

Annual Business Responsibility Report (2017-18)

Part A: General Information about the Company

Corporate Identity Number (CIN) of the Company:	L65922DL1988PLC033856
Name of the Company:	PNB Housing Finance Limited
Registered address:	9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi-110001, Tel: 011-23445200, Fax: 011-23736857
Website:	www.pnbhousing.com
E-mail id: Financial Year reported:	Investor.services@pnbhousing.com 2017-18

Sector(s) that the Company is engaged in (industrial activity code-wise):

Group	Class	Sub-class	Description
659	6592	65922	Activities of housing finance companies.

Company Profile

PNB Housing was promoted by Punjab National Bank as a wholly owned subsidiary in November 1988. The promoter had diluted its 26% stake in December 2009. The promoter's stake was further reduced to 51% post conversion of Compulsory Convertible Debentures in the year 2012. In November 2016, the Company came out with an IPO and was listed on NSE and BSE on November 7th, 2016.

The Company is primarily engaged in the business of providing housing finance. It is the 5th largest housing finance company in terms of loan assets. The Company also provide non-housing loan products to individuals and non- individuals against mortgage of property.

The Company has a large distribution network of branches across India. As on March 31st, 2018, the Company has pan India presence through 84 branches, 35 outreach locations, totaling to 119 distribution outlets in 86 cities. The Company has no overseas branch.

The Company sources its loan business through its in-house direct sales team (DST) as well as through sourcing agents (DSA). It has recently promoted a wholly owned distribution subsidiary Company "PHFL Home Loans and Services Limited" on August 22nd, 2017.

The underwriting of loans is performed in specialized hubs located across the country. The Company follows comprehensive underwriting process for all its loan products by using well-trained manpower assisted by in-house teams from technical, legal and fraud control units.

Part B: Financial Details of the Company

The audited financial statements form part of the annual report. The details on business and financial performance of the company are given in the Directors' Report and Management Discussion and Analysis Report, which is part of annual report. The detailed information on corporate social responsibility (CSR) is provided in the annexure to the Directors' Report on CSR.

Paid up Capital:	₹ 166.59 crores.
Total Income:	₹ 5,516.95 crores.
Profit After Tax:	₹ 830.65 crores.
CSR spend:	₹ 12.34 crores.

The Company has spent its CSR funds in following main areas:

Skill Training of Construction Workers, Day care centres for the children of construction workers, supporting education of underprivileged children, environment conservation, etc.

Part C: Other Details

As on March 31st, 2018, Company has one wholly-owned subsidiary, PHFL Home Loans and Services Limited. The Company was recently incorporated and it is not part of BR initiatives of the Company.

Part D: BR Information

Mr. Sanjaya Gupta, Managing Director (DIN 02939128), and his team of functional heads are responsible for the day to day administration and operations of the Company. The details of Board of Directors and management team is given in the annual report of the Company.

The 9 principles outlined in the National Voluntary Guidelines are:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability: Yes
P2	Businesses should provide goods and services that are safe and contribute to sustainability through out their life cycle: Yes
P3	Businesses should promote the well-being of all employees: Yes
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized: Yes
P5	Businesses should respect and promote human rights: Yes
P6	Businesses should respect, protect and make efforts to restore the environment: Yes
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner: Yes
P8	Businesses should support inclusive growth and equitable development: Yes
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner: Yes

Principle 1

Business should conduct and govern themselves with ethics, transparency and accountability:

Ethics (Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?)

The Company makes no compromise on professional ethics. The Company is transparent and compliant with the laws of the land. The Company follows zero tolerance for bribery and corruption. The Company has formulated code of conduct for

its non-executive directors, executive directors and members of senior management. These codes have been placed on the website of the Company.

PNB Housing has put in place a policy on ethics, transparency and accountability that applies to all internal stakeholders through the employees’ code of conduct.

Code of Conduct

The employees’ code of conduct, which is applicable to all its employees, enunciates principles for ethical business conduct and acceptable employee behavior. The code mirrors, Company’s core values

and covers aspects related but not limited to ethics, bribery and corruption. The code has been made available as a part of the employees' handbook.

Failure to comply with the code leads to disciplinary action. All the employees have been provided with a copy of code of conduct. The e-copy of code of conduct is available on employees' platform on Company's website. There are regular training programmes for the employees on code of conduct. Every new joinee is also trained on code of conduct and is provided with a copy.

PNB Housing has put in place a whistle blower policy, which provides a neutral and unbiased forum for the directors, employees and business partners of the Company to voice their concerns in a responsible and effective manner.

PNB Housing has also adopted code of conduct with respect to the Board of Directors and Senior Management to guide the Board members and senior management for ensuring highest ethical standards in managing the affairs of the Company.

The Company has also adopted following other codes and policies. These codes and policies have been adopted by the Company towards efficient functioning, ethical decision making, risk management, governance and transparency;

- Fair Practice Code
- Know Your Customer Policy
- Code of Conduct
- Policy on Related Party Transaction
- Insider Trading Code
- Code of Practice for Fair Disclosure of Unpublished Price Sensitive Information
- Corporate Social Responsibility Policy
- Whistle Blower Policy
- Policy for Protection of women against Sexual Harassment.

The policies have been formulated in consultation with the relevant stakeholders. These policies confirm to the best practices in the industry. The Policies wherever required have been approved by the Board. The Board has several Committees to oversee the functioning of various policies. The policies have been placed on the website of the

Company for communication to internal and external stakeholders. The Policies are internally reviewed from time to time in line with business, regulatory and statutory requirements. The Company has an internal structure to ensure implementation of the policies.

The Company has a full-fledged grievance redressal mechanism to address grievances of different stakeholders at different levels. The business responsibility report forms part of annual report of the Company from this year.

Transparency

The Company adheres to all the applicable governmental and regulatory rules. Any breach is viewed very seriously by the management and appropriate disciplinary action is taken against the errant employee.

The Board has constituted various committees such as: audit Committee, nomination and remuneration committee, stakeholders relationship committee, corporate social responsibility committee, risk management committee, etc. These committees meet periodically to supervise, review and advice on the relevant/ respective matters. All the policies of the Company are subject to review.

Corporate Governance

The Company follows high standards of corporate governance, ethical corporate behavior, integrity and transparency in conducting its business. Over the years, the Company has built long-term relationships with its loan customers, channel partners, depositors, agents and shareholders. The Company is committed towards highest standards of governance through transparency, accountability and integrity.

Stakeholders' Complaints

The Company has a large family of loan customers, depositors, shareholders, debenture holders, channel partners. The Company has put in place a mechanism for recording and redressing complaints raised by each of these stakeholders.

Customers are most important to the Company. The Company uses digital platform for enhancing customer experience, such as customer service mobile app, customer service web portal, inbound contact centre etc. All the requests and complaints

received from the customers are recorded in CRM system. During the year, the Company has received over 2.69 lacs service requests from loan customers. These requests were handled within the turnaround time specified by the Company. During the year, the Company had received 4,628 escalations from loan customers, which were resolved in the standard turnaround time.

The Company has head of customer service to deal with day to day customer service requests and escalations. The complaints forwarded by the regulatory and supervisory authorities are tracked separately through an electronic mode. A grievance redressal procedure recommended by National Housing Bank (NHB) is also available on Company's website. An escalation matrix for grievance received from the customers is also available on the website of the Company.

The Company has received 6 complaints from the shareholders, which were resolved in time. In addition, the Company has received some requests for annual report and dividend, which were also provided for in time.

The Company places a quarterly status of requests/ complaints received, redressed and outstanding from its customers and stakeholders along with the nature of complaints and their mode of redressal, to the senior management and every quarter to the audit committee and stakeholders relationship committee of Board.

Principle 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle:

Environment

The Company provides and maintains a clean, safe, and healthy work environment for employees, customers, investors and other stakeholders. The Company encourages paperless methods of conducting business to maintain environment and save cost. The Company has introduced technologies, which encourage paperless operations and customer services. The Company is in service industry and does not engage itself in any kind of manufacturing activities as per regulatory regulations.

The Company conducts technical assessment of properties and projects financed by it. The Company ensures that the projects directly funded by it have environmental clearances. The loan documentation has a clause mentioning that the construction would be as per the guidelines of the National Building Code.

The Company has, through its various CSR initiatives contributed to environment protection. The Company has rationalized consumption of electricity and usage of natural resources to save energy.

The Company and IFC joined hands for promotion of green and sustainable buildings development in India via Green Bonds for funding the development of green residential buildings. The Company and IFC jointly conducted workshop for promotion of green building development.

Principle 3

Business should promote the well-being of all employees:

As on March 31st, 2018, the company had a total of 1,290 full time employees on its rolls. The Company has 215 women employees, which constitute 16.67% of the total workforce. The Company has not hired any employee on a contractual basis. There was no employee with permanent disability. The Company does not have an employee association or union.

The Company provides safe and hygienic environment for its employees. The Company has not employed any child labour at any of its offices. The Company has a Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and has constituted an internal complaints committee, which is in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013. During the year, the Company has not received any complaints relating to child labour, forced labour, involuntary labour and sexual harassment.

The Company has a whistle blower mechanism, under its whistle blower policy. The policy has been uploaded on the website and communicated to all the employees. The policy

has empowered employees to fearlessly voice their concerns on various matters pertaining to any malpractice, actual/suspected fraud, abuse of power and authority by any official or any other act. There is also a Managing Director (MD) post, where an employee can directly write to the MD without disclosing his/her identity on any suspected fraud/malpractices/harassment etc.

In addition, the MD addresses every employee at least once every quarter, where he briefs about the performance of the Company and also invite their suggestions, views and concerns.

The Company encourages its employees to regularly participate in sports, picnics, outings, get together, team building programmes, etc. The Company has an in-house magazine, Vibes, which provides a medium for employees and their family members to know the latest happenings within the Company.

The gaps in competencies, job specific knowledge gaps, skills and attitudes are identified during the performance appraisal process. The Company conducts regular training programmes for its employees, which are aimed at skill development, behavioral competence and other learning and development programmes, in house as well as in association with various reputed institutes. The Company also focuses on e-learning of its employees through web portal.

Principle 4

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

Has the company mapped its internal and external stakeholders?

The Company's key stakeholders are promoters, employees, customers, business associates, investors (including shareholders), suppliers, regulatory agencies, CSR implementation agencies etc. The Company values the support of all its stakeholders and respects their interest and concerns. The Company has continuous engagement with its various stakeholders to understand their concerns, assess their requirements and respond to their needs in an effective manner.

Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The Company through its CSR activities has partners with various NGOs towards projects aimed at underprivileged and marginalized sections of the society. The Company is running two major programmes; skilling of construction workers and day care centres for the children of construction workers.

The Company in partnership with developers and NGOs, has established and supported day care centres at the construction sites for the children of construction workers. The programme was initiated with Mobile Creches and has now expanded to other partners to establish new day care centres.

Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Through our CSR initiatives, we are committed to design and implement projects that work toward socio-economic upliftment of construction workers and their immediate families. In partnership with CREDAI CSR Foundation, we have conducted construction workers skill development trainings Pan India. We have also extended support towards following social issues;

- Ensuring formal education to underprivileged children
- Improving access to health care
- Skilling of unemployed youth

Principle 5

Business should respect and promote human rights:

Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company respects and adheres to all the human rights laws framed under the Constitution of India. The Company respects every stakeholder with respect and dignity. Every customer, employee and other stakeholders are treated with dignity irrespective of his/her position. The Company has adopted guidelines and procedures, which are aimed at respecting human rights. The Company will

continue to conduct its business in a manner that respects the rights and dignity of all the people, complying with all legal requirements. The employees are trained to respect human rights while doing business. The Company has not received any complaint from stakeholders in this regard.

Principle 6

Business should respect, protect and make efforts to restore the environment:

Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

The Company promotes green environment and minimum use of paper. The Company has adopted electronic mode of communication internally and with all the stakeholders to a very large extent. The Company uses technology that helps in environment protection. The Company uses equipment and technologies that reduces waste, consume less electricity and are energy efficient. The Company shall comply with all legal / regulatory requirements related to environment protection, management and sustainable development.

As part of CSR initiative, the Company constantly contribute towards environment protection. The Company has developed and maintained green areas as part of CSR initiative. The Company will continue to work in this direction.

Does company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?

Not applicable, since the Company is engaged in providing housing and other loans. The Company has promoted green buildings in association with IFC.

Does the company identify and assess potential environmental risks?

Yes, the Company is aware of the direct and indirect environmental impact of its operations and considers them in decision making. The Company encourages housing projects, which are environmentally safe and secure.

Does the Company have any project related to Clean Development Mechanism?

The Company does not have any project related to

Clean Development Mechanism.

Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?

The Company is in housing finance industry. All our initiatives are towards clean technology. We use hardware in our offices, which uses optimum energy and saves in energy consumption. The Air conditioning equipment is maintained regularly thereby saving energy and costs.

Are the Emissions/ Waste generated by the company within the permissible limits given by CPSB/ SPCB for the financial year being reported?

Not applicable.

Number of show cause/ legal notices received from CPSB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL.

Principle 7

Business when engaged in influencing public and regulatory policy, should do so in a responsible manner

Is your company a member of any trade and chamber or association?

NO.

Principle 8

Business should support inclusive growth and equitable development:

Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof:

The Company is engaged in an important business activity, which is housing finance. It is one of the fundamental requirement of a human being and a basic need for a family. The Company is in a way associated with the mission "Housing for all by 2022". The Company provides housing loans to all the members of the society, who are eligible through its various scheme. The Company is participating in Pradhan Mantri Awas Yojana (PMAY), and has partnered with the nodal agency in distribution of interest subsidy under Government's Credit Linked Subsidy Scheme (CLSS) for middle income group and subsidy scheme for lower income group (LIG).

The Company is in a way promoting mass housing, also called affordable housing. The Company is associated with these projects both through retail participation as well as through developer funding. The Company has a large network of branches spread across 86 cities, many of which are in tier-II and tier-III locations. Through these efforts, the Company has helped in providing shelter to lacs of families.

Through its CSR activities, the Company is changing the life of thousands of construction workers and their families. In association with CREDAI, the Company is engaged in the development and execution of social and charitable projects with focus on construction workers. The Company has so far ensured skill training of construction workers pan India. In association with Mobile Creches, the Company has supported education of thousands of children. The Company is also helping in running schools for under privileged children.

Are the programmes/ projects undertaken through in-house team/ own foundation / external NGO / Government structures / and any other organisation?

The Company as a part of its corporate social responsibility (CSR) initiative has identified and partnered with various implementation agencies such as CREDAI CSR Foundation, Mobile Creches, for carrying out various projects pertaining to construction workers, education, health care, etc. The Company has also contributed towards Swachh Bharat Abhiyan and Prime Minister's National Relief Fund.

Have you done any impact assessment of your initiative?

The Company as part of its CSR expenditure monitoring initiative has called for quarterly reports from the various Implementation agencies with which it has partnered while expending its CSR funds. The Implementation agencies submit their report with details of all those beneficiaries who have benefitted from the project and also the overall implementation of the project. The Company conducts field visit to the project site to assess the overall feasibility of the project, which is considered to be funded. Overall during the year, our CSR activities have positively impacted over 15,000 lives.

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

The Company is running two major programmes; skilling of construction workers and day care centres for the children of construction workers. In FY2017-18 the activity has supported 32-day care centres and rolled out training programme to train 8,500 construction workers pan India. Workers have been certified by Construction Skilling Council of India or Plumbing Council of India. Our training partners reach out to the most marginalized communities around the centres and mobilize the unemployed semi-skilled youth.

For the last three years, in partnership with developers and NGOs, we have established and supported day care centres at the construction sites for the children of construction workers. We had initiated the programme with Mobile Creches in FY2014-15. Over the years, we have expanded our list of NGO partners and have started work with 4 new NGO partners to establish 32 new day care centres.

The programme has reached out to children in need through the daycare services that include health, nutrition, learning, care and protection for 8 hours a day, 6 days a week. In FY2017-18, the programme has reached out to 3,500 children through its daycare programme. We have presence in ten major cities of India, through 32 day care centres. We take care of health, nutrition and education of children.

We have partnered with Vidya for the last three financial years. We support the operational cost of running two schools in Delhi. These schools ensure formal education to 400 children coming from the underprivileged community. The school provides English-medium education from pre-school upto 5th standard. Students are provided nutritious midday meal and are exposed to arts and crafts, music and dance and sports activities.

We have partnered with Vidya and South Delhi Municipal Corporation (SDMC). We have revamped the entire academic system of this school. Currently, we have 110 children in the school and Government of Delhi has been highly appreciative of our efforts.

The Company has spent nearly ₹ 12.34 crores on CSR programmes during FY2017-18.

Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, The Company has partnered with such Implementation Agencies, while extending its CSR contribution, having a regular track record. The Implementation agencies submit their report with details of all those beneficiaries who have benefitted from the project and also the overall implementation of the project. The Company conducts field visit to the project site to assess the overall feasibility of the project.

Principle 9

Business should engage with and provide value to their customers and consumers in a responsible manner:

What percentage of customer complaints/ consumer cases are pending as on the end of the financial year?

There is negligible complaints that are pending in percentage terms, which are beyond the internal time lines set by the Company.

Does the company display product information on the product label, over and above what is mandated as per local laws?

The Company is a housing finance company and hence this question is not applicable. However, features of housing loan schemes are disclosed to the applicant before financing. The company also transparently displays the information pertaining to its products at each of its branch offices across India.

Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There is no such instance.

Did your company carry out any consumer survey/ consumer satisfaction trends?

The CSAT (Customer Satisfaction) survey was initiated in Q4 of FY2017-18. The survey was conducted by a leading firm – IMRB. The results of the survey will be used to get insights into the customer's perception of our services. The voice of customer will be used for course correction and future innovations.