

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 of 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

Managing Director & CEO

DIN: 08024303

Place: New Delhi

Date: June 14, 2022

Atul Kumar Goel

Non-Executive Director

DIN: 07266897



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:

- 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

- 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:

- Managing Director & CEO INR 1,04,37,575/-
- Chief Financial Officer INR 39,22,574/-
- 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.

- The percentage increase in the median remuneration of employees in the Financial Year 2021-22 stood at 11.14%.
- The Company had 1425 permanent employees as on March 31, 2022.
- 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 Technologies 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 1 st 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 Akruiti, 8-3-1027/A2, Srinagar Colony, Lane Opp. to Indian Bank, Hyderabad-500073.	Audiology Lab 188B, 1 st 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	Jhakhwada Gram Panchayat, Viramgram Tal., Ahmedabad, Gujarat	1000 LPH Community Water Filtration Plant Jhakhwada Gram Panchayat, Viramgram Tal., Ahmedabad, Gujarat

Sr. No.	(A)	(B)	(C)	(D)
	Date of creation or acquisition of the capital asset(s).	Amount of CSR spent for creation or acquisition of capital asset (₹)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Details of capital asset(s) created or acquired (including complete address and location of the capital asset)
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, 9 th Floor, Antriksh Bhawan, K.G. Marg, New Delhi - 110001	Ambulances Pehel Foundation Flat No. 917, 9 th 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



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:

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| <ul style="list-style-type: none"> (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'): | <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> 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. |
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- 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.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 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.



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