES PANDEMIC JITTERS

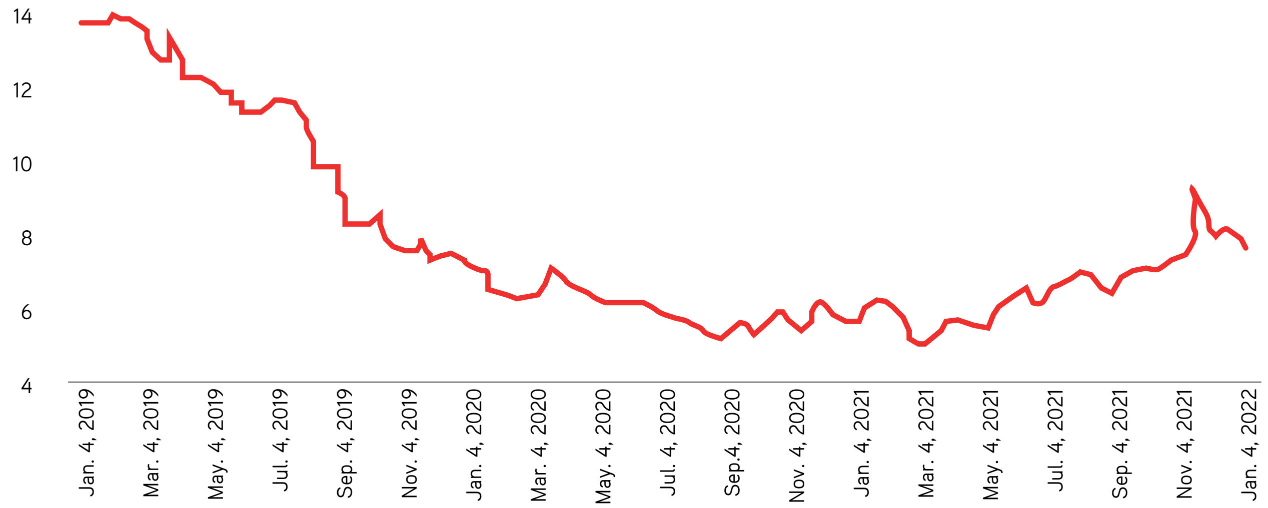
The Indian economy staged a solid rebound from the pandemic-induced disruptions. However, the second wave, which was more intense and severe than the first, overwhelmed the country's healthcare infrastructure and prompted the re-imposition of lockdowns, albeit localised. The government, overcoming initial jitters, focused rightly on accelerating the vaccination drive to leave behind the scars of the pandemic.

The re-opening and subsequent normalisation of economic activities brought the recovery trajectory on track in the second quarter, with several sectors showing a steady glide path to pre-pandemic levels. Rising inflation in the second half due to supply side challenges viz. elevated commodity, crude and food prices, logistics challenges however, kept the RBI on tenterhooks. Although the apex bank refrained from raising policy rates through FY22, its statements turned increasingly hawkish, signalling that inflation and growth have exchanged places in its priority hierarchy in the last Monetary Policy Committee meeting of FY22. That said, various indicators including GST collection, e-way bill generation, foreign trade indicated that the Indian economy was on track to exit the financial year with high-single-digit growth (Economic Survey 2022), after contracting by 6.9% in FY21.

Meanwhile, in line with the economic activities, credit growth picked up in FY22 with retail loans showing the sharpest uptick.

Credit growth has gained much-needed momentum in FY22

Bank credit to the commercial sector (%, YoY)



Source: CMIE

Deloitte Insights I deloitte.com/insights

India expected to be the fastest growing major economy in FY23 backed by recovery in demand, significant capital spending by the government and increasing capex commitment from the private sector backed by the PLI scheme. However, high crude prices and elevated inflation poses risks to the forecast on the downside. S&P estimates that the country will witness a GDP growth of 7.8% in FY23.

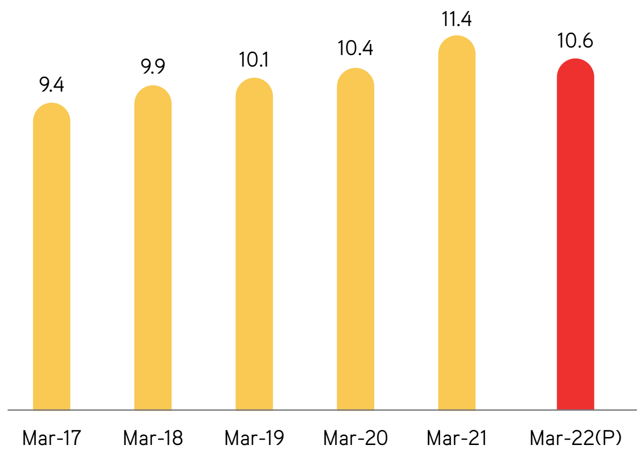
HOUSING FINANCE SECTOR INDUSTRY INSIGHT

Optimistic sectoral outlook

As per CRISIL, the housing finance segment was estimated at ₹24,524 billion in fiscal 2022. Of this, housing loans at non-banking finance companies (NBFCs), including housing finance companies (HFCs), accounted for ₹8,631 billion, up 13% year-on-year. Given the buoyancy in the economy as well as the real estate the housing finance sector is poised for healthy growth.

After a prolonged period of stagnancy, the real estate sector is moving towards demand upcycle. This can be attributed to an increase in income levels, increased affordability, stable property prices and larger housing space requirements owing to remote working norms, among others. As per CRISIL, considering the demand prospects, the on-book portfolio of the HFCs/NBFCs is expected to grow by 13-15% in FY23. Further, the government's continuous push towards the affordable housing segment is expected to continue driving the mortgage sector. As per CRISIL Research, affordable HFCs are expected to grow at 15-17% in FY23. Affordable housing is anticipated to remain upbeat given the massive under-penetration, favourable demographics, government's thrust on housing and a favourable regulatory/ tax environment.

Mortgage penetration rate trend (%)



Housing Credit as proportion of GDP (%)
Source: ICRA Mortgage Report-March 2022

The second wave disrupted business operations including collections. Asset quality started improving from the second quarter with the improved collection efficiencies.

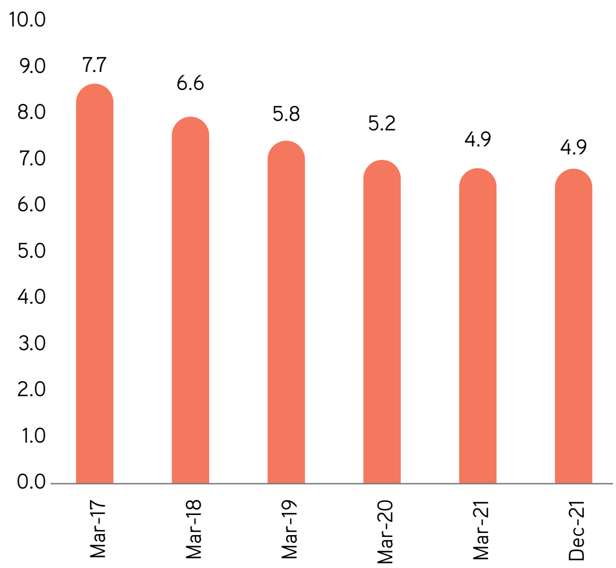
The RBI on 12th November 2021, introduced a stricter asset quality reporting norms for all lenders, bringing housing financiers and non-banking financial companies (NBFCs) at par with commercial banks. According to the new guidelines, any NPA account will be upgraded to "Standard" only when the entire arrears pertaining to principal and interest are paid by the borrower, thus shifting the focus from roll back to normalisation.

Further, the regulator also clarified that the classification of borrower accounts as NPA shall also be done as part of the day-end process for the relevant date.

The amended guidelines have resulted in a spike in the GNPA numbers at the end of Q3 FY22. However, with organisations adapting to the change and revising their collection strategies in line with the new guidelines, the GNPA numbers are expected to normalise eventually.

The industry has registered moderate improvement in the aggregate on-balance sheet gearing. It stood at a comfortable 4.9x as on 31st December 2021. The reported capital adequacy remained good with the overall capital to risk weighted assets ratio (CRAR) at 23.7% as on 31st December 2021 reflecting improvement from 22.8% as on 31st March 2021. This was backed by the relatively low risk weights for HLs and commercial real estate (CRE) loans for residential projects and the relatively low growth in the loan book.

HFCs' gearing has further improved (x)



Source: ICRA Mortgage Report-March 2022

PNB HOUSING FINANCE: ADVANCING WITH DETERMINATION

After the pandemic-hit FY21 started normalising, the recovery in the sector was further impacted by the second wave of the COVID-19. PNB Housing Finance was no different as business recovery was severely impacted during the first quarter of the financial year under review. However, we took a multi-pronged approach to steer through this challenging period and make the business future-ready.

At PNB Housing Finance, we are focusing on a three-pronged strategy to strengthen our business fundamentals and accelerate growth in the future. Continued progress on our strategic priorities will keep us agile and relevant while helping generate sustainable value for our stakeholders. The Company along with its strategy, mentioned key monitorables, on which we measure performance.

By the end of FY22, the Company is able to attain sustainable performance in few monitorables viz. sanctioning in over 80% loans within stipulated turn around time, significant reduction in the cost of borrowing, maintaining healthy retail mix with granular book, reduction in the corporate book.

Strengthening Our Core

	Progress FY22	KPIs
MANAGEMENT • Strengthen leadership team • Augment risk and data analytics team • Focus on upgrading skillset	• On-boarded senior talents across various functions • Introduced incentive plan to retain talent • Internal promotions across functions	**9 hires & 4 promotions** In the senior and mid senior positions
CAPITAL POSITION • Improve capital and gearing • Build significant provision • Raise capital across different modes	• Maintained adequate provisions • Improved gearing • Improved Capital to Risk Asset Ratio	**4.42%** Total provision to total assets **134 bps** Improvement in gearing **467 bps** Improvement in Capital to Risk Asset Ratio
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	• Sanctioning in over 80% loans within stipulated turn around time • Our retail collection efficiency improved to 98% in FY22 vs 97% in FY21 • Resolved 12 Corporate accounts with outstanding of ₹339 crore	**83%** Share of loans sanctioned within stipulated TAT **97.9%** Collection efficiency

Drive Efficiency

	Progress FY22	KPIs
COST MANAGEMENT • Rationalise operating model with enhanced focus on profitability • Optimise cost and productivity • Improve accountability across organisation • Product and segment level monitoring	• Significantly reduced cost of borrowing • Process improvement focus to optimise operating cost • Final stages of implementing key initiatives identified as a part of transformation project	**5.8%** Incremental cost of borrowings **20.2%** Cost-to-income ratio
DIGITAL DRIVE • Accelerate digital transformation across the value chain • Increase use of AI, ML, RPAs to augment business, underwriting and enhance efficiencies • Advanced analytics for portfolio management, risk and collection	• Increased focus on digital sourcing which is at 47% in FY22 as compared to 19% in FY21 • Ace integration and 2.0 was made live • Completed Business Rule Management Engine system integration; Phase 1 is expected to go live by Q1 FY23 • Standardisation of data platform and advanced analytics powered sourcing models under development	**47%** Digital sourcing

Accelerate Growth

	Progress FY22	KPIs
RETAIL FOCUSED LENDING • Leverage expertise in mass housing and merchant category • Increase fee income through cross-sell, upsell and co-lending	• Maintaining healthy retail-mix • Increased logins to aid business growth	**19.1%** Y-o-y growth in retail log-ins **89%** AUM is retail book
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 II and III cities	• Created separate vertical and open lean branch infrastructure • Identified and operationalised new locations for Unnati focused network growth	**24** New locations opened for Unnati-specific branches **₹ 3,108 CRORE** Unnati AUM, 5% growth over FY21

During the year, we sanctioned 57,360 loan applications, reflecting a 14% increase over the previous year. We disbursed loans amounting to ₹11,246 crore, an increase of 8% over the previous year. Overall AUM was at ₹65,977 crore (as per IndAS), declined 11%; loan assets moderated by 8% to ₹57,895 crore (as per IndAS). On principal outstanding including principle overdue basis, loan asset was at ₹56,889 crore registered a decline of 9% on account of lower disbursements during the year. The incremental cost of fund during the year stood at 5.8%, reflecting 96 bps decline over FY21.

Over the past few years, we are working consistently to strengthen our balance sheet. During the year, we have further reduced our gearing to make the balance sheet leaner while improving our CRAR substantially. Our increased focus on the retail segment with lower-risk weight and reduction in the corporate loans helped us achieve this.

As on 31st March 2022, our cash and cash equivalents stood at ₹6,260 crore compared to ₹6,969 crore in the previous year; deposits grew 5% YoY to reach ₹17,649 crore. During the year, we sourced around 73,372 deposit applications amounting to total of ₹7,233 crore.

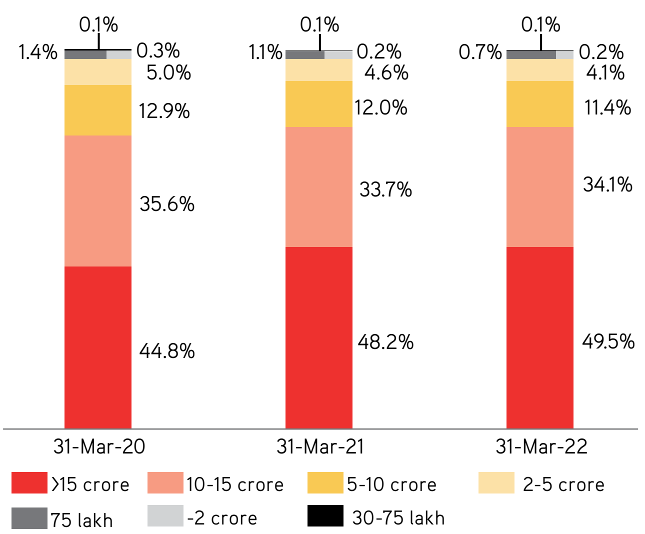
RETAIL LOANS

Individual housing loans

Owing to our increased focus on the retail segment with additional focus on the affordable housing segment, we achieved an average ticket size (ATS) of ₹28 lakh in 2021-22 for individual housing loans. Salaried customers accounted for 70% of the individual housing loans, while self-employed contributed 30%. Our conservative approach towards underwriting and disbursement led to the LTV for individual housing loan at 72% as on 31st March 2022.

To support the Government scheme of "Housing for All" through PMAY-CLSS scheme, we have made aggregated disbursement of ~ ₹14,448 crore under 67,258 loan accounts in the category of EWS/LIG and MIG I/MIG II till 31st March 2022.

ATS of individual housing loan

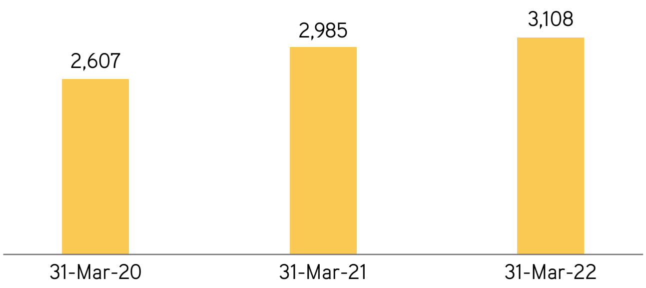


Unnati loans

The affordable housing segment remains a key focus area for the company and is serviced through the product Unnati. We have created a dedicated business vertical for Unnati, which saw disbursement increasing 5% during the year with an AUM of ₹3,108 crore at the end of FY22 against ₹2,985 crore in FY21. During FY22, we opened 24 Unnati dedicated branches in FY22 and going ahead, we intend to strengthen the network further to drive growth in affordable housing segment.

Given that it is a high-yielding category, we are focused on developing a differentiated strategy that will help us penetrate the market more effectively and improve our overall profitability. We have identified the key markets for deeper penetration. In addition, we have created a dedicated team to build the product.

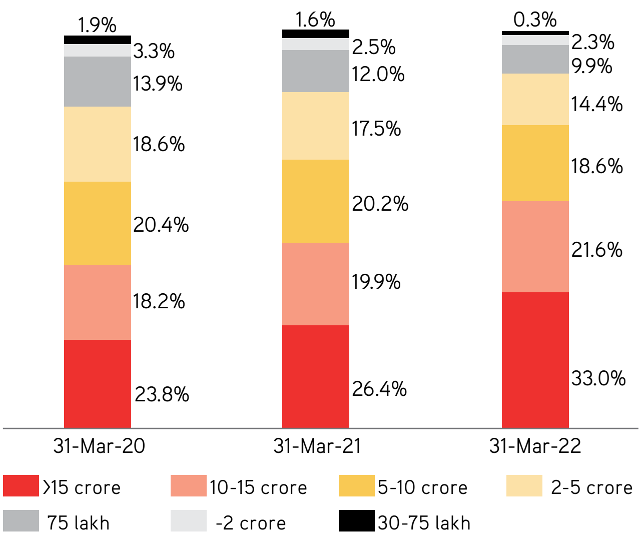
Unnati loan book (₹ in crore)



Retail loan against property

During the year, the Company disbursed ₹2,233 crore under this segment, forming 20% of the total in disbursements. The ATS is at ₹36 lakh, as on 31st March 2022. The weighted average LTV was maintained below 50%. The self-employed segment accounts for 77% of the retail LAP book.

ATS of retail loan against property



Retail non-residential premises loan (NRPL)

Retail NRPL contributes 4% to the asset under management. These loans are given for the construction of the commercial property. The ATS for retail NRPL is ₹39 lakh.

CORPORATE LOANS

Construction finance loan

The construction finance book comprises 9% of the AUM, as on 31st March 2022. The ATS on a unique corporate house basis is ₹208 crore. The construction finance book is spread across 43 developers, with top seven markets contributing 88% of the AUM. As per the laid out strategy to reduce corporate book, the construction finance book have reduced by 32% to ₹5,912 crore over the last one year.

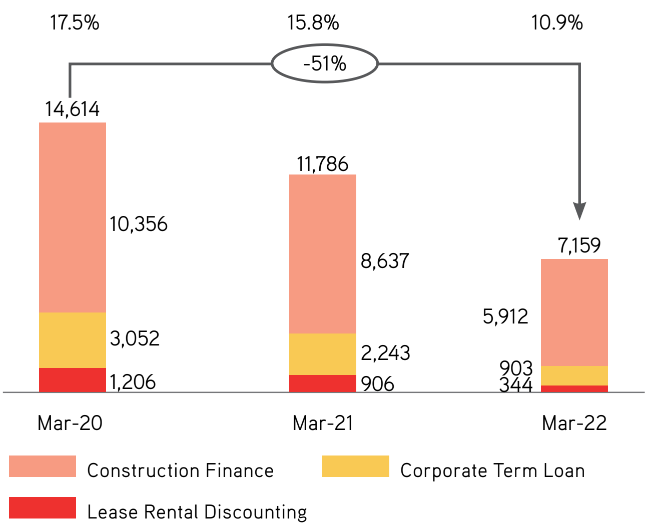
Corporate term loan

Corporate term loan book comprises loans given to developers either for construction of commercial units or as a term loan secured against a mortgage, comprised 1.4% of the AUM, as on 31st March 2022. The ATS on a unique corporate house basis is ₹98 crore. The corporate term loan book is spread across 17 developers, with top seven markets contributing to 85% of the AUM. Over the last one year, corporate term book is reduced by 60% to ₹903 crore as on 31st March 2022 from ₹2,243 crore as on 31st March 2021.

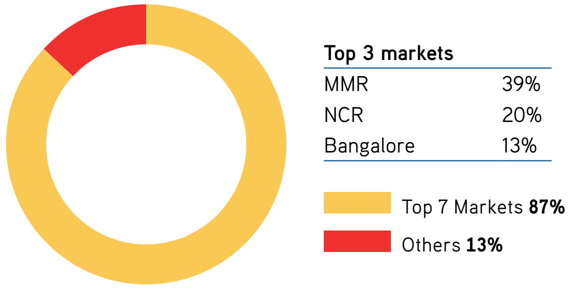
Lease rental discounting

The lease rental discounting portfolio of the Company includes loans given to the developers against the rental receipts derived from lease contracts with their corporate tenants. The share of this book in the total AUM stood at 0.52% as on 31st March 2022 with an ATS of ₹69 crore. The lease rental discounting book is spread across 5 developers, with a presence in seven large cities. 100% of the lease rental discounting book is backed by leased-out commercial office buildings with multiple tenants.

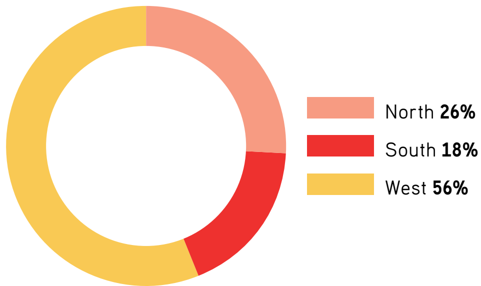
Corporate loans (₹ in crore) (% of Total AUM)



City Concentration



Geographical Distribution

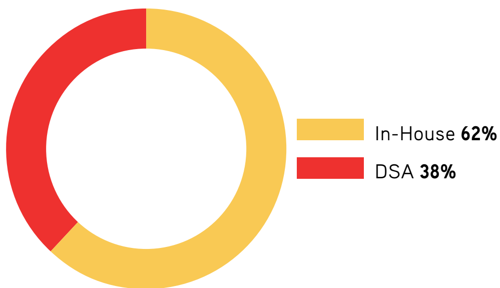


DIVERSE DISTRIBUTION CHANNEL AND GEOGRAPHY MIX

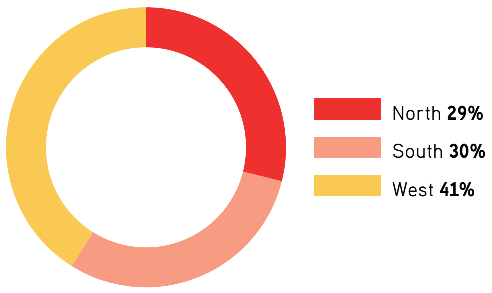
We source business from two channels – our own team and through the DSAs (Direct Selling Agent). The work-from-home scenario owing to the pandemic saw a slowdown in sourcing through the DSA channel. We intensified our focus on internal team to source new business. Besides, we empowered the team with various tools to drive sourcing. On the other hand, to grow the DSA channel, we introduced several promotional schemes to drive business from the channel.

Western India remains our largest market, followed by Northern and Southern markets. We are witnessing increasing opportunities coming from the Tier II and III cities. This is reflected in the increasing contribution of these geographies in our business. We are further focusing on these cities to drive our Unnati Business and open dedicated branches that serves the Unnati product segment. We are serving our customers through 99 branches in 67 unique cities and 38 Outreach centres.

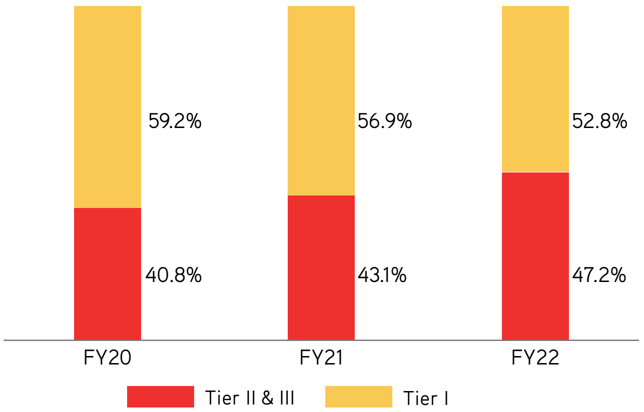
Disbursement origination



AUM geographical breakup



Focus on Tier II and III for retail



Leveraging the Digital Channel through ACE platform

The ACE platform, launched in FY21, has witnessed a phenomenal growth in onboarding of new customers. More than 45,000 of customers have been onboarded through this platform since its inception. We won "Business Transformation Award 2021" by Mint (TECHCiRCLE) for ACE technology platform. We are further working to strengthen the platform and make it more efficient and user-friendly.

45,000+
ACE logins since inception

47%
Client onboarded through the ACE platform in FY22

PHFL HOME LOANS & SERVICES LIMITED (PHFL)

Our wholly-owned subsidiary, PHFL is engaged in the sales and distribution for PNB Housing Finance. It has helped in reducing dependence on external sources for acquiring new businesses. It contributed to over 62% (disbursement) of our total retail asset business during the year under review. We have also been providing adequate processing support to ease the delivery process for customers.

BLUEPRINT FOR TRANSFORMATION

We embarked on a transformation journey with the help of an external consultation in 2021. The exercise has helped us deep dive into our existing capabilities and suggest ways to create a stronger PNB Housing Finance of tomorrow.

Driving business growth

PNB Housing Finance is a prime segment lender and has been offering home loan and other mortgage products to prime segment customers viz Salaried and Self Employed. The focus has been on increasing the business on one hand while repositioning it on the other. As a progressive step forward, we have identified Unnati as one of the key drivers to address the growing business segment, we scanned the entire landscape and identified the high-potential geographies. The inference was 14 states holds the highest potential. We identified the micro markets within these states and created dedicated operational and sales teams with right pricing proposition through dedicated branches for the Unnati segment. We did a detailed analysis of our affordable housing policies, and revamped keeping in mind the geographies and customer segment.

Enhancing Underwriting and Collections

We regularly review our credit monitoring and control procedures, to ensure that they are efficient and effective however we seek to further strengthen the credit underwriting processes. The Company to enhance its digital footprints in underwriting and is in process of implementing straight through processing for the salaried segment through a rule based engine and enhancing core capabilities for the self-employed segment.

A blueprint has been created for collections using field force and technology to drive efficiency.

We are leveraging analytics to evaluate early warning signs to determine the customer bounce pool. Our focus on collection efficiencies will also continue to improve our resolution rates through various initiatives such as

a. Early referring out by the tele-calling team for Bucket-X resolutions.

b. Implementation of VaR model to prioritise and strategise collections.

c. Multiple representations to roll-back and normalise the pool.

d. Closure of chronic and critical NPAs.

Operating cost optimisation

In order to optimise costs, we have successfully renegotiated the branch leases with all landlords, resulting in some cost savings. In addition, we have also explored strategies to optimise distribution by consolidating branches and are running a sales force effectiveness programme to drive efficiency in the system.

Digital transformation

Digitalisation cuts through all the business aspects of the organisation and we have enhanced our digital journey as it impacts the experience both on the customer facing side of things as well as the internal experience. Our digital landscape is to enhance customer service, analytics driven decisioning and execution across the value chain.

RELENTLESS SUPPORT TO OUR CUSTOMERS

Customer service remains a key pillar for across our on-boarding, engagement and retention activities. We provide multi-channel touchpoints to engage with our customers including branches, contact centres, email and customer portal, among others. Our digitalisation drives led 70% of our customers moving to digital mode during the year under review.

TALISMA, our ERP-integrated customer relationship management module helping us benchmark the turnaround time and enabling us to maintain the service delivery within the promised turnaround time.

Engaging with our customers

With more customers preferring contactless interactions, there has been a substantial increase in customers connecting through calls. We simplified the IVR call menu, expanded the service offering covering the option of self-service. The system identified 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 to access the tele portal. We have also introduced call back option to reduce customer long wait time. As a result, we have achieved zero missed calls during the year.

- We are enhancing the capabilities of our chatbot to undertake more complex requests/queries.
- More than 40,000 customers have been able to avail the benefits of the PMAY CLSS subsidy scheme through our integrated end-to-end digitised procedures.
- 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 turnaround time 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.
- We have provided the critical documents like our Fair Practice Code among others in vernacular languages for customer convenience and ease.
- We introduced COVID restructuring 2.0 to give relief to the customers who were facing tough times due to pandemic related disruptions.
- The government came out with guidelines for Emergency Credit Line whereby emergency loans given to MSME customers will be covered by 100% credit guarantee from NCGTC. PNB Housing Finance also got registered with NCGTC to enable availability of aforesaid credit facility for its customers. Under GECL 1, Individual /Non individual Customers who have availed a Non-Housing Loan (LAP) for business purpose and had MSME registration were eligible. Under GECL 2, the scheme was applicable to all loans sanctioned under GECL and in this connection, the duration was extended till 30th September or till a total amount of ₹3 lacs is sanctioned under the scheme. Till 31st March 2022, ₹498 crore was disbursed under ECLGS.
- In line with the directives of Supreme Court and the guidelines issued by RBI, refund of interest on interest charged to customer's account during the moratorium period was completed. Almost 9,000 customers were given the benefit. The execution including customer communication was done in a seamless automated manner.

We are training our people for multi-tasking to serve the increasing number of customers. Further, we will skill our frontline staff to reduce the transaction time in our branches.

CENTRALISED OPERATIONS

We have created Central Operations that helps in implementing industry-best practices in operational activities. Our centralised operation is ISO-certified. The team is divided into two business units: Central Processing Centre (CPC) and Centralised Operations (COPS).

Central Processing Centre (CPC)

The CPCs of the company are in Mumbai, Bengaluru and Noida. The CPC is the custodian of our customer documents - loan files, deposit applications, repayment pouches and business partner applications, among others.

The CPC handles nearly 1.73 lakh service requests, including loan closure and refund claims, every month, within defined timelines. As a prudent lender, the original loan documents of the customers are scanned and stored in the cloud before sending for a safe custody.

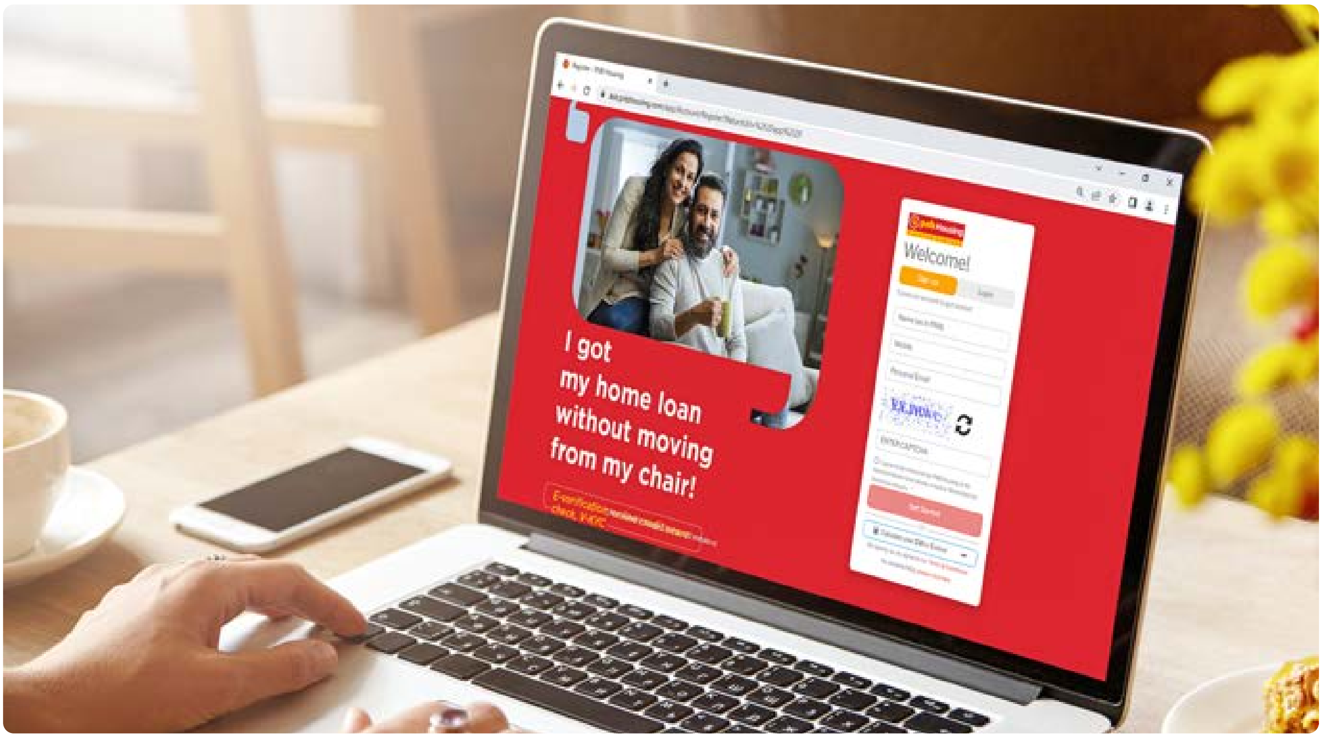
During the year, we embarked on customer record digitisation drive and processed 96,649 documents. The process of digitisation of customer records is completed and now 100% of the 2.5 lakh customers are available on the cloud and can be accessed from every branch of the company on real time basis. This helps in faster service to the onboarded customer, risk mitigation from loss or transit damage of the original documents.

Centralised Operations (COPS)

The COPS team is engaged in the processing of deposits insurance reconciliation, pay-out processing, customer correspondence and channel partner empanelment. COPS helps in providing a paperless environment, wherein deposits are processed through images, and payments to depositors are made electronically, among other improvements. During the year, we have mobilised fixed deposits from more than 73,000 customers with an average TAT of t+1 days from cheque clearance to issuance of FD receipt.

Significant strides made in technology

Technology is the front runner of PNB Housing's business & digital transformation journey. From ensuring frictionless business to providing a digital thrust for business acceleration the company is leveraging several new age digital tools, platforms and fintech integrations to support the company's digital and mobile first strategy for its customers. As PNB Housing continuously strives to make its customer's experience seamless through digital interventions, the company has also implemented state-of-the-art modern



technology and security solutions. To further, strengthen its focus on building a modern enterprise technology platform the existing landscape is being rapidly modernised to manage the scale and agility requirements of growing business volume. To manage information security risks the company has implemented Information Security Management System in line with industry leading certification of ISO 27001:2013. Further, the cyber security posture of the organisation is strengthened by implementation of various cyber security control, tools and policies.

Key initiatives undertaken during the year includes the followings:

- The customer onboarding workflow of ACE platform was completely revamped with multiple fintech integrations which has helped in digitising the entire loan origination to documentation to disbursement process. Further, the company is working on straight-through processing for home loans for the salaried customers, a first of its kind in the country.
- To provide ease of payment for our borrowers, the company introduced online payment facility which aims to enhance customer convenience and augments our collection efficiency.
- The company has implemented Robotic Process Automation (RPA) to enhance efficiency and reduce manual intervention for regulatory reporting. RPA is being further extended to various processes for enhancing internal efficiencies.
- The company has entered into strategic co-lending partnerships for housing loans with nationalised banks and the core lending systems have been modified to cater the specific needs of such arrangements with our co-lending partners.
- Automated Data Flow to National Housing Bank has been implemented and the pilot project has appreciated by the regulator.
- Implementation of Prudential norms on Income Recognition, Asset Classification as per RBI has issued the notification on 12th November 2021. The core system has been updated for classification/asset categorisation of loan accounts as SMA or NPA at the day end process. Loan accounts classified as NPA to be upgraded as standard only if the entire arrears are paid (interest and principal) by the borrower and Standard accounts being categorised in various buckets SMA1, SMA2 & SMA3.
- To provide customer with a superlative experience the company is completely revamping its customer portal with a brand new and refreshing design and user-friendly web & mobile application. This portal will further get integrated with our onboarding portal to provide a seamless experience to our customers.
- The company has implemented modern database platform for enhanced performance, security and ease of management, providing us with deeper analytics for performance of our database.
- The company has strengthened its entire perimeter and endpoint security with solutions like latest next-generation firewalls, cloud-based web application firewall, public key infrastructure (PKI), modern XDR platform, User Behavioral Analytics, Data Leakage Prevention system etc. which will help us in ensuring that our systems & endpoints are protected across all channels.
- PNB Housing has embarked on its journey for future readiness in terms of technology, features & functionalities, architecture & roadmap & vision. As a part of this exercise emerging technology like AI/ML/Blockchain, support for open API ecosystem, low/no code solution, cloud platforms etc. are being evaluated to augment the company's quality of service & customer satisfaction index.

Financial performance

Consolidated performance indicators (as per Ind-AS)

(₹ in crore)	FY 2021-22	FY 2020-21	Variance
Net interest income	1,868.92	2,322.91	-20%
Fee and Commission income (net of Fees and Commission expense)	251.43	169.62	48%
Other Income	4.80	20.16	-
Gross income	2,125.15	2,512.69	-15%
Operating expenditure	464.83	443.77	5%
Operating Profit	1,660.32	2,068.93	-20%
Impairment of Financial instruments & Write offs	576.36	861.90	-
Profit before tax	1,083.96	1,207.03	-10%
Profit after tax	836.48	929.90	-10%
Other Comprehensive Income (net of taxes)	97.3	-20.69	-
Total Comprehensive Income	933.78	909.21	3%
Basic Earnings per share (₹)	49.64	55.29	-

Key financial ratios

(%)	FY 2021-22	FY 2020-21	Variance
Average yield	9.42%	10.68%	-126 bps
Average cost of borrowing	7.30%	7.91%	-61 bps
Spread	2.12%	2.77%	-65 bps
NIM	2.80%	3.16%	-36 bps
Cost-to-income	20.24%	15.09%	515 bps
Return on asset	1.24%	1.23%	1 bps
Return on equity	8.92%	10.91%	-199 bps
Total provision/total asset ratio	4.42%	4.02%	40 bps
Gearing (x)	5.37	6.72	-
Book value per share	585.51	530.19	10%
CRAR	23.40%	18.73%	467 bps
Tier I capital	20.73%	15.53%	-
Tier II capital	2.67%	3.20%	-
Risk-weighted asset (₹ in crore)	40,604.00	47,068.00	-14%

GROWING OUR UNDERWRITING CAPABILITIES

During the year under review, the company, amidst volatile economic environment, could maintain the business momentum and processing efficiencies with the well-established internal ecosystem and processes coming to our aid.

To successfully navigate and to hold on to the unique preposition of higher share of self-employed segment and increased focus on low ticket high yield business in tier II/III cities, the company continues to adopt a guarded approach towards on-boarding and appraisal of loans, without diluting the underwriting standards. The relentless effort of our dedicated teams have resulted in fulfilling 80% of the loan requests in less than 4 working days.

We look forward to stay persistent during these challenging times and complement incremental business with a careful risk mitigation approach at the portfolio level.

In addition to the existing digital tools, the company has undertaken various initiatives for automation of underwriting and to be able to serve better to the needs of increasing business volumes such as implementation of CAM automation, which was launched during the financial year, Business Rule Management Engine, advanced analytics to automate the credit appraisal journey in salaried customers and enhance core capabilities for self-employed customers are some of the projects which are under process.

Key tools used for credit appraisal

Work E-mail Validation
- Employment verification without personal visit
- Validation of employer e-mail domain
- Timestamp and GPS coordinates at the time of form filing for address match

Bank Statement Analysis
- Analytics tool which provides a crisp analysis of bank statement
- Enables in reducing turnaround time and improving productivity

Fraud Detection
- Pool of fraudulent borrowers reported by 100+ financial institutions
- Aids in improving efficiency

KYC Verification
- Established KYC tools to detect alternate credit history and fraud cross cases
- Efficient FCU Sampling

Automated CAM
- Fetching income documents directly from the Income Tax portal
- Automatic eligibility calculation based on financial statements
- RTR mapping based on Bureau report
- Analysis of banking behaviour

CORPORATE UNDERWRITING

In line with our strategy, we continued to reduce our corporate exposure and sanctioned no new loan during the year. Our corporate book has reduced to 11% of AUM as on 31st March 2022 from 16% of AUM as on 31st March 2021, achieving the target set by the company. We have a dedicated team of relationship managers in key markets, experienced credit underwriters and qualified operations personnel, along with specialised legal and technical experts looking after the corporate customers. We have a Remedial Management Group (RMG) to accelerate corporate resolution.

KEY HIGHLIGHTS

- The weighted average security coverage of the book is over 2.2x as on 31-Mar-22
- Stage 3 provision coverage ratio is 49% with overall provision coverage is 22% of corporate book
- Down sell / accelerated prepayment of ₹2,664 crore in FY22
- Top 20 developers book reduced by 22% to ₹6,377 crore (POS+MI) on 31st March 2022

Strengthening recoveries to improve asset quality

The focus of the organisation was to neutralise the negative impact created by series of lockdown which, to a great extent, the company was able to achieve with relentless efforts of the team. However, another challenge was put forward by the 12th November circular of RBI. Though, the twin concepts of daily NPA reporting and once NPA always NPA has resulted in substantial increase in reported NPA numbers in Q3 FY22, the dedicated approach on streamlining and re-engineering of the recovery processes aided in curtailing the NPA numbers in Q4 FY22.

97.9%

Retail collection efficiency achieved in FY22 with Q4 efficiency being at 99.5%

The company is leveraging digital and analytics tools to drive collection efficiency and recoveries. During the year, multiple projects have been commenced to reduce bounce rate and forward flows including "value-at-risk" and "pre-delinquency-analysis" models. Besides, initiatives concentrating on the resolution of NPA accounts by leveraging digital interventions, data analytics, enhanced contact strategies and legal measures were undertaken. We have also introduced digital payment platforms to help in collections.

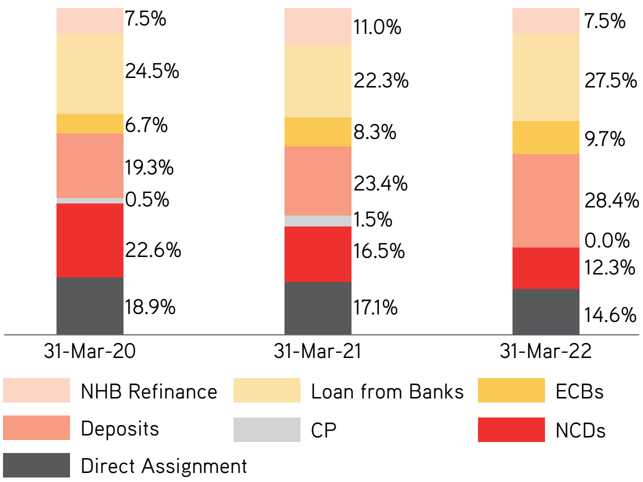
The Corporate book registered increase in Gross NPA during the year. However, with the Remedial Management group in place, we resolved 7 accounts worth ₹235 crore through SWAMIH fund, NCLT etc. during the year.

CREDIT LOSS PROVISIONS

Considering the continued challenges posed by the pandemic and following the new norms as specified by the RBI for the housing finance companies, as on 31st March 2022, as per IndAS, company is having total provision of ₹2,559 crore which is 4.42% of total assets as compared to 4.02% as on 31st March 2021. The provision coverage ratio for Stage 3 is 38% as on 31st March 2022.

DIVERSIFIED FUNDING MIX

We have been able to maintain a healthy funding mix comprising debt market instruments (non-convertible debentures (NCDs) forming 12.3%, of the funding mix as on 31st March 2022), deposits (28.4%), bank borrowings (27.5%), National Housing Bank refinance (7.5%), external commercial borrowings (9.7%) and direct assignments (14.6%). The overall cost of borrowing for the year stood at 7.30% against 7.91% in FY21. This was made possible through the incremental funding at lower rates and replacement of high-cost borrowings with low-cost borrowings. We have ~70% of the total resource as floating, providing us opportunities for replacement and repricing. Besides, we have achieved a liquidity coverage ratio of 144% at the end of FY2022 against the mandated requirement of 50%.



	FY20	FY21	FY22
Borrowings	67,735	59,392	53,005
Total Resource	83,510	71,606	62,093

as per IndAS (₹ in crore)

STRENGTHENING OUR BALANCE SHEET

Our retail focus business strategy along with the reduction of the corporate book during the year has further helped us in deleveraging our balance sheet and reduce the load of high-risk weight assets on our capital. The gearing as on 31st March 2022 stood at 5.37x against 6.72x reported as on 31st March 2021. The improved CRAR stood at 23.40% as on 31st March 2022 against 18.73% reported as on 31st March 2021.

5.4 X

Gearing as on 31st March 2022

MANAGING LIQUIDITY AND ASSET-LIABILITY MISMATCH

To fund our growth, we raised resources through long-term bank borrowings, refinance facility from NHB, NCDs and deposits. We have avoided raising funds through CPs, which helped minimise any asset-liability mismatch. We received ₹1,490 crore under Special Refinance Facility-2021 from NHB funding during the year under review. During the year, we maintained liquidity to cover deficit for at least four months. As on 31st March 2022, we maintained surplus liquidity of around ₹6,260 crore and had additional sanctioned but undrawn lines of around ₹1,820 crore. During the year, we focussed on negotiation for interest rate reduction and/or prepayment of high-cost loans to the tune of ~₹4,300 crore. Continued negotiations with the lenders during the year helped us reduce the borrowing cost.

DEPOSIT MOBILISATION

The deposits business continued to witness strong momentum. We have emerged as the third largest deposit book holder HFC in the country. Our attractive returns have seen secure long-term public deposits. We also provide loan against deposits, at a rate more competitive than the personal loans segment. During the year, we sourced deposits with a cumulative value of ₹7,233 crore against ₹7,289 crore sourced in FY21.

NCDs

We mobilised ₹455 crore through the issuance of secured, rated and listed NCDs. The NCD issuance sharply fell compared to the previous year due to high yields prevailing in debt capital market for AA rated entities in comparison to interest rates on bank term loans. Hence, as a strategy, we focused on raising funds mostly through bank term loans. The share of NCDs in the total resources is at 12.3% as on 31st March 2022 decreased from 16.5% as on 31st March 2021.

As on 12th April 2022, the NCD credit rating outlook by ICRA revised upward to 'Stable' from Negative.

BANK BORROWINGS

Bank borrowings remained the key source in our funding mix during the year. During the year, we mobilised ₹9,075 crore as long-term loans from both private sector and public sector banks. Further, company has ~₹4,450 crore of sanctioned working capital limit by various banks to address temporary cashflow mismatch. As on 31st March 2022, total outstanding bank loans stood at ₹17,053 crore (27.5% of total resources).

EXTERNAL COMMERCIAL BORROWINGS (ECB)

The Company has not availed any ECB during the year due to higher hedging cost and consequently higher all-in cost vis-à-vis INR denominated Term Loan due to surplus liquidity prevailing in the banking system. It is expected that onshore rates shall continue to be more favourable as compared to fully hedged ECB due to high domestic liquidity maintained by RBI.

SECURITISATION

Our outstanding retail portfolio sold under direct assignment route stood at ₹9,088 crore as on 31st March 2022 against ₹12,214 crore as on 31st March 2021. On account of adequate liquidity maintained on Balance Sheet, healthy CRAR and good mix of home loans to non-home loans assets maintained in the overall asset portfolio, the Company has not undertaken any sale of portfolio under direct assignment route.

REFINANCING FROM THE NHB

During the year, the Company has availed ₹1,490 crore under sanction received from the NHB; under Special Refinance Facility-Scheme 2021. The facility was for door-to-door maturity of 1 year and the outstanding amount under this facility stood at ₹372.50 crore as on 31st March 2022.

COMMERCIAL PAPERS

During the year, the Company has not issued any fresh CPs and the outstanding balance is Nil, as the focus of the Company is to have more long term liabilities for a healthy Asset Liability Management.

MANAGING UNCERTAINTIES

The management of risk is a critical underpinning to the execution of our strategy. The material risks and uncertainties the Company faces across its business and portfolios are key areas of management focus. At PNB Housing Finance, we have formulated a robust risk management process. Our risk management framework has been implemented across the functions and aiding us in effectively managing and mitigating the risks associated with our business. Our risk management measures broadly include risk assessment, risk appetite framework, risk planning, risk culture, internal controls and robust governance.

The Board's Risk Management Committee reviews the effectiveness of the risk management framework and helps in undertaking corrective actions. The principal business risks associated with the business are credit risk, liquidity risk, reputation risk and technology risk.

Risks and their definition

CREDIT RISK The risk of loss to the Company from the failure of customers or counterparties to fully honour their obligations to the Company, including the whole and timely payment of principal, interest, and other receivables.	**Mitigation strategy** • A strong framework in place for identifying, assessing, measuring, monitoring, controlling and reporting credit risks in a timely and efficient manner • Observe early warning signs of delinquency and ensuring proactive measures to maintain asset quality • Fixing up the responsibility of business units for effective credit risk governance • Customise risk measurement approaches for various portfolio segments/sub-segments • Consistently review KRIs of concentration; and delinquency • Continuous review and alignment of underwriting policies and processes with dynamics of business environment at micro levels
MARKET RISK The risk of loss arising from potential adverse changes in the value of the assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, credit spreads, implied volatilities and asset correlations	**Mitigation strategy** • The Company holds liquidity mostly in the form of short term FDs and short duration mutual funds like Overnight Funds, Liquid Funds and Money Market funds. From November 2021 onwards, the Company also hold liquidity in the form of central Government securities to comply with Liquidity Coverage Ratio (LCR) stipulation applicable to housing finance companies. The Company continuously monitor and review the interest rate scenario and has therefore invested in G-Sec of shorter duration to avoid MTM loss in view of rising interest rate scenario going forward
REPUTATION RISK The risk that an action, transaction, event, decision, or business relationship will reduce trust on our brand	**Mitigation strategy** • Continuous engagement with all stakeholders • Dedicated team to promptly address customer complaints • Mechanism of recording, reporting and resolving the issues in a time bound manner

LIQUIDITY RISK The risk that the Company is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets	**Mitigation strategy** • Holding optimum levels of liquidity to manage business requirements and maturing debt obligations. Obtain longer maturity debt to manage the asset-liability mismatch • Projected cashflow planning in discussion with business to have adequate flow of funds • Having in place 'liquidity contingency plan' to take care of any adverse liquidity position • Maintaining relationship with various debt providers and managing reputation. • Diversified and sustainable funding mix • Strong market feedback mechanism in the ALCO committee to discuss and implement policy tools
TECHNOLOGY RISK The risk that comes from lack of up-to-date systems, system failure and continuously changing cyber threat landscape	**Mitigation strategy** • Continuously upgrading and investing in technology and security • Constantly monitoring systems for uptime and health • Creation of disaster recovery sites for seamless operations • Aligning our practices to industry leading standards • Reviewing and monitoring data and systems for security

CONTINUOUS ENGAGE WITH MARKET PARTICIPANTS

We believe that stakeholder engagement is extremely important for understanding their need and expectations. We have well-designed investor outreach programme to regularly interact with investor community. It includes periodic investor updates, investor conferences, conference calls, meetings, non-deal roadshows among others across geographies. We have a dedicated investor relations (IR) team, regularly interacts with the investor fraternity.

During the year, the IR team met more than 200 funds and research houses. We participated in 13 virtual conferences including group meetings.

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. We ensure conducting the earnings call post results 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. 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 two-pager factsheet on the 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 limitation 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.

DIRECTORS' REPORT

Your Directors welcome the Shareholders and take pleasure in presenting the 34th Annual Report together with the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022.

FINANCIAL RESULTS (CONSOLIDATED)

(₹ in crore)

	March 31, 2022	March 31, 2021
Total Income	6,200.73	7,624.08
Total expenditure	5,116.77	6,417.05
Profit before tax	**1,083.96**	**1,207.03**
Less: Provision for Tax		
-Current year	249.15	413.25
-Deferred Tax	(1.67)	(136.12)
Profit After Tax	**836.48**	**929.90**
Other Comprehensive income (OCI)	97.30	(20.69)
Total Comprehensive income for the year	933.78	909.21
Transfer to Statutory / Special reserves	165.00	197.00
Balance carried to balance sheet	768.78	712.21

The standalone and the consolidated financial statements for the Financial Year ended March 31, 2022, forming part of this Annual Report, have been prepared in accordance with Ind AS notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the National Housing Bank Act, 1987 as amended from time to time and the Master Directions Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 ('RBI Directions') as amended from time to time.

During the year, the Company has earned a total income of ₹6,200.73 crore as compared to ₹7,624.08 crore in the previous year, recording decline of 18.67%. Total expenses, provisions and write offs during the year were ₹5,116.77 crore as compared to ₹6,417.05 crore in the previous year, a decline of 20.26%.

During the year, the Company has earned pre-provision operating profit of ₹1,660.32 crore as compared to ₹2,068.93 crore in the previous year, a decline of 19.75%.

During the year, the Company has earned a profit before tax of ₹1,083.96 crore as compared to ₹1,207.03 crore in the previous year, a decline of 10.20%. The profit after tax during the year was ₹836.48 crore as compared to ₹929.90 crore in the previous year, a decline of 10.05%.

During the year, the Company has transferred a sum of ₹124.00 crore to Special Reserve and a sum of ₹41.00 crore to the Statutory Reserves.

Capital Adequacy Ratio (CRAR)

The Capital Adequacy Ratio (CRAR) as on March 31, 2022 was 23.40% (comprising Tier I capital of 20.73% and Tier II capital of 2.67%). The Reserve Bank of India (RBI) has prescribed minimum CRAR of 15% of total risk weighted assets.

DIVIDEND

In order to preserve capital, your Directors have not recommended any dividend for the year (Previous year nil). The dividend distribution policy is available on the website of the Company and can be accessed at https://www.pnbhousing.com/investor-relations/corporate-governance/.

COVID-19

The financial year ended March 31, 2022 was the second year since the outbreak of COVID-19. Economic and social disruptions continued with localized restrictions and lockdown as India witnessed a second wave of infections in April 21 and another wave from January to March 22.

LENDING OPERATIONS

The Company is a Non-Banking Financial Company-Housing Finance Company(NBFC-HFC) 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.

During the year, the Company has sanctioned loans amounting to ₹17,495 crore in respect of 57,360 loan applications, as compared to ₹15,301 crore in respect to 50,454 loan applications in the previous year, growth of 14% in number of loan applications received and loan sanctioned amount.

During the year, the Company has disbursed loans amounting to ₹11,246 crore as compared to ₹10,445 crore in the previous year, growth of 8%.

Retail loans contributed 97% of total disbursements. The Company leveraged its expertise in mass housing and self-employed category and focussed on affordable segment and expanded operations through its flagship product "Unnati", which caters to low and medium ticket retail loan segment. Company also operationalized Unnati dedicated branches and outreach network during the year. Unnati segment will continue to be one of the focus areas of lending.

Company is tying up with co-lending partners for business expansion. The Company is tying up with leading banks for co-lending business.

Loan Book

The Assets Under Management (AUM) (principal outstanding including principal overdue) as at March 31, 2022 were ₹65,977 crore as compared to ₹74,469 crore as at March 31, 2021 resulting in a decline of 11% YoY. Loan Asset as at March 31, 2022 were ₹57,895 crore as compared to ₹63,189 crore as on March 31, 2021 registering a decline of 8% which was mainly due to higher attrition of corporate loan portfolio. The corporate loan book declined by 39% during the financial year while retail loan book registered a decline of 1% during the same period.

Further details of lending operations are provided in the Management Discussion and Analysis Report.

Asset Quality

The Reserve Bank of India vide its circular dated November 12, 2021 has clarified that a loan account classified as NPA may be upgraded as standard asset only if entire arrears of principal and interest are paid by the borrower. Although, the Company had time upto September 30, 2022, to implement the circular, the Company has implemented the circular in Financial Year 2021 - 22 itself.

The overall gross non-performing assets as on March 31, 2022, as per IND AS were 8.12% as compared to 4.74% as on March 31, 2021 (Retail loans 3.89% vs 2.70% and corporate loans 37.13% vs 13.47%).

The overall ECL coverage has increased from 4.02% as on March 31, 2021 to 4.42% as on March 31, 2022 (Retail loans 1.99% vs 1.75% and corporate loans 21.02% vs 13.71%). The Company is carrying total ECL provision of ₹ 2,559 crore as on March 31, 2022.

PMAY Subsidy

During the year, the Company disbursed subsidy under PMAY scheme in 10,820 accounts with a sanction value of ₹1,908 crore. The total subsidy transferred in the beneficiary accounts amounted to ₹ 276 crore.

DISTRIBUTION

During the year, the Company opened 24 new branches/ outreaches, majority in tier II and tier III cities to expand Unnati operations. As on March 31 2022, the Company has presence through 99 branches, 38 outreach locations, totalling to 137 distribution outlets. The Company also has 22 underwriting hubs for credit decision making. With emphasis on Unnati, the Company opened 3 more branches and 2 outreach centres in April 2022 resulting in a total of 29 dedicated Unnati locations by the end of April 2022.

The Company also focussed on its digital sourcing through Ace and the sourcing from the digital channel increased to 47% in Financial Year 2021-22 as compared to 19% in Financial Year 2020-21.

BORROWINGS

The outstanding borrowings as on March 31, 2022 were ₹53,005 crore as compared to ₹59,392 crore as on March 31, 2021. During the year, the Company has raised fresh resources of ₹27,551 crore from multiple sources.

Details of market borrowings are provided in the Management Discussion and Analysis Report and notes to accounts.

The Company is in compliance with the provisions of RBI Directions 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.

DEPOSITS

The Company has raised ₹7,233 crore of fresh deposits during the year. The outstanding deposits (including inter corporate deposits) as at March 31, 2022 were ₹17,649 crore as against ₹16,746 crore (including inter corporate deposits) outstanding last year, registering a growth of 5%.

The Company has accepted public deposits as per RBI Directions as amended from time to time, erstwhile National Housing Bank Directions, 2010 and as per the provisions of the Act. 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 RBI Directions. The Company is having total SLR investments of ₹2,234.18 crore as on March 31, 2022. 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, 2022, deposits worth ₹43.85 crore, including interest accrued and due relating to 2,328 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 ₹38.11 lakh to IEPF established by the Central Government under section 125 of the Act. The concerned depositor can claim the deposit from the IEPF.

During the year, there was no NCDs unpaid after its due date or interest thereon, remaining unclaimed or un-paid after its due date. The Company is not required to maintain debenture redemption reserve on privately placed NCDs.

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-4 to Director's Report.

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 Reserve Bank of India, 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)

The Company undertakes its CSR activities through its dedicated arm, Pehel Foundation and other partnering agencies. During the year, the Company and its subsidiary have spent a sum of ₹23.22 crore on various CSR activities. Out of total allocation for Financial Year 2021 -22, a sum of ₹18.19 crore (₹16.21 crore from PNB Housing and ₹1.98 crore from PHFL) was transferred to Pehel Foundation to carry out CSR activities of PNB Housing and PHFL Home Loans and Services Limited ("PHFL").

In Financial Year 2021-22, the Company focused on healthcare initiatives to strengthen healthcare infrastructure across multiple locations. The Company continued supporting projects for the welfare of construction workers, enabling access to formal education by strengthening school infrastructure, water conservation, increasing green cover, enable access to clean drinking water, livelihood generation for women and persons with disability.

OUR CORE FOCUS AREAS WERE:

a. Healthcare:

Supported hospital facilities at various places, setting up of Oxygen Plant, through Pehel Foundation provided ambulances, upgraded infrastructure of Healthcare Centers by equipping them with modern healthcare equipment and improving civil infrastructure.

PEHEL Foundation provided 3D Printing and 3D Scanning devices in prosthetics and related areas to NIPMED, Chennai, which will impact the quality of life for individuals with missing limbs. Upgraded Blood Bank by providing automated blood screening devices for children with Thalassemia, setting up state of the art facility to offer advanced Ear & Hearing care services to address hearing and associated problems in people with hearing impairment.

b. Education:

Supported construction of a new campus to provide education and skill development for children, developed Remote Teaching units for online interactive classes in government schools, supported the operational cost of running schools, transformation of Government Schools into Smart Schools and supported Vanvasi Kalyan Ashram, for the upliftment of tribal girl students.

c. Environmental

Provided access to safe drinking water in villages, setting up community-level decentralized water ATMs for affordable safe drinking water in villages, development of pond structures in Villages, plantation of saplings, etc.

d. Welfare of Construction Workers

Provided high quality skill training in construction related trades, setting up of physical training centers, development of "Building Construction Excellence Lab" etc.

The details are captured in Annexure 2 to Directors Report on CSR activities.

HUMAN RESOURCE

As on March 31, 2022, the Company had a total of 1,425 full time employees on its rolls. There were 11 employees employed throughout the year, who were in receipt of remuneration of ₹1.02 crore or more per annum or receipt of remuneration of ₹8.5 lakh or more per month. The remuneration comprises salary, allowances, perquisites/ taxable value of perquisites including perquisite value of ESOPs exercised and ex-gratia amount.

During the year, timely on-boarding of vacant positions at all levels and across locations were made to ensure uninterrupted business operations.

During the Covid restrictions, the Learning and Development (L&D) team continued to provide virtual learning interventions and after easing of Covid restrictions, the team used both physical and technology based virtual learning interventions. The L&D implemented a learning roadmap for existing and new employees on techno-functional and behavioural skills.

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 eleven employees in terms of remuneration drawn and 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 Act 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 1 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 on March 31, 2022.

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 Act. 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, 2022.

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 ₹89.91 crore during the year primarily on account of interest on borrowings from external sources viz ECB, ADB, IFC.

Business Continuity

The Company has a Business Continuity Plan (BCP), designed to minimise operational, financial, legal, reputational and other material consequences arising from a disaster.

The Business Continuity & Disaster Recovery policy at PNB Housing is developed with intent to prevent, contain, and respond to potential disruptions that may impact the continuity of business/support processes performed by PNB Housing, along with ensuring safety of PNB Housing employees.

MAINTENANCE OF COST RECORDS

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

UNCLAIMED DIVIDEND

As at March 31, 2022, dividend amounting to ₹7.22 lakh 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, 3,30,432 Equity Shares of ₹10 each were allotted to the eligible employees on exercise of ESOP options under ESOP Scheme 2016 and 2018.

Grant of fresh ESOS

During the year, the Nomination and Remuneration Committee has granted 2,72,000 units under ESOP Scheme 2018 (As per ESOP Scheme 2018, 75,000 options were granted at ₹588.10, 75,000 options at ₹507.20, 22,000 options at ₹644.70 and 1,00,000 options at ₹690.35).

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 and Sweat Equity) Regulations, 2021 as amended. The certificate from the Secretarial Auditors confirming that ESOS Schemes have been implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Shareholders resolutions has been obtained and will be available for inspection of the Shareholders at the ensuing Annual General Meeting ('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/.

REGULATORY INTERVENTIONS

The RBI on February 17, 2021 has notified Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 referred to as RBI Directions for Housing Finance Companies.

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.

Regulatory Compliance

The Company has implemented RBI Directions as amended from time to time 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, guidelines on maintenance of Liquidity Coverage Ratio (LCR) and know your customer and anti-money laundering.

The Company has implemented/complied with the following new directions/ notifications/ circulars issued by RBI.

a. Guidelines on the appointment of Statutory Auditors (April 27, 2021).

b. Amendment in Master Directions on KYC (May 10, 2021).

c. Risk Based Internal Audit (June 11, 2021).

d. Guidelines on declaration of dividend by NBFCs (June 24, 2021).

e. Master Direction on (Transfer of Loan Exposure) Direction 2021 (September 24, 2021).

f. Master Direction on (Securitization of Standard Assets) Direction 2021 (September 24, 2021).

g. Revision in Prudential norms on income recognition, Asset classification and provisioning pertaining to advances (November 12, 2021).

RBI has also issued, Scale Based Regulatory Framework for NBFCs dated October 22, 2021, which are applicable from October 01, 2022. This is an integrated framework with respect to capital requirements, governance standards, prudential regulations.

The Company has been complying with various amendments made in Listing Regulations issued by Securities and Exchange Board of India during the year.

During the year, the Company has not made any application, or no proceeding is pending under the Insolvency and Bankruptcy Code, 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 Act, RBI Directions, Listing Regulations 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 of Directors.

a) Mr. Nilesh S Vikamsey (DIN: 00031213) was re-appointed as an Independent Director for a five year term with effect from April 22, 2021.

b) Ms. Gita Nayyar (DIN: 07128438) was appointed as an Independent Director with effect from May 29, 2021.

c) Mr. Binod Kumar (DIN: 07361689) was appointed as Non-Executive Nominee Director with effect from January 12, 2022. He is nominee of Punjab National Bank. He is liable to retire by rotation.

d) Mr. Atul Kumar Goel (DIN: 07266897) was appointed as Non-Executive Nominee Director with effect from April 28, 2022 subject to Shareholders' approval. He is nominee of Punjab National Bank. He is liable to retire by rotation.

The following Directors have resigned from the Board or completed their term.

a) Mr. Rajneesh Karnatak (DIN: 08912491) resigned as Non-Executive Nominee Director on October 21, 2021 upon his elevation as Executive Director of Canara Bank.

b) Mr. CH SS Mallikarjuna Rao (DIN: 07667641) resigned as Non-Executive Nominee Director on January 31, 2022 upon his superannuation from Punjab National Bank.

c) Mr Ashwani Kumar Gupta (DIN 00108678) completed his five years term as an Independent Director on May 11, 2022.

Your Board wish to place on record its sincere appreciation for the significant contributions made by Mr. CH SS Mallikarjuna Rao as Chairman of the Board, Mr. Rajneesh Karnatak and Mr Ashwani Kumar Gupta as Directors on the Board and also on its various Committees.

During the year, the Shareholders vide general meeting dated June 22, 2021 have approved the appointment of Mr. Hardayal Prasad, Mr. Neeraj Madan Vyas, Mr. Sudarshan Sen, Mr. Kapil Modi, Ms. Gita Nayyar, Mr. Rajneesh Karnatak (ceased on October 21, 2021) and re-appointed Mr. Ramakrishnan Chandrasekaran, Mr. Nilesh S Vikamsey for a second term of five years. The Shareholders have also approved the appointment of Mr. Binod Kumar vide postal ballot dated April 08, 2022.

In accordance with the provisions of the Act and Articles of Association of the Company, Mr Neeraj Madan Vyas and Mr. Kapil Modi 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 Act. The Company has also received a certificate from the Practising Company Secretary confirming that none of the directors have been debarred or disqualified.

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Act that he/ she meets the criteria of Independence laid down in the Act and Listing Regulations 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 Corporate Governance Report, which forms part of this report as Annexure-3.

The evaluation of Board, its Committees and individual Directors was carried out in terms of the provisions of the Act and Listing Regulations. (Refer Corporate Governance Report).

STATUTORY AUDITORS

The Reserve Bank of India has issued a Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021.

Pursuant to the said RBI guidelines, M/s B R Maheshwari & Co LLP (ICAI Firm Registration no. 001035N), became ineligible to continue as the statutory auditors. They conducted Limited Review of the first quarter of Financial Year 2022. The Board wish to place on record its appreciation for the professional services rendered by them.

The Shareholders in the 33rd AGM have appointed M/s. T R Chadha & Co, LLP, Chartered Accountants (ICAI Firm Registration No. 006711N/N500028) and M/s. Singhi & Co., Chartered Accountants (ICAI Firm Registration No. 302049E) as the Joint Statutory Auditors of the Company for a period of three years from the conclusion of 33rd Annual General Meeting till the conclusion of the 36th Annual General Meeting of the Company.

During the year, Statutory Auditors received a total remuneration of ₹0.84 crore from the Company and its subsidiaries. The remuneration pertains to fees for audit, internal financial control reporting, limited reviews, tax audits, certifications, 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 Act therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

The joint statutory auditors have confirmed that they continue to satisfy the eligibility norms and independence criteria as prescribed by RBI guidelines and the Companies Act, 2013.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act, 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 on Secretarial Audit forms part as annexure to this Report. The Secretarial Compliance Report forms part of 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 Act 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, 2022 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 Act 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

The Annual Return in Form MGT-7 as at March 31, 2022 is available on the website of the Company 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 2021-22 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 sources business for the loans and deposits offered by PNB Housing.

During the year, the Company has sourced 74% of loan applications resulting into 71% 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 Act 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 Act. It is an implementation arm to carry out various CSR activities of PNB Housing and PHFL.

EQUITY SHARE CAPITAL

The Board of Directors had announced a Preferential Issue to raise ₹4,000 crore on May 31, 2021. The Preferential Issue was held up for more than 4 months due to the pending legal proceeding before the Securities Appellate Tribunal (SAT) and later Supreme Court of India. Since there was no visibility or certainty as to the timeline for judicial determination of the legal issues, the Board decided not to proceed with the Preferential Issue on October 14, 2021. Post the Board decision the Company withdrew its application from SAT and approached SEBI to close the matter.

The Board's primary objective is to raise capital to support the growth of the Company. Therefore, the Board of Directors on March 09, 2022 has authorized the Company for Rights Issue up to ₹2,500 crore. The promoter, Punjab National Bank has received Regulatory approval dated June 2, 2022 for its participation in the Rights Issue up to ₹ 500 crore.

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

Hardayal Prasad	**Atul Kumar Goel**
Managing Director & CEO	Non-Executive Director
DIN: 08024303	DIN: 07266897

Place: New Delhi

Date: June 14, 2022

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 2021-22: 31.4:1

Ratio of remuneration of each Director to the median employees' remuneration for Financial Year 2021-22:

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Sunil Kaul	Non-Executive Nominee Director	-
Mr. Ramakrishnan Chandrasekaran	Independent Director	*
Mr. Nilesh S Vikamsey	Independent Director	*
Dr Tejendra Mohan Bhasin	Independent Director	*
Mr. Sudarshan Sen	Independent Director	*
Mr. Kapil Modi	Non-Executive Nominee Director	-
Ms Gita Nayyar	Independent Director (appointed w.e.f. May 29, 2021)	*
Mr. Neeraj Madan Vyas	Non-Executive Director	*
Mr. Binod Kumar	Non-Executive Nominee Director (appointed w.e.f. January 12, 2022)	-
Mr. Hardayal Prasad	Managing Director & CEO	31.4:1
Mr. Ashwani Kumar Gupta	Independent Director (ceased w.e.f. May 12, 2022)	-
Mr. CH. S.S. Mallikarjuna Rao	Non-Executive Nominee Director (resigned on January 31, 2022)	-
Mr. Rajneesh Karnatak	Non-Executive Nominee Director (resigned on October 21, 2021)	-
Dr. Gourav Vallabh	Independent Director (ceased w.e.f. April 22, 2021)	-

*Sitting fee and commission on profits was paid during the year. The details are captured in Corporate Governance Report

2. Percentage increase in the remuneration of the Managing Director, Chief Financial Officer and Company Secretary, if any, in the Financial Year 2021-22:

Name	Designation	Increase in Fixed Remuneration (%)
Mr. Hardayal Prasad	Managing Director & CEO	8%
Mr. Kapish Jain	Chief Financial Officer (ceased w.e.f. April 07, 2022)	10.2%
Mr. Sanjay Jain	Company Secretary & Head Compliance	13.5%

The performance linked bonus paid in Financial Year 2021-22:

a) Managing Director & CEO INR 1,04,37,575/-
b) Chief Financial Officer INR 39,22,574/-
c) Company Secretary & Head Compliance INR 14,68,401/-

There was no change in the sitting fees paid to the Independent and Non-Executive Directors for attending meetings of Board/Committees.

3. The percentage increase in the median remuneration of employees in the Financial Year 2021-22 stood at 11.14%.

4. The Company had 1425 permanent employees as on March 31, 2022.

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 9.45% and non-managerial personnel was 11.19%.

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 policies on CSR are 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 stakeholders. We are aiming to improve the lives of under privileged and reinforce our humble collective efforts towards nation building.

The Company has adopted CSR Policy approved by CSR Committee and the Board of Directors, in accordance with the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013 ("the Act").

The CSR Policy of the Company is based on following guiding principles:

- Sustainability
- Transparency
- Accountability
- Employee Engagement
- ESG Framework
- Non-discriminatory

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, Women Empowerment and Care for Senior Citizens
- Environmental Sustainability
- Research and Innovation
- Others - 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 or any other areas/fund/project as may be considered and approved by CSR Committee/Board.

2. Composition of CSR Committee

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr Tejendra Mohan Bhasin	Chairman Independent Director	2	2
2	Mr. Ramakrishnan Chandrasekaran	Member Independent Director	2	2
3	Mr. Sudarshan Sen	Member Independent Director	2	1
4	Mr. Hardayal Prasad	Member Managing Director & CEO	2	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.

http://www.pnbhousing.com/pdf/CSR-policy-final.pdf

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

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.**

Sr. 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 ₹)
	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 2021-22 is ₹ 1056 crore

7. (a) **Two percent of average Net Profit of the Company as per Section 135(5).**

₹21.11 crore 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 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 2021-22 is ₹21.11 crore.

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
₹21.11 crore	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. 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	
				State	District						Name	CSR Registration number
-	-	-	-	-	-	-	-	-	-	-	-	-

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

Sr. 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 Direct (Yes/No	Mode of Implementation -Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Setting up of 2 Physical Centres to train Persons in Construction related trade	II	Yes	Uttar Pradesh	Kanpur & Lucknow	47,59,831	Through implementing agency	Pehel Foundation	CSR00001686
2	To train persons in Construction related trades such as electrician carpenter and plumber	II	Yes	Delhi	Delhi	40,17,510	Through implementing agency	Pehel Foundation	CSR00001686
3	To support Skill Development of the Construction Workers	II	Yes	Uttar Pradesh, Telangana, Rajasthan, Maharashtra	Greater Noida, Ghaziabad, Hyderabad, Jaipur, Bhiwadi, Pune	49,98,400	Through implementing agency	Pehel Foundation	CSR00001686
4	To enable access of Construction Workers to various entitlements and Schemes of Govt. of India	III	Yes	Delhi, Maharashtra	Delhi, Mumbai	70,80,000	Through implementing agency	Pehel Foundation	CSR00001686
5	Development of "Building Construction Excellence Finishing School" & "Painting & Decorating Excellence Center"	II	Yes	Uttar Pradesh	Kanpur	44,69,737	Through implementing agency	Pehel Foundation	CSR00001686
6	Providing Access to e-learning in Government Schools (Hybrid Model)	II	Yes	Haryana	Gurugram	34,73,949	Through implementing agency	Pehel Foundation	CSR00001686
7	To support Construction of Skill Development Building for Underprivileged Children in Dhunela, Gurugram	II	Yes	Haryana	Gurugram	1,50,00,000	Through implementing agency	Pehel Foundation	CSR00001686
8	Set up Micro Enterprise of Sanitary Pad Manufacturing Unit at IMT Manesar to be operated by Persons with Disability	I, III	Yes	Haryana	Gurugram	49,83,755	Through implementing agency	NABET	CSR00001947
9	Support operational cost of running one VIDYA School at Panchsheel Delhi	II	Yes	Delhi	Delhi	50,00,000	Through implementing agency	Vidya	CSR00001204
10	To provide refurbished laptops to orphaned and underprivileged children	II	Yes	Delhi	Delhi	3,47,925	Through implementing agency	Udyan Care	CSR00000619
11	Establishment of five Pehel Smart Anganwadi centres for improved learning, growth and health outcomes for children	II	Yes	Gujarat	Ahmedabad	41,71,125	Through implementing agency	Pehel Foundation	CSR00001686
12	Establishment of three Pehel Smart Schools	II	Yes	Maharashtra	Pune	49,71,204	Through implementing agency	Pehel Foundation	CSR00001686
13	Support girls' hostel by providing bunk beds, mattresses, pillows and bedsheets.	III	Yes	Maharashtra	Nashik	18,06,160	Through implementing agency	Pehel Foundation	CSR00001686
14	Provide 3D Printer for Prosthetics to NIEPMD through Altem Techologies at Chennai	I	Yes	Tamil Nadu	Chennai	2,47,71,545	Through implementing agency	Pehel Foundation	CSR00001686
15	To provide automated blood screening devices for Thalassemia patients	I	Yes	Telangana	Hyderabad	48,40,000	Through implementing agency	Pehel Foundation	CSR00001686

Sr. 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 Direct (Yes/No	Mode of Implementation -Through Implementing Agency	
				State	District			Name	CSR Registration Number
16	To set up ear and hearing clinic (audio biology lab) for underprivileged	I	Yes	Telangana	Hyderabad	38,06,000	Through implementing agency	Pehel Foundation	CSR00001686
17	To strengthen infrastructure at 5 Primary Healthcare Centres (PHCs), Community Health Centres (CHCs)	I	Yes	Tamil Nadu, Rajasthan, Telangana, Gujarat, Uttar Pradesh	Chennai, Udaipur, Hyderabad, Ahmedabad, Noida	2,58,78,634	Through implementing agency	Pehel Foundation	CSR00001686
18	Jal Khushhali II- A Water Conservation Project	IV	Yes	Madhya Pradesh	Gwalior	25,06,281	Through implementing agency	Pehel Foundation	CSR00001686
19	To provide smokeless chulhas to persons in rural areas around Delhi NCR	III	Yes	Haryana	Gurugram	19,99,725	Through implementing agency	Pehel Foundation	CSR00001686
20	To provide drinking water in 2 Villages at Chittorgarh, Rajasthan	I	Yes	Rajasthan	Chittorgarh	49,98,400	Through implementing agency	Manjari Foundation	CSR00000074
21	Maintenance of Green Belt at Faridabad	IV	Yes	Haryana	Faridabad	1,09,400	Direct	Rajesh Nursery	NA
22	Plantation of saplings to create Miyawaki Forest	IV	Yes	Delhi, Karnataka	Delhi, Bangalore	46,71,450	Through implementing agency	Pehel Foundation	CSR00001686
23	To install Community Drinking Water Plants at 5 locations	I	Yes	Rajasthan, Haryana, Gujarat	Udaipur, Rewari, Ahmedabad	1,46,79,000	Through implementing agency	Pehel Foundation	CSR00001686
24	To set up waste collection and composting facility	IV	Yes	Uttarakhand	Dehradun	44,85,000	Through implementing agency	Pehel Foundation	CSR00001686
25	Setting up a 20 bedded ICU Facility	I	Yes	Chhattisgarh	Raipur	68,14,500	Through implementing agency	America India Foundation	CSR00001977
26	Setting up a 50 bedded ICU Facility	I	Yes	Haryana	Palwal	1,62,92,850	Through implementing agency	America India Foundation	CSR00001977
27	Establishing PSA Technology Based Oxygen Plant in a Government Hospital	I	Yes	Madhya Pradesh	Bhopal	78,76,176	Through implementing agency	Pehel Foundation	CSR00001686
28	Provide Oxygen Concentrators for Community at Large	I	Yes	Delhi. Maharashtra, Karnataka	Delhi, Mumbai, Bangalore	6,04,800	Through implementing agency	Pehel Foundation	CSR00001686
29	To maintain and operate two ambulances to be used for wellbeing of underprivileged in the Society	I	Yes	Delhi, Uttar Pradesh	Delhi, Agra	84,69,040	Through implementing agency	Pehel Foundation	CSR00001686
30	PM Relief Fund	VIII	Yes	Delhi	Delhi	27,57,606	Through implementing agency	Pehel Foundation	CSR00001686
	Total					**20,06,40,003**			

(d) Amount spent in administrative overheads

₹1.06 crore.

(e) Amount spent on impact assessment, if applicable

Not applicable

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

₹21.12 crore

(g) Excess amount for set off, if any:

Sr. No	Particulars	Amount (in crore)
(i)	Two percent of average net profit of the company as per section 135(5)	21.11
(ii)	Total amount spent for the Financial Year	21.12
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.01
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.01

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

Sr. 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)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. 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.
1	FY31.03.2021_1	To refurbish the physical infrastructure of Government School	FY21	Mar '21-Mar'22	35,15,250	35,15,250	35,15,250	Completed
2	FY31.03.2021_2	To refurbish the physical infrastructure of Government School	FY21	Apr'21-Mar'23	45,00,000	45,00,000	45,00,000	Completed
3	FY31.03.2021_3	To refurbish the physical infrastructure for Government Schools	FY21	Mar'21-Mar'23	50,00,000	0	0	Ongoing*
4	FY31.03.2021_4	Skill development of construction workers	FY21	Mar'21-Mar'22	40,12,800	40,12,800	40,12,800	Completed
5	FY31.03.2021_5	Establishing dams and ponds for water conservation	FY21	Mar'21-Mar'22	75,28,750	75,28,750	75,28,750	Completed**
6	FY31.03.2021_6	Upgrading Primary Health Care Centres	FY21	Mar'21-Mar'23	1,07,27,200	85,81,760	85,81,760	Ongoing***
7	FY31.03.2021_7	Promoting research and innovation in Health Care	FY21	Apr'21-Mar'24	3,60,40,000	3,60,40,032	3,60,40,032	Completed
8	FY31.03.2021_8	To upgrade biochemistry lab for Government Hospital	FY21	Apr'21-Mar'23	5,76,28,375	1,70,27,822	1,70,27,822	Ongoing
9	FY31.03.2021_9	To train women drivers to ensure their livelihood generation	FY21	Mar'21-Mar'22	48,00,000	48,00,000	48,00,000	Completed
10	FY31.03.2021_10	To provide holistic support to three women athletes	FY21	Mar'21-Mar'22	17,27,250	17,27,250	17,27,250	Completed
11	FY31.03.2021_11	Supporting research and innovation in construction sector	FY21	Apr'21-Mar'24	86,40,000	28,08,800	28,08,800	Ongoing
					14,41,19,625	**9,05,42,464**	**9,05,42,464**	

*Due to Covid 19, Pehal Foundation, implementing agency could not spent the amount. The implementation period has been extended and the amount will be spent for the identified school infrastructure projects in FY23.

** The saving amount of the project amounting to ₹ 30,257 has been utilized.

*** The implementation period has been extended and remaining amount will be spent in FY 23

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-

Sr. No.	(A) Date of creation or acquisition of the capital asset(s).	(B) Amount of CSR spent for creation or acquisition of capital asset (₹)	(C) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	(D) Details of capital asset(s) created or acquired (including complete address and location of the capital asset)
1	March 31, 2022	29,95,316	Don Bosco Tech Society, B-32, Gali No. 7, Dashrathpuri, Palam Dabri Road, New Delhi-110045	Skill Center at Kanpur Don Bosco Center C/o Don Bosco Tech Society, Near Tekeshwar Dham Mandir, Maharjpur, Kanpur, Uttar Pradesh-209402
2	March 20, 2022	13,17,315	Don Bosco Tech Society, B-32, Gali No. 7, Dashrathpuri, Palam Dabri Road, New Delhi-110045	Skill Center at Lucknow Don Bosco Technical Institute, Near Block Office, Rai Bareilly Road, Mohanlalganj, Lucknow, Uttar Pradesh-226301
3	March 21, 2022	44,00,580	Aarohi Blood Bank, Lake view palace, Road #1, Banjara Hills, Hyderabad- 500033	Automated Blood Screening Set-up 1st Floor, H.No.6-2-935/2 and 6-2-935/2A, Savithri Nilayam, Khairatabad, Hyderabad - 500004
4	March 23, 2022	42,81,018	Waste Warriors, 136/2/2 Shivam Vihar, Rajpur Road, JakhanDehradun, Uttarakhand-248001	Wet Waste Management Unit Harrawala, near Lakshmansidh Mandir, Dehradun, Uttarakhand-248005
5	March 22, 2022	36,33,000	Ashray Akruti, 8-3-1027/A2, Srinagar Colony, Lane Opp. to Indian Bank, Hyderabad-500073.	Audiology Lab 188B, 1st floor, Sadguru's Complex, Balanagar to HMT Road, Chintal, Quthbullapur, Hyderabad-500054
6	March 30, 2022	1,50,00,000	Lotus Petal Charitable Foundation Gali No. 5, Village Silokhera, Plot No.3 South City -1 Market, Beside Unitech House, Gurugram-122002	Construction of skill development building Lotus Petal Senior Secondary School, Khasra No-12/2,Dhunela-Berka Road, Village Dhunela, Tehsil Sohna, Gurugram-Haryana-122103
7	March 30, 2022	34,73,948	Lotus Petal Charitable Foundation Gali No. 5, Village Silokhera, Plot No.3 South City -1 Market, Beside Unitech House, Gurugram-122002	22 Hybrid e-learning acoustic rooms Lotus Petal Senior Secondary School, Khasra No-12/2, Dhunela-Berka Road, Village Dhunela, Tehsil Sohna Gurugram-Haryana-122103
8	March 29, 2022	56,82,243	Community Healthcare Centre, Government Hospital, Dadri, Gautam Bhuddha Nagar, Uttar Pradesh-203207	Medical Equipment and Civil Infrastructure Community Healthcare Centre, Government Hospital, Dadri, Gautam Bhuddha Nagar, Uttar Pradesh-203207
9	March 27, 2022	60,74,014	Community Health Centre, Government Hospital, Lasadiya, Block Lasadiya, Udaipur, Rajasthan-313604	Medical Equipment and Civil Infrastructure Community Health Centre, Government Hospital, Lasadiya, Block Lasadiya, Udaipur, Rajasthan-313604
10	March 28, 2022	33,30,548	Urban Primary Health Centre - 2, Kalol Aayojan Nagar, Nr. Pansarchokdi Kalol, Dt. Gandhinagar, Gujarat-382721	Medical Equipment and Civil Infrastructure Urban Primary Health Centre - 2, Kalol Aayojan Nagar, Nr. Pansarchokdi Kalol, Dt. Gandhinagar, Gujarat-382721
11	March 29, 2022	58,76,933	Community Health Centre, Government Hospital, Medchal, Telangana-501401	Medical Equipment and Civil Infrastructure Community Health Centre, Government Hospital, Medchal, Telangana-501401
12	March 25, 2022	49,14,896	Government Primary Healthcare Centre, Somangalam, Kanchipuram, Chennai-602019	Medical Equipment and Civil Infrastructure Government Primary Healthcare Centre, Somangalam, Kanchipuram, Chennai-602019
13	March 27, 2022	29,35,800	Jhakwada Gram Panchayat, Viramgram Tal., Ahmedabad, Gujarat	1000 LPH Community Water Filtration Plant Jhakwada Gram Panchayat, Viramgram Tal., Ahmedabad, Gujarat

Sr. No.	(A) Date of creation or acquisition of the capital asset(s).	(B) Amount of CSR spent for creation or acquisition of capital asset (₹)	(C) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	(D) Details of capital asset(s) created or acquired (including complete address and location of the capital asset)
14	March 28, 2022	29,35,800	Sachana Gram Panchayat, Viramgram Tal., Ahmedabad, Gujarat	1000 LPH Community Water Filtration Plant Sachana Gram Panchayat, Viramgram Tal., Ahmedabad, Gujarat
15	March 26, 2022	29,35,800	Khori Gram Panchayat, Rewari Tal., Haryana	1000 LPH Community Water Filtration Plant Khori Gram Panchayat, Rewari Tal., Haryana
16	March 24, 2022	29,35,800	Rajpura Gram Panchayat, Rewari Tal., Haryana	1000 LPH Community Water Filtration Plant Rajpura Gram Panchayat, Rewari Tal., Haryana
17	March 27, 2022	29,35,800	Kaladwas Gram Panchayat, Girwa Tal., Udaipur, Rajasthan	1000 LPH Community Water Filtration Plant Kaladwas Gram Panchayat, Girwa Tal., Udaipur, Rajasthan
18	February 27, 2022	49,83,755	NABET Manesar F101 Raheja Atlantis, Sector 31, Gurugram, Haryana- 122002	Sanitary Pad Manufacturing Unit Plot No. 177, Sector 8, IMT Manesar, Haryana- 122050
19	November 19, 2021	2,47,71,545	National Institute for Empowerment of Persons with Multiple Disabilities (Divyangjan)(NIEPMD) East Coast Road, Muttukadu, Kovalam Post Chennai - 603112	3D Printer National Institute for Empowerment of Persons with Multiple Disabilities (Divyangjan)(NIEPMD) East Coast Road, Muttukadu, Kovalam Post Chennai - 603112
20	August 14, 2021	60,15,428	Pehel Foundation Flat No. 917, 9th Floor, Antriksh Bhawan, K.G. Marg, New Delhi - 110001	Ambulances Pehel Foundation Flat No. 917, 9th Floor, Antriksh Bhawan, K.G. Marg, New Delhi - 110001
21	March 29, 2022	18,06,160	15, Krushinagar, College Road, Nashik	Bunk Beds Guhi and Akole Chatravaas, Nashik, Maharashtra- 4000084
22	March 27, 2022	16,57,068	Subhedar Ramji Maloji Ambedkar Madyamik Vidyalaya, Nagar Road, Ramwadi, Pune- 411014	Smart Schools Subhedar Ramji Maloji Ambedkar Madyamik Vidyalaya, Nagar Road, Ramwadi, Pune- 411014
23	March 27, 2022	16,57,068	Mahatma Phule Madyamik Vidyalaya, Hadapsar, near Sawad Road, Pune- 411028	Smart Schools Mahatma Phule Madyamik Vidyalaya, Hadapsar, near Sawad Road, Pune- 411028
24	March 27, 2022	16,57,068	Maharshi Annasaheb Shinde School, Ghorpade Peth, Pune- 411042	Smart Schools Maharshi Annasaheb Shinde School, Ghorpade Peth, Pune- 411042
25	March 27, 2022	44,69,737	JK Cement Nimbahera Foundation, Kamla Tower, Kanpur, Uttar Pradesh-208001	Industrial Training Institute Kamla Tower, Kanpur, Uttar Pradesh-208001
26	March 27, 2022	49,98,400	Ganpat Khera, Roop Pura, Chittorgarh, Rajasthan- 312613	Drinking Water Facility Ganpat Khera, Roop Pura, Chittorgarh, Rajasthan- 312613
27	August 7, 2021	78,76,176	Kailash Nath Katju Hospital, Jawahar Marg, Bhopal, Madhya Pradesh	Oxygen Plant Kailash Nath Katju Hospital, Jawahar Marg, Bhopal, Madhya Pradesh
28	August 3, 2021	1,62,92,850	Civil Hospital, Palwal, Haryana	ICU Bedded Facility Civil Hospital, Palwal, Haryana
29	December 3, 2021	68,14,500	Dist. Hospital, Raipur, Chhattisgarh	ICU Bedded Facility Dist. Hospital, Raipur, Chhattisgarh

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

Date: June 14, 2022

Place: New Delhi

Mr. Hardayal Prasad
Managing Director & CEO

Dr Tejendra Mohan Bhasin
Chairman CSR Committee

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CHANDRASEKARAN ASSOCIATES®
COMPANY SECRETARIES

FORM MR -3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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, 2022 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, 2022 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 circulars, guidelines issued thereunder by the Securities and Exchange Board of India;

(iii) 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;

(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 ("SAST Regulations");

(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;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 prior to its repealment to the extent applicable;

(e) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 notified pursuant to repealment of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 and Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013;

(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, 2021; Not applicable

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; 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) Guidelines/Circulars/Regulations/Rules 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) Guidelines/Circulars/Regulations/Clarifications issued by RBI for HFCs from time to time.

f) RBI Commercial Paper Directions, 2017 effective from 10th August, 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 ("Listing Regulations"):

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. NHB (ND)/HFC/DOS/OUT-02760/2021 dated June 11, 2021 imposed a monetary penalty of Rs. 80,000/- for non-adherence of policy circular 58 & 75 and directed the Company to credit the total penalty amount of Rs. 80,000 plus applicable GST of Rs. 14,400 and as confirmed by the management same has been paid by the Company within prescribed timeline.

2. There was an intermittent vacancy of Independent Woman Director on the Board of Directors of the Company due to resignation of Ms. Shubhalakshmi Panse w.ef. 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 Listing Regulations 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. Thereafter, National Stock Exchange of India Limited and BSE Limited has imposed fine of Rs. 318,600 (including GST) each and as confirmed by the Management same has been paid by the Company. The Company has made representation to the Waiver Committee of the stock exchanges(s) and the response is awaited.

3. The Company has delayed in submission of the disclosures in terms of Regulation 57(4) of Listing Regulations for the quarter ended December 2021 with respect to statement containing the details of all the non-convertible securities for which interest/dividend/ principal obligations shall be payable during the coming quarter, within five working days prior to the beginning of the quarter.

4. The Company has made intimation beyond the prescribed timeline stated under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2019/115 dated October 22, 2019 read with FAQs issued by SEBI for listing of Commercial Papers with respect to submission of a certificate confirming fulfillment of payment obligations of Commercial Paper, within 2 days of payment becoming due.

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.

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 the Board to raise INR 4,000 crore through a preferential issue of equity shares and share warrants on a private placement basis, subject to the approval of shareholders and other regulatory approvals as may be required.

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COMPANY SECRETARIES

The Company did not submit the results of the said matter for EGM held on June 22, 2021 pursuant to SEBI communication. The Company filed an appeal before the Securities Appellate Tribunal ("SAT") and SAT passed an interim order that the EGM would be held on June 22, 2021, however the results would not be declared and be kept in a sealed cover.

Final order was pronounced by the SAT on August 9, 2021 wherein the Presiding Officer has allowed the Company's Appeal and quashed the SEBI Letter, while the Judicial Member has dismissed the Company's Appeal. In view of the difference in opinion between the members of the bench, SAT has directed the interim order passed in the matter to continue until further orders and the Appeal papers to be placed before the Presiding Officer on the administrative side for appropriate orders.

SEBI filed an appeal to the Hon'ble Supreme Court of India (SC). The Company decided not to proceed with the preferential issue. Consequently, the appeal filed by the Company against the SEBI has been rendered infructuous and the shareholder approval for the preferential issue has been rendered incapable of being received. The Company filed an application before SAT, seeking permission to withdraw the Appeal. SC dismissed the appeal filed by SEBI stating that the appeal has become infructuous due to subsequent developments.

2. The Company has obtained the approval of shareholders in their Annual General Meeting held on September 03, 2021 for issuance of Non – Convertible Debentures of face value aggregating up to INR 35,000 Crore (Rupees Thirty Five Thousand Crore Only) to eligible investors.

3. The Company has allotted 3,30,432 Equity Shares of Face Value of Rs. 10 each fully paid up under ESOP Scheme of the Company.

For **Chandrasekaran Associates**
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 1428/2021

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
UDIN: F001644D000491551

Date: 14 June, 2022

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, 2022 pertaining to Financial Year 2021-22.

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
FRN: P1988DE002500
Peer Review Certificate No.: 1428/2021

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
UDIN: F001644D000491551

Date: 14 June, 2022

ANNEXURE TO DIRECTORS' REPORT - 3

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Philosophy on Corporate Governance

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

The Company practices ethical standards in all its dealings. The Company continues to maintain healthy relationship with its valued customers, viz. depositors, loan customers, business partners and its various other stakeholder financers. Company ensured to transparently disclose information to all the stakeholders through its public documents, annual reports, financial results etc.

Over the years, the Company has strengthened its corporate practices and disclosures. The Company also ensured good corporate governance and risk management practices. The Company has complied with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 ("RBI Directions") (as amended from time to time) which are applicable on the Company and other circulars and notifications issued by RBI, SEBI, MCA and other statutory bodies.

Several waves of COVID-19 pandemic in the last two years have forced the companies to adopt a hybrid model of operations. The Government through its various circulars and advisories has supported corporates in ensuring continuity in business operations. As permitted by MCA, the Board and its Committees have functioned largely using virtual mode for its meetings. The Company has ensured adequate precautions while conducting audio video meetings.

The staff was regularly advised on ensuring safety measures in and outside office premises. The technology interventions ensured that all the business activities were completed in time, the Board & Committee meetings were held in time, dissemination of adequate and correct public information was ensured.

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.

COMPOSITION

Currently, the Board consists of eleven Members comprising five Independent Directors, five Non-Executive Directors and one Managing Director & CEO. During the year and subsequently, following appointments/ cessations took place amongst the Board Members.

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

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

c) Mr. Binod Kumar was appointed as Non-Executive Nominee Director with effect from January 12, 2022. He is nominee of Punjab National Bank. He is liable to retire by rotation.

d) Mr. Atul Kumar Goel was appointed as Non-Executive Nominee Director with effect from April 28, 2022. He is nominee of Punjab National Bank. He is liable to retire by rotation.

(e) Dr Gourav Vallabh ceased to be Independent Director with effect from April 21, 2021 upon completion of his five year term

f) Mr. Rajneesh Karnatak resigned as Non-Executive Nominee Director on October 21, 2021.

g) Mr. CH SS Mallikarjuna Rao resigned as Non-Executive Nominee Director on January 31, 2022.

h) Mr Ashwani Kumar Gupta completed his first five-year term as an Independent Director on May 11, 2022.

Appointment of Directors EGM dated June 22, 2021: The Shareholders have appointed Mr. Hardayal Prasad as Managing Director & CEO, Mr. Neeraj Madan Vyas, Mr. Sudarshan Sen, Mr. Kapil Modi, Ms. Gita Nayyar, Mr. Rajneesh Karnatak and reappointed Mr. Ramakrishnan Chandrasekaran, Mr. Nilesh S Vikamsey for a second term of five years.

The Shareholders have appointed Mr. Binod Kumar vide postal ballot dated April 08, 2022.

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 the Listing Regulations is given hereunder:

Sr. No.	Directors	Category	DIN	Number of Directorships*	Name of Listed Companies and Designations	Number of Committees**		Skills/ Expertise
						Member	Chair-Person	
1.	Mr. Sunil Kaul	Non-Executive Nominee Director of Quality Investment Holdings	05102910	1	1. PNB Housing Finance Limited ('L' stands for Listed)	1	0	He is B. Tech from IIT Bombay and MBA from IIM Bangalore. He is 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.
2.	Mr. Nilesh S Vikamsey	Independent Director	00031213	8	1. PNB Housing Finance Limited (L) 2. Navneet Education Limited (L) – Non-Executive Director 3. Thomas Cook (India) Limited (L) – Independent Director 4. IIFL Finance Limited (L) – Independent Director 5. IIFL Wealth Management Limited (L) – Independent Director & Non-Executive Chairman 6. Gati Limited (L) – Independent Director 7. SOTC Travel Limited ('UL' stands for Unlisted) – Independent Director 8. Nippon Life India Trustee Limited (UL) – Independent Director	8	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. He has vast experience in credit and human resource management.

Sr. No.	Directors	Category	DIN	Number of Directorships*	Name of Listed Companies and Designations	Number of Committees**		Skills/ Expertise
						Member	Chair-Person	
3.	Mr. Ramakrishnan Chandrasekaran	Independent Director	00580842	6	1. PNB Housing Finance Limited (L) 2. Mindtree Limited (L)– Independent Director 3. L&T Technology Services Ltd. (L) – Independent Director 4. Aujas Cybersecurity Limited (UL) – Director 5. NSEIT Limited (UL) – Director 6. KSL Digital Ventures Limited (UL) - Director	3	0	He is Bachelor of Engineering from Madras University and MBA from IIM Bangalore. He 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.
4.	Mr. Neeraj Madan Vyas	Non-Executive Director	07053788	1	1. PNB Housing Finance Limited (L)	0	0	He 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. He is MSc. and CAIIB
5.	Dr Tejendra Mohan Bhasin	Independent Director	03091429	6	1. PNB Housing Finance Limited (L) 2. PNB Gilts Limited (L)- Independent Director 3. SBI Cards and Payment Services Limited (L)- Independent Director 4. Ruchi Soya Industries Limited (L) - Independent Director 5. SBI Life Insurance Company Limited (L)- Independent Director 6. IDBI Intech Limited (UL) - Independent Director	9	4	He is PhD from University of Madras and MBA from FMS Delhi. He is 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.

Sr. No.	Directors	Category	DIN	Number of Directorships*	Name of Listed Companies and Designations	Number of Committees**		Skills/ Expertise
						Member	Chair-Person	
6.	Mr. Sudarshan Sen	Independent Director	03570051	2	1. PNB Housing Finance Limited (L) 2. Federal Bank Ltd. (L) - Independent Director	2	0	He MSc from Delhi University and MBA from University of Birmingham. He retired from the Reserve Bank of India as Executive Director in charge of regulation of banks and non-banking financial companies. He has extensive experience in banking regulation, bank supervision, fintech regulation, human resources, information technology and currency management.
7.	Mr. Kapil Modi	Non-Executive Nominee Director of Quality Investment Holdings	07055408	3	1. PNB Housing Finance Limited (L) 2. Nxtra Data Limited (UL) - Director 3. Hexaware Technologies Limited (UL) - Director	2	0	He is B. Tech from IIT Kharagpur, MBA from IIM Ahmedabad (Gold Medallist), CFA and Master of Business Law from National Law School, Bangalore. He is 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.
8.	Ms. Gita Nayyar	Independent Director	07128438	5	1. PNB Housing Finance Limited - (L) 2. Oriental Hotels Limited (L) Independent Director 3. Transport Corporation of India Limited (L)- Independent Director 4. Glenmark Life Sciences Limited (L)- Independent Director 5. Taj Sats Air Catering Limited (UL) - Director	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 experience in corporate banking, risk and relationship management, investment banking, wealth management and fund raising. She serves on the Board of Governors of IIM, Udaipur. She is also on the advisory committee of National NGOs and a VC Fund.

Sr. No.	Directors	Category	DIN	Number of Directorships*	Name of Listed Companies and Designations	Number of Committees**		Skills/ Expertise
						Member	Chair-Person	
9.	Mr. Binod Kumar	Non-Executive Nominee Director of Punjab National Bank	07361689	1	PNB Housing Finance Limited (L)	0	0	He is currently Chief General Manager of Punjab National Bank having an experience of more than 26 years. He is B. Sc (H), CAIIB, Financial Risk Manager (FRM) conducted by GARP (USA), Post Graduate Diploma in Banking & Finance (NIBM), Diploma in Treasury Investment & Risk Management (DTIRM), NSE's Certification in Financial Markets and Diploma in Banking & Finance.
10.	Mr. Hardayal Prasad	Managing Director & CEO	08024303	2	1. PNB Housing Finance Limited (L) 2. PHFL Home Loans and Services Limited (UL) - Chairman	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 SBI Cards Limited. He is MSc. and CAIIB
11.	Mr. Atul Kumar Goel	Non-Executive Nominee Director of Punjab National Bank	07266897	4	1. PNB Housing Finance Limited (L) 2. Punjab National Bank (L) – Managing Director and CEO 3. The Oriental Insurance Company Limited (UL) - Director 4. National Credit Guarantee Trustee Co. Limited (UL) - Director	2	0	He is a qualified Chartered Accountant, having more than three decades of Banking experience. He was Chief Financial Officer (CFO) in Allahabad Bank. He is currently Managing Director & CEO of Punjab National Bank from February 1, 2022. Earlier, he was Managing Director & CEO of UCO Bank, Executive Director in Union Bank of India and held various positions in Allahabad Bank.

*Excluding foreign companies, private limited companies and companies under section 8 of the Companies Act, 2013.

**Audit Committee and Stakeholders Relationship Committee.

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 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.

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.

All the Committees of the Board function within the defined terms of reference in accordance with the Companies Act, 2013 and the Listing Regulations and as approved by the Board. All the Independent Directors fulfil the criteria prescribed in the Listing Regulations and other applicable laws and are independent of the management of the Company.

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, www.pnbhousing.com.

FAMILIARISATION PROGRAMME

The main objective of a familiarisation programme is to ensure that the Directors are updated on the business and regulatory environment and the overall operations of the Company to make informed decisions in everybody's interest. 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.

An overview of the familiarisation programme during the year has been placed on the Company's website and can be accessed at https://www.pnbhousing.com/investor-relations/corporate-governance/

BOARD MEETINGS

As permitted by MCA, 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 met twenty times on April 27, May 31, June 17, June 19, June 20, June 24, July 05, July 06, August 04, August 23, September 03, September 05, September 18, October 14, October 22, November 01, November 02, 2021, January 20, February 02 and March 09, 2022. The attendance of the Directors at the Board Meetings and the 33rd Annual General Meeting held on September 3, 2021 are listed below:

Sr. No.	Directors	Board Meetings	Attendance at the 33rd AGM	Sitting fee paid* (₹)
1.	Mr. Sunil Kaul	11*	Yes	-
2.	Mr. Ramakrishnan Chandrasekaran	18	Yes	9,00,000/-
3.	Mr. Nilesh S Vikamsey	19	Yes	9,50,000/-
4.	Mr. Neeraj Madan Vyas	20	Yes	10,00,000/-
5.	Dr Tejendra Mohan Bhasin	20	Yes	10,00,000/-
6.	Mr. Sudarshan Sen	19	Yes	9,50,000/-
7.	Mr. Kapil Modi	11*	Yes	-
8.	Ms Gita Nayyar (appointed from 29.05.2021)	18	Yes	9,00,000/-
9.	Mr Binod Kumar (appointed from 12.01.2022)	3	NA	-
10.	Mr. Hardayal Prasad	20	Yes	-
11.	Mr. Ashwani Kumar Gupta (ceased on 11.05.2022)	20	Yes	10,00,000/-
12.	Mr CH SS Mallikarjuna Rao (resigned on 31.01.2022)	17	Yes	-
13.	Mr Rajneesh Karnatak (resigned on 21.10.2021)	12	Yes	-

Leave of absence was granted to the concerned Directors who could not attend the Board Meetings.

*Mr Sunil Kaul and Mr Kapil Modi recused themselves from 9 Board Meetings and on certain agenda items of 2 other Board Meetings where matters related to Preferential Issue and its termination were discussed. They are nominees of the Carlyle Group on the Board of the Company.

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, the Listing Regulations and RBI Directions as amended and as per the business requirements. The minutes of all 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.

The various Board Committees, their roles and their Members are given below.

Audit Committee

The charter of the Audit Committee is as per section 177 of the Companies Act, 2013 and the Listing Regulations, 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 Policy, it gives approval to related party transactions and also monitor 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, remuneration and terms of 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, where financial statement is discussed. The Audit Committee discuss with the Statutory Auditors their findings on the working of the Company without the presence of the Management.

During the year, the Audit Committee had met eleven times on April 24, April 27, August 03, August 04, August 11, October 30, November 02, November 15, 2021, January 20, January 29 and March 26, 2022. 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, Chairman	11	3,30,000/-
2.	Mr. Sudarshan Sen	10	3,00,000/-
3.	Dr Tejendra Mohan Bhasin	11	3,30,000/-
4.	Mr Neeraj Madan Vyas (w.e.f. 30.05.2022)	-	-

Leave of absence was granted to the concerned Director who could not attend the meeting.

Nomination and Remuneration Committee (NRC)

The Committee has been delegated powers, role and responsibilities as required under section 178 of the Companies Act, 2013 and as per the Listing Regulation 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 Company has in place Policy on Fit and Proper Criteria of Directors and Nomination and Remuneration Policy for Directors, Key Managerial Personnel, Senior Management and other employees in terms of the provisions of the Companies Act, 2013, the Listing Regulations. Details of remuneration paid to all the Directors forms part of the annual return MGT-7, available on the website.

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 three times on April 01, July 26 and October 08, 2021. The details of attendance at the NRC Meetings are as under:

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Mr. Ramakrishnan Chandrasekaran, Chairman	3	90,000/-
2.	Mr. Sunil Kaul	3	-
3.	Mr. Nilesh S Vikamsey	3	90,000/-
4.	Ms Gita Nayyar (from 01.11.2021)	-	-
5.	Mr Sudarshan Sen (from 01.11.2021)	-	-
6.	Mr Atul Kumar Goel (from 05.05.2022)	-	-
7.	Mr. CH S.S Mallikarjuna Rao (resigned on 31.01.2022)	2	-

Leave of absence was granted to the concerned Directors who could not attend the Meeting.

Corporate Social Responsibility Committee (CSR)

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 met two times on July 24, 2021 and January 12, 2022. 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, Chairman	2	60,000/-
2.	Mr. Ramakrishnan Chandrasekaran	2	60,000/-
3.	Mr. Sudarshan Sen	1	30,000/-
4.	Mr. Hardayal Prasad	2	-

Leave of absence was granted to the concerned Director who could not attend the Committee Meetings.

Stakeholders Relationship Committee (SRC)

The Committee oversees the investors' grievances, investor relations, recommend to the Board raising of equity share capital and allotment of equity shares. The Committee has been delegated powers, role and responsibilities as required under section 178 of the Companies Act, 2013 and as per the Listing Regulations, as amended.

During the year, the SRC has met four times on November 23, 2021, January 25, February 04 and March 02, 2022.

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Mr. Sunil Kaul	4	-
2.	Mr. Hardayal Prasad	4	-
3.	Mr Atul Kumar Goel (from 05.05.2022)	-	-
4.	Mr. CH S.S. Mallikarjuna Rao (resigned on 31.01.2022)	2	-
5.	Mr. Ashwani Kumar Gupta, Chairman (ceased on 11.05.2022)	4	1,20,000/-
6.	Ms. Gita Nayyar, Chairperson (w.e.f. 30.05.2022)	-	-

The status of shareholders' complaints during Financial Year 2021-22, 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.)
-	-	-

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.

Risk Management Committee

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 been delegated powers, roles, and responsibilities as per the Listing Regulation, as amended.

The Committee has met four times during the year on May 20, August 25, December 15, 2021, and February 14, 2022.

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Dr Tejendra Mohan Bhasin, Chairman	4	1,20,000/-
2.	Mr. Sunil Kaul	4	-
3.	Mr. Neeraj Madan Vyas	4	1,20,000/-
4.	Mr. Hardayal Prasad	4	-
5.	Mr. Rajneesh Karnatak (resigned on 21.10.2021)	2	-

Credit Committee (CCB)

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 also delegated powers to sanction loans to the Committee.

During the year, the CCB had met thirteen times on April 01, May 26, June 11, August 18, August 31, September 21, September 29, October 28, December 14, 2021, February 22, February 26, March 07 and March 25, 2022. The details of attendance at the CCB Meetings are as under;

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Mr. Neeraj Madan Vyas, Chairman	13	3,90,000/-
2.	Mr. Hardayal Prasad	13	-
3.	Mr. Ashwani Kumar Gupta (ceased on 11.05.2022	13	3,90,000/-
4.	Mr. Kapil Modi (w.e.f. 30.05.2022)	-	-

IT Strategy Committee

The Committee approves IT strategy, IT policy documents, BCP, 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 two times on October 07, 2021 and February 04, 2022. The details of attendance at the IT Committee Meetings are as under;

Sr. No.	Directors/Members	Number of Meetings attended	Sitting fee (₹)
1.	Mr. Ramakrishnan Chandrasekaran, Chairman	2	60,000/-
2.	Mr. Kapil Modi	2	-
3.	Mr. Hardayal Prasad	2	-
4.	Mr. Nitant Desai, (CTO, ceased on 31.03.2022)	-	-

KEY MANAGERIAL PERSONNEL

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:

a. Mr. Hardayal Prasad, Managing Director & CEO

b. Mr. Sanjay Jain, Company Secretary and Head Compliance

c. Mr. Kaushal Mithani, Chief Financial Officer w.e.f. April 08, 2022

Mr Kapish Jain, ceased to be Chief Financial Officer w.e.f. April 07, 2022.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met on June 10, 2021 and April 04, 2022. On April 04, 2022, the Independent Directors met without the presence of Non-Independent Directors. 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 Independent 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 Financial Year 2021-22 is provided in the Form MGT-7 which is placed on the website of the Company.

S. No.	Name	Sitting Fees paid		Commission paid*	Total
		Board Meetings	Committee Meetings		
1	Mr. Ramakrishnan Chandrasekaran	9,00,000	2,40,000	15,00,000	26,40,000
2	Mr. Nilesh S Vikamsey	9,50,000	4,50,000	15,00,000	29,00,000
3	Dr Tejendra Mohan Bhasin	10,00,000	5,40,000	15,00,000	30,40,000
4	Mr. Sudarshan Sen	9,50,000	3,60,000	7,50,000	20,60,000
5	Ms Gita Nayyar	9,00,000	30,000	-	9,30,000
6	Mr. Ashwani Kumar Gupta	10,00,000	5,40,000	15,00,000	30,40,000
7	Mr. Neeraj Madan Vyas	10,00,000	5,10,000	-	15,10,000
		67,00,000	**26,70,000**	**67,50,000**	**1,61,20,000**

*On the profits of FY21, Commission for FY22 will be paid to the directors after the financial statements are adopted by the members at the ensuing AGM. Commission is payable to these directors on a proportionate basis, depending on their tenure as directors of the Company.

No ESOPs has been granted to Non-Executive Directors and Independent Directors

MANAGING DIRECTOR & CEO

Mr. Hardayal Prasad is the Managing Director and CEO of the Company for a period of three years, with effect from August 10, 2020. The appointment may be terminated by either party with or without cause by giving 90 days notice period.

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. The Managing Director & CEO of the Company has not received any commission from the subsidiaries of the Company.

Details of remuneration paid/payable to the Managing Director during the year under review is provided in Form MGT-7.

Sl. No.	Particulars of remuneration	Total amount (₹)
		Mr. Hardayal Prasad
1	Gross Salary	-
a)	Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961	1,85,74,627
b)	Value of perquisites under section 17(2) of the Income tax Act, 1961	1,43,743
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	1,04,37,575
	Total	**2,91,55,945**

Name	Grant Date	Options Granted	Vesting Period	No. of options exercised
Mr. 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's 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 Independent Directors review the performance of the Non-Executive Directors, the Chairman and the whole Board.

Chairman of the Nomination and Remuneration Committee, shared the feedback received on board evaluation with members of the committee, board and other independent directors at their respective meetings.

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 Loan 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.

The subsidiaries are not material subsidiary within the meaning of the Listing Regulations. The Company has formulated a policy for determining material subsidiary, which is available on Company's website at https://www.pnbhousing.com/investor-relations/corporate-governance/.

EMPLOYEE STOCK OPTION SCHEME (ESOS)/ RESTRICTED STOCK UNIT SCHEME

The disclosures as required under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended, have been placed on the website of the Company at https://www.pnbhousing.com/investorrelations/updates-events/.

PROCEEDS FROM PRIVATE PLACEMENT OF DEBT ISSUES

During the year, the Company has raised ₹455 crore of secured NCDs through private placements in 2 series. As specified in the respective offer documents, the funds were utilised for onward lending.

TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS

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

None of the Directors are related to each other.

SHAREHOLDING OF DIRECTORS

The details of shareholding of Directors are disclosed in MGT-7 form available on the website of the Company at https://www.pnbhousing.com/investor-relations/annual-reports/. Ms. Gita Nayyar holds 5,814 equity shares of the Company.

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.

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. 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 is placed on the website of the Company at https://www.pnbhousing.com/investorrelations/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 constituent 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 during pandemic. None of the risks faced by the Company threaten its existence. The Company has in place the board level Risk Management Committee. The terms of reference and the composition forms part of the Report. The Company has also in place the designated Chief Risk Officer in compliance of the RBI Master Directions. The Risk Management Committee reviews various risks faced by the Company and also monitor the measures undertaken to mitigate the same.

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

During the year under review, the Company has adhered to the internal Guidelines on Corporate Governance adopted in accordance with the clause 55 of the Chapter IX of the - Corporate Governance of RBI Directions, which, inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various stakeholders and lays down the Corporate Governance practices of the Company. The said Policy is available on the website of the Company and can be accessed at https://www.pnbhousing.com/investor-relations/corporate-governance/

GENERAL PROCEDURE FOR POSTAL BALLOT

The detailed procedure mentioned in the postal ballot notice, scrutinizer report, voting results are available on the website of the Company.

TOTAL FEES PAID TO STATUTORY AUDITORS BY COMPANY AND ITS SUBSIDIARY FOR ALL THE SERVICES DURING FINANCIAL YEAR 2021-22

During the year, Statutory Auditors received a total remuneration of ₹0.84 crore from the Company and its subsidiaries. The remuneration pertains to fees for audit, internal financial control reporting, limited reviews, tax audits, taxation services, certifications and other matters and reimbursement of expenses.

INTERNAL FINANCIAL CONTROL

The Company has an Internal Audit Department to conduct audit of functional areas and operations of the Company, the adequacy of compliance with policies, procedures, statutory and regulatory requirements. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Significant audit observations and corrective actions thereon are presented to the Audit Committee every quarter. The Audit Committee reviews and evaluates adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

The Audit Committee and Board of Directors have approved a documented framework for the internal financial control to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information and disclosures.

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 www.pnbhousing.com

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.

General Meetings

Six special resolutions were passed at the previous four General Meetings as detailed below:

S.No	Particulars of General Meetings	Venue, location and time	Number of Special resolutions	Nature of resolutions
1.	AGM - July 29, 2019	03.00 PM. at India Habitat Centre, Lodhi Road, New Delhi	2	Re-appointment of Mr. Shital Kumar Jain (DIN 00047474) as an Independent Director for a second term of 1 (One) year
				To borrow funds and issue of bonds/ non-convertible debentures and other debt securities
2	AGM - August 05, 2020	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	1	To borrow funds and issue of bonds/ non-convertible debentures and other debt securities.
3	AGM - September 03, 2021	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	1	To borrow funds and issue of bonds/ non-convertible debentures and other debt securities.
4	EGM - June 22, 2021	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	2	Re-appointment of Mr. Ramakrishnan Chandrasekaran (DIN 00580842) as an Independent Director for a second term of 5 (five) years
				Re-appointment of Mr. Nilesh S Vikamsey (DIN 00031213) as an Independent Director for a second term of 5 (five) years

During the year, the Company has passed the following matters through Postal Ballot pursuant to 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, 33/2020, 39/2020, 10/2021 and 20/2021 issued by the Ministry of Corporate Affairs ("MCA") dated April 08, 2020, April 13, 2020, September 28, 2020, December 31, 2020, June 23, 2021 and December 08, 2021 respectively, ("MCA Circulars"), for seeking the consent of Shareholders for approval.

a. On March 09, 2022 for appointment of Mr Binod Kumar as Non-Executive Nominee Director. As per the Scrutinizer's Report, the resolution was 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 on April 08, 2022.

b. On April 13, 2022 for approval of related party transactions with Punjab National Bank and PNB Gilts Limited. As per the Scrutinizer's Report, the resolution was 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 May 18, 2022.

The Company had appointed Dr. S. Chandrasekaran (Membership No. FCS 1644, CP No. 715) failing him Mr. Rupesh Agarwal (Membership No. ACS 16302, CP No. 5673), failing him Mr. Shashikant Tiwari (Membership No, FCS 11919, CP. No. 13050), Partners of M/s Chandrasekaran Associates, Company Secretaries, New Delhi as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. Accordingly, the above Postal Ballot(s) were conducted by the scrutinizer and a report was submitted.

Details of voting pattern and scrutinizer's report is placed on the website of the company www.pnbhousing.com.

As of now, no special resolution is proposed to be conducted through postal ballot.

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, 2022 except 7 shares, remaining equity shares of the Company are held in dematerialized form.

The Company has paid the listing fees for the year 2021-22 as per the Listing Regulations to the respective stock exchanges.

INVESTOR RELATIONS

The Company has 1,19,187 shareholders as on March 31, 2022. 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 regulations 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 the Listing Regulations, 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, has 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 Financial Year 2021-22, 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/CMD2/CIR/P/2022/62 dated May 13, 2022 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 the Listing Regulations 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 of India Limited and BSE Limited and published in leading business newspapers.

The official press releases are posted on Company's website www.pnbhousing.com. 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.

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

In accordance with the Listing Regulations, as amended, Mr. Hardayal Prasad, Managing Director & CEO and Mr. Kaushal Mithani, 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 is moving towards a regime of unqualified financial statements. The Company shall endeavour to adopt the non-mandatory requirements, as and when necessary.

COMPLIANCE

The Company has complied with the mandatory requirements as stipulated under Regulation 17 to 27, 46, 34(3) and 53 of the Listing Regulations. The Company has submitted the quarterly compliance status report to the stock exchanges within the prescribed time limit. The Company has also received a certificate from the Practising Company Secretary confirming that none of the Directors have been debarred or disqualified. During the year under review, the Company has not raised any funds through Preferential Allotment or Qualified Institutions Placement as specified under the Listing Regulations.

STRICTURES AND PENALTIES

During the year, BSE Limited and National Stock Exchange of India Limited have levied a penalty of ₹ 2.70 lakh each plus GST each for delay in appointment of woman director. The National Housing Bank has imposed a monetary penalty of ₹0.80 lakh 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 14, 2022

EXTRACTS FROM POLICY ON RELATED PARTY TRANSACTIONS

POLICY ON RELATED PARTY TRANSACTIONS

I. INTRODUCTION

PNB Housing Finance Limited ('the Company') is a public limited company incorporated on November 1, 1988 under the Companies Act, 1956 (Corporate Identity Number L65922DL1988PLC033856). The Company is registered as a Housing Finance Company with the National Housing Bank (NHB) under the NHB Act, 1987.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 requires a Company to adopt a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

In view of the above, the Board of Directors ("Board") of the Company has adopted the Policy on Related Party Transactions ("Policy").

II. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out:

i. Materiality of Related Party Transactions;

ii. Manner of dealing with the transactions between the Company and its Related Parties and other Related Party Transactions, as may be required, in accordance with the Companies Act, 2013, Regulation 23 of the SEBI Listing Regulations and any other statute, law, standards, regulations relating to Related Party Transactions; and

iii. Laying down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable in the best interest of the Company

III. DEFINITIONS

i. 'Act' means the Companies Act, 2013, as amended from time to time.

ii. 'Arm's Length Transaction' means a transaction between the Company and its Related Party(ies) that is conducted as if they are unrelated, so that there is no conflict of interest.

iii. 'Audit Committee' means Audit Committee of Board of Directors of the Company constituted under provisions of the Act and SEBI Listing Regulations.

iv. 'Board of Directors' or 'Board' means Board of Directors of the Company as constituted from time to time.

v. 'Company' means PNB Housing Finance Limited.

vi. 'Compliance Officer' may be a Company Secretary of the Company or any other person as may be authorized by the Board for this purpose.

vii. "Material modification" shall mean any modification made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved which, individually or taken together with previous modifications during a financial year, results in variation in the value of the Related Party Transaction, as tabulated in the Annexure (except for the specified transactions covered as per the Act) or has significant impact on the nature, tenure, exposure, as may be determined by the Audit Committee from time to time

Provided that a modification shall be material, if by such modification, the terms of the contract cease to be arms' length.

Provided further that the following shall not be considered as material modification -

- modifications which may be mandated pursuant to change in law;
- modifications pursuant to and in accordance with the terms of the approved transaction/contract apart from the above defined material modification;
- modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.) approved by appropriate authority;
- modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties;
- modifications uniformly affected for similar transactions with unrelated parties;

viii. '**Material Related Party Transaction**'

A. Under the SEBI Listing Regulations:

a. means transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is less.

b. a transaction involving payments made to a Related Party with respect to brand usage or royalty shall also be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

B. Under the Act:

means transactions as defined under Section 188(1) of the Act with Related Parties as defined under Section 2(76) of the Act where the aggregate value of the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under the Act from time to time. Rule 15 of Companies (Meeting of Board and its Power) Rules, 2014 prescribes the specified transactions and threshold limits as tabulated below:

Prescribed transaction categories	**Threshold Limits**
Sale, purchase or supply of any goods or material (directly or through an agent)	Amounting to 10 per cent or more of turnover of the Company
Selling or otherwise disposing of, or buying, property of any kind (directly or through an agent)	Amounting to 10 per cent or more of net worth of the Company
Leasing of property of any kind	Amounting 10 per cent or more of turnover of the Company
Availing or rendering of any services (directly or through an agent)	Amounting to 10 per cent or more of turnover of the Company
Appointment to any office or place of profit in the company, subsidiary company or associate company	Remuneration exceeding ₹ 2.5 lacs per month of the Company
Underwriting the subscription of any securities or derivatives of the company	Remuneration exceeding one per cent of net worth of the Company

ix. 'Related Party(ies)' shall have the same meaning as defined under the Act, SEBI Listing Regulations and Indian Accounting Standards (Ind AS) including all amendments and modifications thereof from time to time.

Further, as per SEBI Listing regulation:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

x. '**Related Party Transaction**' means a transaction involving transfer of resources, services or obligations between:

(i) the Company or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand with effect from April 1, 2022; or

(ii) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

whether a price is charged or not.

A transaction with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

xi. '**SEBI Listing Regulations**' mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments thereof.

xii. "**Specified Transaction**" means the transaction which has been specified in Section 188 of the Act.

xiii. '**Stock Exchange**' means the stock exchange where equity shares of the Company are listed.

xiv. '**Turnover**' Turnover or Net Worth shall be on the basis of the Audited Financial Statement of the preceding Financial year.

Unless the contrary is apparent from context, words and expressions used and not defined in this Policy shall have the same meaning as contained in the Act read with rules made thereunder, the SEBI Listing Regulations or any other cognate statute.

IV. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

IV.1. Identification of Related Parties and Related Party Transactions:

i. Every Director and/or Key Managerial Personnel of the Company shall disclose to the Compliance Officer in form MBP-1, at the time of his appointment, in beginning of every financial year and wherever there is any changes in the disclosures so made, about all persons, entities, firms, or other organizations in which he/ she is interested along with unique identification number/ PAN, whether directly or indirectly. including details of relatives etc.

ii. The Chief Financial Officer shall maintain a complete list of Related Parties, and update the same as and when any change is necessitated. The list shall be disseminated to all business functionaries for their ready reference while undertaking any transaction.

iii. Besides, the Chief Financial Officer shall also maintain a list of Related Parties of its subsidiaries, which may be sourced from respective subsidiaries on a periodic (quarterly) basis or as and when needed. Adequate systems must be in place to ensure that the RPTs in which the Company is not a party, but the subsidiary is a party, shall be brought to the information of the Company in a timely manner, for necessary approvals, wherever required.

iv. The Chief Financial Officer will be responsible for providing prior notice to the Compliance Officer 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.

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

vi. 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. The Audit Committee shall have the right to obtain external professional advice in relation to related party transactions.

IV.2. Approval Mechanism for Related Party Transaction

IV.2.1. Approval by the Audit Committee

All Related Party Transactions and Material Modification(s) thereto shall require prior approval of the Audit Committee irrespective of whether such transactions are in the ordinary course of business and/or at arm's length or not.

Prior approval of the Audit Committee of the listed entity shall also be required in case of a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of annual consolidated turnover (w.e.f. April 1, 2023, 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary), as per the last audited financial statements of the Company;

However, such prior approval shall not be required for (i) a related party transaction wherein Regulation 23 is applicable to such subsidiary, since in that case prior approval of the audit committee of the subsidiary will be obtained; and (ii) such other transactions which may be exempted under the Listing Regulations, from time to time.

Approval of the Audit Committee shall not be required for any transaction which has been entered into by the Company with its wholly owned subsidiary or transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the General Meeting for approval. However, approval shall be required in case of Specified Transaction between the Company and its wholly owned subsidiary company.

Transactions for which prior approval has been accorded by the Audit Committee, should be placed for review by the Audit Committee at such intervals, as may be decided by the Audit Committee, but least on an annual basis.

Only those members of the Audit Committee who are independent directors, shall approve Related Party Transactions. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

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 keeping in mind repetitiveness and justification for the need for the 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:

i. 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.

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

  a. name of the Related Party(ies);

  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:

iii. 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 Rs.1,00,00,000/- (Rupees One Crore Only).

iv. 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.

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

vi. Such omnibus approval shall not be made by the Audit Committee for the transactions in respect of selling or disposing of the undertaking of the Company.

IV.2.2. Approval by the Board

i. Related Party Transaction shall require Board approval in the following cases:

  a. If the Related Party 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; or

  d. the Related Party Transaction needs to be approved by the Board under any law for the time being in force.

ii. Approval of the 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.

iii. The considerations set forth above in case of Audit Committee shall also apply to the Board's review and approval of the proposed Related Party Transaction with such modification as may be necessary or appropriate under the circumstances.

iv. Any member of the Board who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

IV.2.3. Approval by the Members

Unless exempted under the Act/SEBI Listing Regulations., as the case may be, all Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders by way of an ordinary resolution. No Related Party(ies) shall vote to approve such resolutions whether the person/entity is a related party to the particular transaction or not.

Approval of the members shall not be required for any transaction which has been entered into by the Company with its wholly owned subsidiary or transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the General Meeting for approval.

Type of RPT	Approving body		
	Audit Committee	Board	Shareholders
Material RPTs	●		●
Material modifications in RPTs, where RPT is material	●		●
Material modifications in RPTs, where RPT is not material	●		
Not in ordinary course / arm's length & not material	●	●	
Not in ordinary course / arm's length & material	●	●	●

IV.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:

i. 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;

ii. 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;

iii. 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

iv. 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.

V. 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 the transaction 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 Chief Financial Officer/Compliance Officer 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 in accordance with the provisions of the Act/Listing Regulations.

VI. DISCLOSURES AND REPORTING

The Company shall make all disclosures and reporting in accordance with the provisions of applicable laws, including the following -

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 Annual Report shall contain Related Party disclosure in accordance with all applicable laws, including accounting standards and RBI Master Directions.

iii. The Compliance Officer shall also make necessary entries in the Register of Contracts or Arrangement required to be maintained under the Act.

iv. Details of all Material Related Party Transactions with its Related Parties and 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount shall be disclosed in the quarterly compliance report on corporate governance as per the provisions of SEBI Listing Regulations.

v. The Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year (and on the date of publication of its standalone and consolidated financial results, w.e.f. April 1, 2023), disclosures of Related Party Transactions on a consolidated basis, in the format specified in the SEBI Listing Regulations as amended from time to time and publish the same on its website.

vi. The Company shall disclose the Policy on dealing with Related Party Transactions on its website and also in the Annual Report, in accordance with RBI Master Directions

VII. NON APPLICABILITY

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

- The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- The following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - payment of dividend;
  - subdivision or consolidation of securities;
  - issuance of securities by way of rights issue or a bonus issue; and
  - buy-back of securities;
- Acceptance of fixed deposits by the Company at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of Related Party Transactions every six months to the stock exchange(s), in the format at specified by the Board
- such other exclusions and exemptions as may be provided under the Act/ SEBI Listing Regulations, or other applicable laws from time to time.

VIII. POLICY REVIEW AND DISSEMINATION

This Policy shall be reviewed annually by the Board or at earlier intervals as deemed necessary. Consequent upon any change in the SEBI Listing Regulations/Act or any other applicable law/ regulatory guidelines, if any, such change to the extent applicable to the Company, shall be deemed to be a part of this Policy.

The Company shall upload this Policy on its website and a web link of the same will be provided in the Annual Report.

IX. INTERPRETATION

Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors of the Company in line with the broad intent of this Policy read with the applicable provisions of the Act, rules made thereunder, and the SEBI Listing Regulations.

In the event of any conflict between the provisions of this Policy and the Act or the SEBI Listing Regulations or any other statutory enactments or rules, the provisions of the SEBI Listing Regulations the Act or statutory enactments, rules made thereunder shall prevail over to this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

Annexure I
Material Modification on type of Related Party Transactions

Type of transaction	Variation in the value of transaction (%)	Variation in the nature	Variation in tenure (%)	Variation in exposure
Loans raised - External commercial borrowings - Non-Convertible debentures - Commercial Paper - Term Loans/ working capital loans/ Overdraft/ cash credit - Fees / charges in relation to above	10	Secured converted to unsecured or vice versa	10	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Interest expense on the loan raised	NA	Secured converted to unsecured or vice versa	10	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Fixed deposit made	10	Premature withdrawal / Variation in the basis of computation of deposit rates	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Fixed deposit accepted	10	Variation in the basis of computation of deposit rates	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Interest income / expense on fixed deposit made / accepted	NA	NA	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Assignment of loan including the servicing fees earned in relation to the assignment	10	NA	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Routine banking transactions in the current account maintained with bank in line with bank mandate (including collection or disbursement of loans and incidental bank charges)	NA	NA	NA	NA
Sale / purchase of government securities	10	NA	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Rent, maintenance and other fees/ charges	10	NA	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Remuneration, sitting fees, commission etc. to Key Managerial / Management Personnel	NA	NA	NA	The underlying policy approved by the Board / Committee governing the policy.
Donation for CSR	NA	NA	NA	The underlying policy approved by the Board / Committee governing the policy.

Annexure II

INFORMATION TO BE PROVIDED IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION
(TO THE EXTENT RELEVANT TO THE TRANSACTION)

i. Name, PAN of the Related Party and nature of relationship;

ii. Nature and duration of the contract/transaction and particulars thereof;

iii. Material terms of the contract or arrangement or transaction including the value, if any;

iv. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price/ value and / or material terms of the contract or arrangement including a justification to the proposed variations;

v. Any advance paid / received or to be paid / received for the contract or arrangement, if any;

vi. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;

vii. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.

viii. Applicable statutory provisions, if any;

ix. Valuation reports in case of sale or purchase or leasing/ renting of capital assets or securities; if any.

x. Justification as to the arm's length nature of the proposed transaction;

xi. Declaration whether the transaction is in the ordinary course of business;

xii. Any other information prescribed under applicable regulation or relevant for the Committee / Board to take a decision on the proposed transaction.

ANNEXURE TO DIRECTORS' REPORT - 4

GENERAL SHAREHOLDERS' INFORMATION

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

34th Annual General Meeting

Date: July 26, 2022
Day: Tuesday
Time: 03.00 P.M.

Venue: Audio Video Means

FINANCIAL YEAR

The Company follows Financial Year starting from April 1st of every year and ending on March 31st of the following year.

DIVIDEND PAYMENT

The Board of Directors of Company have not declared any dividend for the Financial Year 2021-22.

LISTING ON STOCK EXCHANGE

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

Stock Exchange	National Stock Exchange of India Limited (NSE)	BSE Limited (BSE)
Address	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.

LISTING FEES

The Company confirms payment of Annual Listing fees of NSE and BSE for Financial year 2022-23

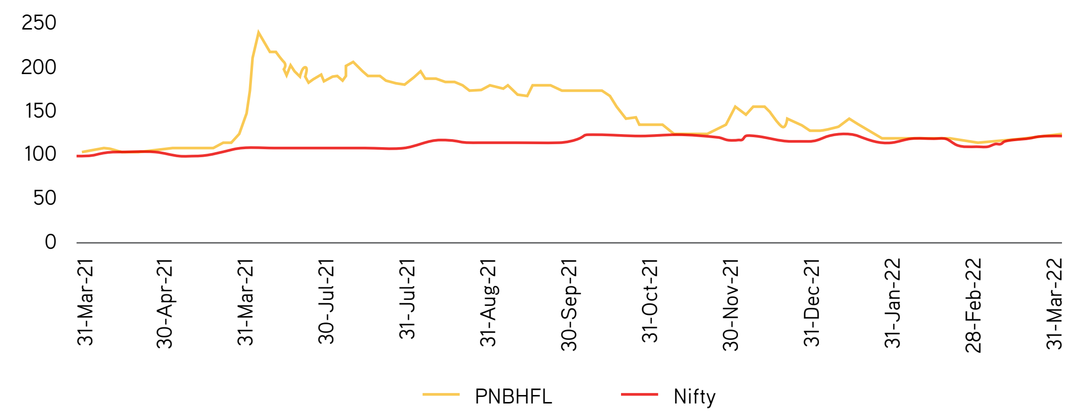
STOCK MARKET PRICE DATA

Price in ₹

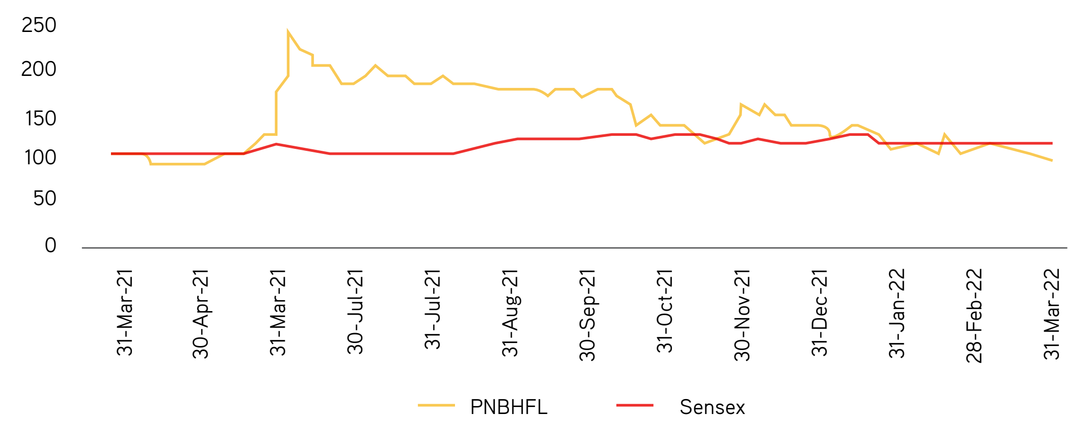
Month	NSE			BSE		
	High	Low	Total Equity Volume	High	Low	Total Equity Volume
Apr-21	408.00	350.00	34,67,583	407.65	350.00	3,50,860
May-21	525.65	357.50	1,13,28,519	525.20	356.90	7,02,446
Jun-21	925.00	630.75	1,78,88,001	924.00	630.20	12,64,867
Jul-21	784.40	665.00	17,51,269	794.00	665.00	1,68,216
Aug-21	753.70	615.00	12,54,840	756.45	618.15	2,03,779
Sep-21	675.95	615.00	17,88,349	675.15	607.10	1,51,528
Oct-21	660.00	479.00	45,86,791	660.00	479.15	4,64,727
Nov-21	550.75	443.10	45,81,238	550.95	443.30	7,81,446
Dec-21	602.50	480.00	90,28,685	602.05	480.00	9,98,446
Jan-22	533.70	400.10	85,73,003	534.15	403.00	10,65,835
Feb-22	467.00	378.20	84,81,852	466.55	379.00	8,62,441
Mar-22	435.00	370.00	79,66,835	437.00	370.10	7,84,361

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

PNBHFL vs Nifty



PNBHFL vs Sensex



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

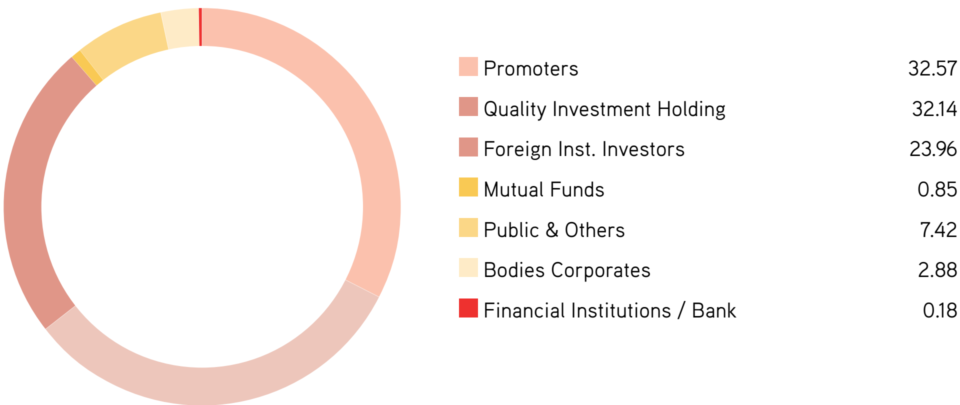
All the equity shares of the Company are held in dematerialized form except 7 shares which are in held in physical form. The shares are electronically traded in the Depository. The Registrar and Transfer Agent receives a weekly report from the Depository about the details of beneficiary and update their records.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2022

Sr.no.	Shareholding of Nominal Value (₹)			No. of Share Holders	% of Total	Share Amount (₹)	% of Total Share Amount
1	1	to	5000	1,17,876	97.19	5,62,13,210	3.33
2	5001	to	10000	1,764	1.45	1,38,31,470	0.82
3	10001	to	20000	741	0.61	1,11,28,640	0.66
4	20001	to	30000	284	0.23	71,43,760	0.42
5	30001	to	40000	128	0.11	45,71,240	0.27
6	40001	to	50000	104	0.08	48,77,230	0.29
7	50001	to	100000	173	0.14	1,25,76,130	0.74
8	100001	to	**********	213	0.17	1,57,56,43,870	93.45
			Total	**1,21,283**	**100.00**	**1,68,59,85,550**	**100.00**

Face Value (₹) : **10** NSDL Data as of : **March 31, 2022** CDSL Data as of : **March 31, 2022**

Shareholding Pattern as on March 31, 2022 (% Shareholding)



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

The Company does not have any outstanding convertible instruments as on March 31, 2022.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During Financial Year 2021-22, 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, 2021
Fixed Deposit	CRISIL Limited	FAA+ (Outlook-Negative)	No change	FAA+ (Outlook-Negative)
	CARE Ratings Limited	AA (Outlook- Stable)	No change	AA (Outlook- Stable)
Non-Convertible Debentures	CRISIL Limited	AA (Outlook- Negative)	No change	AA (Outlook- Negative)
	ICRA Limited	AA (Outlook- Stable)*	Outlook changed from Negative to Stable	AA (Outlook- Negative)
	India Ratings Limited	AA (Outlook- Negative)	No change	AA (Outlook- Negative)
	CARE Ratings Limited	AA (Outlook- Stable)	No change	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)	No change	AA (Outlook- Negative)
	CARE Ratings Limited	AA (Outlook- Stable)	No change	AA (Outlook- Stable)

*ICRA revised the outlook of rating to stable from negative vide press release dated April 12, 2022.

SECRETARIAL COMPLIANCE REPORT OF PNB HOUSING FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2022

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, 2022 ("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 ("Listing Regulations");

(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 ("SAST Regulations");

(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 and Sweat Equity) Regulations, 2021 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 prior to its repealment to the extent applicable;

(f) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 prior to its repealment to the extent applicable;

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

(h) 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;

(i) 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;

(j) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable during the year under review

(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 Listing Regulations, the Board of Directors of the listed entities shall have at least one independent woman director.	There was an intermittent vacancy of Independent Woman Director on the Board of Directors of the Company due to resignation of Ms. Shubhalakshmi Panse w.ef. January 05, 2021 and there was no woman director on the board of the Company as on till May 28, 2021.	There was an intermittent vacancy of Independent Woman Director on the Board of Directors of the Company due to resignation of Ms. Shubhalakshmi Panse w.ef. 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 Listing Regulations 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. Thereafter, National Stock Exchange of India Limited and BSE Limited has imposed fine of Rs. 318,600 (including GST) each and as confirmed by the Management same has been paid by the Company. The Company has made representation to the Waiver Committee of the stock exchanges(s) and the response is awaited.
2.	As per Regulation 57(4) of Listing Regulations states that the listed entity shall provide the statement containing the details of all the non-convertible securities for which interest/dividend/ principal obligations shall be payable during the coming quarter, within five working days prior to the beginning of the quarter.	Delay in disclosures has been made by the Company under Regulation 57(4) of Listing Regulations for quarter ended December 2021.	The Company has delayed in submission of the disclosures in terms of Regulation 57(4) of Listing Regulations for the quarter ended December 2021.
3.	As per SEBI Circular No. SEBI/HO/ DDHS/CIR/P/2019/115 dated October 22, 2019 and FAQs for listing of Commercial Papers states that the listed entity is required to submit a certificate confirming fulfillment of payment obligations of Commercial Paper, within 2 days of payment becoming due.	Delay filing as required under SEBI Circular No. SEBI/HO/DDHS/ CIR/P/2019/115 dated October 22, 2019 and FAQs for listing of Commercial Papers.	The Company has made intimation beyond the prescribed timeline stated under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2019/115 dated October 22, 2019 read with FAQs issued by SEBI for listing of Commercial Papers.

(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.

(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.
1	BSE Limited & National Stock Exchange Limited	Non – Compliance with 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 Listing Regulations	BSE Limited and NSE vide letter dated August 20, 2021 have levied penalty of Rs. 318,600 (including GST) regarding non-appointment of Independent Women Director on the Board during the period starting from April 27, 2021 to May 28, 2021	The details has been mentioned in point (a) (1) above.

The Company has obtained the approval of the Board to raise INR 4,000 crore through a preferential issue of equity shares and share warrants on a private placement basis, subject to the approval of shareholders and other regulatory approvals as may be required.

The Company did not submit the results of the said matter for EGM held on June 22, 2021 pursuant to SEBI communication. The Company filed an appeal before the Securities Appellate Tribunal ("SAT") and SAT passed an interim order that the EGM would be held on June 22, 2021, however the results would not be declared and be kept in a sealed cover.

Final order was pronounced by the SAT on August 9, 2021 wherein the Presiding Officer has allowed the Company's Appeal and quashed the SEBI Letter, while the Judicial Member has dismissed the Company's Appeal. In view of the difference in opinion between the members of the bench, SAT has directed the interim order passed in the matter to continue until further orders and the Appeal papers to be placed before the Presiding Officer on the administrative side for appropriate orders.

SEBI filed an appeal to the Hon'ble Supreme Court of India (SC). The Company decided not to proceed with the preferential issue. Consequently, the appeal filed by the Company against the SEBI has been rendered infructuous and the shareholder approval for the preferential issue has been rendered incapable of being received. The Company filed an application before SAT, seeking permission to withdraw the Appeal. SC dismissed the appeal filed by SEBI stating that the appeal has become infructuous due to subsequent developments.

(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 as follows	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	**Regulation 17(1)(a) of SEBI LODR, 2015:** There is intermittent vacancy of Independent Woman Director on the Board of Directors of the Company due to resignation of Ms. Shubhalakshmi Panse w.ef 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 Listing Regulations	March 31, 2021	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.	The details has been mentioned in point (a) (1) above.

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended as follows	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
2.	**Regulation 57(1) of SEBI LODR, 2015:** The intimation to the stock exchanges has made beyond the prescribed time regarding 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.	March 31, 2021	The Company has taken necessary actions to make such reporting within prescribed timeline.	We observed that during the review period, the Company has submitted requisite disclosures within prescribed timeline under regulation 57 (1) of Listing regulations. Therefore, no further comments from our side in this regard.
3	**Regulation 60(2) of SEBI LODR, 2015:** The Company has made delay in intimation of record date in respect of Series XX to National Stock Exchange of India Limited.	March 31, 2021	The Company has taken necessary actions to make such reporting within prescribed timeline.	We observed that during the review period, the Company has submitted requisite disclosures within prescribed timeline under regulation 60 (2) of Listing regulations. Therefore, no further comments from our side in this regard.

For Chandrasekaran Associates
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 1428/2021

Shashikant Tiwari
Partner
Membership No. F11919
Certificate of Practice No. 13050
UDIN: F011919D000430568
Date: 30.05.2022
Place: Delhi

i. 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, 2022 pertaining to Financial Year 2021-22.

VLA & ASSOCIATES

COMPANY SECRETARIES

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 ended on March 31, 2022 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	01.02.2022
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.	Dr. Gourav Vallabh**	02972748	22.04.2016	21.04.2021
6.	Mr. Ashwani Kumar Gupta	00108678	12.05.2017	-
7.	Dr. Tejendra Mohan Bhasin	03091429	02.04.2020	-
8.	Mr. Neeraj Madan Vyas	07053788	01.09.2020	-
9.	Mr. Sudarshan Sen	03570051	01.10.2020	-
10.	Mr. Kapil Modi	07055408	01.10.2020	-
11.	Mr. Rajneesh Karnatak	08912491	19.01.2021	21.10.2021
12.	Ms. Gita Nayyar***	07128438	29.05.2021	-
13.	Mr. Binod Kumar	07361689	12.01.2022	-
14.	Mr. Hardayal Prasad	08024303	10.08.2020	-

* 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.

** Dr. Gourav Vallabh ceased to be an Independent Director pursuant to completion of five years term on April 21, 2021

*** Ms. Gita Nayyar was appointed as an Independent Director w.e.f. May 29, 2021 for a term of three (3) years.

Mr. Atul Kumar Goel (DIN: 07266897) was appointed as Non-Executive Nominee Director with effect from April 28, 2022.

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: F007241D000391011

Date: 25.05.2022
Place: New Delhi

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CHANDRASEKARAN ASSOCIATES®
COMPANY SECRETARIES

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER LISTING REGULATIONS, 2015

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

We have examined all relevant records of PNB Housing Finance Limited ("**the Company**") for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended 31 March 2022. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof.

This certificate 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.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except, that there was an 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 Listing Regulations. 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. Thereafter, National Stock Exchange of India Limited and BSE Limited has imposed fine of ₹318,600 (including GST) each and as confirmed by the Management same has been paid by the Company. The Company has made representation to the Waiver Committee of the stock exchanges(s) and the response is awaited.

For Chandrasekaran Associates
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 1428/2021

Shashikant Tiwari
Partner
Membership No. FCS 11919
Certificate of Practice No. 13050
UDIN: F011919D000491145

Date: 14 June, 2022
Place: Delhi

Note: 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, 2022 pertaining to Financial Year 2021-22.

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,
	Punjab National Bank (Promoter)	a. Banking Transactions b. Loan transactions c. Credit facility d. Term deposit e. External Commercial Borrowings f. Sale and purchase of securities g. Assignment/securitization h. Fixed deposit made/ renewed i. Fixed deposit mature (The value of transactions are disclosed in notes to accounts)	April 01, 2021 to March 31, 2022	All the transactions are in ordinary course of business and at arms' length. The transactions with Punjab National Bank are 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 the 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

	Mr. Hardayal Prasad	**Atul Kumar Goel**
Date: June 14, 2022	Managing Director & CEO	Non-Executive Director
Place: New Delhi	DIN: 08024303	DIN: 07266897

ANNUAL BUSINESS RESPONSIBILITY REPORT (FY 2021-22)

SECTION A – GENERAL INFORMATION ABOUT THE COMPANY:

1.	**Corporate Identity Number (CIN) of the Company**	L65922DL1988PLC033856			
2.	**Name of the Company**	PNB Housing Finance Limited			
3.	**Registered office address**	9th Floor, Antriksh Bhawan, 22, K G, Marg, New Delhi-110001 Tel: 011-23445200,			
4.	**Website**	www.pnbhousing.com			
5.	**E-mail id**	investor.services@pnbhousing.com			
6.	**Financial Year Reported**	April 1, 2021 to March 31, 2022			
7.	**Listing on Stock Exchanges**	Equity shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)			
8.	**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
9.	**List key products/services that the Company provides**	List three key products/services that the Company manufactures/provide: 1. Housing Loans 2. Deposits 3. Non-housing Loan			
10.	**Total number of locations where business activity is undertaken by the Company:**				
	Number of International Locations	Nil			
	Number of National Locations	Branches: 99, Outreach offices: 38, Hubs: 22, Corporate office: 1			
11.	**Markets served by the Company Local/State/National/ International**	National			

SECTION B – FINANCIAL DETAILS OF THE COMPANY:

1.	**Paid-up Capital (₹)**	₹ 168.60 crore
2	**Total Turnover (₹) for the year ended March 31, 2022**	₹ 6,200.73 crore (consolidated)
3	**Total Profit After Tax (₹) for the year ended March 31, 2022**	₹ 836.48 (consolidated)
4	**Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax**	₹ 21.11 crore (which is 2% of the average net profits of the Company during the last 3 financial years, computed as per Section 198 of the Companies Act, 2013.)
5	**List of activities in which CSR expenditure has been incurred**	Refer to the Annual Report on CSR Activities annexed to the Directors' Report.

SECTION C - OTHER DETAILS:

1	**Does the Company have any subsidiary company/ companies?**	As on March 31, 2022, PNB Housing has two wholly owned subsidiaries, namely, PHFL Home Loans and Services Limited and PEHEL Foundation
2.	**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
3.	**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 - BUSINESS RESPONSIBILITY (BR) INFORMATION:

1	**Details of Director/Directors responsible for implementation of the BR policy/ policies**	
a.	**Details of the Director responsible for implementation of the BR policy**	Name: Mr. Hardayal Prasad DIN: 08024303 Designation: Managing Director & CEO

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 32.57%.

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 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, 2022, the Company has pan India presence through 99 branches, 38 outreach locations, 22 hubs, totalling to 159 distribution/processing 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 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.

2. Principle-wise as per National Voluntary Guidelines (NVGs) Business Responsibility Policies:

(a) Details of compliance (Reply in Y/N)

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**

(b) If answer to the question at serial number1 against any principle, is 'No', please explain why: (Tick up to 2 options):
Not Applicable

3. Governance related to BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. BR is available at https://www.pnbhousing.com/investor-relations/annual-reports/. The report is published annually.

SECTION E: PRINCIPLE-WISE PERFORMANCE:

PRINCIPLE 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 behaviour. 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 policies 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 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 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.

PRINCIPLE 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 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 Company has undertaken several digitalisation initiatives in its business that brings in time and cost efficiencies for both, borrowers and depositors. The ACE digital platform launched by the Company in FY21 for its customer on-boarding, has witnessed a phenomenal growth in on-boarding of new customers and is set to be the anchor of PNB Housing's transformation journey. More than 45,000 customers have been on-boarded through this platform since its inception. The Company is further working to strengthen the platform and create Straight Through Pass (STP) journey for its customers involving zero human intervention by using automated workflows and engines.

With the ACE digital platform, it will help in digitising the entire loan origination to documentation to disbursement process. During the year, the company has implemented robotic process automation (RPA) to enhance efficiency and reduce manual intervention for regulatory reporting. 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.

PRINCIPLE 3 Business should promote the wellbeing of all employees:

1.	Please indicate the Total number of employees as on March 31, 2022	1,425
2.	Please indicate the Total number of employees hired on temporary/ contractual/casual basis	NA
3.	Please indicate the Number of permanent women employees	233
4.	Please indicate the Number of permanent employees with disabilities	2
5.	Do you have an employee association that is recognized by management	NA
6.	What percentage of your permanent employees is members of this recognized employee association?	NA

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

S.No		No of complaints filed during the financial year	No of complaints pending as on end of the financial year
a.	Child labour/forced labour/involuntary labour	NA	NA
b.	Sexual harassment	1	Nil
c.	Discriminatory employment	Nil	Nil
8.	**What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**		
a.	Total Number of unique employees who have been trained	1,768	
b.	Total Number of training programs conducted	845	
c.	Total Number of Learning Hours	28,558	
d.	Total Number of Learning hrs per employee	16.15	
e.	Total Number of Learning Days per employee	2.02	
f.	Permanent women employees to whom training has been imparted	No. of participants - 2,998 No. of Unique employees – 287	

During the Financial Year 2021-22, 92.76% total employees have been trained and 90.54% female employees have been trained.

PRINCIPLE 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:

1. **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

2. **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.

   The Company through its CSR activities has partners with outside agencies towards projects aimed at underprivileged and marginalized sections of the society.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

Through our CSR initiatives, we are committed to design and implement projects that work towards socio-economic upliftment of construction workers. In FY 2021-22, the Company continued to work towards supporting its long-term initiative of providing holistic development to construction workers by supporting the skilling programmes for construction workers. We have significantly invested in initiatives related to healthcare, enabling access to formal education and water conservation. The Company upgraded the blood bank in Hyderabad in partnership with Give India by providing automated blood screening devices for children with Thalassemia. The center will support children from underprivileged background who are suffering from Thalassemia annually. The Company provided smokeless chulhas to rural households around Delhi NCR.

The Company is also investing in the long-term capital projects for the sustained benefit to the society. The Company supported Lotus Petal Foundation, a not-for-profit organisation for the construction of a new campus to provide education and skill development for children from less privileged backgrounds in the outskirts of Gurugram in Village Dhunela and also developed remote teaching units, directly impacting many students.

PRINCIPLE 5 Businesses should respect and promote human rights:

1. **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.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

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:

1. **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.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   The Company recognizes the risks associated with the climate change and global warming. The Company as a part of its CSR activities undertakes activities directly related to the environment such as:

   - The Company, through its CSR arm, Pehel Foundation, has collaborated for a water conservation project. 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.
   - CSR efforts towards COVID-19 includes:
     - Supported government hospitals.
     - Set up PSA technology based oxygen plant at a government hospital.
     - Provided ambulances as emergency pre-hospital medical care to the underprivileged.
     - Provided oxygen concentrators.
     - Supported PM Relief Fund
     - Contributed to the Prime Minister's National Relief Fund for COVID-19 emergency response.

3. **Does the company identify and assess potential environmental risks? Y/N**

   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 resurgence of second wave of COVID-19 virus during the first quarter of FY22 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.

4. **Does the company have any project related to Clean Development Mechanism?**

   The Company does not have any project related to Clean Development Mechanism

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page 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 continues to contribute 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.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Not Applicable

7. **Number of show cause/ legal notices received from CPCB/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.

1. **Whether the company is a member of any trade and chamber or association? If Yes, name only those major ones that the business deals with:**

   The Company is a preferred partner of Confederation of Real Estate Developers' Associations of India (CREDAI) an apex body representing private Real Estate developers.

2. **Has the company advocated/lobbied through above associations for the advancement or improvement of public good?**

   Yes, the Company worked towards public good through its initiatives of physical transformation and upgradation of infrastructure in rural, semi urban and urban locations. Details given below.

PRINCIPLE 8 Businesses should support inclusive growth and equitable development:

1. **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) for Financial Year 2021-22.

   Company has contributed through its CSR activities, details given below.

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, through our section 8 Company i.e. Pehel Foundation, we have partnered with various implementing agencies such as CREDAI CSR Foundation, SM Sehgal Foundation, Don Bosco Tech Society, Haqdarshak, Lotus Petal Foundation, NABET, Vidya, Manjari Foundation, CSRBox Foundation (SMEC Trust), Give India, American India Foundation Trust, JK Cement Nimbahera Foundation, Niramay Charitable Trust and Spherule Foundation. With these implementing agencies, we have designed and executed various programmes on the key thematic areas such as skilling of construction workers, improving access to healthcare, ensuring education to underprivileged children, environment and water conservation and COVID-19 relief work, etc.

3. **Has the company done any impact assessment of its 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.

4. **What is your company's direct contribution to community development projects – Amount in ₹ and the details of the project undertaken?**

   In Financial Year 2021-22, the Company has spent ₹23.21 crore (consolidated) (which is 2% of the average net profit of the preceding three financial years) on community development initiatives. Further details are in the Annual Report 2021-22 on Corporate Social Responsibility Activities.

   Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalised groups
	PNB Housing Finance Ltd.		
1	To train persons in Construction related trades such as electrician carpenter and plumber	230	100%
2	Setting up of 2 Physical Centres to train Persons in Construction related trade	360	100%
3	To provide on the Job Training to Construction Workers	500	100%
4	To enable access of Construction Workers to various entitlements and Schemes of Govt. of India	10,000	100%
5	Providing Access to e-learning in Government Schools (Hybrid Model)	2,500	100%
6	To support Construction of Skill Development Building for Underprivileged Children in Dhunela, Gurugram	17,000	100%
7	Set up Micro Enterprise of Sanitary Pad Manufacturing Unit at IMT Manesar to be operated by Persons with Disability	100	100%
8	Support operational cost of running one VIDYA School at Panchsheel Delhi	250	100%
9	To provide refurbished laptops to orphaned and underprivileged children	40	100%
10	Provide 3D Printer for Prosthetics to NIEPMD through Altem Techologies at Chennai	200	100%

S. No.	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalised groups
11	To provide automated blood screening devices for Thalassemia patients	3,000	100%
12	To set up ear and hearing clinic (audio biology lab) for underprivileged	1,000	100%
13	To strengthen infrastructure at 5 Primary Healthcare Centres (PHCs), Community Health Centres (CHCs)	2,50,000	100%
14	To provide drinking water in 2 Villages at Chittorgarh, Rajasthan	1,000	100%
15	Plantation of saplings to create Miyawaki Forest	10,000	100%
16	To install Community Drinking Water Plants at 5 locations	15,000	100%
17	To set up waste collection and composting facility	2,000	100%
18	Jal Khushhali II- A Water Conservation Project	700	100%
19	Setting up a 20 bedded ICU Facility	960	100%
20	Setting up a 50 bedded ICU Facility	2,400	100%
21	Establishing PSA Technology Based Oxygen Plant in a Government Hospital	36,600	100%
22	Provide Oxygen Concentrators for Community at Large	10	100%
23	To maintain and operate two ambulances to be used for well being of underprivileged in the Society	150	100%
24	Development of "Building Construction Excellence Finishing School" & "Painting & Decorating Excellence Center"	500	100%
25	Establishment of five Pehel Smart Anganwadi centres for improved learning, growth and health outcomes for children	250	100%
26	Establishment of three Pehel Smart Schools	1,000	100%
27	To provide smokeless chulhas to persons in rural areas around Delhi NCR	4,000	100%
28	Support girls' hostel by providing bunk beds, mattresses, pillows and bedsheets.	110	100%
29	PM Relief Fund	NA	100%
	PHFL Home Loans and Services Pvt. Ltd.		
30	To set up IT Labs in Higher Education Institutions in Greater Mumbai Area for Accelerating Women's Transition to Workforce	750	100%
31	Set up Spice Unit for Strengthening Rural Livelihoods	38	100%
32	Set up Garment Production Unit	30	100%
33	Inclusion of Persons with Visual Impairment through Assistive Technology Devices	250	100%
34	Donation to PM Relief Fund	NA	100%

Under the CSR initiatives, the Company has impacted 3.5 lakh (consolidated) people during Financial Year 2021-22.

5. 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 and has taken a number of initiatives 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. 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

1. **What percentage of customer complaints/ consumer cases are pending as at 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 10 customer complaints pending in the system which were subsequently resolved (insignificant in percentage term). For the Financial Year 2021-22, 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

OPINION

We have audited the accompanying Standalone Financial Statements of PNB Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31 2022, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity 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") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs), as 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

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 for the financial year ended March 31, 2022. 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 matters	How our audit addressed the key audit matter
Allowance for Expected Credit Loss (ECL) on loan assets	
The Company has reported total gross loans of ₹ 57,939.68 crore and ₹ 2,558.94 crore of allowance for expected credit loss as on March 31, 2022 (Refer Note 6). The allowance for ECL on loan assets involves significant key judgements and estimates in respect of timing and measurement of expected credit loss (Refer Note 2.20). As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation, with a potential impact on the financial statements. The major elements of estimating ECL are the following: a) Application of ECL model requires several data inputs. b) Judgmental models used to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.	Our audit approach was a combination of test of internal controls and substantive procedures which includes the following: a) Testing the design and effectiveness of internal controls over the following: • key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • key controls over the application of the staging criteria consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors. • management's controls over authorisation and calculation of post model adjustments and management overlays to the output of the ECL model. b) In addition to above the following audit procedures have been applied; • testing of key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data, reasonableness of economic forecasts, weights, and model assumptions applied;

Key audit matters	How our audit addressed the key audit matter
c) Qualitative and quantitative factors used in staging of loan assets. d) Ind AS 109 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. e) Completeness and valuation of post model adjustments.	• 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. • tested mathematical accuracy and computation of the allowances by using the input data used by the Company; c) Evaluating the appropriateness of the Company's impairment methodologies as required under Ind AS 109 and reasonableness of assumptions used including management overlays ensuring that the adjustment to ECL Model was in conformity with the policy approved by the Audit Committee.
Information Technology (IT) Systems and Controls	
The Company uses ERP system for financial reporting which interface with other business operation softwares' that process transactions related to loans, deposits and borrowings. The Company's key financial accounting and reporting processes are highly dependent on the automated controls implemented in IT systems. If there exist gaps in the IT control environment, then it could result in the financial accounting and reporting records being materially misstated.	Our key audit procedures on this matter includes, but were not limited, to the following: (a) obtained an understanding of the Company's information processing systems, IT General Controls and automated IT controls for applications, databases and operating systems relevant to our audit; (b) Also, obtained an understanding of the changes that were made to the IT applications during the audit period; (c) Also, performed following procedures: (i) tested the IT General Controls around user access management, changes to IT environment and segregation of duties around program maintenance and security administration relating to key financial accounting and reporting processes; (ii) tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization; and (iii) tested the automated controls like interfaces, configurations and information generated by the entity's information processing systems for loans, borrowings, deposits, interest income, interest expense and other significant financial statement items.

OTHER MATTER

The financial statements for the year ended March 31, 2021, included in the accompanying financial statements have been audited by predecessor auditor whose audit report dated April 27, 2021 expressed unmodified opinion. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Standalone Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

RESPONSIBILITIES OF MANAGEMENT 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

INDEPENDENT AUDITORS' REPORT

preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flow and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S 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 for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' 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, 2020 ("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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, 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 purposes 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 the Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to these Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;

   (g) In our opinion, the remuneration paid/ provided by the Company for its directors and managers for the year ended March 31, 2022 is in accordance with the provisions of section 197 read with Schedule V to 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 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 to the Standalone Financial Statements;

      iii. The Company was regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund;

      iv. a. The management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether,

INDEPENDENT AUDITORS' REPORT

directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above contain any material misstatement;

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year. Therefore, reporting in this regard is not applicable to the Company.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner
Membership No. 088926
UDIN : 22088926AHZCDG1590

Date : April 28, 2022
Place : New Delhi

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg. No. 006711N/N500028

Neena Goel
Partner
Membership No. 057986
UDIN : 22057986AIFAJN1753

Date : April 28, 2022
Place : New Delhi

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF PNB HOUSING FINANCE LIMITED ON THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

(Referred to in paragraph 1 of our report on the other legal and regulatory requirements)

(i) a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.

(B) The Company is maintaining proper records showing full particulars of intangible assets.

b. The Company has a regular programme of physical verification of its property, plant and equipment by which property, plant and equipment are verified once in two years, which in our opinion, is reasonable having regard to the size of the Company and nature its property, plant and equipment. In accordance with this programme, property, plant and equipment were physically verified during the year and no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and based on examination of the records and registered sale deeds / transfer deeds / conveyance deeds provided to us, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date, except the following, which are presented as properties under the head of non-current assets held for sale:

Description of Property	Gross Carrying value (₹ in Crore)	Held in name of	Whether promoter, Director or their relative or employee	Period held – Indicate range, where Appropriate	Reason for not being held in name of company*
Lands [62 Nos]	73.20	Respective borrowers	No	January 2013 to March 2020	Possession of assets taken under SARFAESI Act, 2002 and Security interest (Enforcement) Rules, 2022. The Company is in the process of selling the immovable properties.
Buildings [186 Nos]	148.63	Respective borrowers	No	January 2013 to March 2021	

d. The Company has not revalued its property, plant and equipment (including right of use assets) and intangible assets during the year. Therefore, the provisions of clause 3(i)(d) of the Order are not applicable to the Company.

e. According to information and explanations given by the management and based on examination of the records, no proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Therefore, provisions of clause 3(1)(e) of the Order are not applicable to the Company.

(ii) a. Based on our examination of the books of accounts of the Company, the Company has no inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.

b. As per the information and explanations given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Further, we have not come across any difference between the information submitted in the quarterly returns / statements filed by the Company with such banks or financial institutions when compared with the books of account (principal outstanding) and other relevant information provided by the Company.

(iii) a The Company's principal business is to give loans. Therefore, the provisions of clause 3(iii)(a) of the Order are not applicable to the Company.

b. According to the information and explanations given to us, the Company has not provided any guarantees or given any security or advances in the nature of loan during the year. Further, the investments made and the terms and conditions of the grant of loans during the year, are not prima facie prejudicial to the interest of the Company.

c. In respect of loans assets, the schedule of repayment of principal and payment of interest has been stipulated. Except for loans where there are delays or defaults in repayment of principal and / or payment of interest as at the balance sheet date, in respect of which the Company has disclosed the accounting policy in note no 2.20 and asset classification / staging in note 6.2 to the Standalone Financial Statements in accordance with Ind AS and the guidelines issued by the regulators, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable. Having regard to the nature of the Company's business and the voluminous nature of loan transactions involved, it is not practicable to furnish entity wise list of loan assets where delinquencies in the repayment of principal and interest have been identified.

d. The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans including interest thereon, as at March 31, 2022 is Rs. 4,557.23 crore (5,073 cases). Reasonable steps have been taken by the Company for recovery of the principal and interest as stated in the applicable Regulations and Loan agreements.

e. According to the records of the Company examined by us, the Company is engaged primarily in lending activities. Therefore, the provisions of clause 3(iii)(e) of the Order are not applicable to the Company.

f. According to the records of the Company examined by us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Therefore, the provisions of clause 3(iii)(f) of the Order are not applicable to the Company.

(iv) The Company has not granted any loans, made investments or provided guarantee or securities that are covered under the provision of section 185 or 186 of the Act during the year. Therefore, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has complied with the directives issued by the Reserve Bank of India with regard to the deposits accepted and amounts deemed to be deposits during the year. The Company being a Housing Finance Company registered with National Housing Bank provisions of sections 73 to 76 or any other relevant provisions of the Act, and the Companies (Acceptance of Deposits) Rules, 2014, as amended are not applicable. According to the information and explanations given to us, 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.

(vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act for the business activities carried out by the Company. Therefore, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) a. According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value Added tax, Cess and other statutory dues as applicable, with the appropriate authorities. There were no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.

b. According to the information and explanation given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) on account of any dispute except followings:

Name of Statue	Nature of disputed dues	Amount (₹ in crore)*	Period to which it relates	Forum where dispute is pending
Income Tax Act	Income Tax Demand/ Penalty/ Interest	14.09	A.Y. 2017-18 to A.Y. 2019-20	CIT (A)
Income Tax Act	Income Tax Demand/ Penalty/ Interest	1.84	A.Y. 2016-17	ITAT
Income Tax Act	Income Tax Demand/ Penalty/ Interest	0.78	A.Y. 2014-15 to A.Y. 2015-16	Assessing Officer

* net of amount deposited under protest

(viii) According to the information and explanation given to us and based on examination of the records, there were no transactions which have not been recorded in the books of account, have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Therefore, provisions of clause 3(viii) of the Order are not applicable to the Company.

(ix) a. The Company has not defaulted in repayment of loan or other borrowings or in the payment of interest thereon during the year.

b. According to information and explanations given by the management, the Company has not been declared willful defaulter by any bank or financial institution or other lender during the year.

c. According to the information and explanations given to us and based on examination of the records, the term loans raised during the year were applied for the purposes for which the loans were raised other than temporary deployment pending application of proceeds.

d. According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that funds raised on short-term basis have, prima facie not been used for long-term purposes by the Company.

e. 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 taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

f. According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries

(x) a. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(x)(a) of the Order are not applicable to the Company.

b. The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally) during the year. Therefore, the provisions of clause 3(x)(b) of the Order are not applicable to the Company.

(xi) a. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year nor have we been informed of any such case by the management except frauds discovered by the Company aggregating ₹ 0.83 crore committed by two employees by misappropriation of deposits and ₹ 3.21 crore committed by customers by falsification of documents.

b. According to the information and explanation given to us and to the best of our knowledge, no report under subsection (12) of section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

c. As represented to us by the management, there were no whistle blower complaints received by the Company during the year. Therefore, the provisions of clause 3(xi)(c) of the Order are not applicable to the Company.

(xii) The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the Standalone Financial Statements, as required by the applicable Indian Accounting Standards.

(xiv) a. Based on our examination, the Company has an adequate internal audit system commensurate with the size and nature of its business;

b. We have considered, the internal audit reports of the Company issued till date for the period under audit.

(xv) According to the information and explanations given to us, in our opinion the Company has not entered into any non-cash transactions with its directors or persons connected with them and during the year hence provision of section 192 of the Act are not applicable to the Company. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.

(xvi) a. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi)(a) of the Order are not applicable to the Company.

b. The Company is a registered Housing Finance Company (HFC) and holds a valid Certificate of Registration (CoR) from National Housing Bank and hence reporting under paragraph 3(xvi)(b) of the Order is not applicable to the Company.

c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provisions of clause 3(xvi)(c) of the Order are not applicable to the Company.

d. According to the representations given by the management, there is no CIC as part of the Group. Therefore, the provisions of clause 3(xvi)(d) of the Order are not applicable to the Company.

(xvii) The Company has not incurred cash losses in current year and in immediately preceding financial year. Therefore, the provisions of clause 3(xvii) of the Order are not applicable to the Company.

(xviii) There has been resignation of statutory auditors during the year in compliance with RBI Circular no. RBI/2021-22/25 Ref. No. DoS. CO. ARG/SEC.01/08.91.001/2021-22, "Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" dated April 27, 2021 and no issue, objection or concern was raised by the erstwhile auditor.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, expected dates of realization of financial assets and payment of financial liabilities, assets liability maturity (ALM) pattern and other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Act or special account in compliance with the provision of section 135(6) of the Act. Therefore, the provisions of clause 3(xx) of the Order are not applicable to the Company.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner
Membership No. 088926
UDIN : 22088926AHZCDG1590

Date : April 28, 2022
Place : New Delhi

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg. No. 006711N/N500028

Neena Goel
Partner
Membership No. 057986
UDIN : 22057986AIFAJN1753

Date : April 28, 2022
Place : New Delhi

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF PNB HOUSING FINANCE LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Referred to in paragraph 2(f) of our report on the other legal and regulatory requirements)

We have audited the internal financial controls with reference to Standalone Financial Statements of PNB Housing Finance Limited ('the Company") as of March 31, 2022 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 the 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. 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements 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 Institute of Chartered Accountants of India and deemed to be 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, 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 with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Standalone Financial Statements included obtaining an understanding of Internal Financial Controls with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A Company's Internal Financial Controls with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2022, 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 Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner
Membership No. 088926
UDIN : 22088926AHZCDG1590

Date : April 28, 2022
Place : New Delhi

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg. No. 006711N/N500028

Neena Goel
Partner
Membership No. 057986
UDIN : 22057986AIFAJN1753

Date : April 28, 2022
Place : New Delhi

STANDALONE BALANCE SHEET

as at March 31, 2022

(₹ in crore)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	3	4,964.37	6,906.43
Bank balance other than cash and cash equivalents	4	150.47	0.07
Derivative financial instruments	15	242.25	-
Receivables			
Trade receivables	5	39.02	15.03
Other receivables		-	-
Loans	6	55,380.74	60,687.37
Investments	7	3,472.02	2,032.92
Other financial assets	8	673.91	906.08
		64,922.78	**70,547.90**
Non- financial assets			
Current tax assets (net)	9.1	37.55	-
Deferred tax assets (net)	10	398.80	429.48
Investment property	11	0.53	0.54
Property, plant and equipment	12	71.33	81.68
Right of use assets	12	60.39	78.00
Capital work-in-progress	12.1	-	0.01
Intangible assets under development	12.2	3.54	2.37
Other Intangible assets	13	17.74	20.43
Other non- financial assets	14	27.81	35.63
Assets held for sale	35	108.83	136.48
		726.52	**784.62**
Total		**65,649.30**	**71,332.52**
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 enterprises and small enterprises		27.14	27.80
Other payable			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	17	6,201.97	11,461.48
Borrowings (other than debt securities)	18	27,715.84	29,746.34
Deposits	19	17,648.97	16,747.42
Subordinated liabilities	20	1,438.18	1,438.58
Other financial liabilities	21	2,502.94	2,659.48
		55,535.04	**62,132.54**
Non-financial liabilities			
Current tax liabilities (net)	9.2	-	65.59
Provisions	22	17.12	17.97
Other non-financial liabilities	23	296.60	249.24
		313.72	**332.80**
Equity			
Equity share capital	24	168.60	168.27
Other equity	25	9,631.94	8,698.91
Total equity		**9,800.54**	**8,867.18**
Total		**65,649.30**	**71,332.52**
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 T R Chadha & Co LLP
Chartered Accountants
FR No. : 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For Singhi & Co.
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: April 28, 2022

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(₹ in Crore)

Particulars	Notes	Current Year	Previous Year
Revenue from operations			
Interest income	26	5,792.65	7,191.62
Fees and commission income	27	239.34	142.26
Net gain on fair value changes	28	109.10	160.79
Income on derecognised (assigned) loans		-	70.53
Total revenue from operations		**6,141.09**	**7,565.20**
Other income		4.83	18.78
Total income		**6,145.92**	**7,583.98**
Expenses			
Finance costs	29	4,065.63	5,100.40
Impairment on financial instruments	30	576.38	861.83
Employee benefits expenses	31	180.05	176.37
Fees and commission expenses		9.00	6.68
Depreciation, amortisation and impairment		53.18	58.78
Other expenses	32	198.91	193.20
Total expenses		**5,083.15**	**6,397.26**
Profit before exceptional items & tax		1,062.77	1,186.72
Exceptional items		-	-
Profit before tax		**1,062.77**	**1,186.72**
Tax expense/(credit)			
Current tax	33	242.56	407.96
Deferred tax ((credit)/ charge)	33	(1.71)	(146.46)
Profit for the year		**821.92**	**925.22**
Other comprehensive income/(loss)			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan		0.43	1.68
(ii) Tax relating to items that will not be reclassified to profit or loss		(0.11)	(0.42)
Subtotal (A)		**0.32**	**1.26**
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		128.69	(30.08)
(ii) Tax relating to items that will be reclassified to profit or loss		(32.39)	7.57
Subtotal (B)		**96.30**	**(22.51)**
Other comprehensive income/(loss) (A + B)		**96.62**	**(21.25)**
Total comprehensive income for the year		**918.54**	**903.97**
Earnings per equity share (Face value of ₹ 10/- each fully paid up)			
Basic (₹)	34	48.78	55.01
Diluted (₹)	34	48.67	54.98
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 T R Chadha & Co LLP
Chartered Accountants
FR No. : 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For Singhi & Co.
Chartered Accountants
FR No. : 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: April 28, 2022

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

(₹ in crore)

Particulars	Equity share Capital	Other equity*					Other comprehensive income	Total other equity	Total equity
		Reserves and surplus							
		Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
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
Changes in Equity Share Capital due to prior period errors	-								-
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	168.19	4,044.33	813.76	126.97	67.32	2,920.79	(194.20)	7,778.97	7,947.16
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
Total comprehensive income for the year	-	-	-	-	-	926.48	(22.51)	903.97	903.97
Transfer to special reserve#	-	-	197.00	-	-	(197.00)	-	-	-
Transfer to statutory reserve##	-	-	-	-	-	-	-	-	-
Equity shares issued during the year	0.08	2.66	-	-	-	-	-	2.66	2.74
Employee stock option exercised during the year (Refer Note 24.8)	-	0.91	-	-	(0.91)	-	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	13.30	-	-	13.30	13.30
Transfer on account of stock option lapsed/ expired	-	-	-	-	(6.42)	6.42	-	-	-
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
Changes in Equity Share Capital due to prior period errors	-								-
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	168.27	4,047.90	1,010.76	126.97	73.29	3,656.70	(216.71)	8,698.91	8,867.18
Profit for the year	-	-	-	-	-	821.92	-	821.92	821.92
Fair value changes on derivatives	-	-	-	-	-	-	96.30	96.30	96.30
Remeasurement of net defined benefit liabilities/ assets	-	-	-	-	-	0.32	-	0.32	0.32
Total comprehensive income for the year	-	-	-	-	-	822.24	96.30	918.54	918.54
Transfer to special reserve#	-	-	124.00	-	-	(124.00)	-	-	-
Transfer to statutory reserve##	-	-	-	41.00	-	(41.00)	-	-	-
Equity shares issued during the year	0.33	10.82	-	-	-	-	-	10.82	11.15
Employee stock option exercised during the year (Refer Note 24.8)	-	3.69	-	-	(3.69)	-	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	3.67	-	-	3.67	3.67
Transfer on account of stock option lapsed/ expired	-	-	-	-	(17.73)	17.73	-	-	-
Balances as at March 31, 2022	168.60	4,062.41	1,134.76	167.97	55.54	4,331.67	(120.41)	9,631.94	9,800.54

*Refer Note 25 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 ₹ 124.00 crore (Previous year ₹ 197.00 crore) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹ 41.00 crore (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 T R Chadha & Co LLP
Chartered Accountants
FR No. : 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For Singhi & Co.
Chartered Accountants
FR No. : 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: April 28, 2022

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

STANDALONE STATEMENT OF CASH FLOW

for the year ended March 31, 2022

(Indirect Method)

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,062.77	1,186.72
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	53.18	58.78
Net loss on sale of property, plant and equipment	0.19	3.71
Impairment on financial instruments	14.35	778.75
Impairment on assets held for sale	7.86	26.64
Net loss on financial asset at fair value through profit and loss	10.06	4.43
Share based payment expense	3.67	13.30
Effective interest rate on financial assets	33.50	20.22
Effective interest rate on financial liabilities	109.64	(40.96)
Interest expenses	4,059.12	5,076.40
(Unwinding)/Income on derecognised (assigned) loans	232.13	(172.22)
Restructure gain on financial assets	(13.93)	(62.11)
Interest on leases including modification gain/(loss)	6.51	6.95
Bad debts written-off	562.03	83.07
	5,078.31	**5,796.96**
Operating profits before changes in working capital	6,141.08	6,983.68
Working Capital changes		
(Decrease)/increase in trade payables	(0.66)	(55.74)
(Decrease)/increase in provisions	(0.42)	3.22
(Decrease)/increase in other financial liabilities	(13.46)	271.29
Increase/(decrease) in non-financial liabilities	47.36	(268.06)
Decrease/(increase) in loans at amortised cost	4,722.27	5,161.63
(Increase)/decrease in trade receivables	(23.99)	(9.19)
Decrease/(increase) in other financial asset	0.53	(34.43)
Decrease/(increase) in other non-financial asset	7.82	(5.27)
Proceeds from sale of asset held for sale	19.79	43.44
(Increase)/decrease in bank balance other than cash and cash equivalents	(150.40)	0.00
	4,608.84	**5,106.89**
Cash generated from/ (used in) operations before adjustments for interest and taxes paid	**10,749.92**	**12,090.57**
Interest Paid	(4,185.94)	(5,219.83)
Taxes paid (net of refunds)	(345.81)	(305.18)
Net cash generated from/ (used in) operating activities	**6,218.17**	**6,565.56**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(13.97)	(7.70)
Capital work-in-progress and intangible assets under development (net)	(1.16)	1.69
Proceeds from sale of property, plant and equipment and other intangible assets	0.13	0.37
Investments (net)	(1,461.23)	10.97
Net cash (used in) /generated from investing activities	**(1,476.23)**	**5.33**

STANDALONE STATEMENT OF CASH FLOW

for the year ended March 31, 2022

(Indirect Method)

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from financing activities*		
Proceeds from		
Debt securities and subordinated liabilities	455.00	1,690.00
Borrowings from bank	19,698.27	18,181.48
Deposits (net)	901.39	631.32
Commercial paper	-	2,125.00
Repayment of		
Debt securities and subordinated liabilities	(4,673.00)	(8,746.00)
Borrowings from bank	(21,920.17)	(20,612.66)
Commercial paper	(1,125.00)	(1,416.00)
Lease Liability	(31.64)	(32.80)
Proceeds from issue of share capital including securities premium	11.15	2.74
Net cash (used in) / generated from financing activities	**(6,684.00)**	**(8,176.92)**
Net changes in cash & cash equivalents	**(1,942.06)**	**(1,606.03)**
Cash or cash equivalents at the beginning of the year	6,906.43	8,512.46
Cash or cash equivalents at the end the of the year	4,964.37	6,906.43
Net (decrease) / increase of cash & cash equivalents during the year	**(1,942.06)**	**(1,606.03)**
Components of cash and cash equivalents		
Cash on hand	1.12	0.87
Balances with banks in current accounts	511.65	932.72
Bank deposit with maturity of less than 3 months	4,451.60	5,972.84
Stamps on hand	-	0.00
	4,964.37	**6,906.43**

*Refer Note 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 T R Chadha & Co LLP
Chartered Accountants
FR No. : 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For Singhi & Co.
Chartered Accountants
FR No. : 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: April 28, 2022

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 1: OVERVIEW

Note 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 28, 2022.

Note 1.2. Statement of Compliance and basis of preparation and presentation

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 as amended from time to time. The Statement of Cash Flows has been prepared and presented as per Ind AS 7 Statement of Cash Flows.

The standalone financial statements have been prepared under the historical cost convention on accrual basis except where quantum of accruals cannot be ascertained with reasonable certainty. Following are measured on each reporting date:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.
- Financial instrument - 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 as amended from time to time and the Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Directions') as amended from time to time.

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 17, 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 (₹) which is the functional and presentation currency of the Company and all values are rounded to the nearest crore 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 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.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Note 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 behavioral 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 behavior and life-cycle of the instruments, as well as 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.

f) **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

g) **Deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

h) **Useful Life of Property, Plant and Equipment (PPE) and Intangible assets**

The Company reviews its estimate of the useful life of PPE and intangible assets at each reporting date, based on the expected utility of the PPE and intangible assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of PPE and intangible assets. In case of a revision of useful life, the unamortised depreciable amount is charged over the remaining useful life of the PPE and intangible assets.

i) **Share-Based Payments**

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Note 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.

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for the year ended March 31, 2022

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 consists of cash at banks and on hand and short term deposits, as defined above.

Note 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 recognised in accordance with the terms of the relevant contracts / agreements and when it is probable that the Company will collect the consideration.

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.

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

Note 2.4 Property, plant and equipment (PPE) and Intangible assets

a) PPE

PPE are stated at cost (including directly attributable expenses) less accumulated depreciation and impairment losses, if any. Cost includes deemed cost which represents the carrying value of PPE recognised as at April 1, 2017 measured as per the previous Generally Accepted Accounting Principles (GAAP).The cost of PPE 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 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. 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. Any gain or loss arising on derecognition 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 directly attributable 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. 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 Intangible assets 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 derecognition 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

Note 2.5 Depreciation and amortisation

a) Depreciation

Depreciation on PPE 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 based on technical evaluation. Leasehold improvements are amortised over the period of five years however, where the lease term is less than five years amortisation is restricted to the underlying lease term.

All PPE individually costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to PPE is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of PPE 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 PPE 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 or less 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 or the life whichever is less.

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.

Note 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.

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 a registered 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.

Note 2.7 Foreign 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

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

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.

Note 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.

Company as a Lessor

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.

Note 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.

Note 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.

Note 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.

Note 2.12 Employee Benefits

- **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.

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, excluding amounts included in net interest on the net defined benefit liability, the effect of the asset ceiling, 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

- **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

- **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.

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Note 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.

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.

Note 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.

Note 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 received and the 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 FVTOCI

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 or 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 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.

Offsetting a Financial Asset and a Financial Liability

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Note 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.

Note 2.17 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In

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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.

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.

Note 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 has not been reclassified.

Note 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 derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

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.

Note 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 – 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.

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.
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	90+/ NPA	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses regulatory definition as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

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for the year ended March 31, 2022

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 Ind AS 109. PD is defined as the probability that a borrower will be unable to meet their 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 assets 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.

- 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 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 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 are considered for determining the LGD including time taken for resolutions, 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:

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). PD s are further stressed basis operational variables like construction variance, sales velocity, resolution team feedback etc. 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:

i. Those stage 1 loan assets where underlying property is under construction and expected construction progress is likely to remain slow based on historical data / market feedback.

ii. Those stage 1 assets which are restructured under RBI OTR scheme of Aug 2020 and May 2021 and have shown higher degree of risk basis their performance with us and/or with other financial institutions.

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 identifies 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 macro economic 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 macro economic 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 macro economic overlay. Identification of relevant macro economic 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 macro economic variables (MEVs) of the final model were used to generate multiple simulations for forecasting 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 macro economic 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.

Note 2.21 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under Note 2.20.

Note 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.

Note 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

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.

Note 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.

Note 2.25 Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Deposit remaining unclaimed for more than seven years have been transferred to the Investor Education and Protection Fund (IEPF). 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.

Note 2.26 Securities Premium

Securities 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

Securities 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.

Note 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 SARFAESI 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 assets and they are measured at the lower of their carrying amount and the fair value less costs of disposal.

Note 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 as amended from time to time.

Note 2.29 Investment in subsidiaries

Investments in subsidiaries are measured at cost as per Ind AS 27 – Separate Financial Statements.

NOTE 3: CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	1.12	0.87
Balances with banks in current accounts	511.65	932.72
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	4,451.60	5,972.84
Stamps on hand	-	0.00
Total	**4,964.37**	**6,906.43**

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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Bank Deposits (More than 3 months & upto 12 months)	150.40	-
Earmarked balances with bank (Refer Note 4.1)	0.07	0.07
Total	**150.47**	**0.07**

Note 4.1: Earmarked balances with bank include unclaimed dividend on equity shares.

NOTE 5: RECEIVABLES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
Receivable considered good- Secured	-	-
Receivable considered good- Unsecured (Refer Note 5.2)	0.04	0.00
Receivables from related parties	38.98	15.03
Receivables which have significant increase in credit risk	-	-
Receivables – credit impaired	-	-
	39.02	**15.03**
Less : Provision for impairment	-	-
Total	**39.02**	**15.03**

Note 5.1: Trade Receivables ageing

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment — As at March 31, 2022					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	38.98	0.04	-	-	-	-	39.02
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Unbilled Trade Receivables	-	-	-	-	-	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment					
		As at March 31, 2021					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	15.03	-	-	-	-	-	-
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Unbilled Trade Receivables	-	-	-	-	-	-	-

Note 5.2: 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.

NOTE 6: LOANS (AT AMORTISED COST)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Term Loans	57,939.68	63,231.48
Total Gross	**57,939.68**	**63,231.48**
Less: Impairment loss allowance	2,558.94	2,544.11
Total Net	**55,380.74**	**60,687.37**
Secured by tangible assets	57,939.68	63,231.48
Total Gross	**57,939.68**	**63,231.48**
Less: Impairment loss allowance	2,558.94	2,544.11
Total Net	**55,380.74**	**60,687.37**
Loans in India		
Public Sector	-	-
Others	57,939.68	63,231.48
Total Gross	**57,939.68**	**63,231.48**
Less: Impairment loss allowance	2,558.94	2,544.11
Total Net (a)	**55,380.74**	**60,687.37**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total Net (b)	-	-
Total Net (a+b)	**55,380.74**	**60,687.37**

Note 6.1: There are no loans and advances to as on March 31, 2022 and March 31, 2021 Directors/KMP/Related Parties.

Note 6.2: Loans - Staging analysis#

Analysis of change in gross carrying amount of loans is as follows:

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Opening 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
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	11,190.22	33.72	125.85	11,349.79	10,327.42	110.89	6.22	10,444.53
Asset paid in part or full (excluding write off) (net)	(15,729.45)	(252.34)	(100.42)	(16,082.21)	(14,563.63)	(44.78)	(165.51)	(14,773.92)
Asset derecognised (loan assigned)	-	-	-	-	(788.60)	-	-	(788.60)
Asset written off	(13.27)	(7.71)	(538.40)	(559.38)	(18.22)	(0.57)	(66.04)	(84.83)
Transfer to stage 1	1,639.59	(1,481.06)	(158.53)	-	291.27	(268.18)	(23.09)	-
Transfer to stage 2	(1,144.39)	1,170.43	(26.04)	-	(2,280.10)	2,286.10	(6.00)	-
Transfer to stage 3	(1,090.20)	(1,315.10)	2,405.30	-	(459.04)	(781.41)	1,240.45	-
Closing gross carrying amount	51,251.68	1,981.83	4,706.17	57,939.68	56,399.18	3,833.89	2,998.41	63,231.48

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	46,635.90	1,960.45	1,968.12	50,564.47	47,202.09	2,646.19	1,382.87	51,231.15
Total	46,635.90	1,960.45	1,968.12	50,564.47	47,202.09	2,646.19	1,382.87	51,231.15
% of total	92.23%	3.88%	3.89%	100.00%	92.14%	5.16%	2.70%	100.00%

(₹ in crore)

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	16.61%	18.92%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.45%	5.94%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	0.33%	19.01%
ii) Residual portfolio either remained in stage 3 or had backward flows		

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Corporate Loans	4,615.78	21.38	2,738.05	7,375.21	9,197.09	1,187.70	1,615.54	12,000.33
Total	4,615.78	21.38	2,738.05	7,375.21	9,197.09	1,187.70	1,615.54	12,000.33
% of total	62.58%	0.29%	37.13%	100.00%	76.64%	9.90%	13.46%	100.00%

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for the year ended March 31, 2022

Note 6.2: Loans - Staging analysis# (Contd.)

(₹ in crore)

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	35.45%	17.47%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.24%	0.00%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	3.87%	10.24%
ii) Residual portfolio either remained in stage 3 or had backward flows		

Note 6.3: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	283.21	197.35	527.83	1,008.39	251.31	288.24	358.95	898.50
Total	**283.21**	**197.35**	**527.83**	**1,008.39**	**251.31**	**288.24**	**358.95**	**898.50**

ECL movement as on March 31, 2021 and March 31, 2022

a) The loan assets in stage 2 were 3.88% as on March 31, 2022 as against 5.17% as on March 31,2021. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 823.17 crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2022 would be 2.25% against 3.46% as on March 31, 2021.

b) ECL % POS has decreased by 1.29% as on March 31, 2022 in stage 2 due to transition of stage 2 accounts to stage 3 (as an impact of RBI Circular No. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22).

c) Overall ECL % POS have increased by 24 bps on accounts of conservatism approach adopted by the Company.

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 crore 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.

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Corporate Loans	300.10	3.07	1,247.38	1,550.55	396.25	359.05	890.31	1,645.61
Total	**300.10**	**3.07**	**1,247.38**	**1,550.55**	**396.25**	**359.05**	**890.31**	**1,645.61**

ECL movement as on March 31, 2021 and March 31, 2022

a) Stage 1 ECL % of POS increased from 4.31% to 6.50%. This is due to restructuring cases carrying higher provisions.

b) The loan assets in stage 2 were decresed to 0.29% as on March 31, 2022 from 9.90% as on March 31,2021 majorly due to shift of stage 2 asset to stage 3.

c) The Company's stage 3 asset ratio has increased from 13.46% as on March 31, 2021 to 37.13% as on March 31, 2022 owing to this ECL has also increased.

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 crore 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.

^The restructuring was done for Stage 1 accounts, total restructured assets were₹ 1,647 crore(previous year ₹ 1,378 crore), against which provision of ₹ 204 crore (previous year ₹ 206 crore) is held.

#Refer Note 2.20 and 46.1.

Note 6.4: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

Tangible securities

i) Equitable / Simple / English Mortgage of immovable property;

ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;

iii) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;

Intangible securities

i) Demand Promissory Note;

ii) Post dated cheques towards the repayment of the debt;

iii) Personal / Corporate Guarantees;

iv) Undertaking to create a security;

v) Letter of Continuity.

NOTE 7: INVESTMENTS

(₹ in crore)

Particulars	As at March 31, 2022			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	100.02	-	100.02
Government securities^ (Refer Note 36.31)	2,234.18	1,044.83	-	3,279.01
Debt securities	-	92.69	-	92.69
Subsidiaries				
2,50,000 (March 31, 2021 : 2,50,000) equity shares of face value of ₹ 10 each of PHFL Home Loans and Services Limited	-	-	0.25	0.25
50,000 (March 31, 2021 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	0.05	0.05
Total gross	**2,234.18**	**1,237.54**	**0.30**	**3,472.02**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**2,234.18**	**1,237.54**	**0.30**	**3,472.02**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**2,234.18**	**1,237.54**	**0.30**	**3,472.02**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

(₹ in crore)

Particulars	As at March 31, 2021			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Government securities^ (Refer Note 36.31)	1,941.79	-	-	1,941.79
Debt securities	-	90.83	-	90.83
Subsidiaries				
2,50,000 (March 31, 2020 : 2,50,000) equity shares of face value of ₹ 10 each of PHFL Home Loans and Services Limited	-	-	0.25	0.25
50,000 (March 31, 2020 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	0.05	0.05
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**

Name of Subsidiaries	Principle place of business	Ownership interest	
		As at March 31, 2022	As at March 31, 2021
PHFL Home Loans and Services Limited	India	100.00%	100.00%
PEHEL Foundation	India	100.00%	100.00%

**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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Receivables on assignment of loans (Refer Note 8.1 and 8.2)	647.47	886.12
Security deposits	17.06	16.46
Other Receivables	11.15	5.76
Total gross (a)	**675.68**	**908.34**
Less: Impairment loss allowance (b)	1.77	2.26
Total net (a-b)	**673.91**	**906.08**

Note 8.1: During the year ended March 31, 2022, the Company had not sold any loans and advances measured at amortised cost as per assignment deals, as a source of finance.

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of derecognised financial assets	9,088.02	12,213.95

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 ₹ 0.61 crore (previous year ₹ 0.13 crore).

Note 8.3: Disclosure pursuant to RBI Notification dated September 24, 2021 on "Transfer of Loan Exposures" are given below:

(a) The Company has not transferred or acquired, any loans not in default during the year ended March 31, 2022.

(b) The Company has not transferred or acquired, any stressed loans during the year ended March 31, 2022.

NOTE 9 : CURRENT TAX (NET)

Note 9.1 : Current tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance tax (net of provision)	37.55	-
Total	**37.55**	**-**

Note 9.2 : Current tax liability (net)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for tax (net of advance tax)	-	65.59
Total	**-**	**65.59**

NOTE 10 : DEFERRED TAX ASSETS (NET)

As at March 31, 2022

(₹ in crore)

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	11.72	-	1.15	-
Provision for employee benefits	4.31	-	(0.21)	-
Impairment allowance for financial assets	573.03	-	(11.69)	-
Derivative instruments in cash flow hedge	40.49	-	-	(32.39)
Expenses paid in advance (net of income received in advance)	-	64.59	(5.39)	-
Interest spread on assigned loans	-	153.61	58.42	-
Fair valuation of financial instruments held for trading	3.59	-	2.48	-
Others temporary differences	3.00	19.14	(43.05)	-
Total	**636.14**	**237.34**	**1.71**	**(32.39)**

As at March 31, 2021

(₹ in crore)

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**

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2022

NOTE 11: INVESTMENT PROPERTY

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings*	0.58	-	-	0.58	0.04	0.01	-	0.05	0.53	0.54
Total	**0.58**	**-**	**-**	**0.58**	**0.04**	**0.01**	**-**	**0.05**	**0.53**	**0.54**

(₹ in crore)

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**

*Assets pledged and hypothecated against borrowings 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 crore)

Particulars	Current Year	Previous Year
Rental Income	0.08	0.09
Profit from investment properties before depreciation	**0.08**	**0.09**
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.07**	**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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	0.11	0.05
Later than one year but not later than five year	0.08	0.01
Later than five years	-	-

Note 11.3: The fair value of the investment property has been determined on the basis of valuation carried out at the reporting date by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement for investment property has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research, contracted rentals, discount rates and comparable values, as appropriate. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

Reconciliation of fair value

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	5.55	5.55
Addition during the year	-	-
Deletion during the year	-	-
Fair value difference	-	-
Closing balance	**5.55**	**5.55**

NOTE 12: PROPERTY PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings	37.72	-	-	37.72	1.61	1.20	-	2.81	34.91	36.11
Furniture & Fixtures	22.10	0.10	2.52	19.68	9.22	1.95	1.16	10.01	9.67	12.88
Vehicles	0.10	-	-	0.10	0.04	0.01	-	0.05	0.05	0.06
Computers	24.43	7.50	0.02	31.91	19.14	2.79	0.02	21.91	10.00	5.29
Office Equipment & Others	29.85	0.65	(1.21)	31.71	18.03	5.36	(0.32)	23.71	8.00	11.82
Leasehold Improvements	42.50	-	(0.17)	42.67	26.98	6.97	(0.02)	33.97	8.70	15.52
Total	**156.70**	**8.25**	**1.16**	**163.79**	**75.02**	**18.28**	**0.84**	**92.46**	**71.33**	**81.68**

(₹ in crore)

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**

i) Building pledged and hypothecated against borrowings. Refer note 17.1 (a)
ii) There were no revaluation carried out by the Company during the years reported above.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 12: PROPERTY PLANT AND EQUIPMENT (Contd.)

Right of use

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Disposal / modification during the year	As at March 31, 2022	As at April 01, 2021	For the year	Disposal / modification during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Building	132.13	8.87	0.01	140.99	54.13	26.48	0.01	80.60	60.39	78.00
Total	**132.13**	**8.87**	**0.01**	**140.99**	**54.13**	**26.48**	**0.01**	**80.60**	**60.39**	**78.00**

(₹ in crore)

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	150.12	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**

Note 12.1: Capital-Work-in Progress (CWIP)

(a) Capital-Work-in Progress ageing

(₹ in crore)

Particulars	As at March 31, 2022				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2021				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.01	-	-	-	0.01
Projects temporarily suspended	-	-	-	-	-

(b) The company does not have any project which is overdue or has exceeded its cost compared to its original plan.

Note 12.2: Intangible assets under development

(a) Intangible assets under development ageing

(₹ in crore)

Particulars	As at March 31, 2022				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.35	1.32	0.87	-	3.54
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2021				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.50	0.87	-	-	2.37
Projects temporarily suspended	-	-	-	-	-

(b) For Intangible assets under development, where completion is overdue or has exceeded its cost compared to its original plan

(₹ in crore)

Particulars	As at March 31, 2022				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)	-	2.18	-	-	2.18

(₹ in crore)

Particulars	As at March 31, 2021				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)	2.18	-	-	-	2.18

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	51.35	5.72	0.18	56.89	30.92	8.41	0.18	39.15	17.74	20.43
Total	**51.35**	**5.72**	**0.18**	**56.89**	**30.92**	**8.41**	**0.18**	**39.15**	**17.74**	**20.43**

(₹ in crore)

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**

NOTE 14: OTHER NON-FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Prepaid expenses	6.49	4.54
GST input credit	18.44	25.83
Others	2.88	5.26
Total	**27.81**	**35.63**

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crore)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:						
Spot and forwards	729.17	0.01	50.08	691.03	-	24.99
Currency swaps	6,034.25	332.87	-	5,972.26	199.57	2.85
(i)	**6,763.42**	**332.88**	**50.08**	**6,663.29**	**199.57**	**27.84**
Interest rate derivatives:						
Forward rate agreements and interest rate swaps	3,525.03	-	40.55	3,417.97	-	230.36
Margin money paid to counter party bank	-	-	-	-	-	(7.19)
(ii)	**3,525.03**	**-**	**40.55**	**3,417.97**	**-**	**223.17**
Total derivative financial instruments (i)+(ii)	**10,288.45**	**332.88**	**90.63**	**10,081.26**	**199.57**	**251.01**
Included in above are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
Currency derivatives	6,763.42	332.88	50.08	6,663.29	199.57	27.84
Interest rate derivatives	3,525.03	-	40.55	3,417.97	-	223.17
Total derivative financial instruments	**10,288.45**	**332.88**	**90.63**	**10,081.26**	**199.57**	**251.01**

* Refer Note 18.3, 43 and 46.2.

NOTE 16: TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	16.11	17.30
Due to related parties	11.03	10.50
Total	**27.14**	**27.80**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 16.1: Trade Payables ageing

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment				
	As at March 31, 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	11.14	0.05	0.08	-	11.27
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
(v) Unbilled dues	15.87	-	-	-	15.87

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment				
	As at March 31, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	12.88	0.22	0.01	0.03	13.14
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
(v) Unbilled dues	14.66	-	-	-	14.66

Note 16.2: 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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
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	0.05	-
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	0.00	-
7. Amount of further interest remaining due and payable in succeeding years	-	-
Total	**0.05**	**-**

NOTE 17: DEBT SECURITIES

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	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	6,201.97	-	-	6,201.97	10,356.50	-	-	10,356.50
Unsecured								
Commercial papers	-	-	-	-	1,104.98	-	-	1,104.98
Total	**6,201.97**	**-**	**-**	**6,201.97**	**11,461.48**	**-**	**-**	**11,461.48**
Debt securities in India	6,201.97	-	-	6,201.97	11,461.48	-	-	11,461.48
Debt securities outside India	-	-	-	-	-	-	-	-
Total	**6,201.97**	**-**	**-**	**6,201.97**	**11,461.48**	**-**	**-**	**11,461.48**

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 crore (Refer Note 11 & 12).

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
6.01% - 7.00%	-	455.00	-	-	-	-	-	-
7.01% - 8.00%	1,275.00	-	-	-	1,685.00	1,275.00	-	-
8.01% - 9.00%	555.00	600.00	1,000.00	1,500.00	2,558.00	1,155.00	500.00	2,000.00
9.01% - 10.00%	530.00	300.00	-	-	430.00	830.00	-	-
	2,360.00	**1,355.00**	**1,000.00**	**1,500.00**	**4,673.00**	**3,260.00**	**500.00**	**2,000.00**

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). Further, refer Note 44.1, 44.2 and 44.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 18: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	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	4,665.21	-	-	4,665.21	7,847.86	-	-	7,847.86
Banks	13,385.84	-	-	13,385.84	13,188.95	-	-	13,188.95
External commercial borrowing	3,988.89	-	-	3,988.89	3,961.36	-	-	3,961.36
Bank overdraft	50.01	-	-	50.01	99.74	-	-	99.74
Loans from related party	4,325.89	-	-	4,325.89	4,648.43	-	-	4,648.43
Unsecured								
Term loans								
Banks	1,300.00	-	-	1,300.00	-	-	-	-
Total	**27,715.84**	-	-	**27,715.84**	**29,746.34**	-	-	**29,746.34**
Borrowings in India	21,718.06	-	-	21,718.06	23,837.11	-	-	23,837.11
Borrowings outside India	5,997.78	-	-	5,997.78	5,909.23	-	-	5,909.23
Total	**27,715.84**	-	-	**27,715.84**	**29,746.34**	-	-	**29,746.34**

Note 18.1: Refinance from National Housing Bank (NHB):

a) Nature of security

(i) 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.

(ii) During FY22, the Company has been availed refinance facility from NHB of ₹ 1490 crore under "Special Refinance Facility 2021 Assistance" for short term liquidity support and during FY21 ₹ 1500.00 crore under "Liberalised Refinance Scheme and 2000.00 crore under " Special Refinance facility and adiitional Special Refinance Facility Scheme of NHB to provide refinance assistant in respect of eligible individual Housing loans".

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	504.95	353.20	130.40	-	2,307.41	819.76	677.25	827.39
6.01% - 8.00%	583.41	1,369.76	946.08	777.41	351.80	839.41	705.71	887.03
8.01% - 10.00%	-	-	-	-	78.00	208.00	146.10	-
	1,088.36	**1,722.96**	**1,076.48**	**777.41**	**2,737.21**	**1,867.17**	**1,529.06**	**1,714.42**

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.

Note 18.2: Term loan from Banks: (Contd.)

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
5.10% - 5.89%	796.67	333.33	-	-				
5.90% - 7.00%	412.49	574.50	200.00	-	830.00	400.00	400.00	-
7.01% - 9.00%	-	-	-	-	620.80	449.76	-	-
from others:								
4.00% - 7.00%	6,185.61	4,009.19	1,882.30	100.00	2,399.99	823.93	300.00	-
7.01% - 8.15%	1,445.57	1,040.94	30.00	-	3,004.57	5,897.44	770.71	-
	8,840.34	**5,957.96**	**2,112.30**	**100.00**	**6,855.36**	**7,571.13**	**1,470.71**	**-**

Note 18.3: External commercial borrowing:

a) Nature of security

i) 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 statement of 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, 2022, the Company has outstanding ECB of USD 796.00 million (equivalent to ₹ 6,034.25 crore), (March 31, 2021 USD 812.50 million equivalent to ₹ 5,972.26 crore). 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 crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 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	-	2,008.89	-	-	-	1,947.87	-	-
from others:								
USD LIBOR + 110 - 200 bps	955.17	2,501.64	568.55	-	121.28	2,616.77	1,286.34	-
	955.17	**4,510.53**	**568.55**	**-**	**121.28**	**4,564.64**	**1,286.34**	**-**

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

b) Terms of Repayment

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
6.50% -7.95%	50.01	-	-	-	99.74	-	-	-

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). Further, refer note no 44.1, 44.2 and 44.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTE 19: DEPOSITS

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	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	14,983.78	-	-	14,983.78	14,076.07	-	-	14,076.07
(ii) From banks	411.91	-	-	411.91	511.76	-	-	511.76
(iii) From others	2,253.28	-	-	2,253.28	2,159.59	-	-	2,159.59
Total	**17,648.97**	-	-	**17,648.97**	**16,747.42**	-	-	**16,747.42**

* Refer Note 36.31

Note 19.1 Refer Note 44.1, 44.2 and 44.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTE 20: SUBORDINATED LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	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	1,438.18	-	-	1,438.18	1,438.58	-	-	1,438.58
Total	**1,438.18**	-	-	**1,438.18**	**1,438.58**	-	-	**1,438.58**
Subordinated liabilities in India	1,438.18	-	-	1,438.18	1,438.58	-	-	1,438.58
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
Total	**1,438.18**	-	-	**1,438.18**	**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, 2022, ₹ 577.50 crore (March 31, 2021 ₹ 916.30 crore) qualify as Tier II Capital under regulatory guidelines for assessing capital adequacy.

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 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%	-	699.00	500.00	-	-	499.00	410.00	290.00
9.01% - 10.00%	200.00	-	-	39.70	-	200.00	-	39.70
	200.00	**699.00**	**500.00**	**39.70**	**-**	**699.00**	**410.00**	**329.70**

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). Further, refer note 44.1, 44.2 and 44.3 for compliance in relation to the utilisation of the borrowed fund and submission underlying returns/statements.

NOTE 21: OTHER FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on deposits	38.07	257.32
Interest accrued but not due on borrowings (Refer Note 21.1)	315.69	442.51
Amount payable under assignments (Refer Note 21.2)	265.15	535.64
Book overdraft	1,407.22	929.41
Unpaid dividends	0.07	0.07
Other liabilities	406.61	408.14
Lease liabilities (Refer Note 37)	70.13	86.39
Total	**2,502.94**	**2,659.48**

Note 21.1: Includes amount payable to related party ₹ 0.49 crore (previous year ₹ 14.42 crore).

Note 21.2: Includes amount payable to related party ₹ 124.94 crore (previous year ₹ 238.29 crore).

NOTE 22: PROVISIONS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Retirement benefits	17.12	17.97
Total	**17.12**	**17.97**

NOTE 23: OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance received from customers (Refer Note 26.1)	207.07	175.71
Statutory dues Payable	68.52	49.13
Other liabilities	21.01	24.40
Total	**296.60**	**249.24**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 24: EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
50,00,00,000 equity shares of ₹ 10/- each (March 31, 2021:50,00,00,000)	500.00	500.00
	500.00	**500.00**
Issued, subscribed and paid-up		
16,85,98,555 equity shares of ₹ 10/- each fully paid up (March 31, 2021: 16,82,68,123)	168.60	168.27
Total	**168.60**	**168.27**

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, 2022		As at March 31, 2021	
	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	16,82,68,123	168.27	16,81,86,908	168.19
Add: Share allotted pursuant to exercise of stock option	3,30,432	0.33	81,215	0.08
Outstanding at the end of the year	**16,85,98,555**	**168.60**	**16,82,68,123**	**168.27**

Note 24.2: Detail of equity shareholding of Promoter

Particulars	As at March 31, 2022		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.57%	(0.07%)

Particulars	As at March 31, 2021		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.64%	(0.01%)

* Change during the year on account of exercise of ESOPs by employees.

Note 24.3: Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.57	5,49,14,840	32.64
Quality Investments Holdings	5,41,92,300	32.14	5,41,92,300	32.21
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.84	1,65,93,240	9.86
Investment Opportunities V Pte. Limited	1,66,87,956	9.90	1,66,87,956	9.92

Note 24.4: 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 24.5: 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 24.6: 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 24.7: 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 36.1)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Debt securities	6,201.97	11,461.48
Borrowings (other than debt securities)	27,715.84	29,746.34
Deposits	17,648.97	16,747.42
Subordinated liabilities	1,438.18	1,438.58
Less: Cash and cash equivalents	(4,964.37)	(6,906.43)
Less: Bank balance other than cash and cash equivalents (other than earmarked balances)	(150.40)	-
Net debt	**47,890.19**	**52,487.39**
Total equity- Shareholder funds	9,800.54	8,867.18
Net debt to equity ratio	**4.89**	**5.92**

Note 24.8: 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			

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 24.8 (Contd.)

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:	
	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, 2024
	40% on August 19, 2024	40% on February 15, 2025
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	
Vesting conditions	Employee to remain in service on the date of vesting	

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Date of Grant	July 26, 2021	October 08, 2021	October 28, 2021	December 10, 2021
Number of options granted	1,00,000	22,000	75,000	75,000
Exercise price per option	₹ 690.35	₹ 644.70	₹ 507.20	₹ 588.10
Date of vesting	The vesting will be as under:			
	10% on July 26, 2022	10% on October 08, 2022	10% on October 28, 2022	10% on December 10, 2022
	20% on July 26, 2023	20% on October 08, 2023	20% on October 28, 2023	20% on December 10, 2023
	30% on July 26, 2024	30% on October 08, 2024	30% on October 28, 2024	30% on December 10, 2024
	40% on July 26, 2025	40% on October 08, 2025	40% on October 28, 2025	40% on December 10, 2025
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			

Note 24.8 (Contd.)

(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2022			
		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)	-	52,875	40,000	27,243
Options exercisable at the beginning of the year	(b)	5,07,527	1,60,875	60,000	28,492
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	64,724	99,350	60,000	8,750
Options vested during the year	(e)	-	50,500	-	16,371
Options exercised during the year*	(f)	3,27,932	-	-	-
Options forfeited during the year	(g)	-	2,375	40,000	3,000
Options outstanding at end of the year	(h) = (a+c-e-g)	-	-	-	7,872
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,14,871	1,12,025	-	36,113
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35
Weighted average remaining contractual life	(Year)	0.14	0.53	-	0.21

Particulars		As at March 31, 2022			
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Options Outstanding at the beginning of the year	(a)	9,02,870	65,500	53,250	45,000
Options exercisable at the beginning of the year	(b)	1,60,455	65,500	55,750	-
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	1,34,989	37,000	9,000	-
Options vested during the year	(e)	3,06,990	31,875	23,375	4,500
Options exercised during the year**	(f)	-	-	-	2,500
Options forfeited during the year	(g)	2,72,121	18,750	6,500	-
Options outstanding at end of the year	(h) = (a+c-e-g)	3,23,759	14,875	23,375	40,500
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,32,456	60,375	70,125	2,000
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life	(Year)	1.75	0.95	1.36	2.92

Particulars		As at March 31, 2022	
		ESOS - 2016 Tranche V	ESOS - Restricted stock units 2020
Options Outstanding at the beginning of the year	(a)	5,50,000	2,63,586
Options exercisable at the beginning of the year	(b)	-	-
Options granted during the year	(c)	-	-
Options lapsed / expired during the year	(d)	-	215
Options vested during the year	(e)	55,000	14,419
Options exercised during the year**	(f)	-	-
Options forfeited during the year	(g)	-	1,06,800
Options outstanding at end of the year	(h) = (a+c-e-g)	4,95,000	1,42,367
Options exercisable at the end of the year	(i) = (b+e-d-f)	55,000	14,204
Weighted Average Exercise Price per option	(₹)	261.15	10.00
Weighted average remaining contractual life	(Year)	2.92	2.39

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 24.8 (Contd.)

Particulars		As at March 31, 2022			
		ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Options Outstanding at the beginning of the year	(a)	-	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-	-
Options granted during the year	(c)	1,00,000	22,000	75,000	75,000
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)	-	-	-	-
Options outstanding at end of the year	(h) = (a+c-e-g)	1,00,000	22,000	75,000	75,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-	-
Weighted Average Exercise Price per option	(₹)	690.35	644.70	507.20	588.10
Weighted average remaining contractual life	(Year)	3.82	4.03	4.08	4.20

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
Weighted average remaining contractual life	(Year)	0.39	1.01	1.73	0.54

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	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
Weighted average remaining contractual life	(Year)	2.59	1.62	2.10	3.89

Note 24.8 (Contd.)

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
Weighted average remaining contractual life	(Year)	3.89	3.38

* Weighted average share price at the date of the exercise of the stock option is ₹ 718.47

** Weighted average share price at the date of the exercise of the stock option is ₹ 524.75

*** Weighted average share price at the date of the exercise of the stock option is ₹ 420.60

(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

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 24.8 (Contd.)

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Estimated Value of Stock Option (₹)	332.79	308.88	243.69	282.65
Share Price at Grant Date (₹)	690.35	644.70	507.20	588.10
Exercise Price (₹)	690.35	644.70	507.20	588.10
Expected Volatility (%)*	0.5106	0.5077	0.5091	0.5104
Dividend Yield Rate (%)	-	-	-	-
Expected Life of Options** (year)	4.50	4.50	4.50	4.50
Risk Free Rate of Interest (%)	5.28	5.20	5.24	5.19

*Expected volatility has been computed basis the expected life.

**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:

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	3.67	13.30
Expense arising from cash settled share based payment transaction	-	-
Total	**3.67**	**13.30**

Note 24.9: Dividend declared and paid

Particulars	Net profit for the accounting period (₹ in crore)	Rate of dividend (percent)	Amount of dividend	Dividend pay out ratio (percent)
April 2021- March 2022	821.92	-	-	-
April 2020- March 2021	925.22	-	-	-

Dividend paid during the financial year:

(₹ in crore)

Particulars	Current Year	Previous Year
Dividend on ordinary shares:		
Final dividend for 2022: ₹ Nil per share	-	-
Final dividend for 2021: ₹ Nil per share	-	-
Total	**-**	**-**

NOTE 25: OTHER EQUITY (Nature and purpose of reserve)

Securities premium

Securities premium 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 Securities premium 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.

Retained earnings

Retained earning are profit earned by the Company after transfer to general reserve and payment of dividend to shareholders.

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 crore)

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	5,535.98	-	5,535.98	6,987.32	-	6,987.32
Investments						
Financial investments - Debt	158.45	-	158.45	154.25	-	154.25
Financial asset valued at fair value through profit and loss	-	44.92	44.92	-	11.09	11.09
Deposits with banks	49.95	-	49.95	36.04	-	36.04
Other Interest income						
Loan against deposits	3.35	-	3.35	2.92	-	2.92
Total	**5,747.73**	**44.92**	**5,792.65**	**7,180.53**	**11.09**	**7,191.62**

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 Company has charged Nil (previous year ₹ 28.00 crore) towards the interest relief from the interest income.

NOTE 27: FEES AND COMMISSION INCOME

(₹ in crore)

Particulars	Current Year	Previous Year
Fees Income	136.53	79.39
Other charges recovered	102.81	62.87
Total	**239.34**	**142.26**

NOTE 28: NET GAIN ON FAIR VALUE CHANGES

(₹ in crore)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
Others		
- Investments	109.10	160.79
Total	**109.10**	**160.79**
Fair value changes:		
-Realised	119.16	165.22
-Unrealised	(10.06)	(4.43)
Total	**109.10**	**160.79**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 29: FINANCE COSTS

(₹ in crore)

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	-	704.37	704.37	-	1,209.80	1,209.80
Interest on borrowings	-	1,913.08	1,913.08	-	2,409.77	2,409.77
Interest on deposits	-	1,308.24	1,308.24	-	1,332.80	1,332.80
Interest on subordinated liabilities	-	124.28	124.28	-	123.08	123.08
Interest on lease liabilities	-	6.51	6.51	-	7.98	7.98
Interest on Income tax	-	0.47	0.47	-	0.95	0.95
Fee and other charges	-	8.68	8.68	-	16.02	16.02
Total	-	**4,065.63**	**4,065.63**	-	**5,100.40**	**5,100.40**

NOTE 30: IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

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	-	14.84	14.84	-	778.49	778.49
Bad debts written off (net)	-	562.03	562.03	-	83.08	83.08
Letter of comfort and other receivables	-	(0.49)	(0.49)	-	0.26	0.26
Total	-	**576.38**	**576.38**	-	**861.83**	**861.83**

NOTE 31: EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	164.26	151.94
Contribution to provident and other funds	9.70	8.67
Share based payments to employees	3.67	13.30
Staff welfare expenses	2.42	2.46
Total	**180.05**	**176.37**

NOTE 32: OTHER EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Rent expenses	1.40	3.31
Rates and taxes	0.27	0.27
Electricity and water exepnses	7.39	7.02
Repairs and maintenance	17.61	16.21
Office running and mantinance expenses	24.89	25.37
Business support services	19.40	27.97
Legal and professional charges	60.77	33.63
Advertisement and publicity	10.23	8.05
Corporate social responsibility expenses (Refer Note 32.1)	21.13	22.72
Communication costs	9.49	9.05
Travelling and conveyance	4.66	2.86
Printing and stationery	3.82	3.01
Training and recruitment expenses	5.16	0.86
Director's fees, allowances and expenses	2.10	1.44
Auditor's fees and expenses (Refer Note 32.2)	0.75	0.56
Insurance	0.54	0.33
Bank charges	0.42	0.19
Net loss on derecognition of property, plant and equipment	0.19	3.71
Impairment on assets held for sale	7.86	26.64
Miscellaneous expenses	0.83	-
Total	**198.91**	**193.20**

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 crore)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	21.11	22.72
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	20.06	21.58
-Expenditure on administrative overheads for CSR	1.07	1.14
Total	**21.13**	**22.72**
c) Shortfall at the end of year	-	-
d) Total of previous years shortfall	-	-
e) Reason for shortfall	NA	NA
f) Details of related party transactions,contribution to a trust controlled by the company in relation to CSR expenditure trust		
- Pehel Foundation	16.21	14.71
g) Nature of CSR activities		
Nature of CSR activities undertaken by the Company are in relation to: - Healthcare - Education - Women Empowerment - Environmental Sustainability - Promoting education for the differently abled - Employment enhancing vocational skills, training for women - Contribution towards Prime Minister relief fund		

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note: 32.2 Auditor's fees and expenses

(₹ in crore)

Particulars	Current Year	Previous Year
Statutory audit fee	0.34	0.16
Tax audit fee	0.06	0.06
Limited review fee	0.20	0.11
Other certification fee	0.08	0.18
Out of pocket expenses	0.01	0.01
GST expenses on Auditor's fees and expenses	0.06	0.04
Total	**0.75**	**0.56**

NOTE 33: INCOME TAXES

The components of income tax expense are:

(₹ in crore)

Particulars	Current Year	Previous Year
Current tax	290.02	423.97
Adjustments in respect of current income tax of prior years	(47.46)	(16.01)
Deferred tax relating to origination and reversal of temporary differences	(1.71)	(146.46)
Total	**240.85**	**261.50**
Current tax	242.56	407.96
Deferred tax (Refer Note 10)	(1.71)	(146.46)

Note 33.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2022 and March 31, 2021 is as follows:

(₹ in crore)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,062.77	1,186.72
Statutory income tax rate (%)	(b)	25.168	25.168
Tax at statutory income tax rate	(c) = (a*b)	267.48	298.67
Adjustments in respect of current income tax of prior years	(d)	(47.46)	(16.01)
Impact of:			
--Income not subject to tax	(e)	(20.37)	(79.42)
--Non deductible expenses	(f)	89.22	280.55
--Deduction under section 35 D	(g)	-	(3.77)
--Deduction under section 36 (1) (viii)	(h)	(31.03)	(49.53)
--Other deductions	(i)	(15.28)	(22.53)
Total current tax expense	**(c+d+e+f+g+h+i)**	**242.56**	**407.96**
Effective tax rate (%)		**22.66**	**22.04**
Other comprehensive income			
Tax expense on re-measurement gains/ (losses) on defined benefit plan		(0.11)	(0.42)
Total tax on other comprehensive income		**(0.11)**	**(0.42)**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 34: EARNING PER SHARE

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	Current Year	Previous Year
a) Amount used as the numerator for basic EPS profit for the year	(₹ in crore)	821.92	925.22
b) Weighted average number of equity shares for basic EPS	Number	16,85,05,508	16,81,92,754
c) Weighted average number of equity shares for diluted EPS	Number	16,88,74,383	16,82,69,266
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
-Basic (a/b)	(in ₹)	48.78	55.01
-Diluted (a/c)	(in ₹)	48.67	54.98

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:-

(₹ in crore)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Weighted average number of equity shares for computation of basic earnings per share	16,85,05,508	16,81,92,754
Effect of dilutive equity shares - share option outstanding	3,68,875	76,512
Weighted average number of equity shares for computation of dilutive earnings per share	16,88,74,383	16,82,69,266

NOTE 35: ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of disposing the same. These properties are classified as assets held for sale.

Period	Particulars	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the Company
March 31, 2022	Assets held for sale	Land	73.20	Respective borrowers	NA	Between - January 2013 to March 2020	Possession of assets taken under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Security Interest (Enforcement) Rules, 2002
March 31, 2022	Assets held for sale	Building	148.63	Respective borrowers	NA	Between - January 2013 to March 2021	
March 31, 2021	Assets held for sale	Land	75.35	Respective borrowers	NA	Between - January 2013 to March 2020	
March 31, 2021	Assets held for sale	Building	166.27	Respective borrowers	NA	Between -January 2013 to March 2021	

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2022

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.

Note 36.1: Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2022	As at March 31, 2021
i) CRAR (%)	23.40	18.73
ii) CRAR – Tier I Capital (%)	20.73	15.53
iii) CRAR – Tier II Capital (%)	2.67	3.20
(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 crore)

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	1,010.76	813.76
(c) Total	**1,137.73**	**940.73**
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	41.00	-
(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	124.00	197.00
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	167.97	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	1,134.76	1,010.76
(c) Total	**1,302.73**	**1,137.73**

Note 36.3: Investments

(₹ in crore)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	3,472.02	2,032.92
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	3,472.02	2,032.92
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Current investments	1,237.54	90.83
Non-current investments	2,234.48	1,942.09
Total	**3,472.02**	**2,032.92**

Note 36.4: Derivatives

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) The notional principal of swap agreements	10,288.45	10,081.26
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	332.88	199.57
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	10,288.45	10,081.26
(v) The fair value of the swap book	242.25	(51.44)

@ 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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(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 STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.4: Derivatives (Contd.)

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 crore)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	6,763.42	3,525.03	6,663.29	3,417.97
(ii) Marked to Market Positions				
(a) Assets (+)	332.88	-	199.57	-
(b) Liability (-)*	(50.08)	(40.55)	(27.84)	(223.17)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	96.84	4.82	231.42	2.32

* 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).

iii) Details of assignment transactions undertaken:

(₹ in crore)

Particulars	Current Year	Previous Year
(i) No. of accounts	-	3,231
(ii) Aggregate value (net of provisions) of accounts assigned	-	788.60
(iii) Aggregate consideration	-	788.60
(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 behavioural pattern/ pre-payments/ maturities and renewals. Maturity pattern of certain items of assets and liabilities are as follows:

As at March 31, 2022

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
1 day to 7 days	84.58	50.01	-	-	215.67	100.02	-
8 days to 14 days	40.91	-	-	-	215.67	4.05	-
15 days to 30/31 days	146.45	1,789.99	350.00	-	492.96	14.85	-
Over 1 month to 2 months	390.97	912.58	225.00	-	907.72	351.33	-
Over 2 months to 3 months	399.36	950.19	300.00	51.17	891.45	63.28	-
Over 3 months to 6 months	1,216.92	2,379.68	1,255.00	619.72	2,579.66	59.72	-
Over 6 months to 1 year	2,167.12	3,896.26	430.00	284.28	4,758.27	370.20	-
Over 1 year to 3 years	6,839.39	7,680.93	2,054.00	4,510.52	14,633.45	1,344.30	-
Over 3 years to 5 years	4,285.23	3,188.78	1,500.00	532.09	11,516.28	470.00	-
Over 5 years	2,078.04	869.64	1,526.15	-	19,169.61	694.27	-
Total	**17,648.97**	**21,718.06**	**7,640.15**	**5,997.78**	**55,380.74**	**3,472.02**	**-**

As at March 31, 2021

(₹ in crore)

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	90.98	-
15 days to 30/31 days	122.88	380.00	-	-	535.92	4.72	-
Over 1 month to 2 months	524.13	1,288.58	320.00	-	961.12	18.73	-
Over 2 months to 3 months	326.02	1,407.91	975.00	27.56	945.23	5.70	-
Over 3 months to 6 months	1,304.85	3,411.85	2,769.00	27.56	2,742.99	17.05	-
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	1,706.74	2,233.06	-	22,272.91	626.91	-
Total	**16,747.42**	**23,837.11**	**12,900.06**	**5,909.23**	**60,687.37**	**2,032.92**	**-**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.7: Exposure:

i) Exposure to Real Estate Sector

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
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.	43,614.41	43,063.35
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	14,325.27	20,168.13
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	**57,939.68**	**63,231.48**

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, 2022, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2022, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2022, the Company has not exceeded the prudential exposure limit for single borrower or group borrower (Previous year ₹ Nil).

v) As on March 31, 2022, the Company has not given any unsecured advances (Previous year ₹ Nil).

vi) As on March 31, 2022, 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, 2022, the Company has no exposures to group companies engaged in the real estate business (Previous year ₹ Nil).

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, 2022, Regulators has imposed a penalty of ₹ 0.06 crore (Previous year ₹ 1.90 crore) on account of the below mentioned observations:

(i) NHB has levied a penalty of ₹ .01 crore for Non adherence of policy circular no. 58 and 75 with respect to upfront disbursal of sanctioned individual housing loans to the builders without linking the disbursals to various stage of constructions of housing projects.

(ii) BSE Ltd & National Stock Exchange of India Ltd has imposed a penalty of ₹ 0.05 crore for delay in appointment of Women Director on the Board.

Note 36.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Pehel Foundation	Wholly owned Subsidiary
ii) PHFL Home Loan and Services Limited	Wholly owned Subsidiary
iii) Punjab National Bank	Promoter/Enterprise having Significant Influence
iv) Quality Investments Holdings	Enterprise having Significant Influence
v) PNB Investment Services Limited	Enterprise having Significant Influence
vi) PNB Gilts Limited	Enterprise having Significant Influence

Note 36.10: Related Party Transactions (Contd.)

Name of the Related Party	Nature of Relationship
vii) Mr. CH. S. S. Mallikarjuna Rao (Chairman and Non-Executive Director)*	Key Management Personnel
viii) Mr. Rajneesh Karnatak (Non-Executive Nominee Director) (w.e.f. January 19, 2021)**	Key Management Personnel
ix) Mr. Binod Kumar (Non- Executive Nominee Director) (w.e.f. January 12, 2022)	Key Management Personnel
x) Mr. Sunil Kaul (Non-Executive Nominee Director)	Key Management Personnel
xi) Mr. Kapil Modi (Non-Executive Nominee Director) (w.e.f. October 01, 2020)	Key Management Personnel
xii) Mr. Neeraj Madan Vyas (Non-Executive and Non-Independent Director)^	Key Management Personnel
xiii) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Management Personnel
xiv) Mr. Nilesh S Vikamsey (Independent Director)	Key Management Personnel
xv) Mr. Ashwani Kumar Gupta (Independent Director)	Key Management Personnel
xvi) Mr. Tejendra Mohan Bhasin (Independent Director) (w.e.f. April 02,2020)	Key Management Personnel
xvii) Mr. Sudarshan Sen (Independent Director) (w.e.f. October 01, 2020)	Key Management Personnel
xviii) Ms. Gita Nayyar (Independent Director) (w.e.f. May 29, 2021)	Key Management Personnel
xix) Dr. Gourav Vallabh (Independent Director)***	Key Management Personnel
xx) Mr. Shital Kumar Jain (Independent Director)****	Key Management Personnel
xxi) Mrs. Shubhalakshmi Panse (Independent Director)*****	Key Management Personnel
xxii) Mr. Hardayal Prasad (Managing Director and CEO) (w.e.f. August 10, 2020)	Key Managerial Personnel
xxiii)) Mr. Sanjaya Gupta (Managing Director)^^	Key Managerial Personnel
xxiv) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xxv) Mr. Kapish Jain (Chief Financial Officer)******	Key Managerial Personnel
xxvi) Mr. Kaushal Mithani (Chief Financial Officer) (w.e.f. April 08, 2022)	Key Managerial Personnel

*Ceases to be the Chairman and Non-Executive Director of the Company w.e.f. February 01, 2022

**Ceases to be Non-Executive Nominee Director w.e.f. October 21, 2021

***Ceases to be the Independent Director w.e.f. April 21, 2021.

****Ceases to be the Independent Director of the Company w.e.f. August 09, 2020.

*****Ceases to be the Independent Director of the Company w.e.f. January 05, 2021

*****Ceases to be Chief Financial Officer w.e.f. April 07, 2022

^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 crore)

Particulars	Promoter/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						
- Donation paid	-	-	16.21	14.71	-	-
PHFL Home Loan and Services Limited						
- Fees and commission income	-	-	106.48	31.97	-	-
- Rental income	-	-	0.22	0.22	-	-
- Commission & support services expense	-	-	101.07	73.08	-	-
- Reimbursement of expenses	-	-	0.64	-	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.10: Related Party Transactions (Contd.)

(₹ in crore)

Particulars	Promoter/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^						
- Principal paid on assignment of loans	1,440.11	1,950.46	-	-	-	-
- Interest & other charges paid on assignment of loans	403.93	607.83	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	7.04	8.90	-	-	-	-
- Fixed deposit made/renewed	3,059.00	9,341.71	-	-	-	-
- Fixed deposit matured	4,759.00	9,863.05	-	-	-	-
- Interest received on Fixed Deposits	2.61	14.59	-	-	-	-
- Term loan raised	2,390.00	2,260.00				
- Term loan repaid	2,773.56	3,100.75				
- Interest Paid on Term Loan Instalment / ECB / OD	182.69	252.34	-	-	-	-
- Rent & Maintenance Charges	0.38	0.33	-	-	-	-
- Bank Charges	0.22	0.05	-	-	-	-
PNB Investment Service Private Limited						
- Fees paid	0.02	0.02	-	-	-	-
PNB Gilts Limited						
Purchase of securities (as principal)	294.99	-	-	-	-	-
Purchase of securities (as intermediary)	1,062.36					
Sale of securities	10.34	-	-	-	-	-
Service charges	0.01	-	-	-	-	-
Interest received on securities	164.76	-	-	-	-	-
Transactions with KMPs and relatives:						
Sitting Fee and Commission paid to Directors						
- Punjab National Bank Limited on behalf of nominated directors	-	0.05	-	-	-	-
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	0.26	0.19
- Mr. Sudarshan Sen	-	-	-	-	0.21	0.02
- Mr. Nilesh S Vikamsey	-	-	-	-	0.29	0.18
- Mr. Ashwani Kumar Gupta	-	-	-	-	0.30	0.21
- Mr. Neeraj Madan Vyas	-	-	-	-	0.15	0.17
- Mr. Tejendra Mohan Bhasin	-	-	-	-	0.31	0.06
- Ms. Gita Nayyar					0.09	-
- Dr. Gourav Vallabh	-	-	-	-	0.15	0.18
- Mr. Shital Kumar Jain	-	-	-	-	0.05	0.14
- Mrs. Shubhalakshmi Panse	-	-	-	-	0.11	0.14
Reimbursement of expense:						
- Dr. Gourav Vallabh	-	-	-	-	-	0.02
Rental expense:						
- Mr. Tejendra Mohan Bhasin and Anjali Bhasin	-	-	-	-	0.21	0.24
Remuneration expense#:						
- Mr. Hardayal Prasad	-	-	-	-	3.07	1.26
- Mr. Neeraj Madan Vyas	-	-	-	-	-	0.65
- Mr. Sanjaya Gupta	-	-	-	-	-	0.72
- Mr. Sanjay Jain	-	-	-	-	0.70	0.67
- Mr. Kapish Jain	-	-	-	-	1.40	1.28

^ Excluding running current / overdraft account transactions.

Excluding perquisites on exercise of stock options during the year.

Note 36.10: Related Party Transactions (Contd.)

(₹ in crore)

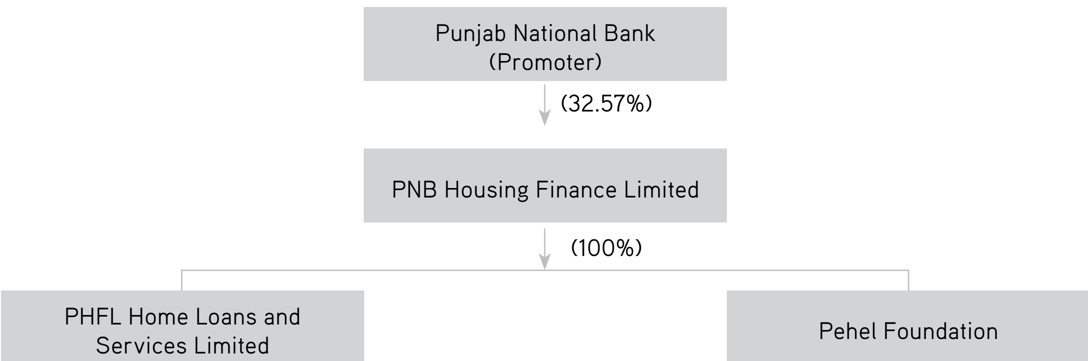
Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Outstanding balances#						
Punjab National Bank						
Receivables						
- Bank Deposits	-	1,700.00	-	-	-	-
- Interest accrued on bank deposits	-	0.17	-	-	-	-
- Servicing fees receivable on assignment on loans	0.61	0.13	-	-	-	-
Payables						
- Term loans	2,317.00	2,700.56	-	-	-	-
- External Commercial Borrowings##	2,008.89	1,947.87	-	-	-	-
- Interest accrued on term loans and external commercial borrowings	0.49	14.42	-	-	-	-
- Payable on assignment on loans	124.94	238.29	-	-	-	-
PHFL Home Loan and Services Limited						
Receivables						
Others (net)			27.95	4.53	-	-
Key Managerial Personnel						
Payables						
Retirement benefits (as per actuarial valuation)						
- Mr. Hardayal Prasad			-	-	0.27	0.14
- Mr. Sanjay Jain			-	-	0.31	0.27
- Mr. Kapish Jain			-	-	0.27	0.18

#Excluding running current 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 tabulated below. Further, the Company has complied with the provisions relating to number of layers as prescribed under clause (87) of section 2 of the Comapnies Act 2013, read with Companies (Restriction on number of Layers) Rules, 2017.



NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

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, 2022	As at March 31, 2021	Migration during the year
Deposits	CRISIL FAA+ (Outlook - Negative)	CRISIL FAA+ (Outlook - Negative)	No change
	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)	No change
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook - Negative)	CRISIL AA (Outlook - Negative)	No change
	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)	No change
	IND AA (Outlook - Negative)	IND AA (Outlook - Negative)	No change
	ICRA AA (Outlook - Negative)	ICRA AA (Outlook - Negative)	No change
Commercial Paper	CRISIL A1+	CRISIL A1+	No change
	CARE A1+	CARE A1+	No change
Bank Term Loan	CRISIL AA (Outlook - Negative)	CRISIL AA (Outlook - Negative)	No change
	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)	No change

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 relevent disclosures.

Note 36.18: Provisions and Contingencies:

Break up of 'Provisions and Contingencies' shown under the head Expenditure in statements of Profit and Loss is given as follows:

(₹ in crore)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax	242.56	407.96
3. Provision towards NPA	525.95	576.81
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	(150.16)	77.86
iii) CRE – RH	(302.84)	9.66
iv) Other Loans	(58.11)	114.16
Total (i + ii + iii + iv)	**(511.11)**	**201.68**
5. Other Provision and Contingencies (Refer Note 2.20)	(0.49)	0.26
6. Provision for Stock of Acquired Properties	7.86	26.64

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.

Note 36.19: Break-up of Loan & Advances and Provisions thereon: (Contd.)

Pursuant to the RBI circular dated November 12, 2021 "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications", the Company has implemented the requirements and aligned its definition of default accordingly. Such alignment has resulted in transition of sub 90 DPD assets of ₹ 144.60 crore as additional non-performing assets as on March 31, 2022.

(₹ in crore)

Particulars	Housing		Non-Housing	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Standard Assets				
a) Total Outstanding Amount	37,715.43	41,802.90	15,518.09	18,430.17
b) Provision made	489.83	856.56	293.91	438.29
Sub-Standard Assets				
a) Total Outstanding Amount	1,885.43	904.50	616.92	341.53
b) Provision made	467.79	362.84	252.93	101.65
Doubtful Assets - Category-I				
a) Total Outstanding Amount	567.82	1,276.45	270.02	312.54
b) Provision made	228.37	632.14	108.43	80.91
Doubtful Assets - Category-II				
a) Total Outstanding Amount	990.36	124.43	351.60	32.25
b) Provision made	603.64	53.82	101.17	11.11
Doubtful Assets - Category-III				
a) Total Outstanding Amount	9.04	2.61	9.86	4.10
b) Provision made	4.37	2.49	4.96	4.30
Loss Assets				
a) Total Outstanding Amount	0.98	-	4.13	-
b) Provision made	0.30	-	3.24	-
TOTAL				
a) Total Outstanding Amount	**41,169.06**	**44,110.89**	**16,770.62**	**19,120.59**
b) Provision made	**1,794.30**	**1,907.85**	**764.64**	**636.26**

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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total deposits of twenty largest depositors	2,217.83	2,066.67
Percentage of deposits of twenty largest depositors to total deposits	14.77%	14.68%

Note 36.22: Concentration of Loans & Advances

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total loans & advances to twenty largest borrowers	6,577.61	8,332.74
Percentage of loans & advances to twenty largest borrowers to total advances	11.35%	13.18%

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.23: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to twenty largest borrowers /customers	7123.01	10,159.19
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	11.52%	16.07%

Note 36.24: Concentration of NPAs

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to top ten NPA accounts	2,716.53	1,622.37

Note 36.25: Sector-wise NPAs

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2022	As at March 31, 2021
A. Housing Loans:	8.39	5.23
1. Individuals	3.38	2.53
2. Builders/Project Loans	36.97	15.70
3. Corporates	8.77	10.36
4. Others (specify)	-	-
B. Non-Housing Loans:	7.47	3.61
1. Individuals	4.85	2.06
2. Builders/Project Loans	37.87	10.17
3. Corporates	5.69	3.50
4. Others (specify)	-	-

Note 36.26: Movement of NPAs

(₹ in crore)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	5.22%	2.82%
(II) Movement of NPAs (Gross)		
a) Opening balance	2,998.41	2,012.38
b) Additions during the year	3,962.68	1,307.95
c) Reductions during the year	2,254.92	321.92
d) Closing balance	4,706.17	2,998.41
(III) Movement of Net NPAs		
a) Opening balance	1,749.15	1,339.93
b) Additions during the year	3,013.97	635.02
c) Reductions during the year	1,832.16	225.80
d) Closing balance	2,930.96	1,749.15
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,249.26	672.45
b) Provisions made during the year	948.71	672.93
c) Write-off/write-back of excess provisions	422.76	96.12
d) Closing balance	1,775.21	1,249.26

Note 36.27: As on March 31, 2022, the Company does not have any assets outside the country (Previous year ₹ Nil).

Note 36.28: As on March 31, 2022, 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	29	13
b) No. of complaints received during the year	2,281	2,793
c) No. of complaints redressed during the year	2,300	2,777
d) No. of complaints pending at the end of the year	10	29

Note 36.30: As on March 31, 2022, 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, 2022, the public deposits (including accrued interest) outstanding amounts to ₹ 15,019.95 crore (Previous year ₹ 14,429.04 crore).

The Company is carrying Statutory Liquid Assets amounting to ₹ 2,234.18 crore (Previous year ₹ 1,941.79 crore).

Note 36.32: As on March 31, 2022, 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, 2022:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in crore)

As at	Number of Significant Counterparties^	Amount	% of total deposits*	% of total liabilities
March 31, 2022	16	29,519	NA	52.85%
March 31, 2021	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 04, 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

(₹ in crore)

Particulars	As at March 31, 2022	% of total deposits	As at March 31, 2021	% of total deposits
Total deposits of top twenty largest depositors	2,761	15.64%	3,221	19.23%

(iii) Top 10 borrowings

(₹ in crore)

Particulars	As at March 31, 2022	% of total liabilities	As at March 31, 2021	% of total liabilities
Total exposure of top ten lenders	25,653	45.93%	30,415	48.69%

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio: (Contd.)

(iv) Funding Concentration based on significant instrument/product

(₹ in crore)

Name of the instrument/product^^	As at March 31, 2022	% of total liabilities	As at March 31, 2021	% of total liabilities
1) Secured Non-Convertible Debentures	6,201.97	11.10%	10,356.50	16.58%
2) Commercial Papers	-	-	1,104.98	1.77%
3) Refinance Facility from NHB	4,665.21	8.35%	7,847.86	12.56%
4) Bank Facilities (Long Term + Short Term)	17,052.85	30.53%	15,989.25	25.60%
5) External Commercial Borrowings	5,997.78	10.74%	5,909.23	9.46%
6) Deposits	17,648.97	31.60%	16,747.42	26.81%
7) Subordinated Tier-II Non-Convertible Debentures	1,438.18	2.58%	1,438.58	2.30%
Total Borrowings	**53,004.96**	**94.91%**	**59,393.82**	**95.08%**
Total Liabilities	**55,848.76**		**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 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(v) Stock ratios

Particulars	As at March 31, 2022			As at March 31, 2021		
	as a % of total public funds	as a % of total liabilities	as a % of total assets	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	NA	NA	NA
Other short term liabilities*	6.89%	6.54%	5.56%	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) Disclosure pursuant to Reserve Bank of India Circular DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 pertaining to Liquidity Risk Management Framework for Housing Finance Companies

A. Qualitative Disclosure

As per above circular, all deposit taking HFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of Liquidity Coverage Ratio (LCR) which will promote resilience of HFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The timeline on adhering to LCR guidelines are tabulated below.

Periods	December 01, 2021	December 01, 2022	December 01, 2023	December 01, 2024	December 01, 2025
Minimum LCR (%)	50%	60%	70%	85%	100%

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio: (Contd.)

The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered HQLA which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the ALCO under the governance of Board approved Liquidity Risk Framework comprising of Asset Liability Management policy, Contingency Funding Policy, Funding Strategy and Market Risk Policy. The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The main drivers of LCR are:

Outflows comprises of:

a) All the contractual debt repayments and interest payments

b) Expected operating expense based on FY 2020-21

c) Committed credit facilities contracted with customers for both sanctioned but partly disbursed cases and sanctioned but undisbursed cases based on historical experience and other expected or contracted cash outflows like expected payouts under contracted direct assignment deals.

The potential debt which may be recalled by the lenders on account of covenant breach has not been considered since the Company has not experienced such debt recall by any lender so far despite having breached covenants in the past.

Inflows comprises of:

a) Expected receipt (scheduled EMIs) from all performing loans

b) Liquid investment either in the form of short tenure Fixed Deposits with banks or in units of Debt Mutual Fund Schemes (like Overnight Liquid and Money Market Schemes) which are unencumbered and have not been considered as part of HQLA

c) Sanctioned and undrawn lines of credit from banks.

For the purpose of HQLA the Company considers unencumbered government securities and cash/bank balances with nil haircuts.

The unencumbered government securities held as part of HQLA are identified separately from the government securities which are lien marked in favour of Trustee for public deposits accepted by the Company. The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period.

LCR guidelines are effective from December 01, 2021. LCR has been calculated and monitored as per methodology prescribed in the RBI circular. For the month of December, 2021 it has been calculated from the effective date and for the quarter ended March 2022 it has been calculated as a simple average of the past 90 days' on daily basis. The Company is compliant with maintenance of stipulated LCR. Further, the Company has been monitoring the LCR at monthly intervals for the period of December 2021 to March 2022. The maximum and minimum daily required HQLA for regulatory compliance has been ₹ 283.01 crore and ₹ 668.21 crore respectively for the period of January 22 to March 22.

The Company maintains diversified sources of funding comprising short/long term loans from banks, Non-Convertible Debentures (NCDs), External Commercial Borrowings (ECBs), Deposits, Refinance from National Housing Bank (NHB) and Commercial Papers (CPs).
The funding pattern is reviewed on monthly basis by the management and on quarterly basis by the ALM Committee and Risk Management Committee.

Funding profile of the Company is tabulated below:

Particulars	As at March 31, 2022	
	(₹ in crore)	%
Secured Non-Convertible Debentures	6,201.97	9.99%
Refinance Facility from NHB	4,665.21	7.51%
Bank Facilities (Long Term + Short Term)	17,052.85	27.46%
External Commercial Borrowings	5,997.78	9.66%
Deposits	17,648.97	28.42%
Subordinated Tier-II Non-Convertible Debentures	1,438.18	2.32%
Total (a)	**53,004.96**	
Assignment of loans (b)	9,088.02	14.64%
Total (a+b)	**62,092.98**	**100.00%**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio: (Contd.)

Derivative exposures and potential collateral calls: To hedge ECBs the Company enters into derivative transactions. All the derivatives of the Company are for hedging purpose and not for any speculative or trading purpose. As on March 31, 2022, the notional amount of outstanding derivatives is ₹ 10,288.45 crore with net positive MTM of ₹ 242.25 crore. Further, the Company has executed bilateral Credit Support Agreement with one of its derivative counterparty. However, as on March 31, 2022 there is no outstanding margin but there could be potential future margin calls based on the MTM movements.

Currency mismatch in LCR: There is no mismatch required to be reported in LCR as on March 31, 2022 since all the Foreign Currency liabilities are reinstated to ₹ as per the corresponding derivative/ forward deals and closing RBI reference / FBIL exchange rates.

B. Quantitative Disclosure

(₹ in crore)

Particulars	Quarter ended March 2022		Month ended December 2021*	
	Total Unweighted Value**	Total Weighted Value#	Total Unweighted Value**	Total Weighted Value#
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	1,146.99	1,146.99	1,131.74	1,131.74
(i) Cash in hand & Bank balance	108.67	108.67	90.45	90.45
(ii) Government securities	1,038.32	1,038.32	1,041.29	1,041.29
Cash Outflows				
Deposits	526.95	605.99	385.94	443.83
Unsecured wholesale funding	144.44	166.11	-	-
Secured wholesale funding	1,541.65	1,772.90	2,073.55	2,384.58
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,239.11	1,424.98	1,014.71	1,166.91
Other contingent funding obligations	134.25	154.39	214.03	246.13
Total Cash Outflows	**3,586.40**	**4,124.37**	**3,688.23**	**4,241.46**
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	732.31	549.23	795.55	596.66
Other cash inflows	7,729.09	5,796.82	3,074.00	2,305.50
Total Cash Inflows	**8,461.40**	**6,346.05**	**3,869.55**	**2,902.16**
	Total Adjusted Value			
Total HQLA		**1,146.99**		**1,131.74**
Total Net Cash Outflows		**1,031.09**		**1,339.30**
Liquidity Coverage Ratio (%)		**111.24%**		**84.50%**
Required LCR	**in %**	**50.00%**	**in %**	**50.00%**
	in ₹	**515.55**	**in ₹**	**669.65**

* Since LCR has been made applicable for HFCs from December 01, 2021.

**Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

Note 36.34: Disclsoure as per Anexure III of RBI directions:

(₹ in crore)

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	6,378.01	-
	: Unsecured	1,439.27	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	27,854.40	-
	(d) Inter-corporate loans and borrowing	2,667.09	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	15,019.95	-
	(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	15,019.95	-

	Assets side	Amount outstanding
3.	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
	(a) Secured	57939.68
	(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)	108.83
	(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	92.69
	(iii) Units of mutual funds	100.02
	(iv) Government Securities	1,044.83
	(v) Others (please specify)	-
	2. Unquoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	
	(iv) Government Securities	-
	(v) Others (please specify)	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.34: Disclsoure as per Anexure III of RBI directions: (Contd.)

Assets side	Amount outstanding
Long Term Investments	
1. Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	2,234.18
(v) Others (please specify)	-
2. Unquoted	
(i) 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	55,489.37	-	55,489.37
Total	**55,489.37**	**-**	**55,489.37**

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*	115.83	0.30
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	3558.51	3,471.72
Total	**3674.34**	**3,472.02**

8 Other information

Particulars	Amount
1. Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	4,706.17
2. Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	2,930.96
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 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 follows:

As at March 31, 2022		As at March 31, 2021	
% of total assets towards housing finance	% of total assets towards housing finance for individuals	% of total assets towards housing finance	% of total assets towards housing finance for individuals
63.54%	53.62%	62.62%	49.55%

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 and one fraud case in relation to deposits amounting to ₹ 4.04 crore to NHB (Previous year ₹ 1.92 crore).

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 crore)

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS 109 (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	51,251.68	583.31	50,668.37	188.31	395.00
	Stage 2	1,981.83	200.42	1,781.41	8.08	192.34
Subtotal		**53,233.51**	**783.73**	**52,449.78**	**196.39**	**587.34**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**2,502.35**	**720.72**	**1,781.63**	**352.44**	**368.28**
Doubtful - up to 1 year	Stage 3	837.84	336.80	501.04	221.94	114.86
1 to 3 years	Stage 3	1,341.96	704.81	637.15	491.43	213.38
More than 3 years	Stage 3	18.90	9.33	9.57	14.67	(5.34)
Subtotal for doubtful		**2,198.70**	**1,050.94**	**1,147.76**	**728.04**	**322.90**
Loss	Stage 3	5.12	3.55	1.57	4.08	(0.53)
Subtotal for NPA		**4,706.17**	**1,775.21**	**2,930.96**	**1,084.56**	**690.65**
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	664.53	1.77	662.76	-	1.77
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**664.53**	**1.77**	**662.76**	**-**	**1.77**
Total	**Stage 1**	**51,916.21**	**585.08**	**51,331.13**	**188.31**	**396.77**
	Stage 2	**1,981.83**	**200.42**	**1,781.41**	**8.08**	**192.34**
	Stage 3	**4,706.17**	**1,775.21**	**2,930.96**	**1,084.56**	**690.65**
Total		**58,604.21**	**2,560.71**	**56,043.50**	**1,280.95**	**1,279.76**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

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 crore)

Particulars	As at March 31, 2021
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
Advances outstanding where asset classification benefits is extended*	729.00
Provisions made in terms of paragraph 5 of the COVID 19 Regulatory Package	225.00
Provisions adjusted against slippages in terms of paragraph 6	Nil
Residual provisions in terms of paragraph 6 of the COVID 19 Regulatory Package	225.00

#Loans are on account the assets which were in moratorium as on August 31, 2020.

* ₹ 729 crore were proforma NPAs as on December 31, 2020.

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:

For half-year ended March 31, 2022

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) ($)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan –Position as at the end of this half-year (@)
Personal Loans*	2,153.19	370.81	0.97	112.43	2,088.20
Corporate persons					
of which, MSMEs					
Others^	336.27	6.48	-	11.74	331.89
Total	**2,489.46**	**377.29**	**0.97**	**124.17**	**2,420.09**

* Retail loans

$ Principal outstanding as at the end of the previous half-year (i.e. as on September 30, 2021) is inclusive of ₹81.71 crore invoked as on September 30, 2021 and implemented during the Q3 of FY22 & out of exposure as mentioned in A, aggregate debt that slipped into NPA post restructuring date during the half-year.

@ Principal outstanding (including capitalised interest, disbursement) for the live restructured accounts as on March 31, 2022.

^Corporate finance loans

For half-year ended September 30, 2021

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) ($)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan –Position as at the end of this half-year (@)
Personal Loans*	2,021.24	60.03	-	46.44	2,071.49
Corporate persons					
of which, MSMEs					
Others^	337.62	-	-	11.19	336.26
Total	**2,358.86**	**60.03**	**Nil**	**57.63**	**2,407.75**

* Retail loans

$ Principal outstanding as on March 31, 2021 for live restructured accounts as on September 30, 2021 for Resolution framework 1.0 dated August 06, 2020 (as mentioned in Format A above) and Resolution framework 2.0 dated May 05, 2021.

@ Principal outstanding (including capitalised interest) as on September 30, 2021 for live restructured accounts as on September 30,2021.

^Corporate finance loans

There were 89 borrower accounts having an aggregate exposure of ₹ 50.69 crore to the Company, where resolution plans had been sanctioned and implemented under RBI's Resolution Framework 1.0 dated August 06, 2020 and modified under RBI's Resolution Framework 2.0 dated May 05, 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 ₹ 0.02 crore (Previous Year ₹ 0.43) as other income for the year ended March 31, 2022 on account of applicability of the above practical expedients.

i) Movement of lease liability

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability as at the beginning of the year	86.39	126.68
Additions (b)	8.87	1.94
Accretion of interest (c)	6.51	7.98
Payments (d)	31.65	32.80
Modification (e)	0.00	17.41
Lease liability as at the end of the year (a+b+c-d-e)	**70.13**	**86.39**

ii) Maturity analysis of minimum undiscounted lease payments after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	34.26	31.28
Later than one year but not later than five years	53.19	69.48
Later than five years	2.13	8.46
Total	**89.58**	**109.22**

(iii) Maturity analysis of minimum discounted lease payments after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	21.89	20.10
Later than one year but not later than five years	46.19	58.29
Later than five years	2.05	8.00
Total	**70.13**	**86.39**

(iv) There are no gains or losses from sales and leaseback for the year ended March 31, 2022 and March 31, 2021.

(v) There are no variable lease payments for the year ended March 31, 2022 and March 31, 2021.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

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 interest rate benchmarks where the Company's hedging relationship is related are 3 month and 6 month USD LIBOR.

b) The Company has outstanding External Commercial Borrowing (ECB) principal of USD 796.00 million (equivalent to ₹ 6,034.25 crore) ((March 31, 2021, USD 812.50 million (equivalent to ₹ 5,972.26 crore)), which is directly linked or affected by the above mentioned two benchmarks. (USD 546.00 million – 3month USD LIBOR and remaining USD 250.00 million – 6 month USD LIBOR) (March 31, 2021, 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 June 30, 2023 and outstanding principal exposure as on that date will be USD 640.00 million (March 31, 2021 USD 640.00 million) for which the Company will discuss and negotiate the alternative reference rate with the respective lenders to incorporate or align the same in the corresponding hedging/ 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 specific communication from any of its lenders regarding the timelines to change to an alternate reference/benchmark rate. However, as soon as the Company receives any communication or instruction from any of its lenders regarding the transition to an alternate reference rate other than the LIBOR, the Company will immediately take it up with the corresponding hedging counterparty/ies to effect the transition in the hedging/derivative deals also. However, this may result in higher pay out for the Company in the form of excess interest or hedging cost of the underlying borrowing for its remaining tenure.

e) The nominal amount of hedging instruments for outstanding principal as on March 31, 2022 is USD 796.00 million (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 ₹ 20.74 crore (Previous year ₹ 12.12 crore) is disputed and are under appeals. These includes contingent liability of ₹ 1.84 crore (Previous year ₹ 4.87 crore) 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 ₹ 7.60 crore (Previous year ₹ 4.31 crore).

iii) Claims against the Company not acknowledged as debt is ₹ 0.29 crore (Previous year ₹ Nil)

iv) Company had issued corporate financial guarantee amounting to ₹ 0.25 crore (Previous year ₹ 0.25 crore) to "UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)" against the Aadhar Authentication Services.

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 makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The contribution has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 31.

(₹ in crore)

Particulars	Current Year	Previous Year
Contribution to Provident Fund and Other Funds	6.96	6.70

Note 41.2: Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the same is managed by Life Insurance Corporation of India. The liability of Gratuity is recognised on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Risks associated with defined benefit plan

Interest rate risk: A fall in the discount rate, which is linked to the Government Securities rate, will increases the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salary of members. As such, an increase in the salary of the members more than assumed level may increase the plan's liability.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

GRATUITY LIABILITY

Change in present value of obligation

(₹ in crore)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	12.23	11.60
Interest cost	0.83	0.77
Current service cost	2.21	2.01
Past service cost including curtailment gains/losses	0.60	-
Benefits paid	(2.55)	(0.47)
Actuarial (gain) / loss on obligation	(0.43)	(1.68)
Present value of obligation as at the end of year	12.89	12.23

Change in fair value of plan assets*

(₹ in crore)

Particulars	Current Year	Previous Year
Fair value of plan assets as at the beginning of the year	13.91	12.23
Actual return on plan assets	0.90	0.81
Contributions	1.33	1.33
Benefits paid	(2.55)	(0.47)
Fair value of plan assets as at the end of year	13.59	13.91
Funded status	0.70	1.68

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for the year ended March 31, 2022

Note 41: Disclosure in respect of Employee Benefits: (Contd.)

Expense recognised in the statement of Profit and Loss

(₹ in crore)

Particulars	Current Year	Previous Year
Service cost	2.81	2.01
Interest cost	0.83	0.77
Actual return on plan assets	(0.90)	(0.81)
Expenses recognised in the statement of profit & loss	2.74	1.97
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	0.43	1.68

Expected contribution for the next financial year is ₹ 2.29 crore.

Assumptions

Particulars	Current Year	Previous Year
a) Discounting rate	6.80%-7.11%	6.53%
b) Future salary Increase	3.00%-7.00%	7.00%
c) Retirement (Years)	58-60 years	60 years
d) Mortality Table	IALM (2012-14)	IALM (2012-14)

Maturity profile of defined benefits obligation

Particulars	Current Year	Previous Year
With in the next 12 months	1.28	1.14
above 1 year and upto 5 years	4.37	3.03
above 5 year	7.24	8.06

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	(0.44)	0.47	0.44	(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	(0.43)	0.46	0.43	(0.42)

*100% of the plan assets are managed by the insurer for current as well as previous year for employees on the Company payroll. However, for contractual employees there are no plan assets.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

NOTE 42: EXPENDITURE IN FOREIGN CURRENCY:

Particulars	Current Year	Previous Year
Interest paid	88.44	109.20
Other expenses	1.47	6.42

NOTE 43: Derivative financial assets / liabilities subject to offsetting, netting arrangements

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crore)

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, 2022	332.88	(90.63)	242.25	-	-	242.25	-	242.25	242.25
At 31 March, 2021	199.57	(199.57)	-	-	-	-	-	-	-

Derivative financial liabilities subject to offsetting, netting arrangements

(₹ in crore)

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, 2022	(90.63)	90.63	-	-	-	-	-	-	-
At 31 March, 2021*	(251.01)	199.57	(51.44)	-	-	(51.44)	-	(51.44)	(51.44)

* Net of margin money paid to counter party bank.

NOTE 44: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crore)

Particulars	As at April 01, 2021	Cash flows (net)	Exchange difference	Others	As at March 31, 2022
Debt securities & subordinated liabilities	11,795.08	(4,218.00)	-	63.07	7,640.15
Borrowings from bank	29,746.34	(2,229.10)	172.20	26.40	27,715.84
Deposits	16,747.42	901.39	-	0.16	17,648.97
Commercial paper	1,104.98	(1,125.00)	-	20.02	-
Lease liability	86.39	(31.64)	-	15.38	70.13

(₹ in crore)

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
Lease liability	126.68	(32.80)	-	(7.49)	86.39

Note 44.1: The borrowings has been utilised for the purpose for which it has been taken from banks and financial institutions.

Note 44.2: The Company has complied/ in process of compliance with the registration of charges or satisfaction with Registrar of Companies within the defined prescribed timelines.

Note 44.3: Quarterly returns/statements of current assets filed with banks or financial institutions against the underlying borrowings are in agreement with the books of accounts.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

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 crore)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	4,964.37	-	4,964.37	6,906.43	-	6,906.43
Bank balance other than cash and cash equivalents	150.47	-	150.47	0.07	-	0.07
Derivative financial instruments	38.23	204.02	242.25	-	-	-
Trade receivables	39.02	-	39.02	15.03	-	15.03
Loans	4,621.70	50,759.04	55,380.74	6,305.51	54,381.86	60,687.37
Investments	920.93	2,551.09	3,472.02	144.15	1,888.77	2,032.92
Other financial assets	125.30	548.61	673.91	242.66	663.42	906.08
Total (a)	**10,860.02**	**54,062.76**	**64,922.78**	**13,613.85**	**56,934.05**	**70,547.90**
Non-financial assets						
Current tax assets (net)	-	37.55	37.55	-	-	-
Deferred tax assets (net)	-	398.80	398.80	-	429.48	429.48
Investment property	-	0.53	0.53	-	0.54	0.54
Property, plant and equipment	-	71.33	71.33	-	81.68	81.68
Right of use assets	-	60.39	60.39	-	78.00	78.00
Capital work-in-progress	-	-	-	-	0.01	0.01
Other Intangible assets	-	17.74	17.74	-	20.43	20.43
Intangible assets under development	-	3.54	3.54	-	2.37	2.37
Other non-financial assets	25.65	2.16	27.81	34.52	1.11	35.63
Assets held for sale	108.83	-	108.83	136.48	-	136.48
Total (b)	**134.48**	**592.04**	**726.52**	**171.00**	**613.62**	**784.62**
Total asset c = (a+b)	**10,994.50**	**54,654.80**	**65,649.30**	**13,784.85**	**57,547.67**	**71,332.52**
LIABILITIES						
Financial liabilities						
Derivative financial instruments	-	-	-	51.44	-	51.44
Trade Payables	27.14	-	27.14	27.80	-	27.80
Debt Securities	2,359.91	3,842.06	6,201.97	5,712.60	5,748.88	11,461.48
Borrowings (other than debt securities)	10,933.17	16,782.67	27,715.84	9,782.46	19,963.88	29,746.34
Deposits	5,840.48	11,808.49	17,648.97	6,134.76	10,612.66	16,747.42
Subordinated liabilities	199.98	1,238.20	1,438.18	-	1,438.58	1,438.58
Other financial liabilities	2,271.50	231.44	2,502.94	2,350.30	309.18	2,659.48
Total (d)	**21,632.18**	**33,902.86**	**55,535.04**	**24,059.36**	**38,073.18**	**62,132.54**
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	-	65.59	65.59
Provisions	2.37	14.75	17.12	2.34	15.63	17.97
Other Non-financial Liabilities	275.59	21.01	296.60	224.82	24.42	249.24
Total (e)	**277.96**	**35.76**	**313.72**	**227.16**	**105.64**	**332.80**
Total liabilities f = (d+e)	**21,910.14**	**33,938.62**	**55,848.76**	**24,286.52**	**38,178.82**	**62,465.34**
Net (c-f)			**9,800.54**			**8,867.18**

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 CEO along with 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 Spoc 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. Spoc 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 principle. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

   Hubs and Spocs 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, 2022

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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Concentration by sector - Retail		
Housing loans	35,080.13	35,293.71
Non housing loans	15,484.34	15,937.44
Total (a)	**50,564.47**	**51,231.15**
Concentration by sector - Corporate		
Construction finance	6,088.92	8,817.16
Corporate term loan	941.82	2,275.82
Lease rental discounting	344.47	907.35
Total (b)	**7,375.21**	**12,000.33**
Total (a+b)	**57,939.68**	**63,231.48**

(ii) Risk concentrations on financial assets other than loans

(₹ in crore)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2022					
Cash and cash equivalents	-	4,963.25	-	1.12	4,964.37
Bank balance other than cash and cash equivalents	-	150.47	-	-	150.47
Derivative financial instruments	-	242.25	-	-	242.25
Trade receivables	-	-	38.99	0.03	39.02
Investments	3,075.46	100.02	296.54	-	3,472.02
Other financial assets	7.44	645.85	5.44	15.18	673.91
Total	**3,082.90**	**6,101.84**	**340.97**	**16.33**	**9,542.04**
As at March 31, 2021					
Cash and cash equivalents	-	6,905.56	-	0.87	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**	**7,789.78**	**313.05**	**14.81**	**9,860.53**

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.

Note 46.4.1 Total market risk exposure

(₹ in crore)

Particular	As at March 31, 2022	As at March 31, 2021	Primary risk sensitivity
	Carrying amount		
ASSETS			
Financial assets			
Cash and cash equivalents	4,964.37	6,906.43	-
Bank balance other than cash and cash equivalents	150.47	0.07	-
Derivative financial instruments	242.25	-	-
Trade receivables	39.02	15.03	-
Loans	55,380.74	60,687.37	Interest rate
Investments	3,472.02	2,032.92	Interest rate
Other financial assets	673.91	906.08	Interest rate
Total	**64,922.78**	**70,547.90**	
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	51.44	-
Trade payables	27.14	27.80	-
Debt securities	6,201.97	11,461.48	Interest rate
Borrowings (other than debt securities)	27,715.84	29,746.34	Interest rate/Currency Risk
Deposits	17,648.97	16,747.42	Interest rate
Subordinated liabilities	1,438.18	1,438.58	Interest rate
Other financial liabilities	2,502.94	2,659.48	-
Total	**55,535.04**	**62,132.54**	

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 assesses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates.

(₹ in crore)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit and (loss)
Loans	2021-22	100 bps / (100) bps	559.97 / (559.97)
	2020-21	50 bps / (50) bps	303.57 / (303.57)
Investments	2021-22	100 bps / (100) bps	7.41 / (7.41)
	2020-21	25 bps / (25) bps	0.88 / (0.88)
Other financial assets	2021-22	25 bps / (25) bps	74.20 / (74.20)
	2020-21	25 bps / (25) bps	88.85 / (88.85)
External Commercial Borrowing	2021-22	100 bps / (100) bps	(6.14) / 6.14
	2020-21	20 bps / (20) bps	(1.43) / 1.43
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2021-22	100 bps / (100) bps	(296.53) / 296.53
	2020-21	50 bps / (50) bps	(188.85) / 188.85

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

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 crore)

Areas	Financial year	Increase / (decrease) in %	Sensitivity on profit and loss / other comperehensive income
External Commercial Borrowing	2021-22	10 % / (10) %	(9.68) / 9.68
	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 (if any). 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 has 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, government securities etc., 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 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 crore)

Particulars	As at March 31, 2022			As at March 31, 2021		
	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	27.14	-	27.14	27.80	-	27.80
Debt securities	2,359.91	3,842.06	6,201.97	5,712.60	5,748.88	11,461.48
Borrowings (other than debt securities)	10,933.17	16,782.67	27,715.84	9,782.46	19,963.88	29,746.34
Deposits	5,840.48	11,808.49	17,648.97	6,134.76	10,612.66	16,747.42
Subordinated liabilities	199.98	1,238.20	1,438.18	-	1,438.58	1,438.58
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,185.68	4,807.71	7,993.39	3,864.65	6,495.51	10,360.16
Other financial liabilities	2,271.50	231.44	2,502.94	2,350.30	309.18	2,659.48
Total	**24,817.86**	**38,710.57**	**63,528.43**	**27,924.01**	**44,568.69**	**72,492.70**

The table below shows the contractual expiry by maturity of the Company's contingent assets, liabilities and commitments.

(₹ in crore)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2022			
Undrawn commitments relating to advances	1,884.25	2,030.01	3,914.26
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	1,820.00	-	1,820.00
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

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 are significant and 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 47: FAIR VALUE MEASUREMENT (Contd.)

(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.

(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

As at March 31, 2022

(₹ in crore)

Particulars	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit and loss				
Investments				
Mutual Funds	100.02	-	-	100.02
Debt securities	-	92.69	-	92.69
Government securities		1,044.83	-	1,044.83
Derivative financial instruments				
Forward contracts and currency swaps	-	332.88	-	332.88
Total assets measured at fair value on a recurring basis (a)	**100.02**	**1470.40**	**-**	**1,570.42**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	108.83	-	108.83
Total assets measured at fair value on a non recurring basis (b)	**-**	**108.83**	**-**	**108.83**
Total assets measured at fair value (a)+(b)	**100.02**	**1579.23**	**-**	**1,679.25**
Liabilities measured at fair value through profit and loss				
Derivative financial instruments				
Spot and forward contracts	-	50.08	-	50.08
Interest rate swaps	-	40.55	-	40.55
Total liabilities measured at fair value through profit and loss	**-**	**90.63**	**-**	**90.63**

As at March 31, 2021

(₹ in crore)

Particulars	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit and 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 and loss				
Derivative financial instruments				
Interest rate swaps	-	251.01	-	251.01
Total liabilities measured at fair value through profit and loss	**-**	**251.01**	**-**	**251.01**

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.

NOTE 47: FAIR VALUE MEASUREMENT (Contd.)

1. **Debt securities**

   The Company's debt instruments are standard fixed rate securities.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.

   Foreign exchange contracts

   Foreign exchange contracts include 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

As at March 31, 2022

(₹ in crore)

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	55,380.74	-	55,440.07	-	55,404.07
Investment#					
Government Securities (at amortised cost) & Equity (at cost)	2,234.48	-	2,321.27	-	2,321.27
Total financial assets	**57,615.22**	**-**	**57,761.34**	**-**	**57,761.34**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities (including interest accrued)	6,378.01	-	6,569.97	-	6,569.97
Deposits (including interest accrued)	17,687.04	-	-	17,831.26	17,831.26
Subordinated liabilities (including interest accrued)	1,439.27	-	1,493.54	-	1493.54
Total financial liabilities	**25,504.32**	**-**	**8,063.51**	**17,831.26**	**25,894.77**

As at March 31, 2021

(₹ in crore)

Particulars	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 (including interest accrued)	10,574.71	-	10,909.50	-	10,909.79
Deposits (including interest accrued)	17,004.74	-	-	17,129.25	17,129.25
Subordinated liabilities (including interest accrued)	1,439.67	-	1,510.44	-	1,510.44
Total financial liabilities	**29,019.12**	**-**	**12,419.94**	**17,129.25**	**29,549.19**

fair value has been disclosed for those valued at amortised cost.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 47: FAIR VALUE MEASUREMENT (Contd.)

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)

   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 been recognised at amortised cost in the financial statements.

   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, 2022, and March 31, 2021.

NOTE 48: OTHER DISCLOSURES:

(i) There is no income which is required to be recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ii) The Company has not been declared willful defaulter by any Banks/Financial Institutions.

(iii) The Company has not traded or invested in Crypto currency or Virtual currency during the year.

(iv) There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(v) There are no transaction with struck off companies during the current and previous year.

NOTE 49: AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

(i) Ind AS 16 – Proceeds before intended use -The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

(ii) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract - The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

(iii) Ind AS 109 – Annual Improvements to Ind AS (2021) - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Note 50: Previous year figures have been rearranged / regrouped wherever necessary to correspond with current year's classification disclosure.

In terms of our report of even date

For **T R Chadha & Co LLP**
Chartered Accountants
FR No. : 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For **Singhi & Co.**
Chartered Accountants
FR No. : 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: April 28, 2022

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

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 crore)
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.	Reporting period of the subsidiary is the same as that of the holding i.e. April 01, 2021 to March 31, 2022
4	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable as this is the domestic subsidiary
5	Share capital	0.25
6	Reserves and surplus	115.80
7	Total assets	178.11
8	Total Liabilities	62.06
9	Investments	10.93
10	Turnover	234.10
11	Profit before taxation	24.71
12	Provision for taxation	6.63
13	Profit after taxation	18.08
14	Proposed Dividend	-
15	Extent of shareholding (in percentage)	100

Sr. No.	Particulars	Details/ Amount (₹ in crore)
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.	Reporting period of the subsidiary is the same as that of the holding i.e. April 01, 2021 to March 31, 2022
4	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable as this is the domestic subsidiary
5	Share capital	0.05
6	Reserves and surplus	6.18
7	Total assets	6.25
8	Total Liabilities	0.02
9	Investments	4.18
10	Turnover	18.49
11	Loss before taxation / excess of expenditure over income	9.56
12	Provision for taxation	-
13	Loss after taxation / excess of expenditure over income	9.56
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

Binod Kumar
Director
DIN: 07361689

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: April 28, 2022

INDEPENDENT AUDITORS' REPORT

To the Members of
PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Consolidated Financial Statements of PNB Housing Finance Limited ("hereinafter referred to as 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 2022, the Consolidated Statement of Profit and Loss including Consolidated Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and 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") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as 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 Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

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 for the financial year ended March 31, 2022. 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. For each matter below, description of how the matter was addressed in our audit is provided in that context. Considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality, below Key Audit Matters have been reproduced from the Independent Auditors' report on the audit of Standalone Financial Statements of the Holding Company.

Key audit matters#	How our audit addressed the key audit matter
Expected Credit Loss (ECL) on loans and advances	
The Company has reported total gross loans of ₹ 57,894.88 crore and ₹ 2,558.94 crore of allowance for expected credit loss as on March 31, 2022 (Refer Note 6). The allowance for ECL on loan assets involves significant key judgements and estimates in respect of timing and measurement of expected credit loss (Refer Note 2.20). As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation, with a potential impact on the financial statements. The major elements of estimating ECL are the following: a) Application of ECL model requires several data inputs. b) Judgmental models used to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.	Our audit approach was a combination of test of internal controls and substantive procedures which includes the following: a) Testing the design and effectiveness of internal controls over the following: • key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • key controls over the application of the staging criteria consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors. • management's controls over authorisation and calculation of post model adjustments and management overlays to the output of the ECL model.

<table>
<tr><th>Key audit matters#</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>c) Qualitative and quantitative factors used in staging of loan assets.
d) Ind AS 109 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them.
e) Completeness and valuation of post model adjustments.</td><td>b) In addition to above the following audit procedures have been applied;
• testing of key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data, reasonableness of economic forecasts, weights, and model assumptions applied;
• 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.
• tested mathematical accuracy and computation of the allowances by using the input data used by the Company;
Evaluating the appropriateness of the Company's impairment methodologies as required under Ind AS 109 and reasonableness of assumptions used including management overlays ensuring that the adjustment to ECL Model was in conformity with the policy approved by the Audit Committee.</td></tr>
<tr><td colspan="2">Information Technology (IT) Systems and Controls</td></tr>
<tr><td>The Company uses ERP system for financial reporting which interface with other business operation softwares' that process transactions related to loans, deposits and borrowings.
The Company's key financial accounting and reporting processes are highly dependent on the automated controls implemented in IT systems. If there exist gaps in the IT control environment, then it could result in the financial accounting and reporting records being materially misstated.</td><td>Our key audit procedures on this matter includes, but were not limited, to the following:
(a) obtained an understanding of the Company's information processing systems, IT General Controls and automated IT controls for applications, databases and operating systems relevant to our audit;
(b) Also, obtained an understanding of the changes that were made to the IT applications during the audit period;
(c) Also, performed following procedures:
(i) tested the IT General Controls around user access management, changes to IT environment and segregation of duties around program maintenance and security administration relating to key financial accounting and reporting processes;
(ii) tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization; and
(iii) tested the automated controls like interfaces, configurations and information generated by the entity's information processing systems for loans, borrowings, deposits, interest income, interest expense and other significant financial statement items.</td></tr>
</table>

Above referred Key Audit Matters are in respect of the Holding Company only. The subsidiary in the group is unlisted entity.

OTHER MATTER

a) The financial statement for the year ended March 31, 2021, included in the accompanying financial statements have been audited by the predecessor auditor, whose audit report dated April 27, 2021 expressed unmodified opinion.

b) We did not audit the financial statements/ financial information of PHFL Home Loans and Services Limited ("a subsidiary"), whose financial statements reflects total assets of ₹ 178.11 crore as at March 31, 2022, total revenues of ₹ 234.10 crore, total net profit after tax of ₹ 18.08 crore, total comprehensive income of ₹ 18.76 crore and net cash inflow of ₹ 39.12 crore for the year ended March 31, 2022.

The financial statement of the Subsidiary have been audited by other auditor, whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor after considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality.

Our opinion is not modified in respect of these matters.

OTHER INFORMATION

The Holding Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated 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 Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S 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 Companies in the Group have 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 Holding Company's Management 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 ability of the Group 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.

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 for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' 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 and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary as noted in the other matter paragraph, we report, to the extent applicable, 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 purposes of our audit of the aforesaid Consolidated Financial Statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including 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 relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

    (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 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 Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls with reference to Consolidated Financial Statements.

(g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group 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 the consolidated financial position of the Group– Refer Note 40 to the Consolidated Financial Statements;

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. - Refer Note 15 to the Consolidated Financial Statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company;

iv. a. The respective managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and the other auditor that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or by the subsidiary to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or of the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. The respective Managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and the other auditor that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or by the subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or the subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiary, whose financial statements have been audited respectively, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Holding Company and its subsidiary has not declared and paid any dividend during the year and has not proposed final dividend for the year. Therefore, reporting in this regard is not applicable to the Group.

With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, based on the CARO report issued by us for the Holding Company and CARO report issued by the auditor of the subsidiary included in the Consolidated Financial Statements of the Holding Company, to which reporting under CARO is applicable, provided to us by the Management of the Holding Company and based on the identification of matters of qualifications or adverse remarks in the CARO reports, we report that in respect of those companies where audits have been completed under section 143 of the Act, the auditors of such companies have not reported any qualifications or adverse remarks.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner
Membership No. 088926
UDIN : 22088926AHZCKY6729

Date : April 28, 2022
Place : New Delhi

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg. No. 006711N/N500028

Neena Goel
Partner
Membership No. 057986
UDIN : 22057986AIEZEP7266

Date : April 28, 2022
Place : New Delhi

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of PNB Housing Finance Limited of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of PNB Housing Finance Limited (hereinafter referred to as (the "Holding Company") and its subsidiary company (the Holding Company and its subsidiary together referred to as "the Group")., which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Boards of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (the "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 the respective 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 Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing, prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. 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 with reference to Consolidated Financial Statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 judgment, 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 and the audit evidence obtained by the other auditor of the subsidiary company incorporated in India, in terms of their reports referred to in the 'Other Matters' paragraph is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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 company incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

OTHER MATTERS

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to Consolidated Financial Statements in so far as it related to subsidiary company, is based on the corresponding report of auditors of subsidiary company.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner
Membership No. 088926
UDIN : 22088926AHZCKY6729

Date : April 28, 2022
Place : New Delhi

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg. No. 006711N/N500028

Neena Goel
Partner
Membership No. 057986
UDIN : 22057986AIEZEP7266

Date : April 28, 2022
Place : New Delhi

CONSOLIDATED BALANCE SHEET

as at March 31, 2022

(₹ in crore)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	3	5,065.62	6,968.56
Bank balance other than cash and cash equivalents	4	150.47	0.07
Derivative financial instruments	15	242.25	-
Receivables			
Trade receivables	5	42.80	44.94
Other receivables		-	-
Loans	6	55,335.94	60,644.72
Investments	7	3,482.70	2,044.82
Other financial assets	8	673.91	906.58
		64,993.69	**70,609.69**
Non- financial assets			
Current tax assets (net)	9.1	47.30	-
Deferred tax assets (net)	10	398.90	429.63
Investment property	11	0.53	0.54
Property, plant and equipment	12	71.38	81.75
Right of use assets	12	60.47	78.09
Capital work-in-progress	12.1	-	0.01
Intangible assets under development	12.2	3.54	2.37
Other Intangible assets	13	18.02	20.89
Other non- financial assets	14	26.95	32.75
Assets held for sale	35	108.83	136.48
		735.92	**782.51**
Total		**65,729.61**	**71,392.20**
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 enterprises and small enterprises		16.29	17.82
Other payable			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	17	6,201.97	11,461.48
Borrowings (other than debt securities)	18	27,715.84	29,746.34
Deposits	19	17,648.98	16,746.04
Subordinated liabilities	20	1,438.18	1,438.58
Other financial liabilities	21	2,520.79	2,675.65
		55,542.05	**62,137.35**
Non-financial liabilities			
Current tax liabilities (net)	9.2	-	62.93
Provisions	22	17.33	18.39
Other non-financial liabilities	23	298.60	250.50
		315.93	**331.82**
Equity			
Equity share capital	24	168.60	168.27
Other equity	25	9,703.03	8,754.76
Total equity		**9,871.63**	**8,923.03**
Total		**65,729.61**	**71,392.20**
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 T R Chadha & Co LLP
Chartered Accountants
FR No. : 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For Singhi & Co.
Chartered Accountants
FR No. : 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: April 28, 2022

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(₹ in Crore)

Particulars	Notes	Current Year	Previous Year
Revenue from operations			
Interest income	26	5,822.00	7,189.83
Fees and commission income	27	262.55	181.23
Net gain on fair value changes	28	111.38	162.33
Income on derecognised (assigned) loans		-	70.53
Total revenue from operations		**6,195.93**	**7,603.92**
Other income		4.80	20.16
Total income		**6,200.73**	**7,624.08**
Expenses			
Finance costs	29	4,064.46	5,100.73
Impairment on financial instruments	30	576.36	861.90
Employee benefits expenses	31	216.61	211.29
Fees and commission expenses		11.12	11.61
Depreciation, amortisation and impairment		53.39	59.01
Other expenses	32	194.83	172.51
Total expenses		**5,116.77**	**6,417.05**
Profit before exceptional items & tax		1,083.96	1,207.03
Exceptional items		-	-
Profit before tax		**1,083.96**	**1,207.03**
Tax expense/(credit)			
Current tax	33	249.15	413.25
Deferred tax ((credit)/ charge)	33	(1.67)	(136.12)
Profit for the year		**836.48**	**929.90**
Other comprehensive income/(loss)			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan		1.34	2.43
(ii) Tax relating to items that will not be reclassified to profit or loss		(0.34)	(0.61)
Subtotal (A)		**1.00**	**1.82**
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		128.69	(30.08)
(ii) Tax relating to items that will be reclassified to profit or loss		(32.39)	7.57
Subtotal (B)		**96.30**	**(22.51)**
Other comprehensive income/(loss) (A + B)		**97.30**	**(20.69)**
Total comprehensive income for the year		**933.78**	**909.21**
Profit for the year, net of tax attributable to			
Owners of the parent		836.48	929.90
Non-controlling interest		-	-
Other comprehensive income/ (loss) for the year, net of tax attributable to			
Owners of the parent		97.30	(20.69)
Non-controlling interest		-	-
Total comprehensive income for the year, net of tax attributable to			
Owners of the parent		933.78	909.21
Non-controlling interest		-	-
Earnings per equity share (Face value of ₹ 10/- each fully paid up)			
Basic (₹)	34	49.64	55.29
Diluted (₹)	34	49.53	55.26
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 T R Chadha & Co LLP
Chartered Accountants
FR No. : 006711N/N500028

For and on behalf of the Board of Directors

Neena Goel
Partner
M. No.: 057986

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

For Singhi & Co.
Chartered Accountants
FR No. : 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: April 28, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

(₹ in crore)

Particular	Equity share Capital	Other equity*							Total equity
		Reserves and surplus					Other comprehensive income	Total other equity	
		Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
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**
Changes in Equity Share Capital due to prior period errors	-								-
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	**168.19**	**4,044.33**	**813.76**	**126.97**	**67.32**	**2,971.40**	**(194.20)**	**7,829.58**	**7,997.77**
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
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**931.72**	**(22.51)**	**909.21**	**909.21**
Transfer to special reserve#	-	-	197.00	-	-	(197.00)	-	-	-
Transfer to statutory reserve##	-	-	-	-	-	-	-	-	-
Equity shares issued during the year	0.08	2.66	-	-	-	-	-	2.66	2.74
Employee stock option exercised during the year (Refer Note 24.8)	-	0.91	-	-	(0.91)	-	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	13.30	-	-	13.30	13.30
Transfer on account of stock option lapsed/ expired	-	-	-	-	(6.42)	6.42	-	-	-
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**
Changes in Equity Share Capital due to prior period errors	-								-
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	**168.27**	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,712.55**	**(216.71)**	**8,754.76**	**8,923.03**
Profit for the year	-	-	-	-	-	836.48	-	836.48	836.48
Fair value changes on derivatives	-	-	-	-	-	-	96.30	96.30	96.30
Remeasurement of net defined benefit liabilities/ assets	-	-	-	-	-	1.00	-	1.00	1.00
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**837.48**	**96.30**	**933.78**	**933.78**
Transfer to special reserve#	-	-	124.00	-	-	(124.00)	-	-	-
Transfer to statutory reserve##	-	-	-	41.00	-	(41.00)	-	-	-
Equity shares issued during the year	0.33	10.82	-	-	-	-	-	10.82	11.15
Employee stock option exercised during the year (Refer Note 24.8)	-	3.69	-	-	(3.69)	-	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	3.67	-	-	3.67	3.67
Transfer on account of stock option lapsed/ expired	-	-	-	-	(17.73)	17.73	-	-	-
Balances as at March 31, 2022	**168.60**	**4,062.41**	**1,134.76**	**167.97**	**55.54**	**4,402.76**	**(120.41)**	**9,703.03**	**9,871.63**

*Refer Note 25 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 ₹ 124.00 crore (Previous year ₹ 197.00 crore) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has tran sferred an amount of ₹ 41.00 crore (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 T R Chadha & Co LLP
Chartered Accountants
FR No. : 006711N/N500028

For and on behalf of the Board of Directors

Neena Goel
Partner
M. No.: 057986

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

For Singhi & Co.
Chartered Accountants
FR No. : 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: April 28, 2022

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2022

(Indirect Method)

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,083.96	1,207.03
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	53.39	59.01
Net loss on sale of property, plant and equipment	0.19	3.71
Impairment on financial instruments	14.33	778.75
Impairment on assets held for sale	7.86	26.64
Net loss on financial asset at fair value through profit and loss	10.04	4.71
Share based payment expense	3.67	13.30
Effective interest rate on financial assets	(11.30)	33.18
Effective interest rate on financial liabilities	111.03	(40.96)
Interest expenses	4,057.94	5,075.84
(Unwinding)/Income on derecognised (assigned) loans	232.13	(172.21)
Restructure gain on financial assets	(13.93)	(62.11)
Interest on leases including modification gain/(loss)	6.52	6.96
Bad debts written-off	562.03	83.07
	5,033.90	**5,809.89**
Operating profits before changes in working capital	6,117.86	7,016.92
Working Capital changes		
(Decrease)/increase in trade payables	(1.53)	(69.10)
(Decrease)/increase in provisions	0.28	3.88
(Decrease)/increase in other financial liabilities	(11.76)	287.06
Increase/(decrease) in non-financial liabilities	48.10	(268.18)
Decrease/(increase) in loans at amortised cost	4,769.22	5,150.67
(Increase)/decrease in trade receivables	2.16	(0.04)
Decrease/(increase) in other financial asset	1.03	(34.93)
Decrease/(increase) in other non-financial asset	5.80	(3.43)
Proceeds from sale of asset held for sale	19.79	43.44
(Increase)/decrease in bank balance other than cash and cash equivalents	(150.40)	0.00
	4,682.69	**5,109.37**
Cash generated from / (used in) operations before adjustments for interest and taxes paid	**10,800.55**	**12,126.29**
Interest Paid	(4,184.76)	(5,219.27)
Taxes paid (net of refunds)	(359.71)	(295.74)
Net cash generated from / (used in) operating activities	**6,256.08**	**6,611.28**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(13.97)	(7.72)
Capital work-in-progress and intangible assets under development (net)	(1.16)	1.69
Proceeds from sale of property, plant and equipment and other intangible assets	0.13	0.37
Investments (net)	(1,459.99)	26.21
	(1,474.99)	**20.55**
Net cash (used in) / generated from investing activities	**(1,474.99)**	**20.55**

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2022

(Indirect Method)

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from financing activities*		
Proceeds from		
Debt securities and subordinated liabilities	455.00	1,690.00
Borrowings from bank	19,698.27	18,181.48
Deposits (net)	901.39	630.68
Commercial paper	-	2,125.00
Repayment of		
Debt securities and subordinated liabilities	(4,673.00)	(8,746.00)
Borrowings from bank	(21,920.17)	(20,612.66)
Commercial paper	(1,125.00)	(1,416.00)
Lease Liability	(31.67)	(32.83)
Proceeds from issue of share capital including securities premium	11.15	2.74
Net cash (used in) / generated from financing activities	**(6,684.03)**	**(8,177.59)**
Net changes in cash & cash equivalents	**(1,902.94)**	**(1,545.76)**
Cash or cash equivalents at the beginning of the year	6,968.56	8,514.32
Cash or cash equivalents at the end the of the year	5,065.62	6,968.56
Net (decrease) / increase of cash & cash equivalents during the year	**(1,902.94)**	**(1,545.76)**
Components of cash and cash equivalents		
Cash on hand	1.12	0.87
Balances with banks in current accounts	512.19	933.77
Bank deposit with maturity of less than 3 months	4,552.31	6,033.92
Stamps on hand	-	0.00
	5,065.62	**6,968.56**

*Refer Note 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 T R Chadha & Co LLP
Chartered Accountants
FR No. : 006711N/N500028

Neena Goel
Partner
M. No. : 057986

For Singhi & Co.
Chartered Accountants
FR No. : 302049E

Bimal Kumar Sipani
Partner
M. No. : 088926

Place: New Delhi
Date: April 28, 2022

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

1. OVERVIEW AND PRINCIPLES OF CONSOLIDATION

Note 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.

PHFL Home and Loans Services Limited wholly owned subsidiary of the Company is primarily engaged in the business of rendering of professional /consultancy services including sourcing, marketing, promoting, publicising, advertising, soliciting, distributing any kind of financial instruments or classes of insurance product , syndicated credit products , investment products and wealth products.

These consolidated financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on April 28, 2022.

Note 1.2: Statement of Compliance and basis of preparation and presentation

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 as amended from time to time. The Statement of Cash Flows has been prepared and presented as per Ind AS 7 "Statement of Cash Flows".

The consolidated financial statements have been prepared under the historical cost convention on accrual basis except where quantum of accruals cannot be ascertained with reasonable certainty. Following are measured on each reporting date:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.
- Financial instrument - 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 as amended from time to time and the Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Directions') as amended from time to time.

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 17, 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 (₹) which is the functional and presentation currency of the Company and all values are rounded to the nearest crore 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 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.

Note 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 subsidiary and the parent's portion of equity of 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).

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Note 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 behavioral 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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as 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.

f) **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

g) **Deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

h) **Useful Life of Property, Plant and Equipment (PPE) and Intangible assets**

The Company reviews its estimate of the useful life of PPE and intangible assets at each reporting date, based on the expected utility of the PPE and intangible assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of PPE and intangible assets. In case of a revision of useful life, the unamortised depreciable amount is charged over the remaining useful life of the PPE and intangible assets.

i) **Share-Based Payments**

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Note 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 consists of cash at banks and on hand and short term deposits, as defined above.

NOTE 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 recognised in accordance with the terms of the relevant contracts / agreements and when it is probable that the Company will collect the consideration.

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.

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

Note 2.4: Property, plant and equipment (PPE) and Intangible assets

a) PPE

PPE are stated at cost (including directly attributable expenses) less accumulated depreciation and impairment losses, if any. Cost includes deemed cost which represents the carrying value of PPE recognised as at April 1, 2017 measured as per the previous Generally Accepted Accounting Principles (GAAP).The cost of PPE 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 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. 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. Any gain or loss arising on derecognition 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 directly attributable 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. 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 Intangible assets 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 derecognition 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.

Note 2.5: Depreciation and amortisation

a) Depreciation

Depreciation on PPE 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 based on technical evaluation. Leasehold improvements

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for the year ended March 31, 2022

are amortised over the period of five years however, where the lease term is less than five years amortisation is restricted to the underlying lease term.

All PPE individually costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to PPE is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of PPE 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 PPE 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 or less 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 or the life whichever is less.

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.

Note 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.

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 a registered 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.

Note 2.7: Foreign 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.

Note 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 Lesses

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.

Company as a Lessor

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.

Note 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

Note 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.

Note 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.

Note 2.12: Employee Benefits

- 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

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for the year ended March 31, 2022

the scheme is recognised as a liability after deducting the contribution already paid.

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, excluding amounts included in net interest on the net defined benefit liability, the effect of the asset ceiling, 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

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

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, 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

Note 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.

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.

Note 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.

Note 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 received and the 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 FVTOCI

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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 or 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 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

Offsetting a Financial Asset and a Financial Liability

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Note 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.

Note 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.

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.

Note 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 has not been reclassified.

Note 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 derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 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 – 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.

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.
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	90+/ NPA	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses regulatory definition 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 Ind AS 109. PD is defined as the probability that a borrower will be unable to meet their 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 assets 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.

- **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 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 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 are considered for determining the LGD including time taken for resolutions, 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:

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). PD s are further stressed basis operational variables like construction variance, sales velocity, resolution team feedback etc. 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:

(i) Those stage 1 loan assets where underlying property is under construction and expected construction progress is likely to remain slow based on historical data / market feedback.

(ii) Those stage 1 assets which are restructured under RBI OTR scheme of Aug 2020 and May 2021 and have shown higher degree of risk basis their performance with us and/or with other financial institutions.

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 identifies 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 macro economic 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 macro economic 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 macro economic overlay. Identification of relevant macro economic 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 macro economic variables (MEVs) of the final model were used to generate multiple simulations for forecasting 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 macro economic 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Accordingly, the probability weighted ECL is computed using the likelihood as weights.

Note 2.21: ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note 2.20.

Note 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.

Note 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.

Note 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.

Note 2.25: Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Deposit remaining unclaimed for more than seven years have been transferred to the Investor Education and Protection Fund (IEPF). 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.

Note 2.26: Securities Premium

Securities 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

Securities 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.

Note 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 SARFAESI 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 assets and they are measured at the lower of their carrying amount and the fair value less costs of disposal.

Note 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 as amended from time to time.

2.29Investment in subsidiaries

Investments in subsidiaries are measured at cost as per Ind AS 27 – Separate Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 3: CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	1.12	0.87
Balances with banks in current accounts	512.19	933.77
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	4,552.31	6,033.92
Stamps on hand	-	0.00
Total	**5,065.62**	**6,968.56**

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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Bank Deposits (More than 3 months & upto 12 months)	150.40	-
Earmarked balances with bank (Refer Note 4.1)	0.07	0.07
Total	**150.47**	**0.07**

Note 4.1 Earmarked balances with bank include unclaimed dividend on equity shares.

NOTE 5: RECEIVABLES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
Receivable considered good- Secured	-	-
Receivable considered good- Unsecured (Refer Note 5.2)	42.80	44.94
Receivables from related parties	-	-
Receivables which have significant increase in credit risk	-	-
Receivables – credit impaired	0.05	0.07
	42.85	**45.01**
Less : Provision for impairment	0.05	0.07
Total	**42.80**	**44.94**

Note 5.1: Trade Receivables ageing

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment					
		As at March 31, 2022					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	42.80	-	-	-	-	42.80
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	0.02	0.03	-	0.05
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Unbilled Trade Receivables	-	-	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 5.1: Trade Receivables ageing (Contd.)

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment					
		As at March 31, 2021					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	44.94	-	-	-	-	44.94
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	0.04	0.01	0.02	-	-	0.07
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Unbilled Trade Receivables	-	-	-	-	-	-	-

Note 5.2 : 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.

NOTE 6: LOANS (AT AMORTISED COST)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Term Loans	57,894.88	63,188.83
Total Gross	**57,894.88**	**63,188.83**
Less: Impairment loss allowance	2,558.94	2,544.11
Total Net	**55,335.94**	**60,644.72**
Secured by tangible assets	57,894.88	63,188.83
Total Gross	**57,894.88**	**63,188.83**
Less: Impairment loss allowance	2,558.94	2,544.11
Total Net	**55,335.94**	**60,644.72**
Loans in India		
Public Sector	-	-
Others	57,894.88	63,188.83
Total Gross	**57,894.88**	**63,188.83**
Less: Impairment loss allowance	2,558.94	2,544.11
Total Net (a)	**55,335.94**	**60,644.72**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total Net (b)	-	-
Total Net (a+b)	**55,335.94**	**60,644.72**

Note 6.1: There are no loans and advances to Directors/KMP/Related Parties as on March 31,2022 and March 31, 2021.

Note 6.2: Loans - Staging analysis#

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Opening 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
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	11,190.22	33.63	125.90	11,349.75	10,327.42	110.89	6.22	10,444.53
Asset paid in part or full (excluding write off) (net)	(15,731.77)	(252.18)	(100.37)	(16,084.32)	(14,565.53)	(44.84)	(165.54)	(14,775.91)
Asset derecognised (loan assigned)	-	-	-	-	(788.60)	-	-	(788.60)
Asset written off	(13.27)	(7.71)	(538.40)	(559.38)	(18.22)	(0.57)	(66.04)	(84.83)
Transfer to stage 1	1,638.57	(1,480.15)	(158.42)	-	291.06	(267.99)	(23.07)	-
Transfer to stage 2	(1,143.84)	1,169.86	(26.02)	-	(2,278.93)	2,284.92	(5.99)	-
Transfer to stage 3	(1,089.93)	(1,314.79)	2,404.72	-	(458.71)	(781.16)	1,239.87	-
Closing gross carrying amount	**51,209.35**	**1,980.63**	**4,704.90**	**57,894.88**	**56,359.37**	**3,831.97**	**2,997.49**	**63,188.83**

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	46,593.50	1,959.25	1,966.81	50,519.56	47,162.28	2,644.27	1,381.95	51,188.50
Total	**46,593.50**	**1,959.25**	**1,966.81**	**50,519.56**	**47,162.28**	**2,644.27**	**1,381.95**	**51,188.50**
% of total	**92.23%**	**3.88%**	**3.89%**	**100.00%**	**92.13%**	**5.17%**	**2.70%**	**100.00%**

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	16.61%	18.92%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.45%	5.94%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	0.33%	19.01%
ii) Residual portfolio either remained in stage 3 or had backward flows		

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Corporate Loans	4,615.85	21.38	2,738.09	7,375.32	9,197.09	1,187.70	1,615.54	12,000.33
Total	**4,615.85**	**21.38**	**2,738.09**	**7,375.32**	**9,197.09**	**1,187.70**	**1,615.54**	**12,000.33**
% of total	**62.58%**	**0.29%**	**37.13%**	**100.00%**	**76.64%**	**9.90%**	**13.46%**	**100.00%**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	35.45%	17.47%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.24%	0.00%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	3.87%	10.24%
ii) Residual portfolio either remained in stage 3 or had backward flows		

Note 6.3: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1 ^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	283.21	197.35	527.83	1,008.39	251.31	288.24	358.95	898.50
Total	**283.21**	**197.35**	**527.83**	**1,008.39**	**251.31**	**288.24**	**358.95**	**898.50**

ECL movement as on March 31, 2021 and March 31, 2022

a) The loan assets in stage 2 were 3.88% as on March 31, 2022 as against 5.17% as on March 31,2021. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 822.63 crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2022 would be 2.25% against 3.46% as on March 31, 2021.

b) ECL % POS has decreased by 1.29% as on March 31, 2022 in stage 2 due to transition of stage 2 accounts to stage 3 (as an impact of RBI Circular No. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22).

c) Overall ECL % POS have increased by 24 bps on accounts of conservatism approach adopted by the Company.

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 crore 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.

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1 ^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Corporate Loans	300.10	3.07	1,247.38	1,550.55	396.25	359.05	890.31	1,645.61
Total	**300.10**	**3.07**	**1,247.38**	**1,550.55**	**396.25**	**359.05**	**890.31**	**1,645.61**

ECL movement as on March 31, 2021 and March 31, 2022

a) Stage 1 ECL % of POS increased from 4.31% to 6.50%. This is due to restructuring cases carrying higher provisions.

b) The loan assets in stage 2 were decresed to 0.29% as on March 31, 2022 from 9.90% as on March 31,2021 majorly due to shift of stage 2 asset to stage 3.

c) The Company's stage 3 asset ratio has increased from 13.46% as on March 31, 2021 to 37.13% as on March 31, 2022 owing to this ECL has also increased.

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 crore 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.

^The restructuring was done for Stage 1 accounts, total restructured assets were ₹1,647 crore (previous year ₹ 1,378 crore), against which provision of ₹204 cr (previous year ₹ 206 crore) is held.

#Refer Note 2.20 and 47.1

Note 6.4: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

Tangible securities

i) Equitable / Simple / English Mortgage of immovable property;

ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;

iii) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;

Intangible securities

i) Demand Promissory Note;

ii) Post dated cheques towards the repayment of the debt;

iii) Personal / Corporate Guarantees;

iv) Undertaking to create a security;

v) Letter of Continuity.

NOTE 7: INVESTMENTS

(₹ in crore)

Particulars	As at March 31, 2022			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	110.95	-	110.95
Government securities^ (Refer Note 36.31)	2,234.18	1,044.83	-	3,279.01
Debt securities	-	92.69	-	92.69
Subsidiaries				
50,000 (March 31, 2021 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	0.05	0.05
Total gross	**2,234.18**	**1,248.47**	**0.05**	**3,482.70**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**2,234.18**	**1,248.47**	**0.05**	**3,482.70**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**2,234.18**	**1,248.47**	**0.05**	**3,482.70**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(₹ in crore)

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^ (Refer Note 36.31)	1,941.79	-	-	1,941.79
Debt securities	-	90.83	-	90.83
Subsidiaries				
50,000 (March 31, 2020 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	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**

Name of Subsidiaries	Principle place of business	Ownership interest	
		As at March 31, 2022	As at March 31, 2021
PEHEL Foundation	**India**	**100.00%**	**100.00%**

*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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Receivables on assignment of loans (Refer Note 8.1 and 8.2)	647.47	886.12
Security deposits	17.06	16.47
Other Receivables	11.15	6.25
Total gross (a)	**675.68**	**908.84**
Less: Impairment loss allowance (b)	1.77	2.26
Total net (a-b)	**673.91**	**906.58**

Note 8.1: During the year ended March 31 2022, the Company had not sold any loans and advances measured at amortised cost as per assignment deals, as a source of finance.

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crore)

Loans and advances measured at amortised cost	As at March 31, 2022	As at March 31, 2021
Carrying amount of derecognised financial assets	9,088.02	12,213.95

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 ₹ 0.61 crore (previous year ₹ 0.13 crore).

Note 8.3: Disclosure pursuant to RBI Notification dated September 24, 2021 on "Transfer of Loan Exposures" are given below:

(a) The Company has not transferred or acquired, any loans not in default during the year ended March 31, 2022.

(b) The Company has not transferred or acquired, any stressed loans during the year ended March 31, 2022.

NOTE 9 : CURRENT TAX (NET)

Note 9.1 : Current tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance tax (net of provision)	47.30	-
Total	**47.30**	-

Note 9.2 : Current tax liability (net)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for tax (net of advance tax)	-	62.93
Total	-	**62.93**

NOTE 10 : DEFERRED TAX ASSETS (NET)

As at March 31, 2022

(₹ in crore)

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	11.71	-	1.15	-
Provision for employee benefits	4.36	-	(0.16)	-
Impairment allowance for financial assets	573.05	-	(11.69)	-
Derivative instruments in cash flow hedge	40.49	-	-	(32.39)
Expenses paid in advance (net of income received in advance)	-	64.59	(5.39)	-
Interest spread on assigned loans	-	153.61	58.42	-
Fair valuation of financial instruments held for trading	3.58	-	2.47	-
Others temporary differences	3.05	19.14	(43.13)	-
Total	**636.24**	**237.34**	**1.67**	**(32.39)**

As at March 31, 2021

(₹ in crore)

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, 2022

NOTE 11: INVESTMENT PROPERTY

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings*	0.58	-	-	0.58	0.04	0.01	-	0.05	0.53	0.54
Total	**0.58**	**-**	**-**	**0.58**	**0.04**	**0.01**	**-**	**0.05**	**0.53**	**0.54**

(₹ in crore)

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**

*Assets pledge and hypothecated against borrowings. 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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Rental Income	0.08	0.09
Profit from investment properties before depreciation	**0.08**	**0.09**
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.07**	**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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	0.11	0.05
Later than one year but not later than five year	0.08	0.01
Later than five years	-	-

Note 11.3: Thefair value of the investment property has been determined on the basis of valuation carried out at the reporting date by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement for investment property has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research, contracted rentals, discount rates and comparable values, as appropriate. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

Reconciliation of fair value

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	5.55	5.55
Addition during the year	-	-
Deletion during the year	-	-
Fair value difference	-	-
Closing balance	**5.55**	**5.55**

NOTE 12: PROPERTY PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings	37.72	-	-	37.72	1.61	1.20	-	2.81	34.91	36.11
Furniture & Fixtures	22.12	0.10	2.52	19.70	9.22	1.95	1.16	10.01	9.69	12.90
Vehicles	0.10	-	-	0.10	0.04	0.01	-	0.05	0.05	0.06
Computers	24.44	7.50	0.02	31.92	19.15	2.79	0.02	21.92	10.00	5.29
Office Equipment & Others	29.93	0.65	(1.21)	31.79	18.06	5.38	(0.32)	23.76	8.03	11.87
Leasehold Improvements	42.50	-	(0.17)	42.67	26.98	6.97	(0.02)	33.97	8.70	15.52
Total	**156.81**	**8.25**	**1.16**	**163.90**	**75.06**	**18.30**	**0.84**	**92.52**	**71.38**	**81.75**

(₹ in crore)

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**

i) Building pledged and hypothecated against borrowings. Refer note 17.1 (a)

ii) There were no revaluation carried out by the Company during the years reported above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 12: PROPERTY PLANT AND EQUIPMENT (Contd.)

Right of use

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Disposal / modification during the year	As at March 31, 2022	As at April 01, 2021	For the year	Disposal / modification during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Building	132.26	8.87	0.01	141.12	54.17	26.49	0.01	80.65	60.47	78.09
Total	**132.26**	**8.87**	**0.01**	**141.12**	**54.17**	**26.49**	**0.01**	**80.65**	**60.47**	**78.09**

(₹ in crore)

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**

Note 12.1: Capital-Work-in Progress (CWIP)

(a) Capital-Work-in Progress ageing

(₹ in crore)

Particulars	As at March 31, 2022				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2021				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.01	-	-	-	0.01
Projects temporarily suspended	-	-	-	-	-

(b) The company does not have any project which is overdue or has exceeded its cost compared to its original plan.

Note 12.2: Intangible assets under development

(a) Intangible assets under development ageing

(₹ in crore)

Particulars	As at March 31, 2022				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.35	1.32	0.87	-	3.54
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2021				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.50	0.87	-	-	2.37
Projects temporarily suspended	-	-	-	-	-

(b) For Intangible assets under development, where completion is overdue or has exceeded its cost compared to its original plan

(₹ in crore)

Particulars	As at March 31, 2022				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)	-	2.18	-	-	2.18

(₹ in crore)

Particulars	As at March 31, 2021				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)	2.18	-	-	-	2.18

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	52.27	5.72	0.18	57.81	31.38	8.59	0.18	39.79	18.02	20.89
Total	**52.27**	**5.72**	**0.18**	**57.81**	**31.38**	**8.59**	**0.18**	**39.79**	**18.02**	**20.89**

(₹ in crore)

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**

NOTE 14: OTHER NON-FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Prepaid expenses	7.45	5.49
GST Input Credit	16.31	21.77
Others	3.19	5.49
Total	**26.95**	**32.75**

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crore)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:						
Spot and forwards	729.17	0.01	50.08	691.03	-	24.99
Currency swaps	6,034.25	332.87	-	5,972.26	199.57	2.85
(i)	**6,763.42**	**332.88**	**50.08**	**6,663.29**	**199.57**	**27.84**
Interest rate derivatives:						
Forward rate agreements and interest rate swaps	3,525.03	-	40.55	3,417.97	-	230.36
Margin money paid to counter party bank	-	-	-	-	-	(7.19)
(ii)	**3,525.03**	**-**	**40.55**	**3,417.97**	**-**	**223.17**
Total derivative financial instruments (i)+(ii)	**10,288.45**	**332.88**	**90.63**	**10,081.26**	**199.57**	**251.01**
Included in above are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
Currency derivatives	6,763.42	332.88	50.08	6,663.29	199.57	27.84
Interest rate derivatives	3,525.03	-	40.55	3,417.97	-	223.17
Total derivative financial instruments	**10,288.45**	**332.88**	**90.63**	**10,081.26**	**199.57**	**251.01**

* Refer Note 18.3, 43 and 47.2.

NOTE 16: TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	16.29	17.82
Due to related parties	-	-
Total	**16.29**	**17.82**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 16.1: Trade Payables ageing

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment				
	As at March 31, 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	0.12	0.05	0.08	-	0.25
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
(v) Unbilled dues	16.04	-	-	-	16.04

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment				
	As at March 31, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	2.90	0.22	0.01	0.03	3.16
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
(v) Unbilled dues	14.66	-	-	-	14.66

Note 16.2: 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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
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	0.05	-
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	0.00	-
7. Amount of further interest remaining due and payable in succeeding years	-	-
Total	**0.05**	**-**

NOTE 17: DEBT SECURITIES

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	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	6,201.97	-	-	6,201.97	10,356.50	-	-	10,356.50
Unsecured								
Commercial papers	-	-	-	-	1,104.98	-	-	1,104.98
Total	**6,201.97**	**-**	**-**	**6,201.97**	**11,461.48**	**-**	**-**	**11,461.48**
Debt securities in India	6,201.97	-	-	6,201.97	11,461.48	-	-	11,461.48
Debt securities outside India	-	-	-	-	-	-	-	-
Total	**6,201.97**	**-**	**-**	**6,201.97**	**11,461.48**	**-**	**-**	**11,461.48**

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 Crore (Refer Note 11 & 12).

b) **Terms of repayment**

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
6.01% - 7.00%	-	455.00	-	-	-	-	-	-
7.01% - 8.00%	1,275.00	-	-	-	1,685.00	1,275.00	-	-
8.01% - 9.00%	555.00	600.00	1,000.00	1,500.00	2,558.00	1,155.00	500.00	2,000.00
9.01% - 10.00%	530.00	300.00	-	-	430.00	830.00	-	-
	2,360.00	**1,355.00**	**1,000.00**	**1,500.00**	**4,673.00**	**3,260.00**	**500.00**	**2,000.00**

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). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 18: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	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	4,665.21	-	-	4,665.21	7,847.86	-	-	7,847.86
Banks	13,385.84	-	-	13,385.84	13,188.95	-	-	13,188.95
External commercial borrowing	3,988.89	-	-	3,988.89	3,961.36	-	-	3,961.36
Bank overdraft	50.01	-	-	50.01	99.74	-	-	99.74
Loans from related party	4,325.89	-	-	4,325.89	4,648.43	-	-	4,648.43
Unsecured								
Term loans								
Banks	1,300.00	-	-	1,300.00	-	-	-	-
Total	**27,715.84**	-	-	**27,715.84**	**29,746.34**	-	-	**29,746.34**
Borrowings in India	21,718.06	-	-	21,718.06	23,837.11	-	-	23,837.11
Borrowings outside India	5,997.78	-	-	5,997.78	5,909.23	-	-	5,909.23
Total	**27,715.84**	-	-	**27,715.84**	**29,746.34**	-	-	**29,746.34**

Note 18.1: Refinance from National Housing Bank (NHB):

a) Nature of security

(i) 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.

(ii) During FY22, the Company has been availed refinance facility from NHB of ₹ 1490 crore under "Special Refinance Facility 2021 Assistance" for short term liquidity support and during FY21 ₹ 1500.00 crore under "Liberalised Refinance Scheme and 2000.00 Crore under " Special Refinance facility and adiitional Special Refinance Facility Scheme of NHB to provide refinance assistant in respect of eligible individual Housing loans".

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	504.95	353.20	130.40	-	2,307.41	819.76	677.25	827.39
6.01% - 8.00%	583.41	1,369.76	946.08	777.41	351.80	839.41	705.71	887.03
8.01% - 10.00%	-	-	-	-	78.00	208.00	146.10	-
	1,088.36	**1,722.96**	**1,076.48**	**777.41**	**2,737.21**	**1,867.17**	**1,529.06**	**1,714.42**

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.

Note 18.2: Term loan from Banks: (Contd.)

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
5.10% - 5.89%	796.67	333.33	-	-	-	-	-	-
5.90% - 7.00%	412.49	574.50	200.00	-	830.00	400.00	400.00	-
7.01% - 9.00%	-	-	-	-	620.80	449.76	-	-
from others:								
4.00% - 7.00%	6,185.61	4,009.19	1,882.30	100.00	2,399.99	823.93	300.00	-
7.01% - 8.15%	1,445.57	1,040.94	30.00	-	3,004.57	5,897.44	770.71	-
	8,840.34	**5,957.96**	**2,112.30**	**100.00**	**6,855.36**	**7,571.13**	**1,470.71**	**-**

Note 18.3: External commercial borrowing:

a) Nature of security

i) 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 statement of profit and loss 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, 2022, the Company has outstanding ECB of USD 796.00 million (equivalent to ₹ 6,034.25 crore), (March 31, 2021 USD 812.50 ((million equivalent to ₹ 5,972.26 crore)) . 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 crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 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	-	2,008.89	-	-	-	1,947.87	-	-
from others:								
USD LIBOR + 110 - 200 bps	955.17	2,501.64	568.55	-	121.28	2,616.77	1,286.34	-
	955.17	**4,510.53**	**568.55**	**-**	**121.28**	**4,564.64**	**1,286.34**	**-**

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 18.4: Bank overdraft: (Contd.)

b) Terms of Repayment

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
6.50% -7.95%	50.01	-	-	-	99.74	-	-	-

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). Further, refer note no 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTE 19: DEPOSITS

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	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*	14,983.79	-	-	14,983.79	14,074.69	-	-	14,074.69
(ii) From banks	411.91	-	-	411.91	511.76	-	-	511.76
(iii) From others	2,253.28	-	-	2,253.28	2,159.59	-	-	2,159.59
Total	**17,648.98**	-	-	**17,648.98**	**16,746.04**	-	-	**16,746.04**

* Refer Note 36.31

Note 19.1 Refer Note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTE 20: SUBORDINATED LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2022				As at March 31, 2021			
	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	1,438.18	-	-	1,438.18	1,438.58	-	-	1,438.58
Total	**1,438.18**	-	-	**1,438.18**	**1,438.58**	-	-	**1,438.58**
Subordinated liabilities in India	1,438.18	-	-	1,438.18	1,438.58	-	-	1,438.58
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
Total	**1,438.18**	-	-	**1,438.18**	**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, 2022, ₹ 577.50 crore (March 31, 2021 ₹ 916.30 crore) qualify as Tier II Capital under regulatory guidelines for assessing capital adequacy.

b) **Terms of repayment**

(₹ in crore)

Maturities	As at March 31, 2022				As at March 31, 2021			
	≤ 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%	-	699.00	500.00	-	-	499.00	410.00	290.00
9.01% - 10.00%	200.00	-	-	39.70	-	200.00	-	39.70
	200.00	**699.00**	**500.00**	**39.70**	-	**699.00**	**410.00**	**329.70**

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). Further, refer note no 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission underlying returns/statements.

NOTE 21: OTHER FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on deposits	38.07	257.32
Interest accrued but not due on borrowings (Refer Note 21.1)	315.69	442.51
Amount payable under assignments (Refer Note 21.2)	265.15	535.64
Book overdraft	1,407.22	929.41
Unpaid dividends	0.07	0.07
Other liabilities	424.37	424.20
Lease liabilities (Refer Note 37)	70.22	86.50
Total	**2,520.79**	**2,675.65**

Note 21.1: Includes amount payable to related party ₹ 0.49 crore (previous year ₹ 14.42 crore).

Note 21.2: Includes amount payable to related party ₹ 124.94 crore (previous year ₹ 238.29 crore).

NOTE 22: PROVISIONS

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Retirement benefits	17.33	18.39
Total	**17.33**	**18.39**

NOTE 23: OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance received from customers (Refer Note 26.1)	207.07	175.71
Statutory dues Payable	70.51	50.39
Other liabilities	21.02	24.40
Total	**298.60**	**250.50**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 24: EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
50,00,00,000 equity shares of ₹ 10/- each (March 31, 2021: 50,00,00,000)	500.00	500.00
	500.00	**500.00**
Issued, subscribed and paid-up		
16,85,98,555 equity shares of ₹ 10/- each fully paid up (March 31, 2021: 16,82,68,123)	168.60	168.27
Total	**168.60**	**168.27**

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, 2022		As at March 31, 2021	
	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	16,82,68,123	168.27	16,81,86,908	168.19
Add: Share allotted pursuant to exercise of stock option	3,30,432	0.33	81,215	0.08
Outstanding at the end of the year	**16,85,98,555**	**168.60**	**16,82,68,123**	**168.27**

Note 24.2: Detail of equity shareholding of Promoter

Particulars	As at March 31, 2022		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.57%	(0.07%)

Particulars	As at March 31, 2021		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.64%	(0.01%)

* Change during the year on account of exercise of ESOPs by employees.

Note 24.3: Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.57	5,49,14,840	32.64
Quality Investments Holdings	5,41,92,300	32.14	5,41,92,300	32.21
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.84	1,65,93,240	9.86
Investment Opportunities V Pte. Limited	1,66,87,956	9.90	1,66,87,956	9.92

Note 24.4: 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 24.5: 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 24.6: 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 24.7: 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 36.1)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Debt securities	6,201.97	11,461.48
Borrowings (other than debt securities)	27,715.84	29,746.34
Deposits	17,648.98	16,746.04
Subordinated liabilities	1,438.18	1,438.58
Less: Cash and cash equivalents	(5,065.62)	(6,968.56)
Less: Bank balance other than cash and cash equivalents (other than earmarked balances)	(150.40)	-
Net debt	**47,788.95**	**52,423.88**
Total equity- Shareholder funds	9,871.63	8,923.03
Net debt to equity ratio	**4.84**	**5.88**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 24.8: 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 - 2018 Tranche IV
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	45,000
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 - 2016 Tranche V	ESOS - Restricted stock units 2020
Date of Grant	August 19, 2020	February 15, 2021
Number of options granted	5,50,000	2,75,676
Exercise price per option	₹ 261.15	₹ 10.00
Date of vesting	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, 2024
	40% on August 19, 2024	40% on February 15, 2025
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	
Vesting conditions	Employee to remain in service on the date of vesting	

Note 24.8 (Contd.)

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Date of Grant	July 26, 2021	October 08, 2021	October 28, 2021	December 10, 2021
Number of options granted	1,00,000	22,000	75,000	75,000
Exercise price per option	₹ 690.35	₹ 644.70	₹ 507.20	₹ 588.10
Date of vesting	The vesting will be as under:			
	10% on July 26, 2022	10% on October 08, 2022	10% on October 28, 2022	10% on December 10, 2022
	20% on July 26, 2023	20% on October 08, 2023	20% on October 28, 2023	20% on December 10, 2023
	30% on July 26, 2024	30% on October 08, 2024	30% on October 28, 2024	30% on December 10, 2024
	40% on July 26, 2025	40% on October 08, 2025	40% on October 28, 2025	40% on December 10, 2025
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			

(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2022			
		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)	-	52,875	40,000	27,243
Options exercisable at the beginning of the year	(b)	5,07,527	1,60,875	60,000	28,492
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	64,724	99,350	60,000	8,750
Options vested during the year	(e)	-	50,500	-	16,371
Options exercised during the year*	(f)	3,27,932	-	-	-
Options forfeited during the year	(g)	-	2,375	40,000	3,000
Options outstanding at end of the year	(h) = (a+c-e-g)	-	-	-	7,872
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,14,871	1,12,025	-	36,113
Weighted average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35
Weighted average remaining contractual life	(Year)	0.14	0.53	-	0.21

Particulars		As at March 31, 2022			
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS -2018 Tranche IV
Options Outstanding at the beginning of the year	(a)	9,02,870	65,500	53,250	45,000
Options exercisable at the beginning of the year	(b)	1,60,455	65,500	55,750	-
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	1,34,989	37,000	9,000	-
Options vested during the year	(e)	3,06,990	31,875	23,375	4,500
Options exercised during the year**	(f)	-	-	-	2,500
Options forfeited during the year	(g)	2,72,121	18,750	6,500	-
Options outstanding at end of the year	(h) = (a+c-e-g)	3,23,759	14,875	23,375	40,500
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,32,456	60,375	70,125	2,000
Weighted average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life	(Year)	1.75	0.95	1.36	2.92

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for the year ended March 31, 2022

Note 24.8 (Contd.)

Particulars		As at March 31, 2022	
		ESOS - 2016 Tranche V	ESOS - Restricted stock units 2020
Options Outstanding at the beginning of the year	(a)	5,50,000	2,63,586
Options exercisable at the beginning of the year	(b)	-	-
Options granted during the year	(c)	-	-
Options lapsed / expired during the year	(d)	-	215
Options vested during the year	(e)	55,000	14,419
Options exercised during the year**	(f)	-	-
Options forfeited during the year	(g)	-	1,06,800
Options outstanding at end of the year	(h) = (a+c-e-g)	4,95,000	1,42,367
Options exercisable at the end of the year	(i) = (b+e-d-f)	55,000	14,204
Weighted average Exercise Price per option	(₹)	261.15	10.00
Weighted average remaining contractual life	(Year)	2.92	2.39

Particulars		As at March 31, 2022			
		ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Options Outstanding at the beginning of the year	(a)	-	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-	-
Options granted during the year	(c)	1,00,000	22,000	75,000	75,000
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)	-	-	-	-
Options outstanding at end of the year	(h) = (a+c-e-g)	1,00,000	22,000	75,000	75,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-	-
Weighted average Exercise Price per option	(₹)	690.35	644.70	507.20	588.10
Weighted average remaining contractual life	(Year)	3.82	4.03	4.08	4.20

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
Weighted average remaining contractual life	(Year)	0.39	1.01	1.73	0.54

Note 24.8 (Contd.)

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	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
Weighted average remaining contractual life	(Year)	2.59	1.62	2.10	3.89

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
Weighted average remaining contractual life	(Year)	3.89	3.38

* Weighted average share price at the date of the exercise of the stock option is ₹ 718.47

** Weighted average share price at the date of the exercise of the stock option is ₹ 524.75

*** Weighted average share price at the date of the exercise of the stock option is ₹ 420.60

(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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 24.8 (Contd.)

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
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 - 2016 Tranche V	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

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Estimated Value of Stock Option (₹)	332.79	308.88	243.69	282.65
Share Price at Grant Date (₹)	690.35	644.70	507.20	588.10
Exercise Price (₹)	690.35	644.70	507.20	588.10
Expected Volatility (%)*	0.5106	0.5077	0.5091	0.5104
Dividend Yield Rate (%)	-	-	-	-
Expected Life of Options** (year)	4.50	4.50	4.50	4.50
Risk Free Rate of Interest (%)	5.28	5.20	5.24	5.19

*Expected volatility has been computed basis the expected life.

**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:

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	3.67	13.30
Expense arising from cash settled share based payment transaction	-	-
Total	**3.67**	**13.30**

Note 24.9: Dividend declared and paid

Particulars	Net profit for the accounting period (₹ in crore)	Rate of dividend (per cent)	Amount of dividend	Dividend pay out ratio (per cent)
April 2021- March 2022	821.92	-	-	-
April 2020- March 2021	925.22	-	-	-

Note 24.8 (Contd.)

Dividend paid during the financial year:

(₹ in crore)

Particulars	Current Year	Previous Year
Dividend on ordinary shares:		
Final dividend for 2022: ₹ Nil per share	-	-
Final dividend for 2021: ₹ Nil per share	-	-
Total	-	-

*Net profit for the accounting period is based on standalone financial statement of the Company.

NOTE 25: OTHER EQUITY (Nature and purpose of reserve)

Securities premium

Securities premium 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 securities pemium 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.

Retain earnings

Retain earning are profit earned by the Company after transfer to general reserve and payment of dividend to shareholders.

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 crore)

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	5,564.46	-	5,564.46	6,985.44	-	6,985.44
Investments						
Financial investments - Debt	158.45	-	158.45	154.25	-	154.25
Financial asset valued at fair value through profit and loss	-	44.92	44.92	-	11.09	11.09
Deposits with banks	50.82	-	50.82	36.13	-	36.13
Other Interest income						
Loan against deposits	3.35	-	3.35	2.92	-	2.92
Total	**5,777.08**	**44.92**	**5,822.00**	**7,178.74**	**11.09**	**7,189.83**

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for the year ended March 31, 2022

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 Company has charged ₹ (previous year ₹ 28.00 crore) towards the interest relief from the interest income.

NOTE 27: FEES AND COMMISSION INCOME

(₹ in crore)

Particulars	Current Year	Previous Year
Fees Income	159.74	118.36
Other charges recovered	102.81	62.87
Total	**262.55**	**181.23**

NOTE 28: NET GAIN ON FAIR VALUE CHANGES

(₹ in crore)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
Others		
- Investments	111.38	162.33
Total	**111.38**	**162.33**
Fair value changes:		
-Realised	121.42	167.04
-Unrealised	(10.04)	(4.71)
Total	**111.38**	**162.33**

NOTE 29: FINANCE COSTS

(₹ in crore)

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	-	704.37	704.37	-	1,209.79	1,209.79
Interest on borrowings	-	1,913.08	1,913.08	-	2,409.77	2,409.77
Interest on deposits	-	1,307.06	1,307.06	-	1,332.25	1,332.25
Interest on subordinated liabilities	-	124.28	124.28	-	123.08	123.08
Interest on lease liabilities	-	6.52	6.52	-	8.00	8.00
Interest on Income tax	-	0.47	0.47	-	0.95	0.95
Fee and other charges	-	8.68	8.68	-	16.89	16.89
Total	-	**4,064.46**	**4,064.46**	-	**5,100.73**	**5,100.73**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 30: IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

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	-	14.84	14.84	-	778.49	778.49
Bad debts written off (net)	-	562.03	562.03	-	83.08	83.08
Letter of comfort and other receivables	-	(0.49)	(0.49)	-	0.26	0.26
Trade receivables	-	(0.02)	(0.02)	-	0.07	0.07
Total	**-**	**576.36**	**576.36**	**-**	**861.90**	**861.90**

NOTE 31: EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	193.19	179.10
Contribution to provident and other funds	16.53	15.43
Share based payments to employees	3.67	13.30
Staff welfare expenses	3.22	3.46
Total	**216.61**	**211.29**

NOTE 32: OTHER EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Rent expenses	1.36	3.28
Rates and taxes	0.27	0.27
Electricity and water exepnses	7.45	7.04
Repairs and maintenance	17.65	16.23
Office running and mantinance expenses	25.53	25.81
Business support services	2.77	3.34
Legal and professional charges	61.37	34.22
Advertisement and publicity	18.44	8.08
Corporate social responsibility expenses (Refer Note 32.1)	23.22	24.68
Communication costs	9.73	9.55
Travelling and conveyance	5.10	3.12
Printing and stationery	3.89	3.03
Training and recruitment expenses	5.29	0.90
Director's fees, allowances and expenses	2.10	1.44
Auditor's fees and expenses (Refer Note 32.2)	0.84	0.65
Insurance	0.54	0.33
Bank charges	0.40	0.19
Net loss on derecognition of property, plant and equipment	0.19	3.71
Impairment on assets held for sale	7.86	26.64
Miscellaneous expenses	0.83	-
Total	**194.83**	**172.51**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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 crore)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	23.19	24.68
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	22.06	23.45
-Expenditure on administrative overheads for CSR	1.16	1.23
Total	**23.22**	**24.68**
c) Shortfall at the end of year	-	-
d) Total of previous years shortfall	-	-
e) Reason for shortfall	NA	NA
f) Details of related party transactions,contribution to a trust controlled by the company in relation to CSR expenditure trust		
- Pehel Foundation	18.19	16.04
g) Nature of CSR activities		
Nature of CSR activities undertaken by the Company are in relation to: - Healthcare - Education - Women Empowerment - Environmental Sustainability - Promoting education for the differently abled - Employment enhancing vocational skills, training for women - Contribution towards Prime Minister relief fund		

Note: 32.2 Auditor's fees and expenses

(₹ in crore)

Particulars	Current Year	Previous Year
Statutory audit fee	0.38	0.19
Tax audit fee	0.07	0.07
Limited review fee	0.24	0.16
Other certification fee	0.08	0.18
Out of pocket expenses	0.01	0.01
GST expenses on Auditor's fees and expenses	0.06	0.04
Total	**0.84**	**0.65**

NOTE 33: INCOME TAXES

The components of income tax expense are:

(₹ in crore)

Particulars	Current Year	Previous Year
Current tax	296.56	429.15
Adjustments in respect of current income tax of prior years	(47.41)	(15.90)
Deferred tax relating to origination and reversal of temporary differences	(1.67)	(136.12)
Total	**247.48**	**277.13**
Current tax	249.15	413.25
Deferred tax (Refer Note 10)	(1.67)	(136.12)

Note 33.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2022 and March 31, 2021 is as follows:

(₹ in crore)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,083.96	1,207.03
Statutory income tax rate (%)	(b)	25.168	25.168
Tax at statutory income tax rate	(c) = (a*b)	272.81	303.79
Adjustments in respect of current income tax of prior years	(d)	(47.41)	(15.90)
Impact of:			
--Income not subject to tax	(e)	(20.37)	(79.42)
--Non deductible expenses	(f)	89.80	281.09
--Deduction under section 35 D	(g)	-	(3.77)
--Deduction under section 36 (1) (viii)	(h)	(31.03)	(49.53)
--Other deductions	(i)	(14.65)	(23.01)
Total current tax expense	**(c+d+e+f+g+h+i)**	**249.15**	**413.25**
Effective tax rate (%)		22.83	22.96
Other comprehensive income			
Tax expense on re-measurement gains/ (losses) on defined benefit plan		(0.34)	(0.61)
Total tax on other comprehensive income		**(0.34)**	**(0.61)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 34: EARNING PER SHARE

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	Current Year	Previous Year
a) Amount used as the numerator for basic EPS for the year	(₹ in crore)	836.48	929.90
b) Weighted average number of equity shares for basic EPS	Number	16,85,05,508	16,81,92,754
c) Weighted average number of equity shares for diluted EPS	Number	16,88,74,383	16,82,69,266
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
-Basic (a/b)	(in ₹)	49.64	55.29
-Diluted (a/c)	(in ₹)	49.53	55.26

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:-

(₹ in crore)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Weighted average number of equity shares for computation of basic earnings per share	16,85,05,508	16,81,92,754
Effect of dilutive equity shares - share option outstanding	3,68,875	76,512
Weighted average number of equity shares for computation of dilutive earnings per share	16,88,74,383	16,82,69,266

NOTE 35: ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of disposing the same. These properties are classified as assets held for sale.

Period	Particulars	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter/ director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company
March 31, 2022	Assets held for sale	Land	73.20	Respective borrowers	NA	Between -January 2013 to March 2020	Possession of assets taken under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Security Interest (Enforcement) Rules, 2002
March 31, 2022	Assets held for sale	Building	148.63	Respective borrowers	NA	Between -January 2013 to March 2021	
March 31, 2021	Assets held for sale	Land	75.35	Respective borrowers	NA	Between -January 2013 to March 2020	
March 31, 2021	Assets held for sale	Building	166.27	Respective borrowers	NA	Between -January 2013 to March 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.

The above stated RBI directions and NHB Directions are applicable to the Company on standalone basis, except note 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, 2022	As at March 31, 2021
i) CRAR (%)	23.40	18.73
ii) CRAR – Tier I Capital (%)	20.73	15.53
iii) CRAR – Tier II Capital (%)	2.67	3.20
(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 crore)

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	1,010.76	813.76
(c) Total	**1,137.73**	**940.73**
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	41.00	-
(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	124.00	197.00
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	167.97	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	1,134.76	1,010.76
(c) Total	**1,302.73**	**1,137.73**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.3: Investments

(₹ in crore)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	3,472.02	2,032.92
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	3,472.02	2,032.92
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Current investments	1,237.54	90.83
Non-current investments	2,234.48	1,942.09
Total	**3,472.02**	**2,032.92**

Note 36.4: Derivatives

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(i) The notional principal of swap agreements	10,288.45	10,081.26
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	332.88	199.57
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	10,288.45	10,081.26
(v) The fair value of the swap book	242.25	(51.44)

@ 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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(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"	-	-

Note 36.4: Derivatives (Contd.)

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 crore)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	6,763.42	3,525.03	6,663.29	3,417.97
(ii) Marked to Market Positions				
(a) Assets (+)	332.88	-	199.57	-
(b) Liability (-)*	(50.08)	(40.55)	(27.84)	(223.17)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	96.84	4.82	231.42	2.32

* 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).

iii) Details of assignment transactions undertaken:

(₹ in crore)

Particulars	Current Year	Previous Year
(i) No. of accounts	-	3,231
(ii) Aggregate value (net of provisions) of accounts assigned	-	788.60
(iii) Aggregate consideration	-	788.60
(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)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.6: Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding behavioural pattern of pre-payments/ maturities and renewals. Maturity pattern of certain items of assets and liabilities are as follows:

As at March 31, 2022

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
1 day to 7 days	84.58	50.01	-	-	215.67	100.02	-
8 days to 14 days	40.91	-	-	-	215.67	4.05	-
15 days to 30/31 days	146.45	1,789.99	350.00	-	492.96	14.85	-
Over 1 month to 2 months	390.97	912.58	225.00	-	907.72	351.33	-
Over 2 months to 3 months	399.36	950.19	300.00	51.17	891.45	63.28	-
Over 3 months to 6 months	1,216.92	2,379.68	1,255.00	619.72	2,579.66	59.72	-
Over 6 months to 1 year	2,167.12	3,896.26	430.00	284.28	4,758.27	370.20	-
Over 1 year to 3 years	6,839.39	7,680.93	2,054.00	4,510.52	14,633.45	1,344.30	-
Over 3 years to 5 years	4,285.23	3,188.78	1,500.00	532.09	11,516.28	470.00	-
Over 5 years	2,078.04	869.64	1,526.15	-	19,169.61	694.27	-
Total	**17,648.97**	**21,718.06**	**7,640.15**	**5,997.78**	**55,380.74**	**3,472.02**	**-**

As at March 31, 2021

(₹ in crore)

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	90.98	-
15 days to 30/31 days	122.88	380.00	-	-	535.92	4.72	-
Over 1 month to 2 months	524.13	1,288.58	320.00	-	961.12	18.73	-
Over 2 months to 3 months	326.02	1,407.91	975.00	27.56	945.23	5.70	-
Over 3 months to 6 months	1,304.85	3,411.85	2,769.00	27.56	2,742.99	17.05	-
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	1,706.74	2,233.06	-	22,272.91	626.91	-
Total	**16,747.42**	**23,837.11**	**12,900.06**	**5,909.23**	**60,687.37**	**2,032.92**	**-**

Note 36.7: Exposure:

i) Exposure to Real Estate Sector

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
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.	43,614.41	43,063.35
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	14,325.27	20,168.13
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	**57,939.68**	**63,231.48**

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, 2022, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2022, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2022, the Company has not exceeded the prudential exposure limit for single borrower or group borrower (Previous year ₹ Nil).

v) As on March 31, 2022, the Company has not given any unsecured advances (Previous year ₹ Nil).

vi) As on March 31, 2022, 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, 2022, the Company has no exposures to group companies engaged in the real estate business (Previous year ₹ Nil)

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, 2022, Regulators has imposed a penalty of ₹ 0.06 crore (Previous year ₹ 1.90 crore) on account of the below mentioned observations:

(i) NHB has levied a penalty of ₹ 0.01 crore for Non adherence of policy circular no. 58 and 75 with respect to upfront disbursal of sanctioned individual housing loans to the builders without linking the disbursals to various stage of constructions of housing projects.

(ii) BSE Ltd & National Stock Exchange of India Ltd has imposed a penalty of ₹ 0.05 crore for delay in appointment of Women Director on the Board.

Note 36.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Pehel Foundation	Wholly owned Subsidiary
ii) PHFL Home Loan and Services Limited	Wholly owned Subsidiary
iii) Punjab National Bank	Promoter/Enterprise having Significant Influence
iv) Quality Investments Holdings	Enterprise having Significant Influence
v) PNB Investment Services Limited	Enterprise having Significant Influence
vi) PNB Gilts Limited	Enterprise having Significant Influence

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for the year ended March 31, 2022

Note 36.10: Related Party Transactions (Contd.)

Name of the Related Party	Nature of Relationship
vii) Mr. CH. S. S. Mallikarjuna Rao (Chairman-Non Executive Director)*	Key Management Personnel
viii) Mr. Rajneesh Karnatak (Non-Executive Nominee Director) (w.e.f. January 19, 2021)**	Key Management Personnel
ix) Mr Binod Kumar (Non- Executive Nominee Director) (w.e.f. January 12, 2022)	Key Management Personnel
x) Mr. Sunil Kaul (Non-Executive Nominee Director)	Key Management Personnel
xi) Mr. Kapil Modi (Non-Executive Nominee Director) (w.e.f. October 01, 2020)	Key Management Personnel
xii) Mr. Neeraj Madan Vyas (Non-Executive and Non-Independent Director)^	Key Management Personnel
xiii) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Management Personnel
xiv) Mr. Nilesh S Vikamsey (Independent Director)	Key Management Personnel
xv) Mr. Ashwani Kumar Gupta (Independent Director)	Key Management Personnel
xvi) Mr. Tejendra Mohan Bhasin (Independent Director) (w.e.f. April 02,2020)	Key Management Personnel
xvii)Mr. Sudarshan Sen (Independent Director) (w.e.f. October 01, 2020)	Key Management Personnel
xviii)Ms. Gita Nayyar (Independent Director) (w.e.f. May 29, 2021)	Key Management Personnel
xix) Dr. Gourav Vallabh (Independent Director)***	Key Management Personnel
xx) Mr. Shital Kumar Jain (Independent Director)****	Key Management Personnel
xxi) Mrs. Shubhalakshmi Panse (Independent Director)*****	Key Management Personnel
xxii)Mr. Hardayal Prasad (Managing Director and CEO) (w.e.f. August 10, 2020)	Key Managerial Personnel
xxiii)Mr. Sanjaya Gupta (Managing Director)^^	Key Managerial Personnel
xxiv)Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xxv)Mr. Kapish Jain (Chief Financial Officer)******	Key Managerial Personnel
xxvi)Mr. Kaushal Mithani (Chief Financial Officer) (w.e.f. April 08, 2022)	Key Managerial Personnel

*Ceases to be the Chairman and Non-Executive Director of the Company w.e.f. February 01, 2022

**Ceases to be Non-Executive Nominee Director w.e.f. October 21, 2021

***Ceases to be the Independent Director w.e.f. April 21, 2021.

****Ceases to be the Independent Director of the Company w.e.f. August 09, 2020.

*****Ceases to be the Independent Director of the Company w.e.f. January 05, 2021

*****Ceases to be Chief Financial Officer w.e.f. April 07, 2022

^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 crore)

Particulars	Promoter/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						
- Donation paid	-	-	18.19	16.04	-	-
Punjab National Bank^						
- Principal paid on assignment of loans	1,440.11	1,950.46	-	-	-	-
- Interest & other charges paid on assignment of loans	403.93	607.83	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	7.04	8.90	-	-	-	-

Note 36.10: Related Party Transactions (Contd.)

(₹ in crore)

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
- Fixed deposit made/renewed	3,087.00	9,341.71	-	-	-	-
- Fixed deposit matured	4,787.00	9,863.05	-	-	-	-
- Interest received on Fixed Deposits	2.64	14.59	-	-	-	-
- Term loan raised	2,390.00	2,260.00				
- Term loan repaid	2,773.56	3,100.75				
- Interest Paid on Term Loan Instalment / ECB / OD	182.69	252.34	-	-	-	-
- Rent & Maintenance Charges	0.38	0.33	-	-	-	-
- Bank Charges	0.22	0.05	-	-	-	-
PNB Investment Service Private Limited						
- Fees paid	0.02	0.02	-	-	-	-
PNB Gilts Limited						
Purchase of securities (principal to principal)	294.99	-	-	-	-	-
Purchase of securities (intermediary)	1,062.36	-	-	-	-	-
Sale of securities	10.34	-	-	-	-	-
Service charges	0.01	-	-	-	-	-
Interest received on securities	164.76	-	-	-	-	-
Transactions with KMPs and relatives:						
Sitting Fee and Commission paid to Directors						
- Punjab National Bank Limited on behalf of nominated directors	-	0.05	-	-	-	-
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	0.26	0.19
- Mr. Sudarshan Sen	-	-	-	-	0.21	0.02
- Mr. Nilesh S Vikamsey	-	-	-	-	0.29	0.18
- Mr. Ashwani Kumar Gupta	-	-	-	-	0.30	0.21
- Mr. Neeraj Madan Vyas	-	-	-	-	0.15	0.17
- Dr. Tejendra Mohan Bhasin	-	-	-	-	0.31	0.06
- Ms. Gita Nayyar					0.09	-
- Dr. Gourav Vallabh	-	-	-	-	0.15	0.18
- Mr. Shital Kumar Jain	-	-	-	-	0.05	0.14
- Mrs. Shubhalakshmi Panse	-	-	-	-	0.11	0.14
Reimbursement of expense:						
- Dr. Gourav Vallabh	-	-	-	-	-	0.02
Rental expense:						
- Dr. Tejendra Mohan Bhasin and Anjali Bhasin	-	-	-	-	0.21	0.24
Remuneration expense#:						
- Mr. Hardayal Prasad	-	-	-	-	3.07	1.26
- Mr. Neeraj Madan Vyas	-	-	-	-	-	0.65
- Mr. Sanjaya Gupta	-	-	-	-	-	0.72
- Mr. Sanjay Jain	-	-	-	-	0.70	0.67
- Mr. Kapish Jain	-	-	-	-	1.40	1.28

^ Excluding running current / overdraft account transactions.

Excluding perquisites on exercise of stock options during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.10: Related Party Transactions (Contd.)

(₹ in crore)

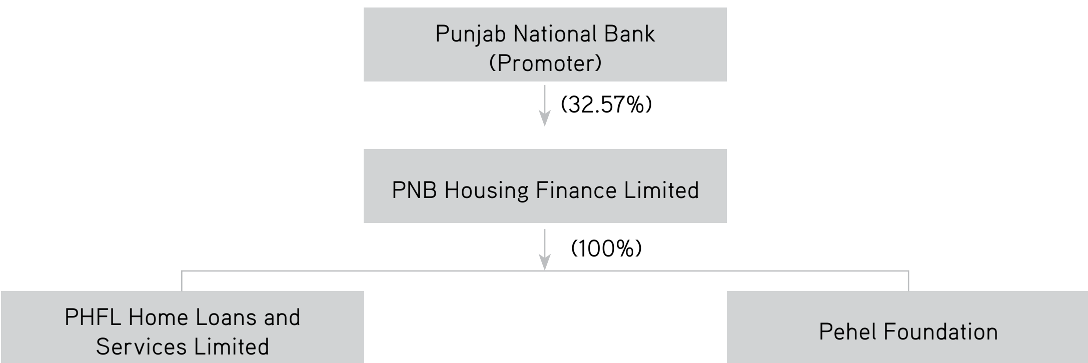
Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Outstanding balances#						
Punjab National Bank						
Receivables						
- Bank Deposits	-	1,700.00	-	-	-	-
- Interest accrued on bank deposits	-	0.17	-	-	-	-
- Servicing fees receivable on assignment on loans	0.61	0.13	-	-	-	-
Payables						
- Term loans	2,317.00	2,700.56	-	-	-	-
- External Commercial Borrowings##	2,008.89	1,947.87	-	-	-	-
- Interest accrued on term loans and external commercial borrowings	0.49	14.42	-	-	-	-
- Payable on assignment on loans	124.94	238.29	-	-	-	-
Key Managerial Personnel						
Payables						
Retirement benefits (as per actuarial valuation)						
- Mr. Hardayal Prasad	-	-	-	-	0.27	0.14
- Mr. Sanjay Jain	-	-	-	-	0.31	0.27
- Mr. Kapish Jain	-	-	-	-	0.27	0.18

#Excluding running current 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 tabulated below. Further, the Company has complied with the provisions relating to number of layers as prescribed under clause (87) of section 2 of the Comapnies Act 2013, read with Companies (Restriction on number of Layers) Rules, 2017.



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, 2022	As at March 31, 2021	Migration during the year
Deposits	CRISIL FAA+ (Outlook - Negative)	CRISIL FAA+ (Outlook - Negative)	No change
	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)	No change
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook - Negative)	CRISIL AA (Outlook - Negative)	No change
	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)	No change
	IND AA (Outlook - Negative)	IND AA (Outlook - Negative)	No change
	ICRA AA (Outlook - Negative)	ICRA AA (Outlook - Negative)	No change
Commercial Paper	CRISIL A1+	CRISIL A1+	No change
	CARE A1+	CARE A1+	No change
Bank Term Loan	CRISIL AA (Outlook - Negative)	CRISIL AA (Outlook - Negative)	No change
	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)	No change

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): Refer Note 1.3 "Principles of consolidation".

Note 36.18: Provisions and Contingencies:

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss is given as follows:

(₹ in crore)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax	242.56	407.96
3. Provision towards NPA	525.95	576.81
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	(150.16)	77.86
iii) CRE – RH	(302.84)	9.66
iv) Other Loans	(58.11)	114.16
Total (i + ii + iii + iv)	**(511.11)**	**201.68**
5. Other Provision and Contingencies (Refer Note 2.20)	(0.49)	0.26
6. Provision for Stock of Acquired Properties	7.86	26.64

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.19: Break-up of Loan & Advances and Provisions thereon: (Contd.)

on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under directions issued by the regulator.

Pursuant to the RBI circular dated November 12, 2021 "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications", the Company has implemented the requirements and aligned its definition of default accordingly. Such alignment has resulted in transition of sub 90 DPD assets of ₹ 144.60 crore as additional non-performing assets as on March 31, 2022.

(₹ in crore)

Particulars	Housing		Non-Housing	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Standard Assets				
a) Total Outstanding Amount	37,715.43	41,802.90	15,518.09	18,430.17
b) Provision made	489.83	856.56	293.91	438.29
Sub-Standard Assets				
a) Total Outstanding Amount	1,885.43	904.50	616.92	341.53
b) Provision made	467.79	362.84	252.93	101.65
Doubtful Assets - Category-I				
a) Total Outstanding Amount	567.82	1,276.45	270.02	312.54
b) Provision made	228.37	632.14	108.43	80.91
Doubtful Assets - Category-II				
a) Total Outstanding Amount	990.36	124.43	351.60	32.25
b) Provision made	603.64	53.82	101.17	11.11
Doubtful Assets - Category-III				
a) Total Outstanding Amount	9.04	2.61	9.86	4.10
b) Provision made	4.37	2.49	4.96	4.30
Loss Assets				
a) Total Outstanding Amount	0.98	-	4.13	-
b) Provision made	0.30	-	3.24	-
TOTAL				
a) Total Outstanding Amount	**41,169.06**	**44,110.89**	**16,770.62**	**19,120.59**
b) Provision made	**1,794.30**	**1,907.85**	**764.64**	**636.26**

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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total deposits of twenty largest depositors	2,217.83	2,066.67
Percentage of deposits of twenty largest depositors to total deposits	14.77%	14.68%

Note 36.22: Concentration of Loans & Advances

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total loans & advances to twenty largest borrowers	6,577.61	8,332.74
Percentage of loans & advances to twenty largest borrowers to total advances	11.35%	13.18%

Note 36.23: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to twenty largest borrowers /customers	7,123.01	10,159.19
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	11.52%	16.07%

Note 36.24: Concentration of NPAs

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total Exposure to top ten NPA accounts	2,716.53	1,622.37

Note 36.25: Sector-wise NPAs

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2022	As at March 31, 2021
A. Housing Loans:	8.39	5.23
1. Individuals	3.38	2.53
2. Builders/Project Loans	36.97	15.70
3. Corporates	8.77	10.36
4. Others (specify)	-	-
B. Non-Housing Loans:	7.47	3.61
1. Individuals	4.85	2.06
2. Builders/Project Loans	37.87	10.17
3. Corporates	5.69	3.50
4. Others (specify)	-	-

Note 36.26: Movement of NPAs

(₹ in crore)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	5.22%	2.82%
(II) Movement of NPAs (Gross)		
a) Opening balance	2,998.41	2,012.38
b) Additions during the year	3,962.68	1,307.95
c) Reductions during the year	2,254.92	321.92
d) Closing balance	4,706.17	2,998.41
(III) Movement of Net NPAs		
a) Opening balance	1,749.15	1,339.93
b) Additions during the year	3,013.97	635.02
c) Reductions during the year	1,832.16	225.80
d) Closing balance	2,930.96	1,749.15
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,249.26	672.45
b) Provisions made during the year	948.71	672.93
c) Write-off/write-back of excess provisions	422.76	96.12
d) Closing balance	1,775.21	1,249.26

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.27: As on March 31, 2022, the Company does not have any assets outside the country (Previous year ₹ Nil).

Note 36.28: As on March 31, 2022, 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	29	13
b) No. of complaints received during the year	2,281	2,793
c) No. of complaints redressed during the year	2,300	2,777
d) No. of complaints pending at the end of the year	10	29

Note 36.30: As on March 31, 2022, 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, 2022, the public deposits (including accrued interest) outstanding amounts to ₹ 15,019.95 crore (Previous year ₹ 14,429.04 crore).
The Company is carrying Statutory Liquid Assets amounting to ₹ 2,234.18 crore (Previous year ₹ 1,941.79 crore).

Note 36.32: As on March 31, 2022, the Company operates within 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, 2022:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in crore)

As at	Number of Significant Counterparties^	Amount	% of total deposits*	% of total liabilities
March 31, 2022	16	29,519	NA	52.85%
March 31, 2021	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 04, 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

(₹ in crore)

Particulars	As at March 31, 2022	% of total deposits	As at March 31, 2021	% of total deposits
Total deposits of top twenty largest depositors	2,761	15.64%	3,221	19.23%

(iii) Top 10 borrowings

(₹ in crore)

Particulars	As at March 31, 2022	% of total liabilities	As at March 31, 2021	% of total liabilities
Total exposure of top ten lenders	25,653	45.93%	30,415	48.69%

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio: (Contd.)

(iv) Funding Concentration based on significant instrument/product

(₹ in crore)

Name of the instrument/product^^	As at March 31, 2022	% of total liabilities	As at March 31, 2021	% of total liabilities
1) Secured Non-Convertible Debentures	6,201.97	11.10%	10,356.50	16.58%
2) Commercial Papers	-	-	1,104.98	1.77%
3) Refinance Facility from NHB	4,665.21	8.35%	7,847.86	12.56%
4) Bank Facilities (Long Term + Short Term)	17,052.85	30.53%	15,989.25	25.60%
5) External Commercial Borrowings	5,997.78	10.74%	5,909.23	9.46%
6) Deposits	17,648.97	31.60%	16,747.42	26.81%
7) Subordinated Tier-II Non-Convertible Debentures	1,438.18	2.58%	1,438.58	2.30%
Total Borrowings	**53,004.96**	**94.91%**	**59,393.82**	**95.08%**
Total Liabilities	**55,848.76**		**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 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(v) Stock ratios

Particulars	As at March 31, 2022			As at March 31, 2021		
	as a % of total public funds	as a % of total liabilities	as a % of total assets	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	NA	NA	NA
Other short term liabilities*	6.89%	6.54%	5.56%	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) Disclosure pursuant to Reserve Bank of India Circular DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 pertaining to Liquidity Risk Management Framework for Housing Finance Companies

A. Qualitative Disclosure

As per above circular, all deposit taking HFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of Liquidity Coverage Ratio (LCR) which will promote resilience of HFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The timeline on adhering to LCR guidelines are tabulated below.

Periods	December 01, 2021	December 01, 2022	December 01, 2023	December 01, 2024	December 01, 2025
Minimum LCR (%)	50%	60%	70%	85%	100%

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for the year ended March 31, 2022

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio: (Contd.)

The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered HQLA which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the ALCO under the governance of Board approved Liquidity Risk Framework comprising of Asset Liability Management policy, Contingency Funding Policy, Funding Strategy and Market Risk Policy. The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The main drivers of LCR are:

Outflows comprises of:

a) All the contractual debt repayments and interest payments

b) Expected operating expense based on FY 2020-21

c) Committed credit facilities contracted with customers for both sanctioned but partly disbursed cases and sanctioned but undisbursed cases based on historical experience and other expected or contracted cash outflows like expected payouts under contracted direct assignment deals.
The potential debt which may be recalled by the lenders on account of covenant breach has not been considered since the Company has not experienced such debt recall by any lender so far despite having breached covenants in the past.

Inflows comprises of:

a) Expected receipt (scheduled EMIs) from all performing loans

b) Liquid investment either in the form of short tenure Fixed Deposits with banks or in units of Debt Mutual Fund Schemes (like Overnight Liquid and Money Market Schemes) which are unencumbered and have not been considered as part of HQLA

c) Sanctioned and undrawn lines of credit from banks.

For the purpose of HQLA the Company considers unencumbered government securities and cash/bank balances with nil haircuts.

The unencumbered government securities held as part of HQLA are identified separately from the government securities which are lien marked in favour of Trustee for public deposits accepted by the Company. The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period.

LCR guidelines are effective from December 01, 2021. LCR has been calculated and monitored as per methodology prescribed in the RBI circular. For the month of December, 2021 it has been calculated from the effective date and for the quarter ended March 2022 it has been calculated as a simple average of the past 90 days' on daily basis. The Company is compliant with maintenance of stipulated LCR. Further, the Company has been monitoring the LCR at monthly intervals for the period of December 2021 to March 2022. The maximum and minimum daily required HQLA for regulatory compliance has been ₹ 283.01 crore and ₹ 668.21 crore respectively for the period of January 22 to March 22.

The Company maintains diversified sources of funding comprising short/long term loans from banks, Non-Convertible Debentures (NCDs), External Commercial Borrowings (ECBs), Deposits, Refinance from National Housing Bank (NHB) and Commercial Papers (CPs). The funding pattern is reviewed on monthly basis by the management and on quarterly basis by the ALM Committee and Risk Management Committee.

Funding profile of the Company is tabulated below:

Particulars	As at March 31, 2022	
	(₹ in crore)	%
Secured Non-Convertible Debentures	6,201.97	9.99%
Refinance Facility from NHB	4,665.21	7.51%
Bank Facilities (Long Term + Short Term)	17,052.85	27.46%
External Commercial Borrowings	5,997.78	9.66%
Deposits	17,648.97	28.42%
Subordinated Tier-II Non-Convertible Debentures	1,438.18	2.32%
Total (a)	**53,004.96**	
Assignment of loans (b)	9,088.02	14.64%
Total (a+b)	**62,092.98**	**100.00%**

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio: (Contd.)

Derivative exposures and potential collateral calls: To hedge ECBs the Company enters into derivative transactions. All the derivatives of the Company are for hedging purpose and not for any speculative or trading purpose. As on March 31, 2022, the notional amount of outstanding derivatives is ₹ 10,288.45 crore with net positive MTM of ₹ 242.25 crore. Further, the Company has executed bilateral Credit Support Agreement with one of its derivative counterparty. However, as on March 31, 2022 there is no outstanding margin but there could be potential future margin calls based on the MTM movements.

Currency mismatch in LCR: There is no mismatch required to be reported in LCR as on March 31, 2022 since all the Foreign Currency liabilities are reinstated to ₹ as per the corresponding derivative/ forward deals and closing RBI reference / FBIL exchange rates.

B. Quantitative Disclosure

(₹ in crore)

Particulars	Quarter ended March 2022		Month ended December 2021*	
	Total Unweighted Value**	Total Weighted Value#	Total Unweighted Value**	Total Weighted Value#
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	1,146.99	1,146.99	1,131.74	1,131.74
(i) Cash in hand & Bank balance	108.67	108.67	90.45	90.45
(ii) Government securities	1,038.32	1,038.32	1,041.29	1,041.29
Cash Outflows				
Deposits	526.95	605.99	385.94	443.83
Unsecured wholesale funding	144.44	166.11	-	-
Secured wholesale funding	1,541.65	1,772.90	2,073.55	2,384.58
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,239.11	1,424.98	1,014.71	1,166.91
Other contingent funding obligations	134.25	154.39	214.03	246.13
Total Cash Outflows	**3,586.40**	**4,124.37**	**3,688.23**	**4,241.46**
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	732.31	549.23	795.55	596.66
Other cash inflows	7,729.09	5,796.82	3,074.00	2,305.50
Total Cash Inflows	**8,461.40**	**6,346.05**	**3,869.55**	**2,902.16**
	Total Adjusted Value			
Total HQLA		**1,146.99**		**1,131.74**
Total Net Cash Outflows		**1,031.09**		**1,339.30**
Liquidity Coverage Ratio (%)		**111.24%**		**84.50%**
Required LCR	**in %**	**50.00%**	**in %**	**50.00%**
	in ₹	**515.55**	**in ₹**	**669.65**

* Since LCR has been made applicable for HFCs from December 01, 2021.

**Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

Note 36.34: Disclsoure as per Anexure III of RBI directions:

(₹ in crore)

	Particulars	Amount outstanding	Amount overdue
S.No	**Liabilities side**		
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**		
	(a) Debentures : Secured	6,378.01	-
	: Unsecured	1,439.27	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	27,854.40	-
	(d) Inter-corporate loans and borrowing	2,667.09	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	15,019.95	-
	(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	15,019.95	-

S.No	Assets side	Amount outstanding
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
	(a) Secured	57,939.68
	(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)	108.83
	(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	92.69
	(iii) Units of mutual funds	100.02
	(iv) Government Securities	1,044.83
	(v) Others (please specify)	-
	2. Unquoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	
	(iv) Government Securities	-
	(v) Others (please specify)	-

Note 36.34: Disclsoure as per Anexure III of RBI directions: (Contd.)

S.No	Assets side	Amount outstanding
	Long Term Investments	
	1. Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	2,234.18
	(v) Others (please specify)	-
	2. Unquoted	
	(i) 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	55,489.57	-	55,489.57
Total	**55,489.57**	**-**	**55,489.57**

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*	115.83	0.30
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	3,558.51	3,471.72
Total	**3,674.34**	**3,472.02**

8. Other information

Particulars	Amount
1. Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	4,706.17
2. Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	2,930.96
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.

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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 follows:

As at March 31, 2022		As at March 31, 2021	
% of total assets towards housing finance	% of total assets towards housing finance for individuals	% of total assets towards housing finance	% of total assets towards housing finance for individuals
63.54%	53.62%	62.62%	49.55%

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 and one fraud case in relation to deposits amounting to ₹ 4.04 crore to NHB (Previous year ₹ 1.92 crore).

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 crore)

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS 109 (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	51,251.68	583.31	50,668.37	188.31	395.00
	Stage 2	1,981.83	200.42	1,781.41	8.08	192.34
Subtotal		**53,233.51**	**783.73**	**52,449.78**	**196.39**	**587.34**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**2,502.35**	**720.72**	**1,781.63**	**352.44**	**368.28**
Doubtful - up to 1 year	Stage 3	837.84	336.80	501.04	221.94	114.86
1 to 3 years	Stage 3	1,341.96	704.81	637.15	491.43	213.38
More than 3 years	Stage 3	18.90	9.33	9.57	14.67	(5.34)
Subtotal for doubtful		**2,198.70**	**1,050.94**	**1,147.76**	**728.04**	**322.90**
Loss	Stage 3	5.12	3.55	1.57	4.08	(0.53)
Subtotal for NPA		**4,706.17**	**1,775.21**	**2,930.96**	**1,084.56**	**690.65**
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	664.53	1.77	662.76	-	1.77
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**664.53**	**1.77**	**662.76**	**-**	**1.77**
Total	**Stage 1**	**51,916.21**	**585.08**	**51,331.13**	**188.31**	**396.77**
	Stage 2	**1,981.83**	**200.42**	**1,781.41**	**8.08**	**192.34**
	Stage 3	**4,706.17**	**1,775.21**	**2,930.96**	**1,084.56**	**690.65**
Total		**58,604.21**	**2,560.71**	**56,043.50**	**1,280.95**	**1,279.76**

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 crore)

Particulars	As at March 31, 2021
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
Advances outstanding where asset classification benefits is extended*	729.00
Provisions made in terms of paragraph 5 of the COVID 19 Regulatory Package	225.00
Provisions adjusted against slippages in terms of paragraph 6	Nil
Residual provisions in terms of paragraph 6 of the COVID 19 Regulatory Package	225.00

#Loans are on account the assets which were in moratorium as on August 31, 2020.

* ₹ 729 crore were proforma NPAs as on December 31, 2020.

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:

For half-year ended March 31, 2022

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) ($)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan –Position as at the end of this half-year (@)
Personal Loans*	2,153.19	370.81	0.97	112.43	2,088.20
Corporate persons					
of which, MSMEs					
Others^	336.27	6.48	-	11.74	331.89
Total	**2,489.46**	**377.29**	**0.97**	**124.17**	**2,420.09**

* Retail loans

$ Principal outstanding as at the end of the previous half-year (i.e. as on September 30, 2021) is inclusive of ₹ 81.71 crore invoked as on September 30, 2021 and implemented during the Q3 of FY22 & out of exposure as mentioned in A, aggregate debt that slipped into NPA post restructuring date during the half-year.

@ Principal outstanding (including capitalised interest, disbursement) for the live restructured accounts as on March 31, 2022.

^Corporate finance loans

For half year-ended September 30, 2021

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) ($)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan –Position as at the end of this half-year (@)
Personal Loans*	2,021.24	60.03	-	46.44	2,071.49
Corporate persons					
of which, MSMEs					
Others^	337.62	-	-	11.19	336.26
Total	**2,358.86**	**60.03**	**Nil**	**57.63**	**2,407.75**

* Retail loans

$ Principal outstanding as on March 31, 2021 for live restructured accounts as on September 30, 2021 for Resolution framework 1.0 dated August 06, 2020 (as mentioned in Format A above) and Resolution framework 2.0 dated May 05, 2021.

@ Principal outstanding (including capitalised interest) as on September 30, 2021 for live restructured accounts as on September 30,2021.

^Corporate finance loans

There were 89 borrower accounts having an aggregate exposure of ₹ 50.69 crore to the Company, where resolution plans had been sanctioned and implemented under RBI's Resolution Framework 1.0 dated August 06, 2020 and modified under RBI's Resolution Framework 2.0 dated May 05, 2021.

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for the year ended March 31, 2022

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 ₹ 0.02 crore (Previous Year ₹ 0.43) as other income for the year ended March 31, 2022 on account of applicability of the above practical expedients.

(i) Movement of lease liability

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability as at the beginning of the year	86.50	126.79
Additions (b)	8.87	1.94
Accretion of interest (c)	6.52	8.00
Payments (d)	31.67	32.83
Modification (e)	0.00	17.40
Lease liability as at the end of the year (a+b+c-d-e)	**70.22**	**86.50**

(ii) Maturity analysis of minimum undiscounted lease payments after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	34.28	31.30
Later than one year but not later than five years	53.27	69.56
Later than five years	2.15	8.50
Total	**89.70**	**109.36**

(iii) Maturity analysis of minimum discounted lease payments after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	21.90	20.11
Later than one year but not later than five years	46.26	58.35
Later than five years	2.06	8.04
Total	**70.22**	**86.50**

(iv) There are no gains or losses from sales and leaseback for the year ended March 31, 2022 and March 31, 2021.

(v) There are no variable lease payments for the year ended March 31, 2022 and March 31, 2021.

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 interest rate benchmarks where the Company's hedging relationship is related are 3 month and 6 month USD LIBOR.

b) The Company has outstanding External Commercial Borrowing (ECB) principal of USD 796.00 million (equivalent to ₹ 6,034.25 crore) ((March 31, 2021, USD 812.50 million (equivalent to ₹ 5,972.26 crore)), which is directly linked or affected by the abovementioned two benchmarks. (USD 546.00 million – 3month USD LIBOR and remaining USD 250.00 million – 6 month USD LIBOR) (March 31, 2021, 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 June 30, 2023 and outstanding principal exposure as on that date will be USD 640.00 million (March 31, 2021 USD 640.00 million) for which the Company will discuss and negotiate the alternative reference rate with the respective lenders to incorporate or align the same in the corresponding hedging/ 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 specific communication from any of its lenders regarding the timelines to change to an alternate reference/benchmark rate. However, as soon as the Company receives any communication or instruction from any of its lenders regarding the transition to an alternate reference rate other than the LIBOR, the Company will immediately take it up with the corresponding hedging counterparty/ies to effect the transition in the hedging/derivative deals also. However, this may result in higher pay out for the Company in the form of excess interest or hedging cost of the underlying borrowing for its remaining tenure.

e) The nominal amount of hedging instruments for outstanding principal as on March 31, 2022 is USD 796.00 million (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 ₹ 20.74 crore (Previous year ₹ 12.12 crore) is disputed and are under appeals. These includes contingent liability of ₹ 1.84 crore (Previous year ₹ 4.87 crore) 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 ₹ 7.60 crore (Previous year ₹ 4.31 crore).

iii) Claims against the Company not acknowledged as debt is ₹ 0.29 crore (Previous year ₹ Nil)

iv) Company had issued corporate financial guarantee amounting to ₹ 0.25 crore (Previous year ₹ 0.25 crore) to "UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)" against the Aadhar Authentication Services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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 makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The contribution has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 31.

(₹ in crore)

Particulars	Current Year	Previous Year
Contribution to Provident Fund and Other Funds	12.96	11.07

Note 41.2: Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the same is managed by Life Insurance Corporation of India and Kotak Mahindra Life Insurance Company Limited. The liability of Gratuity is recognised on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Risks associated with defined benefit plan

Interest rate risk: A fall in the discount rate, which is linked to the Government Securities rate, will increases the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salary of members. As such, an increase in the salary of the members more than assumed level may increase the plan's liability.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

GRATUITY LIABILITY

Change in present value of obligation

(₹ in crore)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	14.65	13.69
Interest cost	0.99	0.90
Current service cost	3.05	2.95
Past service cost including curtailment gains / losses	0.60	-
Benefits paid	(2.54)	(0.48)
Actuarial (gain) / loss on obligation	(1.34)	(2.41)
Present value of obligation as at the end of year	15.41	14.65

Change in fair value of plan assets*

(₹ in crore)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	16.54	14.10
Actual return on plan assets	1.08	0.95
Contributions	1.33	1.97
Benefits paid	(2.55)	(0.48)
Fair Value of plan assets as at the end of year	16.40	16.54
Funded status	0.99	1.89

Expense recognised in the statement of Profit and Loss

(₹ in crore)

Particulars	Current Year	Previous Year
Service cost	3.65	2.95
Interest cost	0.99	0.90
Actual return on plan assets	(1.08)	(0.95)
Expenses recognised in the statement of profit & loss	3.56	2.90
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	1.34	2.43

Expected contribution for the next financial year is ₹ 3.49 crore.

Assumptions

Particulars	Current Year	Previous Year
a) Discounting rate	6.80%-7.26%	6.53%
b) Future salary Increase	3.00%-7.00%	7.00%
c) Retirement age (Years)	58-60 years	60 years
d) Mortality table	IALM (2012-14)	IALM (2012-14)

Maturity profile of defined benefits obligation

Particulars	Current Year	Previous Year
With in the next 12 months	1.29	1.14
above 1 year and upto 5 years	4.87	3.44
above 5 year	9.25	10.07

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	(0.57)

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	(0.59)	0.64	0.61	(0.58)

*100% of the plan assets are managed by the insurer for current as well as previous year for employees on the Company payroll. However, for contractual employees there are no plan assets.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 42: EXPENDITURE IN FOREIGN CURRENCY:

Particulars	Current Year	Previous Year
Interest paid	88.44	109.20
Other expenses	1.47	6.42

Note 43: Derivative financial assets / liabilities subject to offsetting, netting arrangements

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crore)

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, 2022	332.88	(90.63)	242.25	-	-	242.25	-	242.25	242.25
At 31 March, 2021	199.57	(199.57)	-	-	-	-	-	-	-

Derivative financial liabilities subject to offsetting, netting arrangements

(₹ in crore)

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, 2022	(90.63)	90.63	-	-	-	-	-	-	-
At 31 March, 2021*	(251.01)	199.57	(51.44)	-	-	(51.44)	-	(51.44)	(51.44)

* Net of margin money paid to counter party bank.

Note 44: Additional information, as required under Schedule III to the Companies Act 2013, of enterprise consolidated as Subsidiary/Associates/Joint Ventures:

(₹ in crore)

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	As % of consolidated profit or (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
Parent								
PNB Housing Finance Limited	99.28	9,800.54	98.26	821.92	99.30	96.62	98.37	918.54
Indian subsidiary								
PHFL Home Loans and Services Limited	1.18	116.06	2.16	18.08	0.70	0.68	2.01	18.76
Inter-Company elimination and other consolidated adjustments	(0.46)	(44.97)	(0.42)	(3.52)	-	-	(0.38)	(3.52)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**9,871.63**	**100.00**	**836.48**	**100.00**	**97.30**	**100.00**	**933.78**

(₹ in crore)

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	As % of consolidated profit or (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	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**

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, 2022

NOTE 45: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crore)

Particulars	As at April 01, 2021	Cash flows	Exchange difference	Others	As at March 31, 2022
Debt securities & subordinated liabilities	11,795.08	(4,218.00)	-	63.07	7,640.15
Borrowings from bank	29,746.34	(2,229.10)	172.20	26.40	27,715.84
Deposits (net)	16,746.04	901.39	-	1.55	17,648.98
Commercial paper	1,104.98	(1,125.00)	-	20.02	-
Lease liability	86.50	(31.67)	-	15.39	70.22

(₹ in crore)

Particulars	As at April 01, 2020	Cash flows	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	3.61	29,746.34
Deposits (net)	16,131.94	630.68	-	(16.58)	16,746.04
Commercial paper	406.06	709.00	-	(10.08)	1,104.98
Lease liability	126.79	(32.83)	-	(7.46)	86.50

Note 45.1: The borrowings has been utilised for the purpose for which it has been taken from banks and financial institutions.

Note 45.2: The Company has complied/in process of compliance with the registration of charges or satisfaction with Registrar of Companies within the defined prescribed timelines.

Note 45.3: Quarterly returns/statements of current assets filed with banks or financial institutions against the underlying borrowings are in agreement with the books of accounts.

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 crore)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	5,065.62	-	5,065.62	6,968.56	-	6,968.56
Bank balance other than cash and cash equivalents	150.47	-	150.47	0.07	-	0.07
Derivative financial instruments	38.23	204.02	242.25	-	-	-
Trade receivables	42.80	-	42.80	44.94	-	44.94
Loans	4,576.90	50,759.04	55,335.94	6,290.31	54,354.41	60,644.72
Investments	931.86	2,550.84	3,482.70	156.30	1,888.52	2,044.82
Other financial assets	125.30	548.61	673.91	243.15	663.43	906.58
Total (a)	**10,931.18**	**54,062.51**	**64,993.69**	**13,703.33**	**56,906.36**	**70,609.69**
Non- financial assets						
Current tax assets (net)	-	47.30	47.30	-	-	-
Deferred tax assets (net)	-	398.90	398.90	-	429.63	429.63
Investment property	-	0.53	0.53	-	0.54	0.54
Property, plant and equipment	-	71.38	71.38	-	81.75	81.75
Right of use assets	-	60.47	60.47	-	78.09	78.09
Capital work-in-progress	-	-	-	-	0.01	0.01

(₹ in crore)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Other Intangible assets	-	18.02	18.02	-	20.89	20.89
Intangible assets under development	-	3.54	3.54	-	2.37	2.37
Other non- financial assets	24.78	2.17	26.95	31.64	1.11	32.75
Assets held for sale	108.83	-	108.83	136.48	-	136.48
Total (b)	**133.61**	**602.31**	**735.92**	**168.12**	**614.39**	**782.51**
Total asset c = (a+b)	**11,064.79**	**54,664.82**	**65,729.61**	**13,871.45**	**57,520.75**	**71,392.20**
LIABILITIES						
Financial liabilities						
Derivative financial instruments	-	-	-	51.44	-	51.44
Trade Payables	16.29	-	16.29	17.82	-	17.82
Debt Securities	2,359.91	3,842.06	6,201.97	5,712.60	5,748.88	11,461.48
Borrowings (other than debt securities)	10,933.17	16,782.67	27,715.84	9,782.46	19,963.88	29,746.34
Deposits	5,840.49	11,808.49	17,648.98	6,133.38	10,612.66	16,746.04
Subordinated liabilities	199.98	1,238.20	1,438.18	-	1,438.58	1,438.58
Other financial liabilities	2,288.76	232.03	2,520.79	2,366.47	309.18	2,675.65
Total (d)	**21,638.60**	**33,903.45**	**55,542.05**	**24,064.17**	**38,073.18**	**62,137.35**
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	-	62.93	62.93
Provisions	2.58	14.75	17.33	2.42	15.97	18.39
Other Non-financial liabilities	277.59	21.01	298.60	226.08	24.42	250.50
Total (e)	**280.17**	**35.76**	**315.93**	**228.50**	**103.32**	**331.82**
Total liabilities f = (d+e)	**21,918.77**	**33,939.21**	**55,857.98**	**24,292.67**	**38,176.50**	**62,469.17**
Net (c-f)			**9,871.63**			**8,923.03**

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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 CEO along with 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 Spoc 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. Spoc 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 principle. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

Hubs and Spocs 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.

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 crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Concentration by sector - Retail		
Housing loans	35,033.09	35,249.30
Non housing loans	15,486.58	15,939.20
Total (a)	**50,519.67**	**51,188.50**
Concentration by sector - Corporate		
Construction finance	6,088.92	8,817.16
Corporate term loan	941.82	2,275.82
Lease rental discounting	344.47	907.35
Total (b)	**7,375.21**	**12,000.33**
Total (a+b)	**57,894.88**	**63,188.83**

(ii) Risk concentrations on financial assets other than loans

(₹ in crore)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2022					
Cash and cash equivalents	-	5,064.50	-	1.12	5,065.62
Bank balance other than cash and cash equivalents	-	150.47	-	-	150.47
Derivative financial instruments	-	242.25	-	-	242.25
Trade receivables	-	-	42.77	0.03	42.80
Investments	3,075.46	110.95	296.29	-	3,482.70
Other financial assets	7.44	645.85	5.44	15.18	673.91
Total	**3,082.90**	**6,214.02**	**344.50**	**16.33**	**9,657.75**
As at March 31, 2021					
Cash and cash equivalents	-	6,967.69	-	0.87	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**	**7,864.56**	**336.81**	**20.71**	**9,964.97**

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.

Note 47.4.1 Total market risk exposure

(₹ in crore)

Particular	As at March 31, 2022	As at March 31, 2021	Primary risk sensitivity
	Carrying amount		
ASSETS			
Financial assets			
Cash and cash equivalents	5,065.62	6,968.56	-
Bank balance other than cash and cash equivalents	150.47	0.07	-
Derivative financial instruments	242.25	-	-
Trade receivables	42.80	44.94	-
Loans	55,335.94	60,644.72	Interest rate
Investments	3,482.70	2,044.82	Interest rate
Other financial assets	673.91	906.58	Interest rate
Total	**64,993.69**	**70,609.69**	
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	51.44	-
Trade payables	16.29	17.82	-
Debt securities	6,201.97	11,461.48	Interest rate
Borrowings (other than debt securities)	27,715.84	29,746.34	Interest rate/ Currency risk
Deposits	17,648.98	16,746.04	Interest rate
Subordinated liabilities	1,438.18	1,438.58	Interest rate
Other financial liabilities	2,520.79	2,675.65	-
Total	**55,542.05**	**62,137.35**	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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 assesses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates

(₹ in crore)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit and (loss)
Loans	2021-22	100 bps / (100) bps	559.97 / (559.97)
	2020-21	50 bps / (50) bps	303.57 / (303.57)
Investments	2021-22	100 bps / (100) bps	7.41/ (7.41)
	2020-21	25 bps / (25) bps	0.88 / (0.88)
Other financial assets	2021-22	25 bps / (25) bps	74.20 / (74.20)
	2020-21	25 bps / (25) bps	88.85 / (88.85)
External Commercial Borrowing	2021-22	100 bps / (100) bps	(6.14) / 6.14
	2020-21	20 bps / (20) bps	(1.43) / 1.43
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2021-22	100 bps / (100) bps	(296.53) / 296.53
	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.

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 crore)

Areas	Financial year	Increase / (decrease) in %	Sensitivity on profit and loss / other comperehensive income
External Commercial Borrowing	2021-22	10% / (10)%	(9.68) / 9.68
	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 has 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 fund, fixed deposit, liquid bonds, government securities etc., 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

Compnay 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 crore)

Particulars	As at March 31, 2022			As at March 31, 2021		
	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	16.29	-	16.29	17.82	-	17.82
Debt securities	2,359.91	3,842.06	6,201.97	5,712.60	5,748.88	11,461.48
Borrowings (other than debt securities)	10,933.17	16,782.67	27,715.84	9,782.46	19,963.88	29,746.34
Deposits	5,840.49	11,808.49	17,648.98	6,133.38	10,612.66	16,746.04
Subordinated liabilities	199.98	1,238.20	1,438.18	-	1,438.58	1,438.58
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,185.68	4,807.71	7,993.39	3,864.65	6,495.51	10,360.16
Other financial liabilities	2,288.76	232.03	2,520.79	2,366.47	309.18	2,675.65
Total	**24,824.28**	**38,711.16**	**63,535.44**	**27,928.82**	**44,568.69**	**72,497.51**

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

(₹ in crore)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2022			
Undrawn commitments relating to advances	1,884.25	2,030.01	3,914.26
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	1,820.00	-	1,820.00
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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

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 are significant and 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.

(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

As at March 31, 2022

(₹ in crore)

Particulars	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit and loss				
Investments				
Mutual Funds	110.95	-	-	110.95
Debt securities	-	92.69	-	92.69
Government securities	-	1,044.83	-	1,044.83
Derivative financial instruments				
Forward contracts and currency swaps	-	332.88	-	332.88
Total assets measured at fair value on a recurring basis (a)	**110.95**	**1470.40**	-	**1,581.35**
Assets measured at fair value on a non-recurring basis				
Assets held for sale	-	108.83	-	108.83
Total assets measured at fair value on a non-recurring basis (b)	-	**108.83**	-	**108.83**
Total assets measured at fair value (a)+(b)	**110.95**	**1579.23**	-	**1,690.18**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Spot and forward	-	50.08	-	50.08
Interest rate swaps	-	40.55	-	40.55
Total liabilities measured at fair value through profit and loss	-	**90.63**	-	**90.63**

NOTE 48: FAIR VALUE MEASUREMENT (Contd.)

As at March 31, 2021

(₹ in crore)

Particulars	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit and 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 and loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	251.01	-	251.01
Total liabilities measured at fair value through profit and loss	**-**	**251.01**	**-**	**251.01**

Valuation methodologies of financial instruments measured at fair value

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 been recognised at amortised cost in the financial statements.

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.

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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

NOTE 48: FAIR VALUE MEASUREMENT (Contd.)

(d) Fair value of financial instruments not measured at fair value

As at March 31, 2022

(₹ in crore)

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	55,335.94	-	55,395.27	-	55,395.27
Investment#					
Government Securities (at amortised cost) & Equity (at cost)	2,234.23	-	2,321.02	-	2,321.02
Total financial assets	**57,570.17**	**-**	**57,716.29**	**-**	**57,716.29**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities (including interest accrued)	6,378.01	-	6,569.97	-	6,569.97
Deposits (including interest accrued)	17,687.05	-	-	17,831.27	17,831.27
Subordinated liabilities (including interest accrued)	1,439.27	-	1,493.54	-	1,493.54
Total financial liabilities	**25,504.33**	**-**	**8,063.51**	**17,831.27**	**25,894.78**

As at March 31, 2021

(₹ in crore)

Particulars	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 (including interest accrued)	10,574.71	-	10,909.50	-	10,909.50
Deposits (including interest accrued)	17,003.36	-	-	17,127.87	17,127.87
Subordinated liabilities (including interest accrued)	1,439.67	-	1,510.44	-	1,510.44
Total financial liabilities	**29,017.74**	**-**	**12,419.94**	**17,127.87**	**29,547.81**

fair value has been disclsoed 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)

   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 been recognised at amortised cost in the financial statements. 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, 2022 and March 31, 2021.

NOTE 49: OTHER DISCLOSURES:

(i) There is no income which is required to be recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ii) The Company has not been declared willful defaulter by any Banks/Financial Institutions.

(iii) The Company has not traded or invested in Crypto currency or Virtual currency during the year.

(iv) There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(v) There are no transaction with struck off companies during the current and previous year.

NOTE 50: AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2022

(Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

(i) Ind AS 16 – Proceeds before intended use -The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

(ii) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract - The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

(iii) Ind AS 109 – Annual Improvements to Ind AS (2021) - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Note 51: Previous year figures have been rearranged / regrouped wherever necessary to correspond with current year's classification disclosure.

In terms of our report of even date

For T R Chadha & Co LLP
Chartered Accountants
FR No. : 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For Singhi & Co.
Chartered Accountants
FR No. : 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: April 28, 2022

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Binod Kumar
Director
DIN: 07361689

Kaushal Mithani
Chief Financial Officer
ACA: 110630

Sanjay Jain
Company Secretary
FCS: 002642

NOTES

CORPORATE INFORMATION

DIRECTORS ON BOARD

Mr. Atul Kumar Goel
Mr. Sunil Kaul
Mr. Ramakrishnan Chandrasekaran
Mr. Nilesh S Vikamsey
Dr. Tejendra Mohan Bhasin
Mr. Neeraj Madan Vyas
Mr. Sudarshan Sen
Mr. Kapil Modi
Ms. Gita Nayyar
Mr. Binod Kumar
Mr. Hardayal Prasad
Managing Director and CEO

STATUTORY AUDITORS

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B-30, Connaught Place,
Kuthiala Building,
New Delhi – 110001

M/s. Singhi & Co., Chartered Accountants
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DND, Flyway, C 01,
Sector 16, Noida – 201301

TRUSTEES FOR DEBENTURE HOLDERS

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17, R, Kamani Marg, Ballard Estate
Mumbai – 400 001

COMPANY SECRETARY

Mr. Sanjay Jain

CHIEF FINANCIAL OFFICER

Mr. Kaushal Mithani

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
Central Bank of India
Citi Bank
Deutsche 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
Kookmin 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
Yes Bank Limited

pnb Housing
Finance Limited