

Growth in Focus

Resilient | Robust | Responsible



34th Annual Report 2021-22

Growth in Focus

Resilient | Robust | Responsible

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



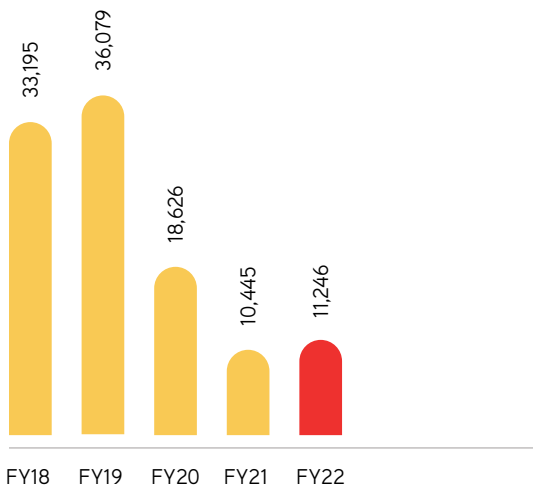
PERFORMANCE TRENDS

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.

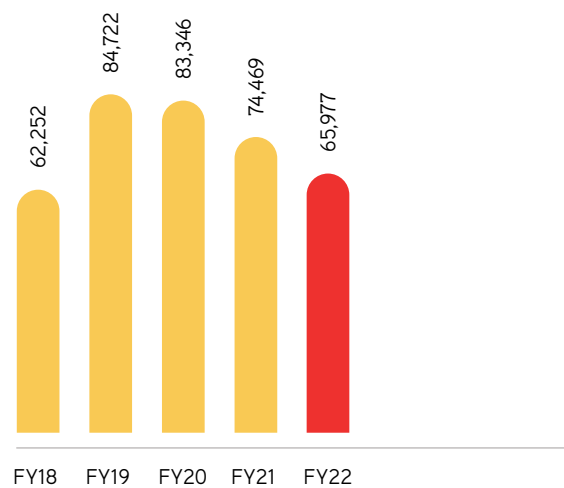
Loan disbursement

(₹ in crore)

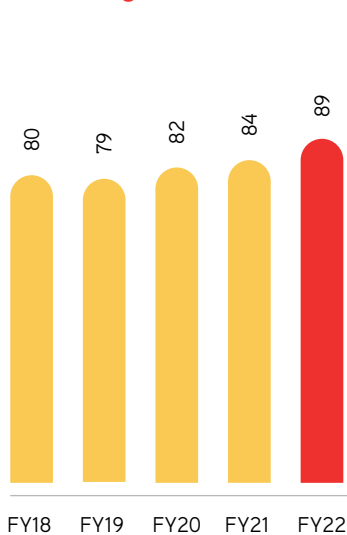


Assets under management^{^+}

(₹ in crore)

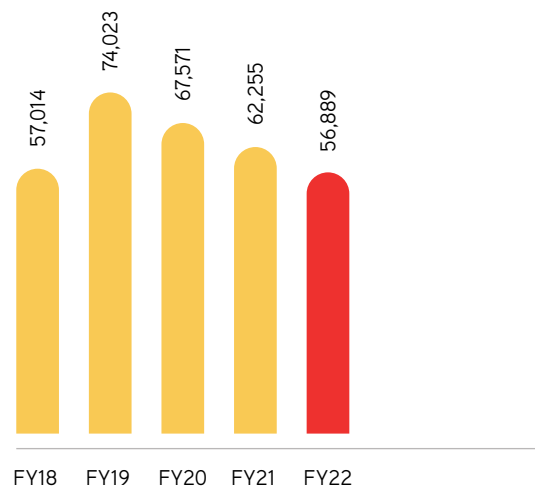


Retail segment as % of AUM^{^+}



Loan asset^{^+}

(₹ in crore)



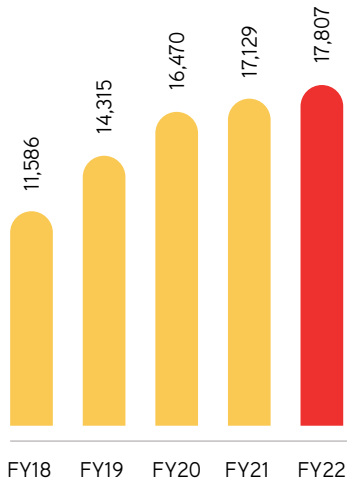
+ Principal outstanding including principal overdue

[^]Indicates dates as on 31st March



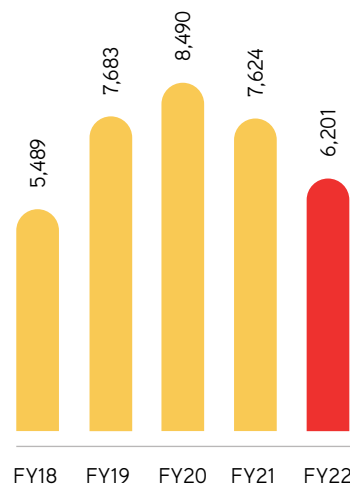
Deposit outstanding⁺

(₹ in crore)



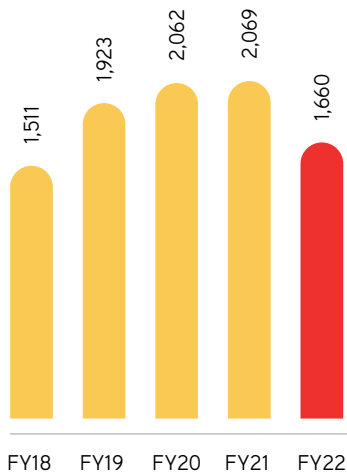
Total revenue

(₹ in crore)



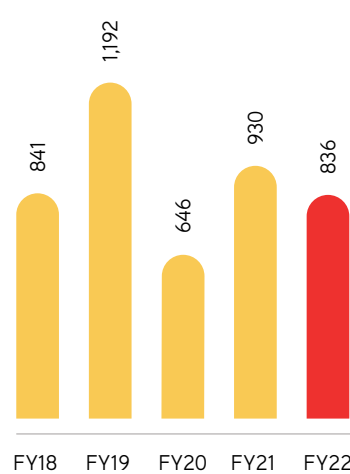
Pre-provision operating profit

(₹ in crore)



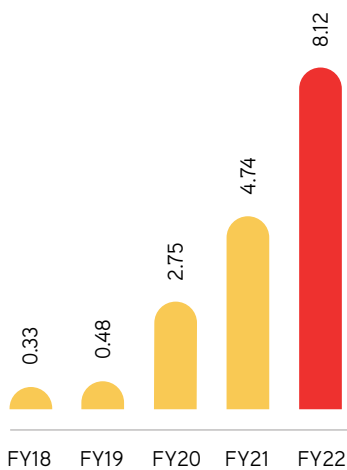
Profit after tax

(₹ in crore)



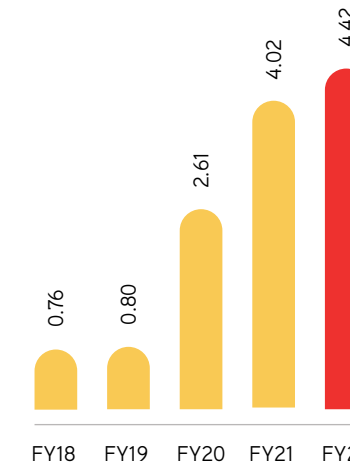
Gross non-performing assets^{*^}

(%)



Total provision to total asset^{*^}

(%)



[^]Indicates dates as on 31st March

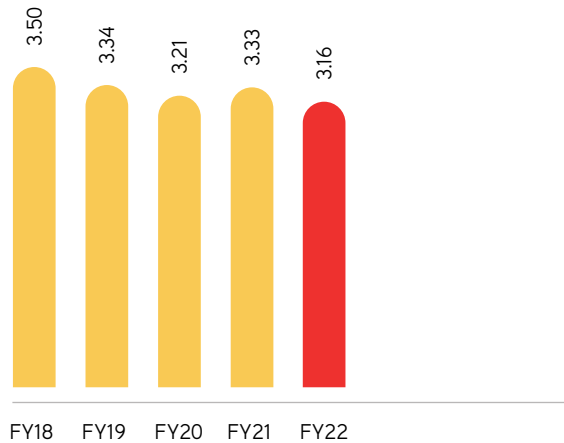
⁺ Principal outstanding including principal overdue

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

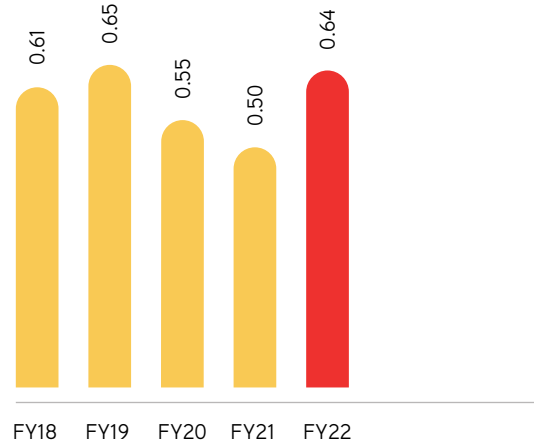
PERFORMANCE TRENDS

Gross interest margin

(%)

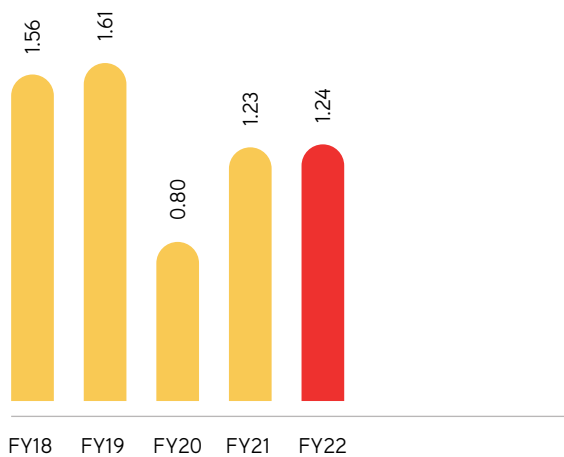


OPEX to ATA



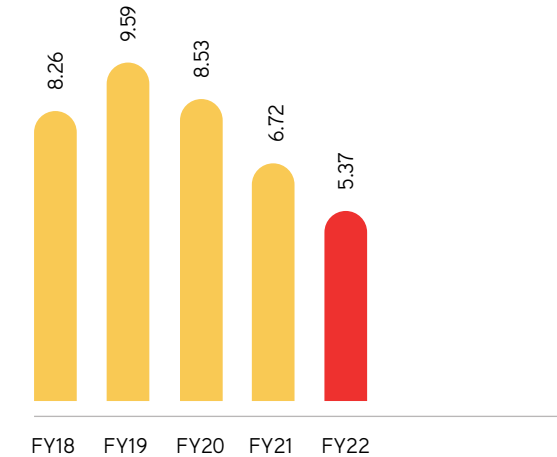
Return on asset

(%)



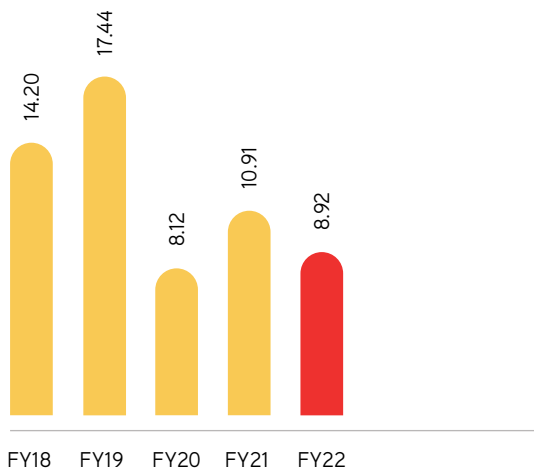
Gearing[^]

(x)



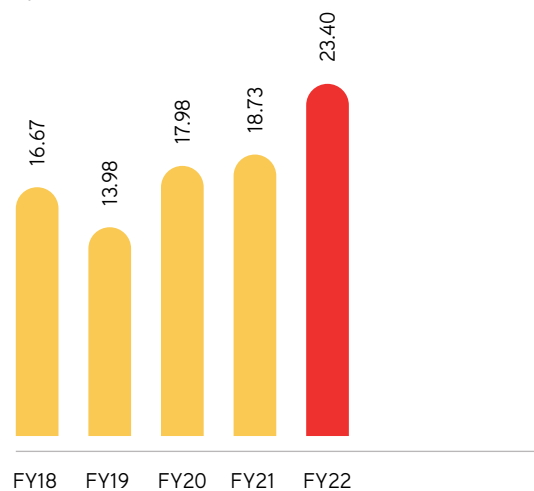
Return on equity

(%)



CRAR[^]

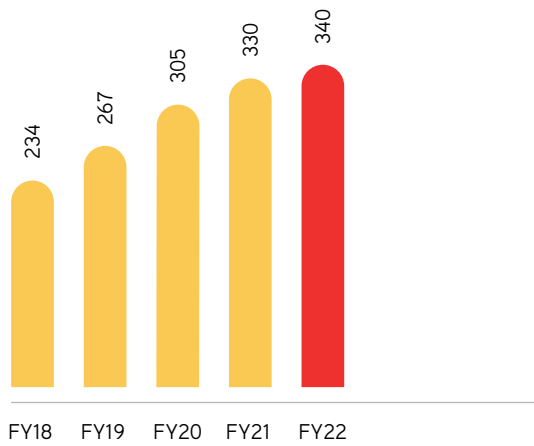
(%)



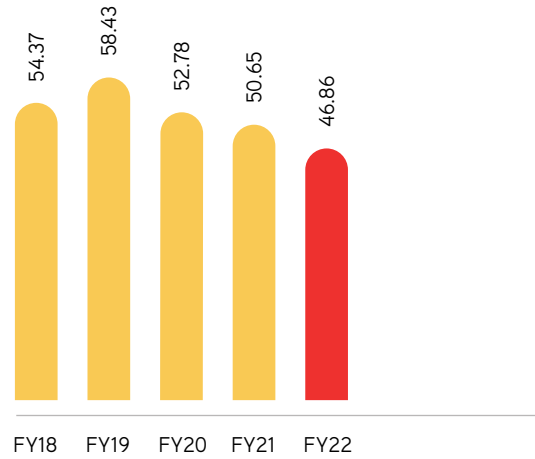
[^]Indicates dates as on 31st March



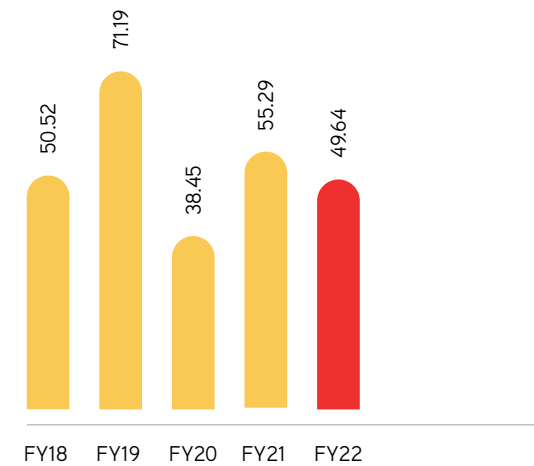
Number of loan and deposit accounts per employee[^] (average)



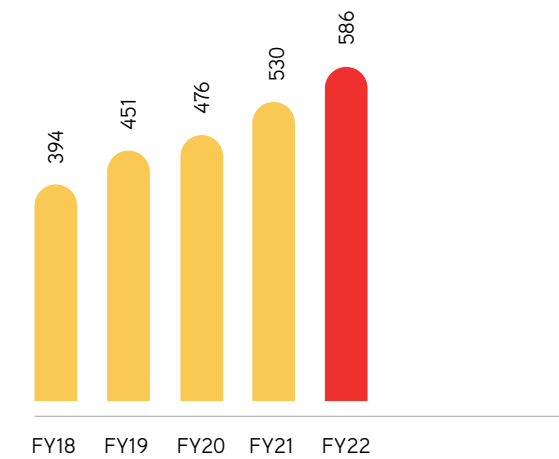
Average AUM per employee[^] (₹ in crore)



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.

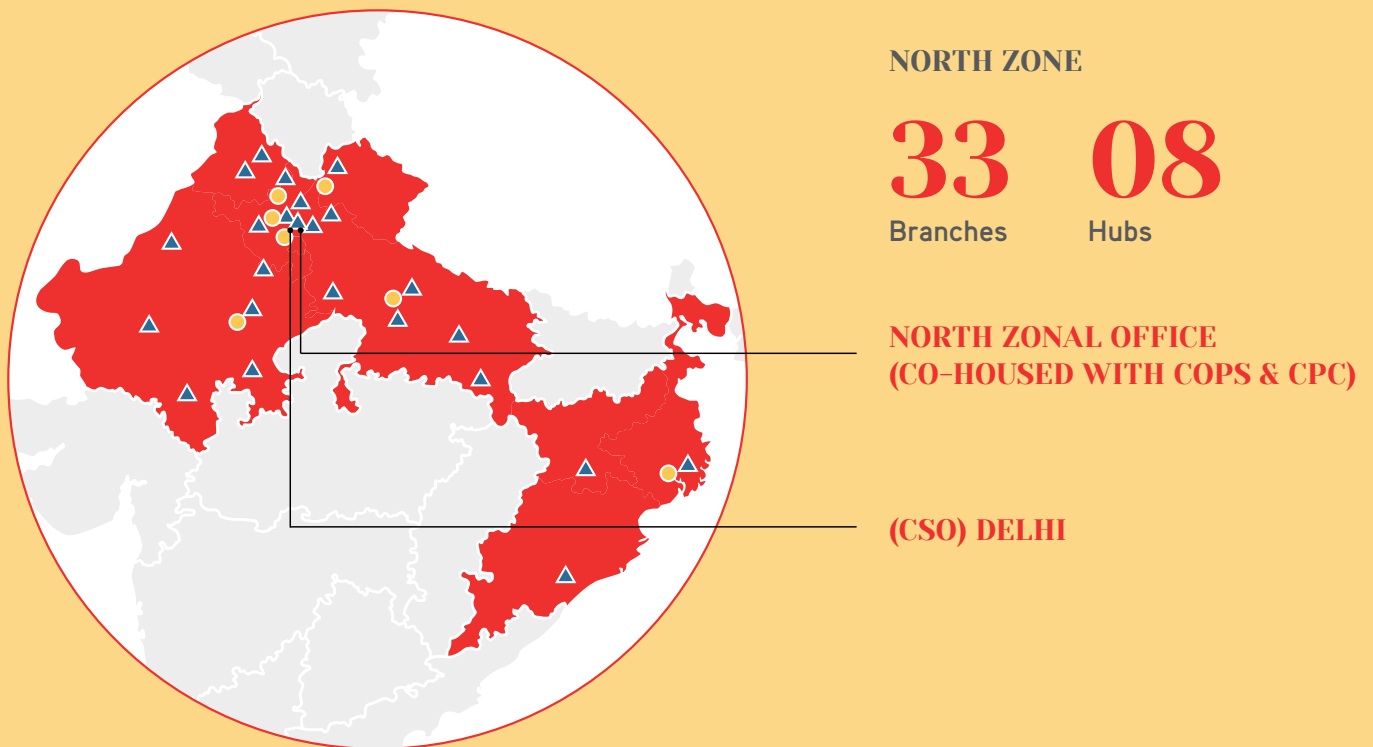


PRESENCE

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.





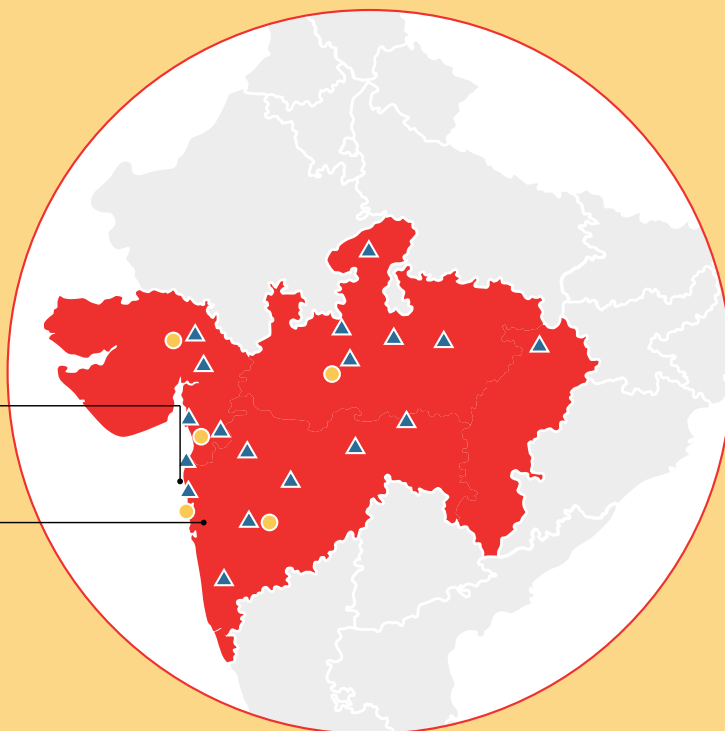
WEST ZONE

33 07

Branches Hubs

(FD BRANCH) MUMBAI

WEST ZONAL OFFICE
(CO-HOUSED WITH CPC)

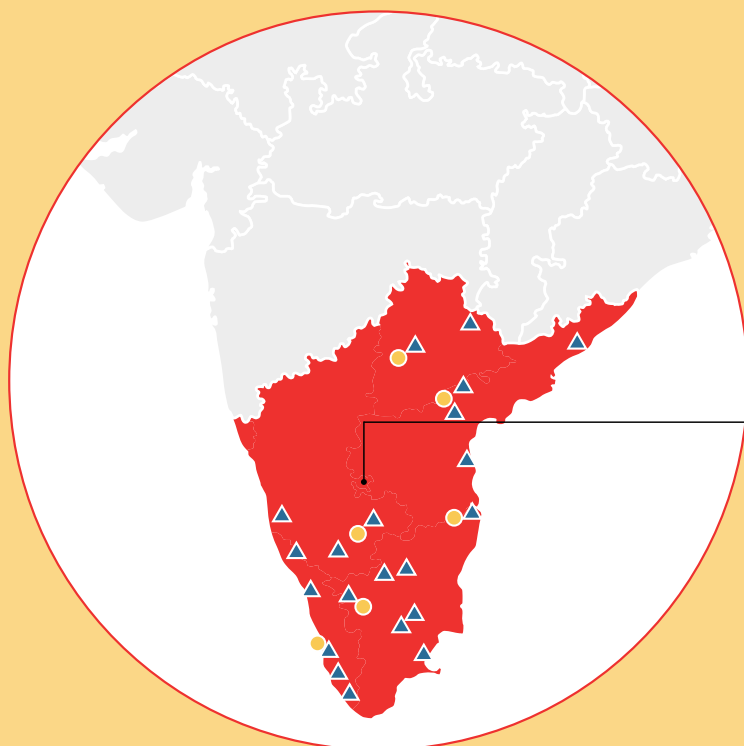


SOUTH ZONE

33 07

Branches 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

MANAGING DIRECTOR'S MESSAGE



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

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.

3.5 LAKH

CSR beneficiaries in FY22

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.

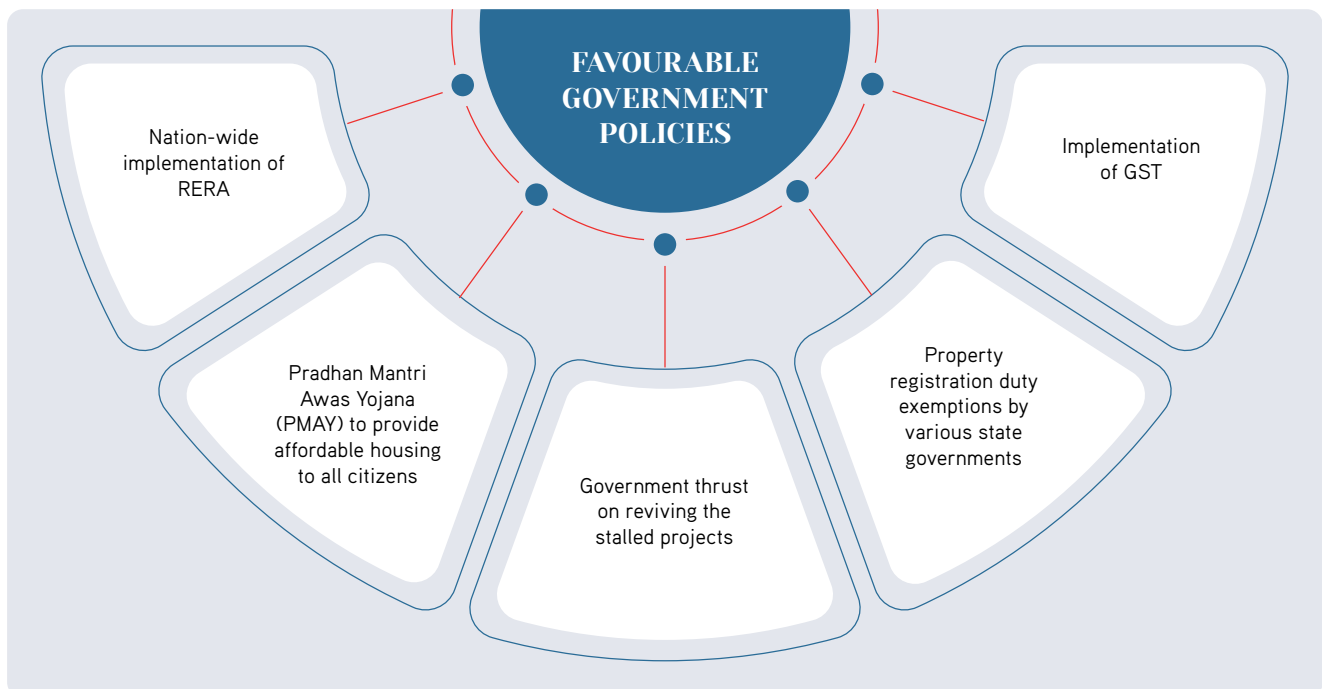
RESPONDING TO THE OPPORTUNITIES

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



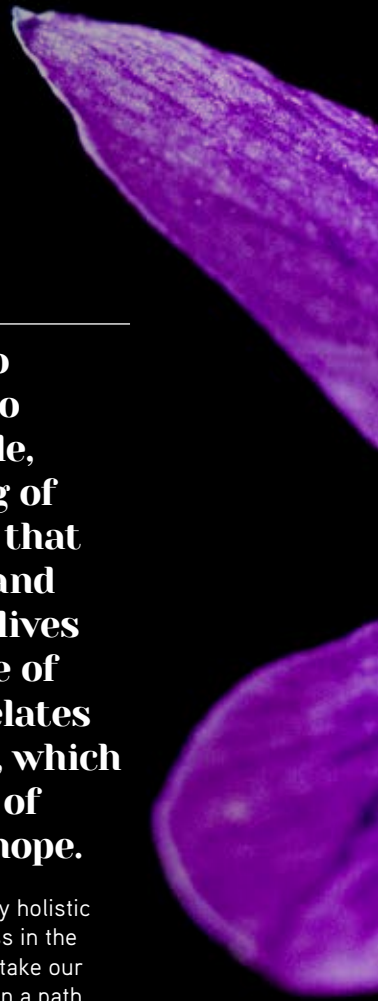
Partnerships

**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.

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

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.





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 trading, 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.

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.

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.





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.

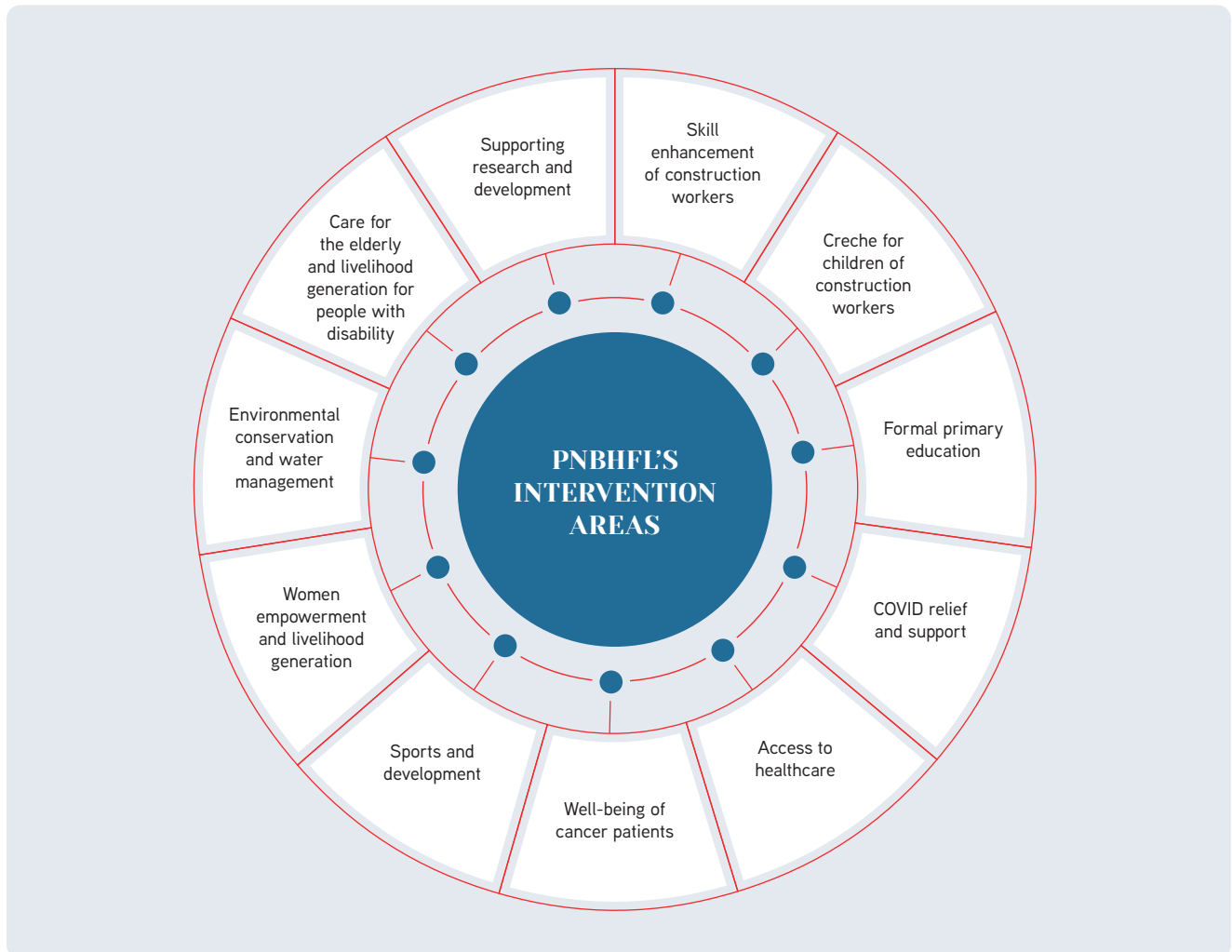
Progress that takes everyone along

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 Peheil 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: 29th 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: 1st September 2020

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

He superannuated as the Deputy Managing Director and Chief Operating Officer (COO) of the State Bank of India (SBI) on 30th 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: 1st 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. HARDAVAL 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

AWARDS AND ACCOLADES

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