

# Independent Auditors' Report

To the Members of PNB Housing Finance Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of PNB Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31st, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2018 and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'I' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the directors as on March 31st, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2018 from being appointed as a director in terms of section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'II'.
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28(i) to the financial statements;
    - ii. The Company did not have any long term contracts including any derivative contracts for which there were any material foreseeable losses;
    - iii. The Company has generally been regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund.

For **B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Sudhir Maheshwari**  
**Partner**  
Membership No.081075

Place: New Delhi  
Date: May 03, 2018

**Annexure 'I' to the Independent Auditors' Report**

(Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

- 1) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
  - (b) As informed, fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification
  - (c) Based upon the audit procedure performed and according to the records of the Company, the title deeds of all the immovable properties are held in the name of the Company
- 2) The provisions of paragraph (ii) of the order are not applicable to the Company, as the Company is engaged in the financial services sector
- 3) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act for the financial year 2017-18, and accordingly clauses (a), (b) and (c) of para (iii) of the order are not applicable
- 4) As informed, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security
- 5) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, provisions of section 73 to 76 and other relevant provisions of the Act, the Companies (Acceptance of Deposit) Rules, 2014 to the extent applicable, and The Housing Finance Companies (NHB) Directions, 2010, with regard to acceptance of deposits from the public. No order has been passed by the Company Law Board or the National Company Law Tribunal or Reserve Bank of India or by any other court or tribunal with regard to such deposits
- 6) Since the Company is engaged in the financial services sector, provisions of sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the Company
- 7) a) According to the information and explanations given to us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31st, 2018 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, the details of disputed amount of Income Tax, Value Added Tax, Sales Tax, Excise Duty, Custom Duty, Service Tax and Cess not deposited by the Company are as follows :

Name of the statute	Nature of the dues	Amount under dispute (₹ in crores)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income tax Act, 1961	Income tax	1.06	2014-15	CIT(A)
Income tax Act, 1961	Income tax	1.96	2013-14	ITAT, Delhi
Income tax Act, 1961	Income tax	0.43	2012-13	ITAT, Delhi
Income tax Act, 1961	Income tax	0.43	2011-12	ITAT, Delhi
Income tax Act, 1961	Income tax	0.35	2010-11	ITAT, Delhi
Income tax Act, 1961	Income tax	14.88	2009-10	ITAT, Delhi
Income tax Act, 1961	Income tax	0.53	2008-09	ITAT, Delhi
Income tax Act, 1961	Income tax	0.40	2007-08	ITAT, Delhi
Income tax Act, 1961	Income tax	0.75	2006-07	ITAT, Delhi
Income tax Act, 1961	Income tax	0.51	2005-06	ITAT, Delhi
Total		21.30		

- 8) Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans and borrowings to the financial institutions, banks or debenture holders. The Company did not have any outstanding loans and borrowings from government during the year.
- 9) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of public offer during the year. In our opinion, amount raised by way of term loans have been applied for the purpose for which they were obtained.
- 10) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context and size of the Company and the nature of its business and which have been provided for.
- 11) In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 12) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- 14) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, therefore reporting under clause 3(xiv) of the Order are not applicable.
- 15) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not entered into any noncash transaction with directors or persons connected with him.
- 16) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B R Maheswari & Co LLP**

Chartered Accountants

Firm's Registration No: 001035N/N500050

**Sudhir Maheshwari**

**Partner**

Membership No.081075

Place: New Delhi

Date: May 03, 2018

### **Annexure 'II' to the Independent Auditors' Report**

(Referred to in Paragraph 2(f) under the heading “Report on other legal and regulatory requirements” of our report of even date)

Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of PNB Housing Finance Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No: 001035N/N500050

**Sudhir Maheshwari**  
**Partner**  
Membership No: 081075

Place: New Delhi  
Date: May 03, 2018

## Balance Sheet as at March 31st, 2018

(₹ in crores)

	Note	As at March 31st, 2018	As at March 31st, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	166.59	165.64
Reserves and Surplus	3	6,140.19	5,411.67
		<b>6,306.78</b>	<b>5,577.31</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	36,388.70	24,083.96
Deferred Tax Liabilities (Net)	5	57.66	46.86
Other Long-Term Liabilities	6	141.98	103.90
Long-Term Provisions	7	399.79	242.45
		<b>36,988.13</b>	<b>24,477.17</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	8	14,241.96	7,947.41
Trade Payables	9	125.36	93.56
Other Current Liabilities	10	6,095.17	4,836.06
Short-Term Provisions	7	44.18	28.04
		<b>20,506.67</b>	<b>12,905.07</b>
<b>TOTAL</b>		<b>63,801.58</b>	<b>42,959.55</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	58.98	47.77
Intangible Assets	11	16.98	10.63
Capital Work-in-Progress		9.69	2.03
Non-Current Investments	12	1,161.65	961.35
Long-Term Loans And Advances	13	54,121.79	36,443.79
Other Non-Current Assets	14	468.13	278.43
		<b>55,837.22</b>	<b>37,744.00</b>
<b>Current Assets</b>			
Current Investments	15	1,218.46	2,318.21
Cash and Bank Balances	16	2,816.87	151.47
Short-Term Loans and Advances	17	81.31	39.94
Other Current Assets	18	3,847.72	2,705.93
		<b>7,964.36</b>	<b>5,215.55</b>
<b>TOTAL</b>		<b>63,801.58</b>	<b>42,959.55</b>

Overview and Significant Accounting Policies 1  
The accompanying notes are an integral part of the Financial Statements.

In terms of our report of even date  
**For B.R. Maheshwari and Co. LLP**  
Chartered Accountants  
FR No : 001035N/N500050

For and on behalf of the Board of Directors

**Sudhir Maheshwari**  
Partner  
M No : 081075

**Sanjaya Gupta**  
Managing Director  
DIN: 02939128

**Sunil Mehta**  
Chairman  
DIN: 07430460

**Sunil Kaul**  
Director  
DIN: 05102910

Place: New Delhi  
Date: May 03, 2018

**Kapish Jain**  
Chief Financial Officer  
ACA: 057737

**Sanjay Jain**  
Company Secretary  
FCS: 002642

## Statement of Profit and Loss for the year ended March 31st, 2018

(₹ in crores)

	Note	Current Year	Previous Year
<b>INCOME</b>			
Revenue from Operations	19	5,516.39	3,907.70
Other Income		0.56	0.15
<b>TOTAL REVENUE</b>		<b>5,516.95</b>	<b>3,907.85</b>
<b>EXPENSES</b>			
Finance Cost	20	3,530.80	2,643.65
Employee Benefits Expenses	21	136.48	101.26
Office Operating Expenses	22	101.20	74.95
Other Expenses	23	246.45	162.44
Depreciation & Amortisation	11	24.11	18.63
Provisions and Contingencies		180.53	97.53
Bad Debts Written-off		18.30	5.38
<b>TOTAL EXPENSES</b>		<b>4,237.87</b>	<b>3,103.84</b>
<b>PROFIT BEFORE TAX</b>		<b>1,279.08</b>	<b>804.01</b>
Less: Provision for Taxation -Current Tax		437.71	264.00
-Earlier years		(0.08)	-
-Deferred Tax (Net)		10.80	16.28
<b>PROFIT AFTER TAX</b>		<b>830.65</b>	<b>523.73</b>
Earnings Per Share (Face Value of ₹ 10/- each Fully paid up)	26		
-Basic (in ₹)		49.89	36.72
-Diluted (in ₹)		49.32	36.15

Overview and Significant Accounting Policies  
The accompanying notes are an integral part of the Financial Statements.

1

In terms of our report of even date

**For B.R. Maheswari and Co. LLP**  
Chartered Accountants  
FR No : 001035N/N500050

**Sudhir Maheshwari**  
Partner  
M No : 081075

Place: New Delhi  
Date: May 03, 2018

**For and on behalf of the Board of Directors**

**Sanjaya Gupta**  
Managing Director  
DIN: 02939128

**Kapish Jain**  
Chief Financial Officer  
ACA: 057737

**Sunil Mehta**  
Chairman  
DIN: 07430460

**Sanjay Jain**  
Company Secretary  
FCS: 002642

**Sunil Kaul**  
Director  
DIN: 05102910



## Cash Flow Statement for the year ended March 31st, 2018 (Indirect Method)

(₹ in crores)

	Current Year	Previous Year
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	1,279.08	804.01
Adjustment for non-cash items, to be disclosed separately		
Add: Depreciation and Amortisation	24.11	18.63
Loss/(Profit) on sale of fixed assets	0.17	(0.01)
Provisions and Contingencies	180.53	97.53
Bad Debts Written-off	18.30	5.38
	223.11	121.53
<b>Operating Profits before Changes in Working Capital</b>	<b>1,502.19</b>	<b>925.54</b>
Adjustment for Changes in Working Capital and Provisions		
Increase/ (Decrease) in Trade Payables	31.80	18.32
Increase/ (Decrease) in Long-Term Provision	7.81	3.03
Increase/ (Decrease) in Short-Term Provision	0.62	0.43
Increase/ (Decrease) in Other Current Liabilities	1,221.72	251.14
Increase/ (Decrease) in Other Long-Term Liabilities	99.73	49.44
(Increase)/ Decrease in Long-Term Loans & advances	(17,696.30)	(10,825.61)
(Increase)/ Decrease in Short-Term Loans & advances	(4.62)	(14.01)
(Increase)/ Decrease in Other Non-Current Assets	(189.83)	(70.26)
(Increase)/ Decrease in Other Current Assets	(1,150.52)	(808.50)
Investments (Net)	892.71	(1,660.27)
(Increase)/ Decrease in Other Bank Balances	85.59	(3.79)
	(16,701.29)	(13,060.08)
<b>Cash Used in Operations</b>	<b>(15,199.10)</b>	<b>(12,134.54)</b>
Taxes Paid (net of refunds)	(474.39)	(271.93)
<b>A. NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(15,673.49)</b>	<b>(12,406.47)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(49.58)	(16.94)
Sale of Fixed Assets	0.08	0.06
	(49.50)	(16.88)
<b>B. NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(49.50)</b>	<b>(16.88)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Proceeds from borrowings</b>		
Bonds	8,954.00	5,381.00
Banks	5,371.36	3,100.08
Deposits (net)	1,562.67	2,851.40
Commercial paper	26,600.00	14,295.00
<b>Repayment of borrowings</b>		
Commercial paper	(20,570.00)	(14,950.00)
Bonds	(1,200.00)	(190.00)

(₹ in crores)

	Current Year	Previous Year
Banks	(2,143.00)	(1,015.77)
Proceeds from issue of Share Capital	0.95	38.72
Share Premium Received	30.97	2,961.28
Share Premium Utilised	(12.67)	(100.61)
Dividend paid (including dividend distribution tax)	(120.3)	(48.61)
<b>C. NET CASH FROM FINANCING ACTIVITIES</b>	<b>18,473.98</b>	<b>12,322.49</b>
<b>NET CHANGES CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>2,750.99</b>	<b>(100.86)</b>
Cash and Cash equivalents at the beginning of the year	65.85	166.71
Cash and Cash equivalents at the end of the year	2,816.84	65.85
<b>NET INCREASE / (DECREASE) OF CASH &amp; CASH EQUIVALENTS DURING THE YEAR</b>	<b>2,750.99</b>	<b>(100.86)</b>

NOTE : Figures in bracket denotes application of cash  
The accompanying notes are an integral part of the Financial Statements.

In terms of our report of even date

**For B.R. Maheswari and Co. LLP**  
Chartered Accountants  
FR No : 001035N/N500050

**Sudhir Maheshwari**  
Partner  
M No : 081075

Place: New Delhi  
Date: May 03, 2018

**For and on behalf of the Board of Directors**

**Sanjaya Gupta**  
Managing Director  
DIN: 02939128

**Kapish Jain**  
Chief Financial Officer  
ACA: 057737

**Sunil Mehta**  
Chairman  
DIN: 07430460

**Sanjay Jain**  
Company Secretary  
FCS: 002642

**Sunil Kaul**  
Director  
DIN: 05102910

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the Year Ended March 31st, 2018

## 1. OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

### 1.1 OVERVIEW

PNB Housing Finance Limited ('PNBHFL'), "the Company" was incorporated on November 11th, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987.

## 1.2 SIGNIFICANT ACCOUNTING POLICIES

### 1.2.1 GENERAL METHOD AND SYSTEM OF ACCOUNTING

1.2.1.1 The standalone financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The financial statements comply in all material aspects with the Accounting Standards specified under section 133 of Companies Act, 2013 read with Rule 7 of the Company (Accounts Rules 2014) and the relevant provisions of the Companies Act, 2013, the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended from time to time, unless stated otherwise hereinafter. Accounting Standards (AS) and Guidance Notes issued by The Institute of Chartered Accountants of India ("ICAI") are followed insofar as they are not inconsistent with the NHB Directions, 2010.

1.2.1.2 Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

1.2.1.3 The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

1.2.1.4 The Company has adopted the accrual concept in the preparation of the financial statements. The Balance Sheet and the Statement of Profit and Loss of the Company are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III.

1.2.1.5 Amounts in the financial statements are presented in "crores", except for per share data and as otherwise stated. All exact amounts are stated with suffix "/-".

### 1.3 INFLATION

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

### 1.4 OPERATING CYCLE

Based on the nature of its activities, the Company has determined its operating cycle as 12 months for classification of its assets and liabilities as current and non-current.

### 1.5 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## 1.6 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash-on-hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

## 1.7 REVENUE RECOGNITION

- 1.7.1 Interest income on loans is recognised on accrual basis except in case of non-performing assets where interest is accounted on realisation. Interest on loans is computed either on an annual rest, on a monthly rest or on a daily rest basis depending upon loan product. EMIs commence once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. Pending commencement of EMIs, Pre-EMI interest is charged every month. Interest on loans purchased through direct assignment is recognised on accrual basis.
- 1.7.2 Interest income on Investment is recognized on accrual basis. Dividend income is recognised when the right to receive is established. The gain / loss on account of long-term Investment at discount / premium in Debentures / Bonds and Government Securities, is amortised over the life of the security on a pro-rata basis.
- 1.7.3 The gain/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on Sale of investment is determined after consideration of cost on a weighted average basis.
- 1.7.4 Income from login fee, other charges and penal interest on defaults, pre-payment charges etc. is recognised on receipt basis. Processing Fee on loans is recognised over the average tenure of the loan. The average tenure of loan has been arrived at based on the experience of repayment behaviour of the borrowers.
- 1.7.5 Income from servicing of securitised/assigned portfolio and renting of space in our offices and website is recognised on accrual basis.
- 1.7.6 Other income and interest on tax refunds are accounted for on receipt basis.

## 1.8 TANGIBLE ASSETS

Tangible Assets are capitalised at cost including all expenses incidental to the acquisition/installation.

## 1.9 INTANGIBLE ASSETS

Intangibles Assets are recognised where it is possible that the future economic benefit attributable to the asset will flow to the Company and its cost can be reliably measured. Intangibles are capitalised at cost including all expenses attributable for bringing the same in its working condition.

## 1.10 DEPRECIATION / AMORTISATION

### Tangible Assets

Depreciation on Tangible Assets is provided on the Straight Line Method as per the useful life prescribed in Part C of Schedule II of the Companies Act, 2013 on pro-rata basis, except the following category of asset, in whose case the life of the assets has been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. on which different useful lives for depreciation have been charged:

- a) Networking equipment and mobile phone instruments are depreciated over a period of five and three years respectively.
- b) Leasehold Improvements are depreciated over a period of five years.
- c) Assets costing up to ₹ 5,000/- is fully depreciated in the year of purchase.

## Intangible Assets

Intangible Assets are amortised over a period of five years except website development costs which are amortised over a period of three years.

### 1.11 INVESTMENTS

Investments are capitalised at cost inclusive of brokerage and stamp charges. Investments are classified as Non-Current Investment (long-term investments) and current investments are valued in accordance with guidelines of National Housing Bank and Accounting Standard on 'Accounting for Investments' (AS-13).

### 1.12 EMPLOYEE BENEFITS

#### 1.12.1 Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

#### 1.12.2 Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

#### 1.12.3 Defined Contribution Plan

The Company's contribution to Provident Fund and Employee State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### 1.12.4 Defined Benefit Plan

The Company has defined benefit plans as Leave Encashment/Compensated Absences and gratuity for all eligible employees, the liability for which is determined based on an actuarial valuation at the end of the year using the 'Projected Unit Credit Method'. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions which are recognised in the Statement of Profit and Loss as income or expenses, as applicable.

#### 1.12.5 Employees Stock Options Scheme

The Company has introduced the Employee Stock Option Scheme ('the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost, if any, is amortised over the vesting period.

### 1.13 BORROWING COSTS

1.13.1 Interest on borrowings are recognised as an expense in the period in which they are incurred.

1.13.2 Ancillary cost in connection with long-term borrowing are amortised to the Statement of Profit

and Loss over the tenure of the borrowing.

1.13.3 Brokerage and incentive on deposits is amortised over the average period of the deposit.

1.13.4 All other borrowing costs are charged to the Statement of Profit and Loss.

1.13.5 Issue expenses of certain securities are charged to the Securities Premium account.

#### **1.14 TRANSACTION INVOLVING FOREIGN EXCHANGE**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currency are converted at the rate of exchange prevailing on the date of financial statements.

In case of a forward exchange contracts, the exchange difference between the forward rate and the exchange rate at the date of transaction is recognised as income or expense over the life of the contract in line with Accounting Standard on 'Accounting for the Effects of Changes in Foreign Exchange Rates' (AS-11) issued by the Institute of Chartered Accountants of India.

#### **1.15 DERIVATIVE TRANSACTIONS**

The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Profit/Losses, on revaluation, are recognised in the Statement of Profit and Loss. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium/discount on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the Balance Sheet date.

#### **1.16 SHARE ISSUE EXPENSES**

Share issue expenses, net of tax, are adjusted against the Securities Premium Account, as permissible under Section 52(2) of the Companies Act, 2013, to the extent of balance available and thereafter, the balance portion is charged to the Statement of Profit and Loss, as incurred.

#### **1.17 OPERATING LEASES**

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Lease payments for assets taken on operating lease are recognised as an expense in the Statement of Profit and Loss as per terms of lease agreement.

#### **1.18 EARNINGS PER SHARE**

The basic earnings per share is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing, dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

#### **1.19 TAXES ON INCOME**

Taxes on Income are accounted for in accordance with Accounting Standard "Accounting for taxes on income" (AS 22), issued by The Institute of Chartered Accountants of India. Income tax comprises both current and deferred tax.

Current tax is measured based on estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and rules made thereunder.

The tax effect of timing differences that result between taxable income and accounting income and

are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Such deferred tax is quantified using the tax rates and laws enacted of substantively enacted as on Balance Sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out.

Deferred tax assets arising on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation.

#### **1.20 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- i) Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- ii) Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it.
- iii) Contingent Assets are neither recognised nor disclosed in the financial statements.

#### **1.21 PROVISION FOR STANDARD ASSETS, NON-PERFORMING ASSETS (NPAs) AND CONTINGENCIES**

The Company's policy is to carry adequate amounts towards Provision for Standard Assets, Non-Performing Assets (NPAs) and other contingencies. All loans and other credit exposures where the instalments are overdue for more than ninety days are classified as NPAs in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines.

The Company also has a policy to create and carry a provision over and above the provisioning requirements as prescribed in NHB Directions for Standard Assets and NPAs, under the Provision for Contingencies Account. The provision under this head is made with regards to loan accounts and other credit exposure which are classified as standard assets on the balance sheet date, however these were classified as NPA in last 12 months / payments in these loan accounts have not been regular / loan accounts where customers have reported slow progress of construction of the underlying dwelling unit.

#### **1.22 STOCK OF ACQUIRED PROPERTIES**

The assets acquired by the Company under SARFAESI Act, 2002 are classified as 'Stock of Acquired Properties' and are valued at outstanding dues or net realisable value, whichever is lower.

#### **1.23 LOAN ORIGINATION / ACQUISITION COST**

All direct costs incurred for the loan origination are amortised over the average tenure of the loan. The average tenure of loan has been arrived at based on the experience of repayment behaviour of the borrowers.

#### **1.24 UNCLAIMED DEPOSITS**

Deposits, which have become due but have not been presented for payment or renewal, are transferred to unclaimed deposits. Interest for the period from last maturity date till the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

#### **1.25 IMPAIRMENT OF ASSETS**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is

reflected at the recoverable amount subject to a maximum of depreciable historical cost.

### 1.26 SECURITISATION OF LOANS

Securitized and assigned assets are de-recognized in the books of the Company based on the principle of transfer of ownership over the assets.

Transfer of pool of loan assets under the current RBI guidelines involve transfer of proportionate shares in the pool of loan assets. Such transfers result in de-recognition only of that proportion of the loan assets which meets the de-recognition criteria. The portion retained by the Company continue to be accounted for as loan assets as described above.

On de-recognition, the difference between the book value of the securitized loan assets and consideration received is recognized as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognized immediately in the Statement of Profit and Loss.

## 2. SHARE CAPITAL

(₹ in crores)

	As at March 31st, 2018	As at March 31st, 2017
<b>Authorised Share Capital</b>		
50,00,00,000 Equity Shares of 10/- each (Previous year 50,00,00,000 Equity Shares of 10/- each)	500.00	500.00
<b>Equity Share Capital</b>		
<b>Issued, Subscribed and Paid-up Capital</b>		
16,65,86,482 Equity Shares of ₹ 10/- each fully Paid up (Previous year 16,56,42,309 Equity Shares of ₹ 10/- each)	166.59	165.64
	<b>166.59</b>	<b>165.64</b>

### 2.1 RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR

Equity Shares	As at March 31st, 2018		As at March 31st, 2017	
	No. of Shares	(₹ in crores)	No. of Shares	(₹ in crores)
At the beginning of the year	16,56,42,309	165.64	12,69,23,000	126.92
Share allotted pursuant to IPO	-	-	3,87,19,309	38.72
Share allotted pursuant to exercise of stock option	9,44,173	0.95	-	-
Outstanding at the end of the year	<b>16,65,86,482</b>	<b>166.59</b>	<b>16,56,42,309</b>	<b>165.64</b>

2.2 During the Financial year ended March 31st, 2017, the Company has raised capital of ₹ 3,000 crores through Initial Public Offer (IPO) by issuing 3,87,19,309 Equity Shares of ₹ 10/- each.



### 2.3 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

Name of Shareholder	As at March 31st, 2018		As at March 31st, 2017	
	No. of Shares	% of Holding	No. of Shares	% of Holding
i) Punjab National Bank	5,49,14,840	32.96%	6,47,30,700	39.08%
ii) Quality Investments Holdings*	6,21,92,300	37.33%	6,21,92,300	37.55%
iii) General Atlantic Singapore FII Pte Limited	1,41,99,928	8.52%	1,14,24,537	6.90%

\* During the financial year ended March 31, 2017, Destimoney Enterprises Limited transferred 6,21,92,300 equity shares to its holding company Quality Investments Holdings pursuant to in-specie distribution of its assets as per winding-up scheme.

### 2.4 TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of the liquidation of the Company, the holder of the equity share are entitled to receive any of the remaining assets of the Company, after the distribution of the preferential amounts. The distribution will be in the proportion of the number of equity shares held by the equity shareholders.

### 2.5 ISSUE OF BONUS SHARES

During the financial year ended March 31st, 2013, the Company had issued 64,70,589 Equity Shares of ₹ 10/- each as fully paid up Bonus Shares after capitalisation of General Reserves of ₹ 6.47 crores to shareholders in proportion of their shareholding.

Apart from the issue of bonus shares as mentioned above, the Company has not allotted any share pursuant to contracts without payment being received in cash nor has it bought back any shares during the preceding period of 5 financial years.

### 2.6 SHARES RESERVED FOR ISSUE UNDER ESOP

- During the year, Company has issued 9,44,173 (Previous year Nil) shares on exercise of options granted to its employees and directors under ESOS.
- As at March 31st, 2018, the Company has following Employee Stock Option Scheme, the features of the same are as follows:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018
Number of options granted	38,07,690	4,05,700	1,00,000
Exercise price per option	₹ 338	₹ 1600.6	₹ 1206.35
Date of vesting	The vesting will be as under:		
	25% on April 22, 2017	25% on August 31, 2018	20% on Feb. 24, 2019
	25% on April 22, 2018	25% on August 31, 2019	20% on Feb. 24, 2020
	25% on April 22, 2019	25% on August 31, 2020	20% on Feb. 24, 2021
	25% on April 22, 2020	25% on August 31, 2021	20% on Feb. 24, 2022
	-	-	20% on Feb. 24, 2023
Exercise period	Within 3 years from the date of respective vesting		
Method of settlement	Through allotment of one Equity Share for each option granted		

iii) Intrinsic Value Method has been used to account for the employee share based payment plans. The intrinsic value of each stock option granted under the ESOP-2016 is ₹ Nil, since the market price of underlying share at the grant date was same as the exercise price and consequently, the accounting value of the option (compensation cost) is ₹ Nil.

iv) Movement in stock options ESOP-2016 plan is as follows:

Particulars	Current Year			Previous Year
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche I
Options Outstanding at the beginning of the year	37,82,690	-	-	-
Options not vested at the beginning of the year	37,82,690	-	-	-
Options granted during the year	-	4,05,700	1,00,000	38,07,690
Options vested during the year	9,45,673	-	-	-
Options exercised during the year	9,44,173	-	-	-
Options lapsed during the year	1,66,916	9,000	-	25,000
Options vested but not exercised at end of the year	1,500	-	-	-
Options not vested at end of the year	26,70,101	3,96,700	1,00,000	37,82,690
Options exercisable at the end of the year	1,500	-	-	-
Weighted Average Exercise Price per option (₹)	338.00	1,600.60	1,206.35	338.00

v) Black-Scholes Model have been used to derive the estimated value of stock option granted, if the fair value method to account for the employee share based payment plans were to be used. The estimated value of each stock options and the parameters used for deriving the estimated value of Stock Option granted under Black-Scholes Model is as follows:

Particulars	ESOS-2016 Tranche I	ESOS-2016 Tranche II	ESOS-2016 Tranche III
Estimated Value of Stock Option (₹)	111.71	546.15	487.10
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35
Exercise Price (₹)	338.00	1,600.60	1,206.35
Expected Volatility (%)	0.4065	0.4097	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39
Expected Life of Options (year)	3	3	4.5
Risk Free Rate of Interest (%)	7.23	6.30	7.43

vi) Had the compensation cost for the stock options granted under ESOP - 2016 been determined on fair value approach, Company's Profit After Tax and Earnings Per Share would have been as per the pro-forma amounts indicated below :

(₹ in crores)

Particulars	Current Year	Previous Year
Profit After Tax as reported	830.65	523.73
Less :Amortisation of Compensation Cost (pro-forma)	15.37	17.95
Profit considered for computing EPS (pro-forma)	815.28	505.78
Earnings Per Share - Basic (₹)	-	-
-as reported	49.89	36.72
-pro-forma	48.97	35.45
Earnings Per Share - Diluted (₹)	-	-
-as reported	49.32	36.15
-pro-forma	48.40	34.90

## 3. RESERVES AND SURPLUS

(₹ in crores)

	As at March 31st, 2018	As at March 31st, 2017
<b>Special Reserve</b>		
Created under Section 36(1) (viii) of the Income Tax Act,1961		
Opening Balance	334.76	239.76
Add: Transferred from the Statement of Profit and Loss	150.00	95.00
	<b>484.76</b>	<b>334.76</b>
<b>Statutory Reserve</b>		
As per Section 29 C of National Housing Bank Act, 1987		
Opening Balance	40.84	30.24
Add: Transferred from the Statement of Profit and Loss	16.13	10.60
	<b>56.97</b>	<b>40.84</b>
<b>General Reserve</b>		
Opening Balance	454.26	427.87
Add: Transferred from the Statement of Profit and Loss	83.07	52.39
Less: Utilised for creating Deferred Tax Liability on Special Reserve	-	26.00
	<b>537.33</b>	<b>454.26</b>
<b>Securities Premium Account</b>		
Opening Balance	3,932.42	1,045.86
Add: Issue of equity shares	30.97	2,961.28
Less: Utilised during the year (Net of tax effect of ₹ 6.71 crores (Previous Year ₹ 25.88 crores) (Refer Note 3.4)	12.67	74.72
	<b>3,950.72</b>	<b>3,932.42</b>
<b>Cash Flow Hedge Reserve</b>		
Opening Balance	8.40	-
Add: Created during the year	-	8.40
Less: Utilised during the year	0.13	-
Closing Balance	<b>8.27</b>	<b>8.40</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening Balance	640.99	275.25
Profit for the year	830.65	523.73
<b>Amount Available for Appropriation</b>	<b>1,471.64</b>	<b>798.98</b>
<b>Appropriations</b>		
-Special Reserve	150.00	95.00
-Statutory Reserve (u/s 29C of the NHB Act 1987)	16.13	10.60
-General Reserve	83.07	52.39
-Dividend (Refer Note 3.5)	99.95	-
-Dividend Distribution Tax	20.35	-
<b>Net Surplus in the Statement of Profit and Loss</b>	<b>1,102.14</b>	<b>640.99</b>
	<b>6,140.19</b>	<b>5,411.67</b>

**3.1** As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹ 150.00 crores

(Previous year ₹ 95.00 crores) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

- 3.2** Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27th, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the “Special Reserve” created under Section 36(1)(viii) of the Income-Tax Act, 1961. Vide circular NHB (ND)/DRS/Policy Circular 65 / 2014-15 dated August 22nd, 2014, the National Housing Bank (“NHB”) has directed Housing Finance Companies (HFCs) to create deferred tax liability in respect of accumulated balance of Special Reserve as on April 1st, 2014 from the free reserves over a period of 3 years starting with financial year 2014-15, in a phased manner in the ratio of 25:25:50. Accordingly, the Company has adjusted the balance in General Reserves as at April 1st, 2016 by ₹ 26.00 crores with respect to third and final tranche of deferred tax liability on Special Reserve balance as at April 1st, 2014.

The Company has charged its Statement of Profit and Loss for the year ended March 31st, 2018 by ₹51.91 crores (Previous year ₹ 31.01 crores) with the deferred tax liability on an additional amount appropriated towards Special Reserve out of current year’s profit. This amount is reflected under the head “Provision for Taxation -Deferred Tax(Net)”.

- 3.3** The Company has transferred an amount of ₹ 16.13 crores (Previous year ₹ 10.60 crores) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.
- 3.4** During the year, the Company utilised ₹ 12.67 crores (net of tax effect of ₹ 6.71 crores) in accordance with Section 52 of the Companies Act, 2013, towards the proportionate discount on issue/premium on redemption of Zero Coupon Secured Redeemable Non Convertible Debentures and expenses in respect of Medium Term Note Programme (MTN Programme). During financial year 2016-17, ₹ 74.72 crores (net of tax effect of ₹ 25.88 crores) has been utilised towards the shares issue expenses.
- 3.5** Ministry of Corporate Affairs amended the Companies (Accounting Standards) Rules, 2006 on March 30th, 2016 and vide its General Circular No. 4/2016 dated 27.04.2016 has clarified that Companies (Accounting Standards) Amendment Rules, 2016 would be applicable for preparation of accounts for accounting periods commencing on or after the date of notification, i.e. w.e.f. from FY2016-17.

According to this amendment, the proposed dividend shall not be recognised as liability until approved by the Shareholders. In terms of this amendment, the dividend for financial year of ₹ 9/- per equity share of ₹ 10/- each, as proposed by the Board of Directors, has not been recognised as liability in annual accounts for FY2017-18. The same will be recognised as liability on approval of shareholders in the ensuing Annual General Meeting.

During the year, on the basis of shareholder’s approval, the Company has recognised the dividend of ₹ 6/- per equity share of ₹ 10/- each in respect of FY2016-17.

#### 4. LONG-TERM BORROWINGS

(₹ in crores)

	Non-Current Maturities		Current Maturities	
	As at March 31st, 2018	As at March 31st, 2017	As at March 31st, 2018	As at March 31st, 2017
<b>Secured Borrowings</b>				
Term Loans				
National Housing Bank	3,523.08	2,481.06	368.89	267.34
Banks	1,701.26	150.00	350.92	436.85
External Commercial Borrowing	1,417.47	1,461.46	50.09	50.09
Redeemable Non-Convertible Debentures	20,396.00	11,972.00	530.00	1,200.00
	<b>27,037.81</b>	<b>16,064.52</b>	<b>1,299.90</b>	<b>1,954.28</b>

	Non-Current Maturities		Current Maturities	
	As at March 31st, 2018	As at March 31st, 2017	As at March 31st, 2018	As at March 31st, 2017
<b>Unsecured Borrowings</b>				
Redeemable Non-Convertible Subordinated Debentures	1,399.00	1,399.00	-	-
Deposits	7,951.89	6,620.44	2,141.61	1,511.49
	<b>9,350.89</b>	<b>8,019.44</b>	<b>2,141.61</b>	<b>1,511.49</b>
Current Maturity of Long-Term Borrowings disclosed under the head "Other Current Liabilities" (Note 10)	-	-	(3,441.51)	(3,465.77)
	<b>36,388.70</b>	<b>24,083.96</b>	<b>-</b>	<b>-</b>

#### 4.1 REFINANCE FROM NATIONAL HOUSING BANK (NHB) AND TERM LOANS FROM BANKS

##### Nature of Security

- Refinance from National Housing Bank (NHB) and Term Loans from Banks other than Punjab National Bank are secured by hypothecation of specific loans/ book debts against which Refinance/ Term Loan has been availed.
- Term Loan from Punjab National Bank are secured by hypothecation of specific book debts and negative lien on assets created out of finance availed from Punjab National Bank.

##### Maturity Profile of Term Loans from National Housing Bank

(₹ in crores)

Maturities	< 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
<b>Rate of interest</b>					
6.00% - 8.00%	153.77	400.82	399.59	718.96	1,673.14
	(53.55)	(124.68)	(116.23)	(368.24)	(662.70)
8.01% - 10.00%	215.12	573.64	557.16	872.91	2,218.83
	(213.79)	(551.85)	(549.10)	(770.96)	(2,085.70)
	<b>368.89</b>	<b>974.46</b>	<b>956.75</b>	<b>1,591.87</b>	<b>3,891.97</b>
	(267.34)	(676.53)	(665.33)	(1,139.20)	(2,748.40)

(Previous year figures are in bracket)

##### Maturity Profile of Term Loans from Banks

(₹ in crores)

Maturities	< 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
<b>Rate of interest</b>					
7.00% - 9.00%	350.92	1,101.26	600.00	-	2,052.18
	(124.68)	-	-	-	(124.68)
9.01% - 11.00%	-	-	-	-	-
	(312.17)	(150.00)	-	-	(462.17)
	<b>350.92</b>	<b>1,101.26</b>	<b>600.00</b>	<b>-</b>	<b>2,052.18</b>
	(436.85)	(150.00)	-	-	(586.85)

(Previous year figures are in bracket)

#### 4.2 EXTERNAL COMMERCIAL BORROWING

- i) The Company has availed External Commercial Borrowing of USD 100 million in FY2014-15 and USD 150 million in FY2016-17 for financing prospective buyers of low cost affordable housing units under “approval route” in terms of the RBI guidelines dated December 17th, 2012. This facility is secured against eligible affordable housing loans. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire tenure by way of principal only swaps and interest payable (fixed coupon) have been swapped into Rupees for the loan tenure by way of interest only swaps. The Company, in terms of the RBI guidelines, is required to keep these swap agreement for entire tenure of the borrowing.
- ii) Consequent to the Guidance Note on Accounting for Derivative Contracts (the “GN”) issued by the Institute of Chartered Accountants of India, becoming effective from April 1st, 2016. During Financial year ended March 31st, 2017, the Company has changed its accounting policy relating to derivative contracts. On and from that date, all derivative contracts are recognised in the balance sheet and measured at fair value. The fair value changes are recognised in the Statement of Profit and Loss unless hedge accounting is used. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item.
- iii) As at March 31st, 2018, the Company has outstanding foreign currency borrowings of USD 225.62 million equivalent (Previous year USD 233.13 million). The Company has currency swap contracts on a outstanding notional amount of USD 225.62 million equivalent (Previous year USD 233.13 million) to hedge the foreign currency risk. Further, interest rate swaps (fixed coupon only) on a notional amount of USD 225.62 million equivalent (Previous year USD 233.13 million) are outstanding, which have been undertaken to hedge the foreign currency risk arising out of interest payment on the said External Commercial Borrowing.

##### Maturity Profile of External Commercial Borrowings

(₹ in crores)

Maturities	< 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
<b>Rate of interest</b>					
USD LIBOR +170 - 200 bps	50.09	788.19	450.81	178.47	1,467.56
	(50.09)	(744.19)	(192.08)	(525.19)	(1,511.55)

(Previous year figures are in bracket)

#### 4.3 SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

##### Nature of Security

Redeemable Non-Convertible Debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, all the Redeemable Non-Convertible Debentures are also secured by mortgage of buildings of ₹ 0.77 crores (Refer Note 11).

##### Term of Repayment

(₹ in crores)

Maturities	< 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
<b>Rate of interest</b>					
7.01% - 8.00%	200.00	8,870.00	1,270.00	-	10,340.00
	-	(800.00)	(1,275.00)	-	(2,075.00)
8.01% - 9.00%	-	5,683.00	2,653.00	600.00	8,936.00
	(300.00)	(2,783.00)	(4,664.00)	(800.00)	(8,547.00)
9.01% - 10.00%	330.00	60.00	960.00	300.00	1,650.00
	(900.00)	(360.00)	(460.00)	(830.00)	(2,550.00)
	<b>530.00</b>	<b>14,613.00</b>	<b>4,883.00</b>	<b>900.00</b>	<b>20,926.00</b>
	(1,200.00)	(3,943.00)	(6,399.00)	(1,630.00)	(13,172.00)

(Previous year figures are in bracket)

#### 4.4 UNSECURED REDEEMABLE NON-CONVERTIBLE SUBORDINATED DEBENTURES

Redeemable Non-Convertible Subordinated Debentures, for value aggregating to ₹ 1,399.00 crores (Previous year ₹ 1,399.00 crores) are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31st, 2018, ₹ 1359.00 crores (Previous year ₹ 1,399.00 crores) qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy.

Terms of Repayment					(₹ in crores)
Maturities	< 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
<b>Rate of interest</b>					
8.00% - 9.00%	-	-	-	1,199.00	1,199.00
	-	-	-	(1,199.00)	(1,199.00)
9.01% - 10.00%	-	-	200.00	-	200.00
	-	-	-	(200.00)	(200.00)
	-	-	<b>200.00</b>	<b>1,199.00</b>	<b>1,399.00</b>
	-	-	-	(1,399.00)	(1,399.00)

(Previous year figures are in bracket)

#### 4.5 DEPOSITS

- i) Deposit includes Public Deposits as defined in Paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987. As on March 31st, 2018, the public deposits outstanding (including interest accrued) amounts to ₹ 9,363.49 crores (Previous year ₹ 8,715.77 crores).
- ii) The Company is carrying Statutory Liquid Assets amounting to ₹ 1,161.59 crores (Previous year ₹ 961.55 crores).

#### 5. DEFERRED TAX LIABILITIES (NET)

In accordance with Accounting Standard on 'Accounting for Taxes on Income' (AS 22), the Company is accounting for Deferred Tax. The break-up of deferred tax assets / liabilities are as follows:

Particulars	(₹ in crores)	
	As at March 31st, 2018	As at March 31st, 2017
<b>Deferred Tax Liabilities</b>		
Expenses Paid in Advance (Net of Income Received in Advance)	75.66	54.37
Depreciation on Fixed Assets	-	0.03
Special Reserve (Refer Note 3.2)	165.89	113.98
<b>Total Deferred Tax Liabilities- (A)</b>	<b>241.55</b>	<b>168.38</b>
<b>Deferred Tax Assets</b>		
Depreciation on Fixed Assets	2.83	-
Provision for Employees Benefits	6.47	3.55
Provision for Doubtful Debts and Contingencies	155.32	95.17
Others	19.27	22.80
<b>Total Deferred Tax Assets - (B)</b>	<b>183.89</b>	<b>121.52</b>
<b>Deferred Tax Liabilities (Net) (A-B)</b>	<b>57.66</b>	<b>46.86</b>

## 6. OTHER LONG-TERM LIABILITIES

(₹ in crores)

Particulars	Non-Current Maturities		Current Maturities	
	As at March 31st, 2018	As at March 31st, 2017	As at March 31st, 2018	As at March 31st, 2017
Interest Accrued but not Due on Deposits	12.93	14.86	183.24	144.87
Income Received in Advance	129.05	89.04	55.76	32.48
Amount disclosed under the head "Other Current Liabilities" (Refer Note 10)	-	-	(239.00)	(177.35)
	<b>141.98</b>	<b>103.90</b>	<b>-</b>	<b>-</b>

## 7. PROVISIONS

(₹ in crores)

Particulars	Non-Current Maturities		Current Maturities	
	As at March 31st, 2018	As at March 31st, 2017	As at March 31st, 2018	As at March 31st, 2017
Provision for Employees Benefits (Refer Note 29)	16.81	9.00	1.88	1.26
Provision for Standard Assets	281.00	193.97	-	-
Provision for NPAs	-	-	42.30	26.78
Provision for Contingencies	101.98	39.48	-	-
	<b>399.79</b>	<b>242.45</b>	<b>44.18</b>	<b>28.04</b>

## 8. SHORT-TERM BORROWINGS

(₹ in crores)

Particulars	As at March 31st, 2018	As at March 31st, 2017
<b>Secured Borrowings</b>		
Term Loans Banks (Refer Note 4.1)	1,050.00	25.00
Bank Overdraft	1,495.43	1856.98
	2,545.43	1881.98
<b>Unsecured Borrowings</b>		
Deposits	1,296.53	1,695.43
Commercial Paper	10,400.00	4,370.00
	<b>11,696.53</b>	<b>6,065.43</b>
	<b>14,241.96</b>	<b>7,947.41</b>

## 9. TRADE PAYABLES

(₹ in crores)

Particulars	As at March 31st, 2018	As at March 31st, 2017
Sundry Creditors	125.36	93.56
	<b>125.36</b>	<b>93.56</b>



- 9.1 Trade Payables ₹ 125.36 crores (Previous Year ₹ 93.56 crores) includes ₹ Nil (Previous Year ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006, which has been determined to the extent such parties have been identified on the basis of the information available with the Company. No interest has been paid / payable by the Company during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprise Development Act, 2006.

## 10. OTHER CURRENT LIABILITIES

(₹ in crores)

Particulars	As at March 31st, 2018	As at March 31st, 2017
Current Maturity of Long-Term Borrowings (Refer Note 4)	3,441.51	3,465.77
Current Portion of Other Long-Term Liabilities (Refer Note 6)	239.00	177.35
Interest Accrued but not Due on Borrowings	272.59	10.68
Book Overdraft	1,455.62	777.74
Statutory Dues Payable	32.28	22.32
Other Liabilities	654.17	382.20
	<b>6,095.17</b>	<b>4,836.06</b>

### 11. FIXED ASSETS

(₹ in crores)

Description	Gross Block			Accumulated Depreciation/ Amortisation				Net Block	
	As at April 1st, 2017	Additions	Deductions	As at March 31st, 2018	As at April 1st, 2017	For the year	Deductions/ Adjustments	As at March 31st, 2018	As at March 31st, 2017
<b>Tangible:</b>									
Buildings*	1.09	-	-	1.09	0.24	0.02	-	0.83	0.85
Furniture & Fixtures	15.37	6.71	0.50	21.58	3.64	3.31	0.27	14.90	11.73
Vehicles	0.11	-	-	0.11	0.01	0.01	-	0.09	0.10
Computers	19.60	8.00	-	27.60	12.06	4.92	-	10.62	7.54
Office Equipment & Others	19.90	6.57	0.27	26.20	9.45	4.11	0.25	12.89	10.45
Leasehold Improvements	32.77	9.81	0.01	42.57	15.67	7.26	0.01	19.65	17.10
	<b>88.84</b>	<b>31.09</b>	<b>0.78</b>	<b>119.15</b>	<b>41.07</b>	<b>19.63</b>	<b>0.53</b>	<b>58.98</b>	<b>47.77</b>
<b>Intangible:</b>									
Software	15.46	10.83	-	26.29	4.83	4.48	-	16.98	10.63
	<b>104.30</b>	<b>41.92</b>	<b>0.78</b>	<b>145.44</b>	<b>45.90</b>	<b>24.11</b>	<b>0.53</b>	<b>75.96</b>	<b>58.40</b>
Previous Year	85.55	18.96	0.21	104.30	27.44	18.62	0.16	58.40	

\* Includes Buildings of ₹ 0.77 crores (Previous year ₹ 0.77 crores) mortgaged for securing Secured Redeemable Non-Convertible Debentures (Refer Note 4.3).

## 12. NON-CURRENT INVESTMENTS

OTHER INVESTMENTS (NON TRADE) UNQUOTED - (FULLY PAID)	Number of Bonds/ Shares	Face Value per Bond/ Share	As at March 31st, 2018 (₹ in crores)	Number of Bonds/ Shares	Face Value per Bond/ Share	As at March 31st, 2017 (₹ in crores)
<b>Investment in Equity Shares</b>						
Investment in PHFL Home Loans and Services Ltd. (Wholly Owned Subsidiary)*	2,50,000	10	0.25	-	-	-
<b>QUOTED-(FULLY PAID)</b>						
<b>Investments in Government Securities</b>						
<b>Government of India Stock</b>						
10.25% Government of India Stock 2021	10,05,000	100	12.61	10,05,000	100	12.61
10.03% Government of India Stock 2019	7,000	100	0.08	7,000	100	0.08
8.30% Government of India Stock 2023	30,000	100	0.31	30,000	100	0.31
8.97% Government of India Stock 2030	50,000	100	0.57	50,000	100	0.57
8.33% Government of India Stock 2036	26,000	100	0.28	26,000	100	0.28
8.32% Government of India Stock 2032	25,000	100	0.27	25,000	100	0.27
8.28% Government of India Stock 2032	19,000	100	0.20	19,000	100	0.20
8.26% Government of India Stock 2027	10,000	100	0.11	10,000	100	0.11
8.15% Government of India Stock 2022	14,000	100	0.15	14,000	100	0.15
8.13% Government of India Stock 2022	10,000	100	0.10	10,000	100	0.10
8.08% Government of India Stock 2022	15,000	100	0.16	15,000	100	0.16
7.94% Government of India Stock 2021	7,900	100	0.08	7,900	100	0.08
7.50% Government of India Stock 2034	18,000	100	0.18	18,000	100	0.18
5.69% Government of India Stock 2018	10,000	100	0.09	10,000	100	0.09
<b>State Development Loans</b>						
10.03% Rajasthan SDL 2028	33,91,000	100	34.98	33,91,000	100	34.98
9.89% Haryana SDL 2023	85,00,000	100	95.57	-	-	-
9.79% Maharashtra SDL 2023	15,00,000	100	15.50	15,00,000	100	15.50
9.72% West Bengal SDL 2024	30,00,000	100	32.65	30,00,000	100	32.65
9.69% Punjab SDL 2024	10,00,000	100	11.22	-	-	-
9.72% Kerala SDL 2023	40,00,000	100	41.53	40,00,000	100	41.53
9.70% Uttarakhand SDL 2024	50,00,000	100	54.32	50,00,000	100	54.32
9.60% Maharashtra SDL 2023	14,00,000	100	14.02	14,00,000	100	14.02
9.50% Himachal Pradesh SDL 2024	20,00,000	100	21.48	20,00,000	100	21.48
9.49% Tamil Nadu SDL 2023	30,00,000	100	30.87	30,00,000	100	30.87
9.48% Haryana SDL 2023	50,00,000	100	53.58	50,00,000	100	53.58
9.37% Gujarat SDL 2023	25,00,000	100	25.42	25,00,000	100	25.42
9.19% Kerala SDL 2024	10,00,000	100	10.06	10,00,000	100	10.06
9.12% Gujarat SDL 2022	33,55,000	100	35.26	33,55,000	100	35.26
9.00% Haryana SDL 2024	10,00,000	100	10.51	10,00,000	100	10.51
8.99% Madhya Pradesh SDL 2024	1,00,00,000	100	104.52	1,00,00,000	100	104.52
8.95% Madhya Pradesh SDL 2024	80,00,000	100	83.40	80,00,000	100	83.40
8.93% Haryana SDL 2022	22,200	100	0.24	22,200	100	0.24
8.92% Rajasthan SDL 2022	40,00,000	100	41.52	40,00,000	100	41.52
8.90% Maharashtra SDL 2024	10,00,000	100	10.80	10,00,000	100	10.80

OTHER INVESTMENTS (NON TRADE) QUOTED - (FULLY PAID)	Number of Bonds/ Shares	Face Value per Bond/ Share	As at March 31st, 2018 (₹ in crores)	Number of Bonds/ Shares	Face Value per Bond/ Share	As at March 31st, 2017 (₹ in crores)
8.89% West Bengal SDL 2022	25,000	100	0.27	25,000	100	0.27
8.88% West Bengal SDL 2026	25,00,000	100	25.21	25,00,000	100	25.21
8.84% Punjab SDL 2024	30,00,000	100	31.18	30,00,000	100	31.18
8.83% Uttar Pradesh SDL 2026	1,90,00,000	100	199.02	1,60,00,000	100	166.20
8.72% Andhra Pradesh SDL 2026	20,00,000	100	21.56	20,00,000	100	21.56
8.73% Madhya Pradesh SDL 2022	12,000	100	0.13	12,000	100	0.13
8.66% Andhra Pradesh SDL 2021	10,000	100	0.11	10,000	100	0.11
8.53% Maharashtra SDL 2020	25,000	100	0.26	25,000	100	0.26
8.51% Maharashtra SDL 2026	45,00,000	100	46.42	45,00,000	100	46.42
8.40% Madhya Pradesh SDL 2019	10,000	100	0.10	10,000	100	0.10
8.39% Uttar Pradesh SDL 2020	20,000	100	0.21	20,000	100	0.21
8.25% Rajasthan SDL 2020	30,000	100	0.31	30,000	100	0.31
8.18% Kerala SDL 2025	15,00,000	100	15.04	-	-	-
8.16% Karnataka SDL 2025	10,00,000	100	10.08	-	-	-
8.05% Rajasthan SDL 2025	40,00,000	100	41.27	40,00,000	100	41.27
7.76% Karnataka SDL 2027	17,00,000	100	17.11	-	-	-
7.76% Uttar Pradesh SDL 2027	20,00,000	100	20.11	-	-	-
7.46% Madhya Pradesh SDL 2027	5,00,000	100	5.03	-	-	-
8.30% Gujarat SDL 2017	-	-	-	10,000	100	0.10
8.55% Uttar Pradesh SDL 2017	-	-	-	10,000	100	0.10
			<b>1,176.31</b>			<b>969.28</b>
Less: Current Maturities of Non-Current Investments (Refer Note 15)			(0.19)			(0.20)
			<b>1,176.12</b>			<b>969.08</b>
Less: Provision for loss to arise on Redemption of Investments			(14.47)			(7.73)
<b>Aggregate value of investments</b>			<b>1,161.65</b>			<b>961.35</b>
Aggregate value of quoted investments			1,176.06			969.28
Market Value of quoted investments			1,188.80			1,027.40
Aggregate value of unquoted investments			0.25			-

\*On August 22nd, 2017, the Company has incorporated a wholly owned subsidiary "PHFL Home Loans and Services Limited".

### 13. LONG-TERM LOANS AND ADVANCES

(₹ in crores)

Particulars	Non-Current Maturities		Current Maturities	
	As at March 31st, 2018	As at March 31st, 2017	As at March 31st, 2018	As at March 31st, 2017
<b>Loans - Secured</b>				
Housing Loans	37,756.71	25,902.29	1,944.17	1359.77
Non-Housing Loans	16,365.08	10541.50	948.47	727.77
Current maturities of Long-Term Loans & Advances disclosed under the head "Other Current Assets" (Refer Note 18)			(2,892.64)	(2087.54)
	<b>54,121.79</b>	<b>36,443.79</b>	<b>-</b>	<b>-</b>

**13.1** Loans and Instalments due from Borrowers shown under Loans and Advances and Other Current Assets respectively are secured wholly or partly by any one or all of the below as applicable:

- i) Equitable / Simple / English Mortgage of immovable property;
- ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;
- iii) Demand Promissory Note;
- iv) Post Dated Cheques towards the repayment of the debt;
- v) Personal / Corporate Guarantees;
- vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;
- vii) Pledge of shares, Security on shares through Non Disposal Undertaking and Power of Attorney, NSCs, other securities;
- viii) Undertaking to create a security.

**14. OTHER NON-CURRENT ASSETS (Unsecured, Considered Good)**

(₹ in crores)

Particulars	Non-Current Maturities		Current Maturities	
	As at March 31st, 2018	As at March 31st, 2017	As at March 31st, 2018	As at March 31st, 2017
Security Deposits	16.49	12.66	-	-
Prepaid Expenses	425.51	245.61	376.65	201.85
Forward Contract Receivable (Net)	17.86	11.76	-	-
Derivative Assets	8.27	8.40	-	-
Current maturities of Other Non-Current Assets disclosed under the head "Other Current Assets" (Refer Note 18)	-	-	(376.65)	(201.85)
	<b>468.13</b>	<b>278.43</b>	-	-

**15. CURRENT INVESTMENTS**

QUOTED - OTHER THAN TRADE (FULLY PAID)	Number of Bonds/Units	Face Value per Bond/Unit	As at March 31st, 2018 (₹ in crores)	Number of Bond/Unit	Face Value per Bond/Unit	As at March 31st, 2017 (₹ in crores)
<b>Bonds and Debentures</b>						
9.20% IL & FS Transportation Ltd 2022	350	10,00,000	35.00	-	-	-
9.10% Reliance General Insurance NCD 2026	277	10,00,000	27.70	-	-	-
8.97% UP Power Corporation Ltd 2022	125	10,00,000	12.90	420	10,00,000	42.00
8.97% UP Power Corporation Ltd 2024	134	10,00,000	14.07	420	10,00,000	42.00
8.97% UP Power Corporation Ltd 2026	1,412	10,00,000	149.16	420	10,00,000	42.00
8.97% UP Power Corporation Ltd 2025	96	10,00,000	10.13	420	10,00,000	42.00
8.85% Reliance Capital Ltd. 2026	571	10,00,000	57.11	278	10,00,000	27.85
8.25% Reliance Capital Ltd 2020	932	10,00,000	92.17	240	10,00,000	24.00
8.70% India bulls Housing Finance Ltd. 2019	-	-	-	3,700	1,000	0.37
8.50% Reliance Capital Ltd 2022	-	-	-	310	10,00,000	31.00
8.32% Reliance Jio Infocomm Ltd 2021	-	-	-	500	10,00,000	50.88
8.97% UP Power Corporation Ltd 2027	-	-	-	420	10,00,000	42.00

QUOTED - OTHER THAN TRADE (FULLY PAID)	Number of Bonds/Units	Face Value per Bond/Unit	As at March 31st, 2018 (₹ in crores)	Number of Bond/Unit	Face Value per Bond/Unit	As at March 31st, 2017 (₹ in crores)
9.05% Deewan Housing Finance Corporation Ltd. 2023	-	-	-	2,00,000	1,000	20.19
9.00% India bulls Housing Finance Ltd. 2026	-	-	-	2,800	1,000	0.28
8.97% UP Power Corporation Ltd 2021	-	-	-	420	10,00,000	42.00
8.97% UP Power Corporation Ltd 2023	-	-	-	420	10,00,000	42.00
9.14% Bank of Baroda (Perpetual)	-	-	-	500	10,00,000	50.13
9.10% Union Bank of India (Perpetual)	-	-	-	2,000	10,00,000	200.00
9.50% The Jammu & Kashmir Bank Ltd 2022	-	-	-	1,250	10,00,000	125.19
8.12% Indian Renewable Energy Development Agency Ltd 2027	-	-	-	250	10,00,000	25.00
8.05% Indian Renewable Energy Development Agency Ltd 2027	-	-	-	150	10,00,000	15.00
7.98% Infrastructure Development Finance Company Ltd 2023	-	-	-	250	10,00,000	25.00
7.90% Tata Sons Ltd 2020	-	-	-	250	10,00,000	25.03
7.37% National Thermal Power Corporation Ltd 2031	-	-	-	895	10,00,000	89.08
7.25% Nuclear Power Corporation of India Ltd 2029	-	-	-	150	10,00,000	15.00
7.25% Nuclear Power Corporation of India Ltd 2030	-	-	-	100	10,00,000	10.00
7.25% Nuclear Power Corporation of India Ltd 2031	-	-	-	100	10,00,000	10.00
7.25% Nuclear Power Corporation of India Ltd 2028	-	-	-	100	10,00,000	10.00
7.25% Nuclear Power Corporation of India Ltd 2027	-	-	-	150	10,00,000	15.00
7.18% National Bank Of Agriculture And Rural Development 2020	-	-	-	750	10,00,000	75.00
7.18% Power Finance Corporation 2027	-	-	-	600	10,00,000	59.28
<b>UNQUOTED - OTHER THAN TRADE (FULLY PAID)</b>						
<b>Commercial Paper</b>						
Rural Electrification Corporation Ltd.	4,000	5,00,000	192.93	-	-	-
JM Financial Products Ltd	-	-	-	5,000	5,00,000	230.73
<b>Certificate of deposit</b>						
HDFC Bank Ltd.	20,000	1,00,000	187.10	-	-	-
<b>Mutual Fund - Debt</b>						
LIC Mutual Fund	1,27,108	3,146.93	40.00	1,35,674	2,948.24	40.00
Birla Sunlife Mutual Fund	14,34,276	278.89	40.00	15,31,185	261.24	40.00
Reliance Mutual Fund	1,42,698	2,803.13	40.00	2,90,31,083	51.67	150.00
ICICI Prudential Mutual Fund	16,65,828	240.12	40.00	17,78,101	224.96	40.00
PNB Principal Mutual fund	2,36,517	1,691.21	40.00	3,15,812	1,583.22	50.00
DSP Mutual Fund	1,61,170	2,481.84	40.00	1,72,030	2,325.18	40.00
SBI Mutual Fund	1,04,258	3,836.63	40.00	1,56,764	2,551.61	40.00
Tata Money Mutual Fund	1,46,278	2,735.52	40.00	2,01,487	2,481.54	50.00
HDFC Mutual Fund	1,10,496	3,620.04	40.00	1,17,824	3,394.88	40.00

QUOTED - OTHER THAN TRADE (FULLY PAID)	Number of Bonds/Units	Face Value per Bond/Unit	As at March 31st, 2018 (₹ in crores)	Number of Bond/Unit	Face Value per Bond/Unit	As at March 31st, 2017 (₹ in crores)
UTI Mutual Fund	2,05,422	1,947.21	40.00	1,87,827	2,662.02	50.00
India bulls Mutual funds	2,31,444	1,728.28	40.00	-	-	-
Kotak Mutual fund	-	-	-	1,49,890	2,668.63	40.00
BOI AXA Mutual Fund	-	-	-	2,13,519	1,873.37	40.00
AXIS Mutual Fund	-	-	-	2,21,886	1,802.73	40.00
L & T Mutual Fund	-	-	-	2,24,313	2,229.03	50.00
DHFL Pramerica Mutual Fund	-	-	-	18,93,117	211.29	40.00
Baroda Pioneer Mutual Fund	-	-	-	2,13,966	1,869.46	40.00
Mahindra Mutual Fund	-	-	-	4,75,224	1,052.14	50.00
Invesco Mutual Fund	-	-	-	2,23,446	2,237.68	50.00
			<b>1,218.27</b>			<b>2,318.01</b>
Add: Current Maturities of Non-Current Investments (Refer Note 12)	-	-	0.19	-	-	0.20
<b>Total</b>			<b>1,218.46</b>			<b>2,318.21</b>
Aggregate value of quoted investments			398.24			1,197.28
Market Value of quoted investments			401.52			1,208.11
Aggregate value of unquoted investments			820.03			1,120.73

## 16. CASH AND BANK BALANCES

(₹ in crores)

Particulars	As at March 31st, 2018	As at March 31st, 2017
<b>Cash and Cash Equivalents</b>		
Balances with Banks in Current Accounts	2,816.08	51.96
Cheques-on-Hand	-	13.26
Cash-on-Hand	0.76	0.63
	<b>2,816.84</b>	<b>65.85</b>
<b>Other Bank Balances</b>		
Fixed Deposits with original maturity of more than three months upto twelve months	-	85.62
Others*	0.03	-
	<b>2,816.87</b>	<b>151.47</b>

\* Other bank balances include restricted bank balance amounting to ₹ 0.03 crores (Previous year ₹ Nil) in restricted account which is not available for use by the Company. The restriction is on account of balances in unclaimed dividend of prior year.

## 17. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

(₹ in crores)

Particulars	As at March 31st, 2018	As at March 31st, 2017
Loan Against Deposits (Secured)	15.58	13.88
Advances Recoverable in Cash or Kind	65.73	26.06
	<b>81.31</b>	<b>39.94</b>



**18. OTHER CURRENT ASSETS**

(Unsecured, considered good unless otherwise stated)

₹ in crores)

Particulars	As at March 31st, 2018	As at March 31st, 2017
Current Maturities of Long-Term Loans & Advances (Secured)(Refer Note 13)	2,892.64	2,087.54
Prepaid Expenses (Refer Note 14)	376.65	201.85
Installments Due from Borrowers (Secured)	106.20	60.14
Stock of Acquired Properties (Secured)	178.70	154.99
Interest Accrued on Investments	26.34	31.08
Interest Accrued but not Due on Loans	263.40	164.81
Other Receivables	3.79	5.52
	<b>3,847.72</b>	<b>2,705.93</b>

**18.1** The installments due from borrowers is net of interest de-recognised of ₹ 24.68 crores (Previous year ₹ 17.71 crores) in respect of non-performing loans. (Refer note 19.1)

**18.2** Stock of Acquired Properties is net of Provision for Diminution in Value of ₹ 23.50 crores (Previous year ₹ 14.77 crores)

**19. REVENUE FROM OPERATIONS**

₹ in crores)

Particulars	Current Year	Previous Year
<b>INTEREST INCOME</b>		
i) Interest on Loans	4,938.67	3,489.73
ii) Interest on Investments	142.40	149.48
iii) Other Interest	1.29	0.84
	<b>5,082.36</b>	<b>3,640.05</b>
Fees and Other Charges	274.06	166.08
Other Operating Income	118.94	63.14
Surplus from deployment of funds	34.29	27.86
Profit on Sale of Investment	6.74	10.56
Profit on sale of Asset	-	0.01
	<b>5,516.39</b>	<b>3,907.70</b>

**19.1** Interest on non-performing loans is recognised on realisation basis as per the NHB Directions. Accordingly, movement of interest de-recognised as at the Balance Sheet date is summarised as under:-

₹ in crores)

Particulars	Current Year	Previous Year
Cumulative Derecognised Interest at the beginning of the year	17.71	14.48
Add: Interest derecognised during the year:		
- Sub-Standard Assets	34.66	15.88
- Doubtful/ Loss Assets	5.23	3.60
Less:Recovered/Write-off during the year	32.92	16.25
Cumulative Derecognised Interest at the end of the year	<b>24.68</b>	<b>17.71</b>

## 20. FINANCE COST

(₹ in crores)

Particulars	Current Year	Previous Year
<b>Interest on:</b>		
Term Loans	418.21	397.24
Non-Convertible Debentures	1,567.83	1,079.14
Commercial Paper	532.49	328.69
Deposits	844.45	705.31
	<b>3,362.98</b>	<b>2,510.38</b>
<b>Other Charges:</b>		
Brokerage on Deposits	28.16	31.60
Fees and other Charges	26.12	16.47
Hedging Cost	113.07	84.46
Bank Charges	0.47	0.74
	<b>3,530.80</b>	<b>2,643.65</b>

## 21. EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Salaries and Allowances	127.01	93.95
Contribution to Provident Fund and Other Funds (Refer Note 29)	6.30	5.64
Staff Welfare Expenses	3.17	1.67
	<b>136.48</b>	<b>101.26</b>

## 22. OFFICE OPERATING EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Rent, Rates and Taxes	30.09	19.31
Repairs and Maintenance - Building	1.41	0.86
Office Maintenance	1.19	1.12
Electricity and Water Charges	6.32	4.90
General Office Expenses	46.50	36.80
Insurance Charges	0.41	0.14
Travelling and Conveyance	5.20	4.70
Printing and Stationery	3.35	2.51
Postage and Telephone	6.73	4.61
	<b>101.20</b>	<b>74.95</b>

**23. OTHER EXPENSES**

(₹ in crores)

Particulars	Current Year	Previous Year
Cost of Loan Acquisition	137.71	90.30
Advertisement and Publicity	41.86	21.89
Professional Charges	29.83	22.54
Legal Expenses	22.18	20.56
Director's Sitting Fee & Commission	1.27	0.54
Auditors Remuneration (Refer Note 32)	0.49	0.39
Loss on sale of Fixed Assets	0.17	-
CSR expenses (Refer Note 30)	10.69	3.68
Miscellaneous Expenses	2.25	2.54
	<b>246.45</b>	<b>162.44</b>

**24. DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK**

The following additional disclosures have been given in terms of the circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 issued by the National Housing Bank.

**24.1 CAPITAL TO RISK ASSETS RATIO (CRAR)**

(₹ in crores)

Particulars	As at March 31st, 2018	As at March 31st, 2017
i) CRAR (%)	16.67	21.60
ii) CRAR - Tier I Capital (%)	12.75	16.46
iii) CRAR - Tier II Capital (%)	3.92	5.14
(iv) Amount of Subordinated debt raised as Tier-II Capital	-	789.00

## 24.2 RESERVE FUND U/S 29C OF NHB ACT, 1987

(₹ in crores)

Particulars	Current Year	Previous Year
<b>Balance at the beginning of the year</b>		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	40.84	30.24
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	334.76	239.76
(c) Total	375.60	270.00
<b>Addition / Appropriation / Withdrawal during the year</b>		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	16.13	10.60
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	150.00	95.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
<b>Balance at the end of the year</b>		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	56.97	40.84
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	484.76	334.76
(c) Total	<b>541.73</b>	<b>375.60</b>

## 24.3 INVESTMENTS

(₹ in crores)

Particulars	Current Year	Previous Year
<b>Value of Investments</b>		
(i) Gross value of Investments		
(a) In India	2,394.58	3,372.91
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	14.47	7.73
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	2,380.11	3,365.18
(b) Outside India	-	-
<b>Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	7.73	4.75
(ii) Add: Provisions made during the year	6.75	4.65
(iii) Less: Write-off / Written-back of excess provisions	0.01	1.67
(iv) Closing balance	<b>14.47</b>	<b>7.73</b>

## 24.4 DERIVATIVES

### i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crores)

Particulars	As at March 31st, 2018	As at March 31st, 2017
(i) The notional principal of swap agreements	1,526.66	1,604.13
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	17.35	11.31
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	1,526.66	1,604.13
(v) The fair value of the swap book	(56.56)	(57.70)

@ The Company has entered into Swap agreement with four banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

ii) Exchange Traded Interest Rate (IR) Derivative - There is no exchange traded interest rate derivative.

iii) Disclosure on Risk Exposure in Derivatives

#### A. Qualitative Disclosure

Particulars	Details
a) the structure and organization for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade into derivative products. The Company has entered into derivative product for its ECB borrowing for financing prospective buyers of low cost affordable housing units under "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time.
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and	The Company has not entered into any derivative transaction except as required under RBI guidelines for its ECB borrowing for financing prospective buyers of low cost affordable housing units. The derivative transaction entered into for hedging the ECB borrowing is an held-till-maturity transaction. As such, as of now, the Company is not required to have policy on hedging or mitigation of risk on derivative transactions.
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Profit/Losses, on revaluation, are recognised in the Statement of Profit and Loss. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium / discount on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the Balance Sheet date.

## B. Quantitative Disclosure

(₹ in crores)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	1,526.66	-	1,604.13	-
(ii) Marked to Market Positions	(56.56)	-	(57.70)	-
(a) Assets (+)	22.00	-	15.39	-
(b) Liability (-)	(78.56)	-	(73.09)	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	61.70	-	57.02	-

## 24.5 SECURITISATION

- i) There are no SPVs sponsored by PNB Housing Finance Limited.
- ii) During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (Previous year ₹ Nil)
- iii) Details of assignment transactions undertaken:

(₹ in crores)

Particulars	Current Year	Previous Year
(i) No. of accounts	14,472	9,739
(ii) Aggregate value (net of provisions) of accounts assigned	3,128.49	3,377.00
(iii) Aggregate consideration	3,128.49	3,377.00
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

- iv) During the year, the Company has not purchased / sold any non-performing financial assets (Previous year ₹ Nil)

## 24.6 ASSET LIABILITY MANAGEMENT

The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding pre-payments and renewals as prescribed by the National Housing Bank (NHB). Maturity pattern of certain items of assets and liabilities are as follows:

As on March 31st, 2018

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	435.59	1,720.44	2,175.00	-	1,309.58	1,027.10	-
Over 1 month to 2 months	240.46	112.73	1,700.00	-	1,175.44	191.17	-
Over 2 months to 3 months	185.90	675.00	3,700.00	12.52	1,148.21	-	-
Over 3 months to 6 months	597.94	335.70	1,375.00	12.52	3,288.09	0.09	-
Over 6 months to 1 year	1,941.05	421.37	1,980.00	25.05	5,928.95	0.10	-
Over 1 year to 3 years	5,824.46	2,075.72	14,613.00	788.19	17,094.86	0.83	-
Over 3 years to 5 years	1,862.01	1,556.75	5,083.00	450.81	10,273.74	87.68	-
Over 5 years to 7 years	326.39	810.43	1,599.00	178.47	6,194.70	678.89	-
Over 7 years to 10 years	172.40	689.44	500.00	-	5,178.82	357.80	-
Over 10 years	-	92.00	-	-	5,485.94	36.45	-
	<b>11,586.20</b>	<b>8,489.58</b>	<b>32,725.00</b>	<b>1,467.56</b>	<b>57,078.33</b>	<b>2,380.11</b>	-

\*Exclude Loan against deposit and Interest accrued but not due on loans.

As on March 31st, 2017

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	179.53	940.69	600.00	-	1,159.52	1,379.29	-
Over 1 month to 2 months	166.27	960.69	500.00	-	1,088.40	708.07	-
Over 2 months to 3 months	242.38	-	500.37	12.16	1,052.02	85.64	-
Over 3 months to 6 months	695.87	261.88	2,200.37	12.16	2,950.96	-	-
Over 6 months to 1 year	1,956.87	422.90	1,769.26	25.77	5,085.43	230.83	-
Over 1 year to 3 years	4,404.73	826.54	3,943.00	744.19	12,866.15	0.78	-
Over 3 years to 5 years	1,923.76	665.33	6,399.00	192.08	6,263.00	11.66	-
Over 5 years to 7 years	98.14	577.79	2,329.00	525.19	3,241.60	363.54	-
Over 7 years to 10 years	319.54	435.41	700.00	-	2,321.94	549.01	-
Over 10 years	-	126.00	-	-	2,535.67	36.36	-
	<b>9,987.09</b>	<b>5,217.23</b>	<b>18,941.00</b>	<b>1,511.55</b>	<b>38,564.69</b>	<b>3365.18</b>	-

\*Exclude Loan against deposit and Interest accrued but not due on loans.

## 24.7 EXPOSURE:

### i) Exposure to Real Estate Sector

(₹ in crores)

Sr. No.	Particulars	As at March 31st, 2018	As at March 31st, 2017
I)	<b>Direct Exposure</b>		
	A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Out of which Individual Housing Loans up to ₹ 15 lakhs - ₹ 3,196.37 crores, Previous year ₹ 2,313.59 crores)	38,421.23	27,354.46
	B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	18,978.39	11,415.71
	C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	i) Residential	-	-
	ii) Commercial Real Estate	-	-
II)	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Note: While computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

- ii) As on March 31st, 2018, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).
- iii) As on March 31st, 2018, the Company has not financed any product of the parent company (Previous year ₹ Nil).
- iv) As on March 31st, 2018, the Company has not exceeded the prudential exposure limit prescribed by National Housing Bank for single borrower or group borrower (Previous year ₹ Nil).
- v) As on March 31, 2018, the Company has not given any unsecured advances (Previous year ₹ Nil).

## 24.8 REGISTRATION OBTAINED FROM FINANCIAL SECTOR REGULATORS

From NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

## 24.9 DISCLOSURE OF PENALTIES IMPOSED BY NATIONAL HOUSING BANK AND OTHER REGULATORS:

During the financial year ended March 31st, 2018:

- i) NHB has concluded inspection for FY2015-16. It has no adverse or material impact on the financials.
- ii) NHB has carried out inspection for FY2016-17 and has not reported any adverse comment having material impact on the financials.
- iii) Company has not been imposed any penalty by National Housing Bank and other regulators.



**24.10 RELATED PARTY TRANSACTIONS**

As per the Accounting Standard 'Related Party Disclosures' (AS 18), notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

<b>Name of the Related Party</b>	<b>Nature of Relationship</b>
i) PHFL Home Loans and Services Limited *	Wholly owned Subsidiary
ii) Punjab National Bank	Enterprise having Significant Influence
iii) Quality Investments Holdings	Enterprise having Significant Influence
iv) Destimoney Enterprises Limited	Enterprise having Significant Influence
v) PNB Investment Services Ltd (Upto November 2nd, 2016)	Fellow Subsidiary
vi) Mr. Sanjaya Gupta (Managing Director)	Key Managerial Personnel
vii) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
viii) Mr. Jayesh Jain (Chief Financial Officer) (Upto January 5th, 2018)	Key Managerial Personnel
ix) Mr. Kapish Jain (Chief Financial Officer) (February 9th, 2018 onwards)	Key Managerial Personnel

\*The Company has incorporated a wholly owned subsidiary "PHFL Home Loan and Services Limited" on August 22nd, 2017.

### Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

(₹ in crores)

Particulars	Enterprises having significant influence		Subsidiary / Fellow Subsidiary		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Transaction during the year:</b>						
<b>PHFL Home Loan and Services Limited.</b>						
- Investment in Equity Share	-	-	0.25	-	-	-
- Reimbursement of Expenses	-	-	0.70	-	-	-
- Commission expenses	-	-	4.94	-	-	-
<b>Punjab National Bank</b>						
- Term Loan Instalment/OD Deposit/ (payment)	2,914.54	(210.76)	-	-	-	-
- Interest Paid on Term Loan and Overdraft	59.97	56.28	-	-	-	-
- Rent & Maintenance Charges	1.42	0.43	-	-	-	-
- Bank Charges	0.44	0.69	-	-	-	-
- Director Sitting Fee	0.06	0.09	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	3.39	4.28	-	-	-	-
- Interest received on Fixed Deposits	0.10	1.13	-	-	-	-
- Dividend Paid	38.84	20.58	-	-	-	-
- Principal, Interest & Other charges paid on Loan Assignment	99.25	116.88	-	-	-	-
- Fixed deposit made and matured	6.20	888.00	-	-	-	-
<b>Destimoney Enterprises Limited</b>						
- Dividend Paid	-	19.81	-	-	-	-
<b>Quality Investments Holdings</b>						
- Dividend Paid	37.32	-	-	-	-	-
<b>PNB Investment Services Ltd</b>						
- Professional Services	-	-	-	0.22	-	-
<b>Remuneration paid to KMPs :</b>						
- Mr. Sanjaya Gupta (Managing Director)#	-	-	-	-	2.16	1.89
- Mr. Sanjay Jain (Company Secretary)#	-	-	-	-	0.57	0.56
- Mr. Jayesh Jain (Chief Financial Officer)#	-	-	-	-	0.88	0.85
- Mr. Kapish Jain (Chief Financial Officer)	-	-	-	-	0.32	-

# Excluding perquisites on exercise of stock options during the year. Further, also exclude payment of one time Ex-gratia received from Destimoney Enterprises Limited, Mauritius aggregating to ₹ 2.41 crores.

The policy on dealing with Related Party Transactions is available on our website [www.pnbhousing.com](http://www.pnbhousing.com)

**24.11** During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

**24.12** During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 1.7).

**24.13 RATING ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATING DURING THE YEAR**

Nature of Instrument	Ratings
Deposits	CRISIL FAAA(Outlook-Stable) CARE AAA
Long term bonds (Secured and Tier-II bonds)	CRISIL AA+(Outlook-Stable) CARE AAA (Outlook stable) IND AAA / RWN ICRA AA+(Outlook stable)
Commercial Paper	CARE A1+ CRISIL A1+
Bank Term Loan	CRISIL AA+(Outlook-stable) CARE AAA

**24.14 PROVISIONS AND CONTINGENCIES:**

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account is given as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Provisions for depreciation on Investment	6.75	2.98
Provision made towards Income tax	437.63	264.00
Provision towards NPA	15.52	5.09
Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	27.45	17.68
iii) CRE - RH	26.29	14.91
iv) Other Loans	33.29	30.92
Total ( i + ii + iii + iv )	87.03	63.51
Other Provision and Contingencies (Refer Note 1.21)	62.50	14.98
Provision for Stock of Acquired Properties	8.73	10.97

#### 24.15 BREAK-UP OF LOAN & ADVANCES AND PROVISIONS THEREON:

The Company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of more than 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under Housing Finance Companies (NHB) Directions, 2010.

Particulars	Housing		Non-Housing	
	As at March 31st, 2018	As at March 31st, 2017	As at March 31st, 2018	As at March 31st, 2017
<b>Standard Assets</b>				
a) Total Outstanding Amount	39,870.72	27,348.61	17,342.80	11,335.78
b) Provision made	171.02	124.65	109.98	69.32
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	110.83	36.42	37.38	13.31
b) Provision made	17.79	7.60	5.62	2.02
<b>Doubtful Assets - Category-I</b>				
a) Total Outstanding Amount	16.95	19.02	2.52	4.91
b) Provision made	5.05	5.22	0.65	1.23
<b>Doubtful Assets - Category-II</b>				
a) Total Outstanding Amount	8.45	2.79	2.10	0.84
b) Provision made	4.24	1.82	1.09	0.40
<b>Doubtful Assets - Category-III</b>				
a) Total Outstanding Amount	3.65	3.71	4.21	4.18
b) Provision made	3.65	3.71	4.21	4.18
<b>Loss Assets</b>				
a) Total Outstanding Amount	-	0.60	-	-
b) Provision made	-	0.60	-	-
<b>TOTAL</b>				
a) Total Outstanding Amount	40,010.60	27,411.15	17,389.01	11,359.02
b) Provision made	201.75	143.60	121.55	77.15

#### 24.16 CONCENTRATION OF PUBLIC DEPOSITS

(₹ in crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Deposits of twenty largest depositors	3,239.19	3,074.42
Percentage of Deposits of twenty largest depositors to Total Deposits	34.59%	35.27%

#### 24.17 CONCENTRATION OF LOANS & ADVANCES

(₹ in crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Loans & Advances to twenty largest borrowers	7,703.88	3,975.49
Percentage of Loans & Advances to twenty largest borrowers to Total Advances	13.42%	10.25%

**24.18 CONCENTRATION OF ALL EXPOSURE (INCLUDING OFF-BALANCE SHEET EXPOSURE)**

(₹ in crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure to twenty largest borrowers /customers	9,774.53	4,715.13
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	14.91%	10.74%

**24.19 CONCENTRATION OF NPAs**

(₹ in crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure to top ten NPA accounts	51.04	27.76

**24.20 SECTOR-WISE NPAs**

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2018	As at March 31, 2017
<b>A. Housing Loans:</b>	0.35	0.23
1. Individuals	0.38	0.27
2. Builders/Project Loans	0.26	-
3. Corporates	-	-
4. Others (specify)	-	-
<b>B. Non-Housing Loans:</b>	0.27	0.20
1. Individuals	0.30	0.27
2. Builders/Project Loans	-	-
3. Corporates	0.33	-
4. Others (specify)	-	-

## 24.21 MOVEMENT OF NPAs

(₹ in crores)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	0.25%	0.15%
(II) Movement of NPAs (Gross)		
a) Opening balance	85.78	59.81
b) Additions during the year	625.54	261.24
c) Reductions during the year	525.21	235.27
d) Closing balance	186.11	85.78
(III) Movement of Net NPAs		
a) Opening balance	59.00	38.13
b) Additions during the year	501.11	251.23
c) Reductions during the year	416.30	230.36
d) Closing balance	143.81	59.00
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	26.78	21.68
b) Provisions made during the year	124.44	52.01
c) Write-off/write-back of excess provisions	108.91	46.91
d) Closing balance	42.30	26.78

**24.22** As on March 31st, 2018, the Company does not have any Assets outside the country (Previous year ₹ Nil).

**24.23** As on March 31st, 2018, the Company does not have any Off-Balance Sheet SPVs sponsored (Previous year Nil).

## 24.24 DISCLOSURE OF COMPLAINTS

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	53	29
b) No. of complaints received during the year	4,627	4,138
c) No. of complaints redressed during the year	4,658	4,114
d) No. of complaints pending at the end of the year	22	53

## 25. OPERATING LEASE

In accordance with the Accounting Standard on 'Leases' (AS 19), notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of Operating Leases are made. The Company has acquired properties under cancellable and non-cancellable operating leases for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, aggregates to ₹ 29.67 crores (Previous year ₹ 18.70 crores). The future minimum lease payments in respect of properties taken under non-cancellable operating lease are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Not later than one year	17.22	9.55
Later than one year but not later than 5 years	16.37	9.80
More than five years	Nil	Nil

26. In accordance with the Accounting Standard on 'Earnings Per Share' (AS 20), the Earnings Per Share is as follows:

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	Current Year	Previous Year
a) Amount used as the numerator for Basic EPS Profit After Tax	(₹ in crores)	830.65	523.73
b) Weighted average number of equity shares for Basic EPS	Number	16,64,83,012	14,26,32,517
c) Weighted average number of equity shares for Diluted EPS	Number	16,84,35,845	14,48,75,547
d) Nominal value per share	( in ₹)	10/-	10/-
e) Earnings Per Share:			
- Basic (a/b)	( in ₹)	49.89	36.72
- Diluted (a/c)	( in ₹)	49.32	36.15

ii) The Basic Earnings Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares for the respective periods. The weighted average number of shares have been derived as follows:

a) For the year 2017-18 :

Particulars	No. of Shares	Days
i) 16,56,42,309 Equity Shares of ₹ 10/- each (Fully Paid-up) at the beginning of the year	16,56,42,309	365
ii) Shares issued during the year pursuant to ESOP	9,44,173	325
iii) <b>Weighted Average number of shares for computation of Basic Earnings Per Share</b>	<b>16,64,83,012</b>	

(b) For the year 2016-17 :

Particulars	No. of Shares	Days
i) 12,69,23,000 Equity Shares of ₹ 10/- each (Fully Paid-up) at the beginning of the year	12,69,23,000	365
ii) Shares issued during the year pursuant to IPO	3,87,19,309	148
iii) Bonus element on issue of Equity Shares to employees pursuant to IPO	9,633	365
iv) <b>Weighted Average number of shares for computation of Basic Earnings Per Share</b>	<b>14,26,32,517</b>	

iii) The Diluted Earnings Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares after giving effect of outstanding Stock Options for the respective periods. The weighted average number of shares have been derived as follows:

Particulars	No. of Shares	
	Current Year	Previous Year
i) Weighted Average number of shares for computation of Basic Earnings Per Share	16,64,83,012	14,26,32,517
ii) Dilute effect of outstanding stock Options	19,52,833	22,43,030
iii) <b>Weighted Average number of shares for computation of Diluted Earnings Per Share</b>	<b>16,84,35,845</b>	<b>14,48,75,547</b>

## 27. SEGMENT REPORTING:

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Accounting Standard on Segment Reporting (AS-17), notified by the Companies (Accounting Standard) Rules, 2016.

## 28. CONTINGENT LIABILITIES AND COMMITMENTS

- i) Contingent liabilities in respect of Income-tax of ₹ 21.30 crores (Previous year ₹ 20.33 crores) is disputed by the Company and are under appeals. These includes contingent liability of ₹ 20.18 crores (Previous year ₹ 17.69 crores) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.
- ii) Letter of comfort issued on behalf of the clients ₹ 15 crores (Previous year ₹ 15 crores)
- iii) Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)
- iv) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 18.14 crores (Previous year ₹ 14.11 crores)



**29. DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS:**

In accordance with Accounting Standards on “Employee Benefits” (AS 15), the following disclosure have been made:

- 29.1** The company has made contribution to Provident Fund of ₹ 4.77 crores (Previous year ₹ 3.71 crores) which has been recognised in the Statement of Profit and Loss which are included under “Contribution to Provident Fund and Other Funds” in Note 21.
- 29.2** The Company has recognised expenses of ₹ 1.48 crores (Previous Year ₹ 1.14 crores) in the Statement of Profit and Loss for Contribution to State Plan namely Employee’ Pension Scheme.

**29.3 DEFINED BENEFIT PLANS****GRATUITY LIABILITY****Change in present value of obligation**

(₹ in crores)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	5.57	2.95
Interest cost	0.41	0.23
Current service cost	1.43	1.15
Past Service Cost including curtailment Gains/Losses	0.17	-
Benefits paid	(0.15)	(0.10)
Actuarial (gain) / loss on obligation	(0.13)	1.34
Present value of obligation as at the end of year	7.30	5.57

**Change in fair value of plan assets**

(₹ in crores)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	4.64	3.47
Actual return on plan assets	0.35	0.28
Contributions	2.23	0.99
Benefits paid	(0.15)	(0.10)
Fair Value of plan assets as at the end of year	7.07	4.64
Funded status	(0.23)	(0.93)

**Expense recognized in the statement of Profit and Loss**

(₹ in crores)

Particulars	Current Year	Previous Year
Current service cost	1.60	1.15
Interest cost	0.41	0.23
Expected return on plan assets	(0.35)	(0.27)
Net actuarial (gain) / loss recognized in the year	(0.13)	1.33
Expenses recognized in the statement of profit & losses	1.53	2.44

### Assumptions

Particulars	Current Year	Previous Year
Discounting Rate	7.80%	7.35%
Future salary Increase	7.75%	7.75%
Expected Rate of Return on Plan Assets	7.35%	7.75%
Retirement Age (Years)	60	60
Mortality Table	IALM (2006-08)	IALM (2006-08)

### Amount recognised in Balance Sheet

(₹ in crores)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Present value of obligation as at the end of the year	7.30	5.57	2.95	2.18	1.57
Fair value of plan assets as at the end of the year	7.07	4.64	3.47	2.64	2.02
Funded / (Unfunded) status	(0.23)	(0.93)	0.52	0.46	0.45
Net asset / (liability) recognized in balance sheet	(0.23)	(0.93)	-	-	-

### 30. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Other Expenses includes ₹ 10.69 crores for the year ended March 31st, 2018 (Previous year ₹ 3.68 crores) contribution towards Corporate Social Responsibility (CSR) in accordance with Companies Act, 2013.

Disclosure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013 is as under:

- Gross amount required to be spent by the Company during the year is ₹ 10.69 crores.
- Amount spent during the year on: ₹ 12.34 crores (includes ₹ 1.65 crores for previous years).

(₹ in crores)

Particulars	Current Year			Previous Year		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-	-	-	-
ii) On purposes other than (I) above:						
a) Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	11.81	-	11.81	1.77	1.65	3.42
b) Expenditure on Administrative Overheads for CSR	0.53	-	0.53	0.26	-	0.26

- Details of related party transactions in relation to CSR expenditure, as per Accounting Standard (AS-18) – ₹ Nil
- An amount of ₹ Nil had been provided for by the company suo-motu as on March 31st, 2018 (Previous year ₹ 1.65 crores) which relates to the projects sanctioned during FY2017-18.

- There are no indications which reflect that any of the assets of the Company had got impaired from its potential use and therefore no impairment loss was required to be accounted in the current year as per Accounting Standard on "Impairment of Assets" (AS 28) notified by the Companies (Accounting Standards) Rules, 2006.

**32. AUDITORS REMUNERATION**

 (₹ in crores)

Particulars	Current Year	Previous Year
Statutory Audit Fee	0.16	0.15
Tax Audit Fee	0.05	0.05
Limited Review Fee	0.11	0.04
Other Certification Fee*	0.16	0.15
Total	0.49	0.39

**Note**

- 1) Exclude fee paid to statutory auditor amounting to ₹ Nil (Previous year ₹ 0.40 crores) for IPO related services.
- 2) Exclude ₹ 0.05 crores (Net of tax effect ₹ 0.02 crores) being certification fee in respect of Medium Term Note program (MTN program) utilised out of security premium account.

**33. EXPENDITURE IN FOREIGN CURRENCY**

(₹ in crores)

Particulars	Current Year	Previous Year
Interest Paid	48.23	38.10
Other Expenses	0.08	5.51

34. Previous year figures have been rearranged / regrouped wherever necessary to correspond with Current year's classification disclosure.

## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

### Part A Subsidiaries

Sr. No.	Particulars	Details/ Amount (₹ in crores)
1	Name of the subsidiary	PHFL Home Loans and Services Limited
2	Date since when subsidiary was acquired/ incorporated	August 22nd, 2017
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	From August 22nd, 2017 to March 31st, 2018
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹
5	Share capital	0.25
6	Reserves and surplus	1.79
7	Total assets	5.06
8	Total Liabilities	5.06
9	Investments	0.05
10	Turnover	4.94
11	Profit before taxation	2.46
12	Provision for taxation	0.67
13	Profit after taxation	1.79
14	Proposed Dividend	NIL
15	Extent of shareholding (in percentage)	100

#### Notes:

1. Names of subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

## Form AOC-1

### Part B Associates and Joint Ventures

The Company has no associate company or joint venture.

For and on behalf of the Board of Directors

**Sanjaya Gupta**  
Managing Director  
DIN: 02939128

**Sunil Mehta**  
Chairman  
DIN: 07430460

**Sunil Kaul**  
Director  
DIN: 05102910

**Kapish Jain**  
Chief Financial Officer  
ACA: 057737

**Sanjay Jain**  
Company Secretary  
FCS: 002642

Place: New Delhi  
Date: May 03, 2018

# Independent Auditors' Report

To the members of PNB Housing Finance Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PNB Housing Finance Limited (“the Holding Company”) and its subsidiary (the Holding Company and its Subsidiary constitute “the Group”), which comprise the Consolidated Balance Sheet as at March 31st, 2018, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31st, 2018 and its consolidated profit and its consolidated cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the aforesaid consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors of the Holding Company and Subsidiary Company as on March 31st, 2018 and taken on record by the Board of Directors of the respective Group Companies, none of the directors of the Group Companies is disqualified as on March 31, 2018 from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'I'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 28(i) to the consolidated financial statements;
  - ii. The Group did not have any long term contracts including any derivative contracts for which there were any material foreseeable losses;
  - iii. The Holding Company has generally been regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund.

For **B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Sudhir Maheshwari**  
**Partner**  
Membership No.081075

Place: New Delhi  
Date: May 03, 2018

### **Annexure 'I' to the Independent Auditors' Report**

(Referred to in Paragraph 1(f) under the heading “Report on other legal and regulatory requirements” of our report of even date)

Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of PNB Housing Finance Limited (“the Holding Company”) and its subsidiary (the Holding Company and its Subsidiary constitute “the Group”) as of March 31, 2018 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting based on our audit of the Holding Company and its Subsidiary Company. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its Subsidiary Company internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted



accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company its subsidiary, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2018 based on the internal control over financial reporting criteria established by the respective Companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No: 001035N/N500050

**Sudhir Maheshwari**  
**Partner**  
Membership No: 081075

Place: New Delhi  
Date: May 03, 2018

## Consolidated Balance Sheet as at March 31st, 2018

(₹ in crores)

	Note	As at March 31st, 2018
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholder's Funds</b>		
Share Capital	2	166.59
Reserves and Surplus	3	6,138.95
		<b>6,305.54</b>
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	4	36,388.70
Deferred Tax Liabilities (Net)	5	57.66
Other Long-Term Liabilities	6	141.98
Long-Term Provisions	7	399.82
		<b>36,988.16</b>
<b>Current Liabilities</b>		
Short-Term Borrowings	8	14,241.96
Trade Payables	9	121.30
Other Current Liabilities	10	6,097.66
Short-Term Provisions	7	44.20
		20,505.12
<b>TOTAL</b>		<b>63,798.82</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	11	58.98
Intangible Assets	11	17.14
Capital Work-in-Progress		9.69
Non-Current Investments	12	1,161.40
Long-Term Loans And Advances	13	54,121.79
Other Non-Current Assets	14	465.27
		<b>55,834.27</b>
<b>Current Assets</b>		
Current Investments	15	1,218.51
Cash and Bank Balances	16	2,816.93
Short-Term Loans and Advances	17	80.97
Other Current Assets	18	3,848.14
		7,964.55
<b>TOTAL</b>		<b>63,798.82</b>

Overview, Principles of Consolidation and Significant Accounting Policies 1  
The accompanying notes are an integral part of the Consolidated Financial Statements.

In terms of our report of even date

**For B.R. Maheshwari and Co. LLP**

Chartered Accountants

FR No : 001035N/N500050

**For and on behalf of the Board of Directors**

**Sudhir Maheshwari**

Partner  
M No : 081075

**Sanjaya Gupta**

Managing Director  
DIN: 02939128

**Sunil Mehta**

Chairman  
DIN: 07430460

**Sunil Kaul**

Director  
DIN: 05102910

Place: New Delhi  
Date: May 03, 2018

**Kapish Jain**

Chief Financial Officer  
ACA: 057737

**Sanjay Jain**

Company Secretary  
FCS: 002642

# Consolidated Statement of Profit and Loss

for the year ended March 31st, 2018

(₹ in crores)

	Note	Current Year
<b>INCOME</b>		
Revenue from Operations	19	5,516.40
Other Income		0.56
<b>TOTAL REVENUE</b>		<b>5,516.96</b>
<b>EXPENSES</b>		
Finance Cost	20	3,530.80
Employee Benefits Expenses	21	137.08
Office Operating Expenses	22	101.22
Other Expenses	23	246.21
Depreciation & Amortisation	11	24.13
Provisions and Contingencies		180.53
Bad Debts Written-off		18.30
<b>TOTAL EXPENSES</b>		<b>4,238.27</b>
<b>PROFIT BEFORE TAX</b>		<b>1,278.69</b>
Less: Provision for Taxation -Current Tax		438.56
-Earlier years		(0.08)
-Deferred Tax(Net)		10.80
<b>PROFIT AFTER TAX</b>		<b>829.41</b>
Earnings Per Share (Face Value of ₹ 10/- each Fully paid up)	26	
-Basic (in ₹)		49.82
-Diluted (in ₹)		49.24

Overview, Principles of Consolidation and Significant Accounting Policies 1  
The accompanying notes are an integral part of the Consolidated Financial Statements.

In terms of our report of even date

**For B.R. Maheswari and Co. LLP**

Chartered Accountants

FR No : 001035N/N500050

**For and on behalf of the Board of Directors**

**Sudhir Maheshwari**

Partner

M No : 081075

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Managing Director

DIN: 02939128

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DIN: 07430460

**Sunil Kaul**

Director

DIN: 05102910

Place: New Delhi

Date: May 03, 2018

**Kapish Jain**

Chief Financial Officer

ACA: 057737

**Sanjay Jain**

Company Secretary


FCS: 002642

## Consolidated Cash Flow Statement

for the year ended March 31st, 2018 (Indirect Method)

(₹ in crores)

	Current Year
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit Before Tax	1,278.69
Adjustment for non-cash items, to be disclosed separately	
Add: Depreciation and Amortisation	24.13
Loss/(Profit) on sale of fixed assets	0.17
Provisions and Contingencies	180.53
Bad Debts Written-off	18.30
	223.13
<b>Operating Profits before Changes in Working Capital</b>	<b>1,501.82</b>
Adjustment for Changes in Working Capital and Provisions	
Increase/ (Decrease) in Trade Payables	27.74
Increase/ (Decrease) in Long-Term Provision	7.84
Increase/ (Decrease) in Short-Term Provision	0.64
Increase/ (Decrease) in Other Current Liabilities	1,224.21
Increase/ (Decrease) in Other Long-Term Liabilities	99.73
(Increase)/ Decrease in Long-Term Loans & advances	(17,696.30)
(Increase)/ Decrease in Short-Term Loans & advances	(4.64)
(Increase)/ Decrease in Other Non-Current Assets	(186.97)
(Increase)/ Decrease in Other Current Assets	(1,150.94)
Investments (Net)	892.90
(Increase)/ Decrease in Other Bank Balances	85.59
	(16,700.20)
<b>Cash Used in Operations</b>	<b>(15,198.38)</b>
Taxes Paid (net of refunds)	(474.87)
<b>A. NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(15,673.25)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(49.76)
Sale of Fixed Assets	0.08
	(49.68)
<b>B. NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(49.68)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
<b>Proceeds from borrowings</b>	
Bonds	8,954.00
Banks	5,371.36
Deposits (net)	1,562.67
Commercial paper	26,600.00
<b>Repayment of borrowings</b>	
Commercial paper	(20,570.00)
Bonds	(1,200.00)


 (₹ in crores)

	Current Year
Banks	(2,143.00)
Proceeds from issue of Share Capital	0.95
Share Premium Received	30.97
Share Premium Utilised	(12.67)
Dividend paid (including dividend distribution tax)	(120.30)
<b>C. NET CASH FROM FINANCING ACTIVITIES</b>	<b>18,473.98</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>2,751.05</b>
Cash and Cash equivalents at the beginning of the year	65.85
Cash and Cash equivalents at the end the of the year	2,816.90
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS DURING THE YEAR</b>	<b>2,751.05</b>

NOTE : Figures in bracket denotes application of cash.  
The accompanying notes are an integral part of the Consolidated Financial Statements.

In terms of our report of even date  
**For B.R. Maheswari and Co. LLP**  
Chartered Accountants  
FR No : 001035N/N500050

**For and on behalf of the Board of Directors**

**Sudhir Maheshwari**  
Partner  
M No : 081075

**Sanjaya Gupta**  
Managing Director  
DIN: 02939128

**Sunil Mehta**  
Chairman  
DIN: 07430460

**Sunil Kaul**  
Director  
DIN: 05102910

Place: New Delhi  
Date: May 03, 2018

**Kapish Jain**  
Chief Financial Officer  
ACA: 057737

**Sanjay Jain**  
Company Secretary  
FCS: 002642

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31st, 2018

## 1. OVERVIEW, PRINCIPLES OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

### 1.1 OVERVIEW

PNB Housing Finance Limited ('PNBHFL'), 'the Company' was incorporated on November 11th, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987.

### 1.2 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statement relate to the Company and its Subsidiary Company incorporated in India. The Consolidated Financial Statement have been prepared on the following basis:

- 1.2.1 The Financial Statement of the Company and its Subsidiary are consolidated on line by line basis, by adding together the book value of like items of assets, liability, Income and expenses after as far as possible eliminating intra group balances and Intra group transaction resulting in unrealised profit or losses in accordance with the Accounting Standard "(AS)" - 21 Consolidated Financial Statement" as refer to in the company (Accounting Standard) Rules, 2006 ("Accounting Standard Rule")
- 1.2.2 Investment in subsidiary is eliminated and the difference between the cost of investment over the net asset on the date of the investment or on the date of financial statement immediately preceding the date investment in subsidiary is recognised as goodwill or capital reserve as the case may be.
- 1.2.3 As far as possible the Consolidated Financial Statement are prepared using the uniform accounting policies for like transaction and other event in the similar circumstances and are presented in the same manner as the standalone financial statement of the Company.
- 1.2.4 The Subsidiary considered in Consolidated Financial Statement is as under:

Name of the Entity	Proportion of Ownership	Country of Incorporation
PHFL Home Loans and Services Limited (Incorporated on August 22nd, 2017)	100%	India

### 1.3 SIGNIFICANT ACCOUNTING POLICIES

#### 1.3.1 General Method And System Of Accounting

1.3.1.1 The consolidated financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The financial statements comply in all material aspects with the Accounting Standards specified under section 133 of Companies Act, 2013 read with Rule 7 of the Company (Accounts Rules 2014) and the relevant provisions of the Companies Act, 2013, the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended from time to time, unless stated otherwise hereinafter. Accounting Standards (AS) and Guidance Notes issued by The Institute of Chartered Accountants of India ("ICAI") are followed insofar as they are not inconsistent with the NHB Directions, 2010.

- 1.3.1.2 Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.
- 1.3.1.3 The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.
- 1.3.1.4 The Company has adopted the accrual concept in the preparation of the financial statements. The Balance Sheet and the Statement of Profit and Loss of the Company are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III.
- 1.3.1.5 Amounts in the financial statements are presented in “crores”, except for per share data and as otherwise stated. All exact amounts are stated with suffix “/-”.

#### 1.4 INFLATION

Assets and liabilities are recorded at historical cost to the company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

#### 1.5 OPERATING CYCLE

Based on the nature of its activities, the Company has determined its operating cycle as 12 months for classification of its assets and liabilities as current and non-current.

#### 1.6 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 1.7 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash-on-hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

#### 1.8 REVENUE RECOGNITION

- 1.8.1 Interest income on Loans is recognised on accrual basis except in case of non-performing assets where interest is accounted on realisation. Interest on loans is computed either on an annual rest, on a monthly rest or on a daily rest basis depending upon loan product. EMIs commence once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. Pending commencement of EMIs, Pre-EMI interest is charged every month. Interest on loans purchased through direct assignment is recognised on accrual basis.
- 1.8.2 Interest income on Investment is recognized on accrual basis. Dividend income is recognised when the right to receive is established. The gain / loss on account of long-term Investment at discount / premium in Debentures / Bonds and Government Securities, is amortised over the life of the security on a pro-rata basis.
- 1.8.3 The gain/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on Sale of investment is determined after consideration of cost on a weighted average basis.
- 1.8.4 Income from login fee, other charges and penal interest on defaults, pre-payment charges etc. is recognised on receipt basis. Processing Fee on loans is recognised over the average tenure of the loan. The average tenure of loan has been arrived at based on the experience

of repayment behaviour of the borrowers.

1.8.5 Income from servicing of securitised/assigned portfolio and renting of space in our offices and website is recognised on accrual basis.

1.8.6 Commission income are recognised on accrual basis in accordance with agreement.

1.8.7 Other income and interest on tax refunds are accounted for on receipt basis.

## **1.9 TANGIBLE ASSETS**

Tangible Assets are capitalised at cost including all expenses incidental to the acquisition/installation.

## **1.10 INTANGIBLE ASSETS**

Intangibles Assets are recognised where it is possible that the future economic benefit attributable to the asset will flow to the Company and its cost can be reliably measured. Intangibles are capitalised at cost including all expenses attributable for bringing the same in its working condition.

## **1.11 DEPRECIATION / AMORTISATION**

### **Tangible Assets**

Depreciation on Tangible Assets is provided on the Straight Line Method as per the useful life prescribed in Part C of Schedule II of the Companies Act, 2013 on pro-rata basis, except the following category of asset, in whose case the life of the assets has been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. on which different useful lives for depreciation have been charged:

- a) Networking Equipment and Mobile phone instruments are depreciated over a period of five and three years respectively.
- b) Leasehold Improvements are depreciated over a period of five years.
- c) Assets costing up to ₹ 5,000/- is fully depreciated in the year of purchase.

### **Intangible Assets**

Intangible Assets are amortised over a period of five years except website development costs which are amortised over a period of three years.

## **1.12 INVESTMENTS**

Investments are capitalised at cost inclusive of brokerage and stamp charges. Investments are classified as Non-Current Investment (long-term investments) and current investments and are valued in accordance with guidelines of National Housing Bank and Accounting Standard on 'Accounting for Investments' (AS-13).

## **1.13 EMPLOYEE BENEFITS**

### **1.13.1 Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.



### 1.13.2 Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. However, in case of subsidiary company there are no accumulation of the compensated absences hence liability has not been recognised in relation thereof.

### 1.13.3 Defined Contribution Plan

The Company's contribution to Provident Fund and Employee State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### 1.13.4 Defined Benefit Plan

The Company has defined benefit plans as Leave Encashment/Compensated Absences and gratuity for all eligible employees, the liability for which is determined based on an actuarial valuation at the end of the year using the 'Projected Unit Credit Method'. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions which are recognised in the Statement of Profit and Loss as income or expenses, as applicable.

### 1.13.5 Employees Stock Options Scheme

The Company has introduced the Employee Stock Option Scheme ('the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost, if any, is amortised over the vesting period.

## 1.14 BORROWING COSTS

1.14.1 Interest on borrowings are recognised as an expense in the period in which they are incurred.

1.14.2 Ancillary cost in connection with long-term borrowing are amortised to the Statement of Profit and Loss over the tenure of the borrowing.

1.14.3 Brokerage and incentive on deposits is amortised over the average period of the deposit.

1.14.4 All other borrowing costs are charged to the Statement of Profit and Loss.

1.14.5 Issue expenses of certain securities are charged to the Securities Premium account.

## 1.15 TRANSACTION INVOLVING FOREIGN EXCHANGE

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currency are converted at the rate of exchange prevailing on the date of financial statements.

In case of a forward exchange contracts, the exchange difference between the forward rate and the exchange rate at the date of transaction is recognised as income or expense over the life of the contract in line with Accounting Standard on 'Accounting for the Effects of Changes in Foreign Exchange Rates' (AS-11) issued by the Institute of Chartered Accountants of India.

## 1.16 DERIVATIVE TRANSACTIONS

The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Profit/Losses on revaluation are recognised in the Statement of Profit and Loss. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium / discount on derivative

contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the Balance Sheet date.

#### **1.17 SHARE ISSUE EXPENSES**

Share issue expenses, net of tax, are adjusted against the Securities Premium Account, as permissible under Section 52(2) of the Companies Act, 2013, to the extent of balance available and thereafter, the balance portion is charged to the Statement of Profit and Loss, as incurred.

#### **1.18 OPERATING LEASES**

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the leased term are classified as operating leases. Lease payments for assets taken on operating lease are recognised as an expense in the Statement of Profit and Loss as per terms of lease agreement.

#### **1.19 EARNINGS PER SHARE**

The basic earnings per share is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing, dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

#### **1.20 TAXES ON INCOME**

Taxes on Income are accounted for in accordance with Accounting Standard “Accounting for taxes on income” (AS 22), issued by The Institute of Chartered Accountants of India. Income tax comprises both current and deferred tax.

Current tax is measured based on estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and rules made thereunder.

The tax effect of timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Such deferred tax is quantified using the tax rates and laws enacted of substantively enacted as on Balance Sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out.

Deferred tax assets arising on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation.

#### **1.21 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- i) Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- ii) Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it.
- iii) Contingent Assets are neither recognised nor disclosed in the financial statements.

#### **1.22 PROVISION FOR STANDARD ASSETS, NON-PERFORMING ASSETS (NPAs) AND CONTINGENCIES**

The Company's policy is to carry adequate amounts towards Provision for Standard Assets, Non-Performing Assets (NPAs) and other contingencies. All loans and other credit exposures where the instalments are overdue for more than ninety days are classified as NPAs in accordance with the

prudential norms prescribed by the National Housing Bank (NHB). The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines.

The Company also has a policy to create and carry a provision over and above the provisioning requirements as prescribed in NHB Directions for Standard Assets and NPAs, under the Provision for Contingencies Account. The provision under this head is made with regards to loan accounts and other credit exposure which are classified as standard assets on the balance sheet date, however these were classified as NPA in last 12 months / payments in these loan accounts have not been regular / loan accounts where customers have reported slow progress of construction of the underlying dwelling unit.

### 1.23 STOCK OF ACQUIRED PROPERTIES

The assets acquired by the Company under SARFAESI Act, 2002 are classified as 'Stock of Acquired Properties' and are valued at outstanding dues or net realisable value, whichever is lower.

### 1.24 LOAN ORIGINATION / ACQUISITION COST

All direct costs incurred for the loan origination are amortised over the average tenure of the loan. The average tenure of loan has been arrived at based on the experience of repayment behaviour of the borrowers.

### 1.25 UNCLAIMED DEPOSITS

Deposits, which have become due but have not been presented for payment or renewal, are transferred to unclaimed deposits. Interest for the period from last maturity date till the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

### 1.26 IMPAIRMENT OF ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

### 1.27 SECURITISATION OF LOANS

Securitized and assigned assets are de-recognised in the books of the Company based on the principle of transfer of ownership over the assets.

Transfer of pool of loan assets under the current RBI guidelines involve transfer of proportionate shares in the pool of loan assets. Such transfers result in de-recognition only of that proportion of the loan assets which meets the de-recognition criteria. The portion retained by the Company continue to be accounted for as loan assets as described above.

On de-recognition, the difference between the book value of the securitized loan assets and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

## 2. SHARE CAPITAL

(₹ in crores)

	As at March 31st, 2018
<b>Authorised Share Capital</b>	
50,00,00,000 Equity Shares of ₹ 10/- each	500.00
<b>Equity Share Capital</b>	
<b>Issued, Subscribed and Paid-up Capital</b>	
16,65,86,482 Equity Shares of ₹ 10/- each fully Paid up	166.59
	<b>166.59</b>

### 2.1 RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING YEAR

Equity Shares	As at March 31st, 2018	
	Numbers	( ₹ in crores)
Outstanding at the beginning of the year	16,56,42,309	165.64
Share allotted pursuant to exercise of stock option	9,44,173	0.95
Outstanding at the end of the year	16,65,86,482	166.59

### 2.3 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

Name of Shareholder	As at March 31st, 2018	
	No. of Shares	% of Holding
i) Punjab National Bank	5,49,14,840	32.96%
ii) Quality Investments Holdings	6,21,92,300	37.33%
iii) General Atlantic Singapore FII Pte Limited	1,41,99,928	8.52%

### 2.4 TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of the liquidation of the Company, the holder of the equity share are entitled to receive any of the remaining assets of the Company, after the distribution of the preferential amounts. The distribution will be in the proportion of the number of equity shares held by the equity shareholders.

### 2.5 ISSUE OF BONUS SHARES

During the financial year ended March 31st, 2013, the Company had issued 64,70,589 Equity Shares of ₹ 10/- each as fully paid up Bonus Shares after capitalisation of General Reserves of ₹ 6.47 crores to shareholders in proportion of their shareholding.

Apart from the issue of bonus shares as mentioned above, the Company has not allotted any share pursuant to contracts without payment being received in cash nor has it bought back any shares during the preceding period of 5 financial years.

### 2.6 SHARES RESERVED FOR ISSUE UNDER ESOP

i) During the year, Company has issued 9,44,173 shares on exercise of options granted to its employees and directors under ESOS.

- ii) As at March 31st, 2018, the Company has following Employee Stock Option Scheme, the features of the same are as follows:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018
Number of options granted	38,07,690	4,05,700	1,00,000
Exercise price per option	₹ 338	₹ 1,600.60	₹ 1,206.35
Date of vesting	The vesting will be as under:		
	25% on April 22, 2017	25% on August 31, 2018	20% on February 24, 2019
	25% on April 22, 2018	25% on August 31, 2019	20% on February 24, 2020
	25% on April 22, 2019	25% on August 31, 2020	20% on February 24, 2021
	25% on April 22, 2020	25% on August 31, 2021	20% on February 24, 2022
	-	-	20% on February 24, 2023
Exercise period	Within 3 years from the date of respective vesting		
Method of settlement	Through allotment of one Equity Share for each option granted		

- iii) Intrinsic Value Method has been used to account for the employee share based payment plans. The intrinsic value of each stock option granted under the ESOP-2016 is ₹ Nil, since the market price of underlying share at the grant date was same as the exercise price and consequently, the accounting value of the option (compensation cost) is ₹ Nil.

- iv) Movement in stock options ESOP-2016 plan is as follows:

Particulars	ESOS-2016 Tranche I	ESOS-2016 Tranche II	ESOS-2016 Tranche III
Options Outstanding at the beginning of the year	37,82,690	-	-
Options not vested at the beginning of the year	37,82,690	-	-
Options granted during the year	-	4,05,700	1,00,000
Options vested during the year	9,45,673	-	-
Options exercised during the year	9,44,173	-	-
Options lapsed during the year	1,66,916	9,000	-
Options vested but not exercised at end of the year	1,500	-	-
Options not vested at end of the year	26,70,101	3,96,700	1,00,000
Options exercisable at the end of the year	1,500	-	-
Weighted Average Exercise Price per option (₹)	338.00	1,600.60	1,206.35

- v) Black-Scholes Model have been used to derive the estimated value of stock option granted, if the fair value method to account for the employee share based payment plans were to be used. The estimated value of each stock options and the parameters used for deriving the estimated value of Stock Option granted under Black-Scholes Model is as follows:

Particulars	ESOS-2016 Tranche I	ESOS-2016 Tranche II	ESOS-2016 Tranche III
Estimated Value of Stock Option (₹)	111.71	546.15	487.10
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35
Exercise Price (₹)	338.00	1,600.60	1,206.35
Expected Volatility (%)	0.4065	0.4097	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39
Expected Life of Options (year)	3	3	4.5
Risk Free Rate of Interest (%)	7.23	6.30	7.43

vi) Had the compensation cost for the stock options granted under ESOP - 2016 been determined on fair value approach, Company's Profit After Tax and Earnings Per Share would have been as per the pro-forma amounts indicated below :

(₹ in crores)

Particulars	Current Year
Profit After Tax as reported	829.41
Less :Amortisation of Compensation Cost (pro-forma)	15.37
Profit considered for computing EPS (pro-forma)	814.04
Earnings Per Share - Basic (₹)	
-as reported	49.82
-pro-forma	48.90
Earnings Per Share - Diluted (₹)	
-as reported	49.24
-pro-forma	48.33

## 3. RESERVES AND SURPLUS

(₹ in crores)

	As at March 31st, 2018
<b>Special Reserve</b>	
Created under Section 36(1) (viii) of the Income Tax Act,1961	
Opening Balance	334.76
Add: Transferred from the Statement of Profit and Loss	150.00
	<b>484.76</b>
<b>Statutory Reserve</b>	
As per Section 29 C of National Housing Bank Act, 1987	
Opening Balance	40.84
Add: Transferred from the Statement of Profit and Loss	16.13
	<b>56.97</b>
<b>General Reserve</b>	
Opening Balance	454.26
Add: Transferred from the Statement of Profit and Loss	83.07
	<b>537.33</b>
<b>Securities Premium Account</b>	
Opening Balance	3,932.42
Add: Issue of equity shares	30.97
Less: Utilised during the year (Net of tax effect of ₹6.71 crores) (Refer note 3.4)	12.67
	<b>3,950.72</b>
<b>Cash Flow Hedge Reserve</b>	
Opening Balance	8.40
Less: Utilised during the year	0.13
Closing Balance	<b>8.27</b>
<b>Surplus in the Statement of Profit and Loss</b>	
Opening Balance	640.99
Profit for the year	829.41
<b>Amount Available for Appropriation</b>	<b>1,470.40</b>
<b>Appropriations</b>	
-Special Reserve	150.00
-Statutory Reserve (u/s 29C of the NHB Act, 1987)	16.13
-General Reserve	83.07
-Dividend	99.95
-Dividend Distribution Tax	20.35
<b>Net Surplus in the Statement of Profit and Loss</b>	<b>1,100.91</b>
	<b>6,138.95</b>

- 3.1 As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹ 150.00 cores to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

- 3.2** Vide circular NHB (ND)/DRS/Policy Circular 62 / 2014-15 dated May 27th, 2014, the National Housing Bank ("NHB") has directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to "Special Reserve" created under section 36(1)(viii) of the Income Tax Act, 1961.

The Company has charged its Statement of Profit and Loss for the year ended March 31st, 2018 by ₹ 51.91 crores with the deferred tax liability on an additional amount appropriated towards Special Reserve out of current year's profit. This amount is reflected under the head "Provision for Taxation - Deferred Tax (Net)".

- 3.3** The Company has transferred an amount of ₹ 16.13 crores to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.
- 3.4** During the year, the Company utilised ₹ 12.67 crores (net of tax effect of ₹ 6.71 crore) in accordance with Section 52 of the Companies Act, 2013, towards the proportionate discount on issue/premium on redemption of Zero Coupon Secured Redeemable Non Convertible Debentures and expenses in respect of Medium Term Note Programme (MTN Programme).
- 3.5** Ministry of Corporate Affairs amended the Companies (Accounting Standards) Rules, 2006 on March 30th, 2016 and vide its General Circular No 4/2016 dated 27.04.2016 has clarified that Companies (Accounting Standards) Amendment Rules, 2016 would be applicable for preparation of accounts for accounting periods commencing on or after the date of notification, i.e. w.e.f. from FY2016-17.

According to this amendment, the proposed dividend shall not be recognised as liability until approved by the Shareholders. In terms of this amendment, the dividend for financial year of ₹ 9/- per equity share of ₹ 10/- each, as proposed by the Board of Directors, has not been recognised as liability in annual accounts for FY2017-18. The same will be recognised as liability on approval of shareholders in the ensuing Annual General Meeting.

#### 4. LONG-TERM BORROWINGS

(₹ in crores)

	Non-Current Maturities	Current Maturities
	As at March 31, 2018	As at March 31, 2018
<b>Secured Borrowings</b>		
Term Loans		
National Housing Bank	3,523.08	368.89
Banks	1,701.26	350.92
External Commercial Borrowing	1,417.47	50.09
Redeemable Non-Convertible Debentures	20,396.00	530.00
	<b>27,037.81</b>	<b>1,299.90</b>
<b>Unsecured Borrowings</b>		
Redeemable Non-Convertible Subordinated Debentures	1,399.00	-
Deposits	7,951.89	2,141.61
	<b>9,350.89</b>	<b>2,141.61</b>
Current Maturity of Long-Term Borrowings disclosed under the head "Other Current Liabilities" (Note 10)	-	(3,441.51)
	<b>36,388.70</b>	<b>-</b>

#### 4.1 REFINANCE FROM NATIONAL HOUSING BANK (NHB) AND TERM LOANS FROM BANKS

##### Nature Of Security

- a) Refinance from National Housing Bank (NHB) and Term Loans from Banks other than Punjab National Bank are secured by hypothecation of specific loans/ book debts against which Refinance/ Term Loan has been availed.



- b) Term Loan from Punjab National Bank are secured by hypothecation of specific book debts and negative lien on assets created out of finance availed from Punjab National Bank.

#### Maturity Profile of Term Loans from National Housing Bank

(₹ in crores)

Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Rate of interest					
6.00% - 8.00%	153.77	400.82	399.59	718.96	1,673.14
8.01% - 10.00%	215.12	573.64	557.16	872.91	2,218.83
	<b>368.89</b>	<b>974.46</b>	<b>956.75</b>	<b>1,591.87</b>	<b>3,891.97</b>

#### Maturity Profile of Term Loans from Banks

(₹ in crores)

Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Rate of interest					
7.00% - 9.00%	350.92	1,101.26	600.00	-	2,052.18
	<b>350.92</b>	<b>1,101.26</b>	<b>600.00</b>	<b>-</b>	<b>2,052.18</b>

## 4.2 EXTERNAL COMMERCIAL BORROWING

- i) The Company has availed External Commercial Borrowing of USD 100 million in FY2014-15 and USD 150 million in FY2016-17 for financing prospective buyers of low cost affordable housing units under “approval route” in terms of the RBI guidelines dated December 17th, 2012. This facility is secured against eligible affordable housing loans. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire tenure by way of principal only swaps and interest payable (fixed coupon) have been swapped into Rupees for the loan tenure by way of interest only swaps. The Company, in terms of the RBI guidelines, is required to keep these swap agreement for entire tenure of the borrowing.
- ii) As at March 31st, 2018, the Company has outstanding foreign currency borrowings of USD 225.62 million equivalent. The Company has currency swap contracts on a outstanding notional amount of USD 225.62 million equivalent to hedge the foreign currency risk. Further, interest rate swaps (fixed coupon only) on a notional amount of USD 225.62 million equivalent are outstanding, which have been undertaken to hedge the foreign currency risk arising out of interest payment on the said External Commercial Borrowing.

#### Maturity Profile of External Commercial Borrowings

(₹ in crores)

Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Rate of interest					
USD LIBOR + 170 - 200 bps	50.09	788.19	450.81	178.47	1,467.56

## 4.3 SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

### Nature of Security

Redeemable Non-Convertible Debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, all the Redeemable Non-Convertible Debentures are also secured by mortgage of buildings of ₹ 0.77 crores (Refer Note 11).

#### Terms of Repayment

(₹ in crores)

Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
<b>Rate of interest</b>					
7.01% - 8.00%	200.00	8,870.00	1,270.00	-	10,340.00
8.01% - 9.00%	-	5,683.00	2,653.00	600.00	8,936.00
9.01% - 10.00%	330.00	60.00	960.00	300.00	1,650.00
	<b>530.00</b>	<b>14,613.00</b>	<b>4,883.00</b>	<b>900.00</b>	<b>20,926.00</b>

#### 4.4 UNSECURED REDEEMABLE NON-CONVERTIBLE SUBORDINATED DEBENTURES

Redeemable Non-Convertible Subordinated Debentures, for value aggregating to ₹ 1,399.00 crores are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31st, 2018, ₹ 1,359 crores qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy.

#### Terms of Repayment

(₹ in crores)

Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
<b>Rate of interest</b>					
8.00% - 9.00%	-	-	-	1,199.00	1,199.00
9.01% - 10.00%	-	-	200.00	-	200.00
	-	-	<b>200.00</b>	<b>1,199.00</b>	<b>1,399.00</b>

#### 4.5 DEPOSITS

- Deposit includes Public Deposits as defined in Paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987. As on March 31st, 2018, the public deposits outstanding (including interest accrued) amounts to ₹ 9,363.49 crores.
- The Company is carrying Statutory Liquid Assets amounting to ₹ 1,161.59 crore.

#### 5. DEFERRED TAX LIABILITIES (NET)

In accordance with Accounting Standard on 'Accounting for Taxes on Income' (AS 22), the Company is accounting for Deferred Tax. The break-up of deferred tax assets / liabilities are as follows:

(₹ in crores)

Particulars	As at March 31st, 2018
<b>Deferred Tax Liabilities</b>	
Expenses Paid in Advance (Net of Income Received in Advance)	75.66
Special Reserve	165.89
<b>Total Deferred Tax Liabilities (A)</b>	<b>241.55</b>
<b>Deferred Tax Assets</b>	
Depreciation on Fixed Assets	2.83
Provision for Employees Benefits	6.47
Provision for Doubtful Debts and Contingencies	155.32
Others	19.27
<b>Total Deferred Tax Assets (B)</b>	<b>183.89</b>
<b>Deferred Tax Liabilities (Net) (A-B)</b>	<b>57.66</b>

**6. OTHER LONG-TERM LIABILITIES**

(₹ in crores)

Particulars	Non-Current Maturities	Current Maturities
	As at March 31st, 2018	As at March 31st, 2018
Interest Accrued but not Due on Deposits	12.93	183.24
Income Received in Advance	129.05	55.76
Amount disclosed under the head "Other Current Liabilities" (Refer Note 10)	-	(239.00)
	<b>141.98</b>	<b>-</b>

**7. PROVISIONS**

(₹ in crores)

Particulars	Non-Current Maturities	Current Maturities
	As at March 31st, 2018	As at March 31st, 2018
Provision for Employees Benefits (Refer Note 29)	16.84	1.90
Provision for Standard Assets	281.00	-
Provision for NPAs	-	42.30
Provision for Contingencies	101.98	-
	<b>399.82</b>	<b>44.20</b>

**8. SHORT-TERM BORROWINGS**

(₹ in crores)

Particulars	As at March 31st, 2018
<b>Secured Borrowings</b>	
Term Loans Banks (Refer Note 4.1)	1,050.00
Bank Overdraft	1,495.43
	<b>2,545.43</b>
<b>Unsecured Borrowings</b>	
Deposits	1,296.53
Commercial Paper	10,400.00
	<b>11,696.53</b>
	<b>14,241.96</b>

**9. TRADE PAYABLES**

(₹ in crores)

Particulars	As at March 31st, 2018
Sundry Creditors	121.30
	<b>121.30</b>

- 9.1** Trade Payables ₹ 121.30 crores includes ₹ Nil payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006, which has been determined to the extent such parties have been identified on the basis of the information available with the Company. No interest has been paid / payable by the Company during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprise Development Act, 2006.

## 10. OTHER CURRENT LIABILITIES

(₹ in crores)

	As at March 31st, 2018
Current Maturity of Long-Term Borrowings (Refer Note 4)	3,441.51
Current Portion of Other Long-Term Liabilities (Refer Note 6)	239.00
Interest Accrued but not Due on Borrowings	272.59
Book Overdraft	1,455.62
Statutory Dues Payable	33.38
Other Liabilities	655.56
	<b>6,097.66</b>

**11. FIXED ASSETS**

(₹ in crores)

Description	Gross Block			Accumulated Depreciation/ Amortisation			Net Block	
	As at April 1st, 2017	Additions	Deductions	As at March 31st, 2018	As at April 1st, 2017	For the year	Deductions/ Adjustments	As at March 31st, 2018
<b>Tangible:</b>								
Buildings*	1.09	0.00	-	1.09	0.24	0.02	-	0.83
Furniture & Fixtures	15.37	6.71	0.50	21.58	3.64	3.31	0.27	14.90
Vehicles	0.11	0.00	-	0.11	0.01	0.01	-	0.09
Computers	19.60	8.00	-	27.60	12.06	4.92	-	10.62
Office Equipment & Others	19.90	6.57	0.27	26.20	9.45	4.11	0.25	12.89
Leasehold Improvements	32.77	9.81	0.01	42.57	15.67	7.26	0.01	19.65
	<b>88.84</b>	<b>31.09</b>	<b>0.78</b>	<b>119.15</b>	<b>41.07</b>	<b>19.63</b>	<b>0.53</b>	<b>58.98</b>
<b>Intangible:</b>								
Software	15.46	11.01	-	26.47	4.83	4.50	-	17.14
	104.30	42.10	0.78	145.62	45.90	24.13	0.53	76.12

\*Includes Buildings of ₹ 0.77 crores mortgaged for securing Secured Redeemable Non-Convertible Debentures (Refer Note 4.3).

## 12. NON-CURRENT INVESTMENTS

OTHER INVESTMENTS (NON TRADE) QUOTED - (FULLY PAID)	Number of Bonds	Face Value per Bond	As at March 31st, 2018 (₹ in crores)
<b>Investments in Government Securities</b>			
<b>Government of India Stock</b>			
10.25% Government of India Stock 2021	10,05,000	100	12.61
10.03% Government of India Stock 2019	7,000	100	0.08
8.30% Government of India Stock 2023	30,000	100	0.31
8.97% Government of India Stock 2030	50,000	100	0.57
8.33% Government of India Stock 2036	26,000	100	0.28
8.32% Government of India Stock 2032	25,000	100	0.27
8.28% Government of India Stock 2032	19,000	100	0.20
8.26% Government of India Stock 2027	10,000	100	0.11
8.15% Government of India Stock 2022	14,000	100	0.15
8.13% Government of India Stock 2022	10,000	100	0.10
8.08% Government of India Stock 2022	15,000	100	0.16
7.94% Government of India Stock 2021	7,900	100	0.08
7.50% Government of India Stock 2034	18,000	100	0.18
5.69% Government of India Stock 2018	10,000	100	0.09
<b>State Development Loans</b>			
10.03% Rajasthan SDL 2028	33,91,000	100	34.98
9.89% Haryana SDL 2023	85,00,000	100	95.57
9.79% Maharashtra SDL 2023	15,00,000	100	15.50
9.72% West Bengal SDL 2024	30,00,000	100	32.65
9.72% Kerala SDL 2023	40,00,000	100	41.53
9.70% Uttarakhand SDL 2024	50,00,000	100	54.32
9.69% Punjab SDL 2024	10,00,000	100	11.22
9.60% Maharashtra SDL 2023	14,00,000	100	14.02
9.50% Himachal Pradesh SDL 2024	20,00,000	100	21.48
9.49% Tamil Nadu SDL 2023	30,00,000	100	30.87
9.48% Haryana SDL 2023	50,00,000	100	53.58
9.37% Gujarat SDL 2023	25,00,000	100	25.42
9.19% Kerala SDL 2024	10,00,000	100	10.06
9.12% Gujarat SDL 2022	33,55,000	100	35.26
9.00% Haryana SDL 2024	10,00,000	100	10.51
8.99% Madhya Pradesh SDL 2024	1,00,00,000	100	104.52
8.95% Madhya Pradesh SDL 2024	80,00,000	100	83.40
8.93% Haryana SDL 2022	22,200	100	0.24
8.92% Rajasthan SDL 2022	40,00,000	100	41.52
8.90% Maharashtra SDL 2024	10,00,000	100	10.80
8.89% West Bengal SDL 2022	25,000	100	0.27

OTHER INVESTMENTS (NON TRADE) QUOTED - (FULLY PAID)	Number of Bonds	Face Value per Bond	As at March 31st, 2018 (₹ in crores)
8.88% West Bengal SDL 2026	25,00,000	100	25.21
8.84% Punjab SDL 2024	30,00,000	100	31.18
8.83% Uttar Pradesh SDL 2026	1,90,00,000	100	199.02
8.72% Andhra Pradesh SDL 2026	20,00,000	100	21.56
8.73% Madhya Pradesh SDL 2022	12,000	100	0.13
8.66% Andhra Pradesh SDL 2021	10,000	100	0.11
8.53% Maharashtra SDL 2020	25,000	100	0.26
8.51% Maharashtra SDL 2026	45,00,000	100	46.42
8.40% Madhya Pradesh SDL 2019	10,000	100	0.10
8.39% Uttar Pradesh SDL 2020	20,000	100	0.21
8.25% Rajasthan SDL 2020	30,000	100	0.31
8.18% Kerala SDL 2025	15,00,000	100	15.04
8.16% Karnataka SDL 2025	10,00,000	100	10.08
8.05% Rajasthan SDL 2025	40,00,000	100	41.27
7.76% Karnataka SDL 2027	17,00,000	100	17.11
7.76% Uttar Pradesh SDL 2027	20,00,000	100	20.11
7.46% Madhya Pradesh SDL 2027	5,00,000	100	5.03
			<b>1,176.06</b>
Less: Current Maturities of Non-Current Investments (Refer Note 15)			(0.19)
			<b>1,175.87</b>
Less: Provision for loss to arise on redemption of investment			(14.47)
Aggregate value of investments			<b>1,161.40</b>
Aggregate value of quoted investments			1,176.06
Market Value of quoted investments			<b>1,188.80</b>

### 13. LONG-TERM LOANS AND ADVANCES

(₹ in crores)

Particulars	Non-Current Maturities	Current Maturities
	As at March 31st, 2018	As at March 31st, 2018
<b>Loans - Secured</b>		
Housing Loans	37,756.71	1,944.17
Non-Housing Loans	16,365.08	948.47
Current maturities of Long-Term Loans & Advances disclosed under the head	-	(2,892.64)
"Other Current Assets" (Refer Note 18)		
	<b>54,121.79</b>	-

**13.1** Loans and Instalments due from Borrowers shown under Loans and Advances and Other Current Assets respectively are secured wholly or partly by any one or all of the below as applicable:

- i) Equitable / Simple / English Mortgage of immovable property;
- ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;
- iii) Demand Promissory Note;

- iv) Post Dated Cheques towards the repayment of the debt;
- v) Personal / Corporate Guarantees;
- vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account , fixed deposit , current and escrow accounts;
- vii) Pledge of shares, Security on shares through Non Disposal Undertaking and Power of Attorney, NSCs, other securities;
- viii) Undertaking to create a security.

#### 14. OTHER NON-CURRENT ASSETS (Unsecured, Considered Good)

(₹ in crores)

	Non-Current Maturities	Current Maturities
	As at March 31st, 2018	As at March 31st,2018
Security Deposits	16.49	-
Prepaid Expenses	422.65	377.07
Forward Contract Receivable (Net)	17.86	-
Derivative Assets	8.27	-
Current maturities of Other Non-Currnet Assets disclosed under the head "Other Current Assets" (Refer Note 18)	-	(377.07)
	<b>465.27</b>	<b>-</b>

#### 15. CURRENT INVESTMENTS

QUOTED - OTHER THAN TRADE (FULLY PAID)	Number of Bonds/ Units	Face Value per Bond/ Unit	As at March 31st, 2018 (₹ in crores)
<b>Bonds and Debentures</b>			
9.20% IL & FS Transportation Ltd 2022	350	10,00,000	35.00
9.10% Reliance General Insurance 2026	277	10,00,000	27.70
8.97% UP Power Corporation Ltd 2022	125	10,00,000	12.90
8.97% UP Power Corporation Ltd 2024	134	10,00,000	14.07
8.97% UP Power Corporation Ltd 2026	1,412	10,00,000	149.16
8.97% UP Power Corporation Ltd 2025	96	10,00,000	10.13
8.85% Reliance Capital Ltd. 2026	571	10,00,000	57.11
8.25% Reliance Capital Ltd 2020	932	10,00,000	92.17
<b>UNQUOTED - OTHER THAN TRADE (FULLY PAID)</b>			
<b>Commercial Paper</b>			
Rural Electrification Corporation Ltd.	4,000	5,00,000	192.93
<b>Certificate of deposit</b>			
HDFC Bank Ltd.	20,000	1,00,000	187.10
<b>Mutual Fund - Debt</b>			
LIC Mutual Fund	1,27,108	3,146.93	40.00
Birla Sunlife Mutual Fund	14,34,276	278.89	40.00
Reliance Mutual Fund	1,42,698	2,803.13	40.05
ICICI Prudential Mutual Fund	16,65,828	240.12	40.00
PNB Principal Mutual fund	2,36,517	1,691.21	40.00
DSP Mutual Fund	1,61,170	2,481.84	40.00
SBI Mutual Fund	1,04,258	3,836.63	40.00



	Number of Bonds/ Units	Face Value per Bond/ Unit	As at March 31st, 2018 (₹ in crores)
9.20% IL & FS Transportation Ltd 2022	1,46,278	2,735.52	40.00
9.10% Reliance General Insurance 2026	1,10,496	3,620.04	40.00
8.97% UP Power Corporation Ltd 2022	2,05,422	1,947.21	40.00
8.97% UP Power Corporation Ltd 2024	2,31,444	1,728.28	40.00
8.97% UP Power Corporation Ltd 2026			<b>1,218.32</b>
8.97% UP Power Corporation Ltd 2025			0.19
8.85% Reliance Capital Ltd. 2026			<b>1,218.51</b>
8.25% Reliance Capital Ltd 2020			398.24
<b>UNQUOTED - OTHER THAN TRADE (FULLY PAID)</b>			401.52
<b>Commercial Paper</b>			820.08

Rural Electrification Corporation Ltd.

Certificate of deposit

## 16. CASH AND BANK BALANCES

(₹ in crores)

Particulars	As at March 31st, 2018
<b>Cash and Cash Equivalents</b>	
Balances with Banks in Current Accounts	2,816.14
Cash-on-Hand	0.76
	<b>2,816.90</b>
<b>Other Bank Balances</b>	
Others*	0.03
	<b>2,816.93</b>

\*Other bank balances include restricted bank balance amounting to ₹ 0.03 crores in restricted account which is not available for use by the Company. The restriction is on account of balances in unclaimed dividend of prior year.

## 17. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

(₹ in crores)

Particulars	As at March 31st, 2018
Loan Against Deposits (Secured)	15.58
Advances Recoverable in Cash or Kind	65.39
	<b>80.97</b>

## 18. OTHER CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

(₹ in crores)

Particulars	As at March 31st, 2018
Current Maturities of Long-Term Loans & Advances (Secured) (Refer Note 13)	2,892.64
Prepaid Expenses (Refer Note 14)	377.07
Installments Due from Borrowers (Secured)	106.20
Stock of Acquired Properties (Secured)	178.70
Interest Accrued on Investments	26.34
Interest Accrued but not Due on Loans	263.40
Other Receivables	3.79
	<b>3,848.14</b>

**18.1** The installments due from borrowers is net of interest de-recognised of ₹ 24.68 crores in respect of non-performing loans. (Refer Note 19.1)

**18.2** Stock of Acquired Properties is net of Provision for Diminution in Value of ₹ 23.50 crores.

## 19. REVENUE FROM OPERATIONS

(₹ in crores)

	Current Year
<b>INTEREST INCOME</b>	
i) Interest on Loans	4,938.67
ii) Interest on Investments	142.40
iii) Other Interest	1.29
	<b>5,082.36</b>
Fees and Other Charges	274.06
Other Operating Income	118.94
Surplus from deployment of funds	34.30
Profit on Sale of Investment	6.74
	<b>5,516.40</b>

**19.1** Interest on non-performing loans is recognised on realisation basis as per the NHB Directions. Accordingly, movement of interest de-recognised as at the Balance Sheet date is summarised as under:-

(₹ in crores)

Particulars	Current Year
Cumulative Derecognised Interest at the beginning of the year	17.71
Add: Interest derecognised during the year	
- Sub-Standard Assets	34.66
- Doubtful/ Loss Assets	5.23
Less: Recovered/Write-off during the year	32.92
Cumulative Derecognised Interest at the end of the year	<b>24.68</b>

## 20. FINANCE COST

(₹ in crores)

Particulars	Current Year
<b>Interest on:</b>	
Term Loans	418.21
Non-Convertible Debentures	1,567.83
Commercial Paper	532.49
Deposits	844.45
	<b>3,362.98</b>
<b>Other Charges:</b>	
Brokerage on Deposits	28.16
Fees and other Charges	26.12
Hedging Cost	113.07
Bank Charges	0.47
	<b>3,530.80</b>

## 21. EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

Particulars	Current Year
Salaries and Allowances	127.44
Contribution to PF and Other Funds (Refer Note 29)	6.44
Staff Welfare Expenses	3.20
	<b>137.08</b>

## 22. OFFICE OPERATING EXPENSES

(₹ in crores)

Particulars	Current Year
Rent, Rates and Taxes	30.11
Repairs and Maintenance - Building	1.41
Office Maintenance	1.19
Electricity and Water Charges	6.32
General Office Expenses	46.50
Insurance Charges	0.41
Travelling and Conveyance	5.20
Printing and Stationery	3.35
Postage and Telephone	6.73
	<b>101.22</b>

### 23. OTHER EXPENSES

(₹ in crores)

Particulars	Current Year
Cost of Loan Acquisition	137.01
Advertisement and Publicity	42.13
Professional Charges	29.83
Legal Expenses	22.36
Director's Sitting Fee & Commission	1.27
Auditors Remuneration (Refer Note 32)	0.50
Loss on sale of Fixed Assets	0.17
CSR expenses (Refer Note 30)	10.69
Miscellaneous Expenses	2.25
	<b>246.21</b>

### 24. DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

The following additional disclosures have been given in terms of the circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09th, 2017 issued by the National Housing Bank.

#### 24.1 CAPITAL TO RISK ASSETS RATIO (CRAR)

(₹ in crores)

Particulars	As at March 31st, 2018
i) CRAR (%)	16.67
ii) CRAR - Tier I Capital (%)	12.75
iii) CRAR - Tier II Capital (%)	3.92

**24.2 RESERVE FUND U/S 29C OF NHB ACT, 1987**

(₹ in crores)

Particulars	Current Year
<b>Balance at the beginning of the year</b>	
(a) Statutory Reserve u/s 29C of NHB Act, 1987	40.84
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	334.76
(c) Total	<b>375.60</b>
<b>Addition / Appropriation / Withdrawal during the year</b>	
Add:	
(a) Amount transferred u/s 29C of the NHB Act, 1987	16.13
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	150.00
Less:	
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-
(b) Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-
<b>Balance at the end of the year</b>	
(a) Statutory Reserve u/s 29C of NHB Act, 1987	56.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	484.76
(c) Total	<b>541.73</b>

**24.3 INVESTMENTS**

(₹ in crores)

Particulars	Current Year
<b>Value of Investments</b>	
(i) Gross value of Investments	
(a) In India	2,394.38
(b) Outside India	-
(ii) Provisions for Depreciation	
(a) In India	14.47
(b) Outside India	-
(iii) Net value of Investments	
(a) In India	2,379.91
(b) Outside India	-
<b>Movement of provisions held towards depreciation on investments</b>	
(i) Opening balance	7.73
(ii) Add: Provisions made during the year	6.75
(iii) Less: Write-off / Written-back of excess provisions	0.01
(iv) Closing balance	<b>14.47</b>

## 24.4 DERIVATIVES

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crores)

Particulars	As at March 31st, 2018
(i) The notional principal of swap agreements	1,526.66
(ii) Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	17.35
(iii) Collateral required by the HFC upon entering into swaps	Nil
(iv) Concentration of credit risk arising from the swaps@	1,526.66
(v) The fair value of the swap book	(56.56)

@ The Company has entered into Swap agreement with four banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

ii) Exchange Traded Interest Rate (IR) Derivative - There is no exchange traded interest rate derivative.

iii) Disclosure on Risk Exposure in Derivatives

### A. Qualitative Disclosure

Particulars	Details
a) the structure and organization for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade into derivative products. The Company has entered into derivative product for its ECB borrowing for financing prospective buyers of low cost affordable housing units under "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time.
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and	The Company has not entered into any derivative transaction except as required under RBI guidelines for its ECB borrowing for financing prospective buyers of low cost affordable housing units. The derivative transaction entered into for hedging the ECB borrowing is an held-till-maturity transaction. As such, as of now, the Company is not required to have policy on hedging or mitigation of risk on derivative transactions.
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Profit/Losses, on revaluation, are recognised in the Statement of Profit and Loss. Where hedge accounting is used, fair value changes of the derivative contracts are recognised through the Statement of Profit and Loss in the same period as the offsetting losses and gains on the hedged item. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium / discount on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the Balance Sheet date.

**B. Quantitative Disclosure**

(₹ in crores)

Particulars	Current Year	
	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	1,526.66	-
(ii) Marked to Market Positions	(56.56)	-
(a) Assets (+)	22.00	-
(b) Liability (-)	(78.56)	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	61.70	-

**24.5 SECURITISATION**

- There are no SPVs sponsored by PNB Housing Finance Limited.
- During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction.
- Details of assignment transactions undertaken:

(₹ in crores)

Particulars	Current Year
(i) No. of accounts	14,472
(ii) Aggregate value (net of provisions) of accounts assigned	3,128.49
(iii) Aggregate consideration	3,128.49

- During the year, the Company has not purchased / sold any non-performing financial assets.

**24.6 ASSET LIABILITY MANAGEMENT**

The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding pre-payments and renewals as prescribed by the National Housing Bank (NHB). Maturity pattern of certain items of assets and liabilities are as follows:

**As at March 31st, 2018**

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	435.59	1,720.44	2,175.00	-	1,309.58	1,027.10	-
Over 1 month to 2 months	240.46	112.73	1,700.00	-	1,175.44	191.17	-
Over 2 months to 3 months	185.90	675.00	3,700.00	12.52	1,148.21	-	-
Over 3 months to 6 months	597.94	335.70	1,375.00	12.52	3,288.09	0.09	-
Over 6 months to 1 year	1,941.05	421.37	1,980.00	25.05	5,928.95	0.10	-
Over 1 year to 3 years	5,824.46	2,075.72	14,613.00	788.19	17,094.86	0.83	-
Over 3 years to 5 years	1,862.01	1,556.75	5,083.00	450.81	10,273.74	87.68	-
Over 5 years to 7 years	326.39	810.43	1,599.00	178.47	6,194.70	678.89	-
Over 7 years to 10 years	172.40	689.44	500.00	-	5,178.82	357.80	-
Over 10 years	-	92.00	-	-	5,485.94	36.45	-
	<b>11,586.20</b>	<b>8,489.58</b>	<b>32,725.00</b>	<b>1,467.56</b>	<b>57,078.33</b>	<b>2,380.11</b>	-

\* Exclude Loan against deposit and Interest accrued but not due on loans

## 24.7 EXPOSURE:

i) Exposure to Real Estate Sector

(₹ in crores)

Particulars	As at March 31st, 2018
<b>i) Direct Exposure</b>	
A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Out of which individual housing loans up to ₹ 15 Lakh – ₹ 3,196.37 crores).	38,421.23
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	18,978.39
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures	
i) Residential	-
ii) Commercial Real Estate	-
<b>ii) Indirect Exposure</b>	
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-

Note: While computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors

- ii) As on March 31st, 2018, the Company does not have any exposure to Capital Market.
- iii) As on March 31st, 2018, the Company has not financed any product of the parent company.
- iv) As on March 31st, 2018, the Company has not exceeded the prudential exposure limit prescribed by National Housing Bank for single borrower or group borrower.
- v) As on March 31st, 2018, the Company has not given any unsecured advances.

## 24.8 Registration obtained from financial sector regulators

From NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

## 24.9 Disclosure of Penalties imposed by National Housing Bank and other regulators

During the financial year ended March 31st, 2018:

- i) NHB has concluded inspection for FY2015-16. It has no adverse or material impact on the financials.
- ii) NHB has carried out inspection for FY2016-17 and has not reported any adverse comment having material impact on the financials.
- iii) Company has not been imposed any penalty by National Housing Bank and other regulators.



## 24.10 RELATED PARTY TRANSACTIONS

As per the Accounting Standard 'Related Party Disclosures' (AS 18), notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

Name of the Related Party	Nature of Relationship
i) Punjab National Bank	Enterprise having Significant Influence
ii) Quality Investments Holdings	Enterprise having Significant Influence
iii) Mr. Sanjaya Gupta (Managing Director)	Key Managerial Personnel
iv) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
v) Mr. Jayesh Jain (Chief Financial Officer) (Upto January 5th, 2018)	Key Managerial Personnel
vi) Mr. Kapish Jain (Chief Financial Officer) (February 9th, 2018 onwards)	Key Managerial Personnel

### Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

(₹ in crores)

Particulars	Enterprises having significant influence	Key Managerial Personnel
	Current Year	Current Year
<b>Transaction during the year:</b>		
<b>Punjab National Bank</b>		
- Term Loan Instalment/ OD Deposit	2,914.54	-
- Interest Paid on Term Loan and Overdraft	59.97	-
- Rent & Maintenance Charges	1.42	-
- Bank Charges	0.44	-
- Director Sitting Fee	0.06	-
- Servicing Fees received on assignment	3.39	-
- Interest received on Fixed Deposits	0.10	-
- Dividend Paid	38.84	-
- Principal, Interest & Other charges paid on Loan Assignment	99.25	-
- Fixed deposit made and matured	24.94	-
<b>Quality Investments Holdings</b>		
- Dividend Paid	37.32	-
<b>Remuneration paid to KMPs:</b>		
- Mr. Sanjaya Gupta (Managing Director)#	-	2.16
- Mr. Sanjay Jain (Company Secretary)#	-	0.57
- Mr. Jayesh Jain (Chief Financial Officer)#	-	0.88
- Mr. Kapish Jain (Chief Financial Officer)	-	0.32

# Excluding perquisites value on exercise of stock options during the year. Further, also exclude payment of one time Ex-gratia received from Destimoney Enterprises Limited, Mauritius aggregating to ₹ 2.41 crore.

The policy on dealing with Related Party Transactions is available on our website [www.pnbhousing.com](http://www.pnbhousing.com)

**24.11** During the year, no transaction was accounted which was related to prior period.

**24.12** During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 1.8).

**24.13 RATING ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATING DURING THE YEAR**

Nature of Instrument	Ratings
Deposits	CRISIL FAAA(Outlook-Stable) CARE AAA
Long term bonds (Secured and Tier-II bonds)	CRISIL AA+(Outlook-Stable) CARE AAA (Outlook stable) IND AAA / RWN ICRA AA+(Outlook stable)
Commercial Paper	CARE A1+ CRISIL A1+
Bank Term Loan	CRISIL AA+(Outlook-stable) CARE AAA

**24.14 PROVISIONS AND CONTINGENCIES**

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account is given as follows:

(₹ in crores)

Particulars	Current Year
Provisions for depreciation on Investment	6.75
Provision made towards Income tax	438.48
Provision towards NPA	15.52
Provision for Standard Assets	
i) Teaser Loans	-
ii) CRE	27.45
iii) CRE - RH	26.29
iv) Other Loans	33.29
Total ( i + ii + iii + iv )	87.03
Other Provision and Contingencies (Refer Note 1.22)	62.50
Provision for Stock of Acquired Properties	8.73

**24.15 BREAK-UP OF LOAN & ADVANCES AND PROVISIONS THEREON**

The Company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of more than 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under Housing Finance Companies (NHB) Directions, 2010.

(₹ in crores)

Particulars	Housing	Non-Housing
	As at March 31st, 2018	As at March 31st, 2018
<b>Standard Assets</b>		
a) Total Outstanding Amount	39,870.72	17,342.80
b) Provision made	171.02	109.98
<b>Sub-Standard Assets</b>		
a) Total Outstanding Amount	110.83	37.38
b) Provision made	17.79	5.62
<b>Doubtful Assets - Category-I</b>		
a) Total Outstanding Amount	16.95	2.52
b) Provision made	5.05	0.65
<b>Doubtful Assets - Category-II</b>		
a) Total Outstanding Amount	8.45	2.10
b) Provision made	4.24	1.09
<b>Doubtful Assets - Category-III</b>		
a) Total Outstanding Amount	3.65	4.21
b) Provision made	3.65	4.21
<b>Loss Assets</b>		
a) Total Outstanding Amount	-	-
b) Provision made	-	-
<b>TOTAL</b>		
a) Total Outstanding Amount	40,010.60	17,389.01
b) Provision made	201.75	121.55

**24.16 CONCENTRATION OF PUBLIC DEPOSITS**

(₹ in crores)

Particulars	As at March 31st, 2018
Total Deposits of twenty largest depositors	3,239.19
Percentage of Deposits of twenty largest depositors to Total Deposits	34.59%

**24.17 CONCENTRATION OF LOANS & ADVANCES**

(₹ in crores)

Particulars	As at March 31st, 2018
Total Loans & Advances to twenty largest borrowers	7,703.88
Percentage of Loans & Advances to twenty largest borrowers to Total Advances	13.42%

**24.18 CONCENTRATION OF ALL EXPOSURE (INCLUDING OFF-BALANCE SHEET EXPOSURE)**

(₹ in crores)

Particulars	As at March 31st, 2018
Total Exposure to twenty largest borrowers /customers	9,774.53
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	14.91%

## 24.19 CONCENTRATION OF NPAs

(₹ in crores)

Particulars	As at March 31st, 2018
Total Exposure to top ten NPA accounts	51.04

## 24.20 SECTOR-WISE NPAs

Particulars	Percentage of NPAs to Total Advances in that sector
	As at March 31st, 2018
<b>A. Housing Loans:</b>	0.35
1. Individuals	0.38
2. Builders/Project Loans	0.26
3. Corporates	-
4. Others (specify)	-
<b>B. Non-Housing Loans:</b>	0.27
1. Individuals	0.30
2. Builders/Project Loans	-
3. Corporates	0.33
4. Others (specify)	-

## 24.21 MOVEMENT OF NPAs

(₹ in crores)

Particulars	Current Year
(I) Net NPAs to Net Advances (%)	0.25%
(II) Movement of NPAs (Gross)	
a) Opening balance	85.78
b) Additions during the year	625.54
c) Reductions during the year	525.21
d) Closing balance	186.11
(III) Movement of Net NPAs	
a) Opening balance	59.00
b) Additions during the year	501.11
c) Reductions during the year	416.30
d) Closing balance	143.81
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)	
a) Opening balance	26.78
b) Provisions made during the year	124.44
c) Write-off/write-back of excess provisions	108.91
d) Closing balance	42.30

**24.22** As on March 31st, 2018, the Company does not have any Assets outside the country.

**24.23** As on March 31st, 2018, the Company does not have any Off-Balance Sheet SPVs sponsored.

## 24.24 DISCLOSURE OF COMPLAINTS

Particulars	Current Year
a) No. of complaints pending at the beginning of the year	53
b) No. of complaints received during the year	4,627
c) No. of complaints redressed during the year	4,658
d) No. of complaints pending at the end of the year	22

## 25. OPERATING LEASE

In accordance with the Accounting Standard on 'Leases' (AS 19), notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of Operating Leases are made. The Company has acquired properties under cancellable and non-cancellable operating leases for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, aggregates to ₹ 29.67 crores. The future minimum lease payments in respect of properties taken under non-cancellable operating lease are as follows:

(₹ in crores)

Particulars	Current Year
Not later than one year	17.22
Later than one year but not later than 5 years	16.37
More than five years	Nil

## 26. IN ACCORDANCE WITH THE ACCOUNTING STANDARD ON 'EARNINGS PER SHARE' (AS 20), THE EARNINGS PER SHARE IS AS FOLLOWS:

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	Current Year
a) Amount used as the numerator for Basic EPS Profit After Tax	(₹ in crores)	829.41
b) Weighted average number of equity shares for Basic EPS	Number	16,64,83,012
c) Weighted average number of equity shares for Diluted EPS	Number	16,84,35,845
d) Nominal value per share	( in ₹)	10/-
e) Earnings Per Share:		
- Basic (a/b)	( in ₹)	49.82
- Diluted (a/c)	( in ₹)	49.24

ii) The Basic Earnings Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares for the respective periods. The weighted average number of shares have been derived as follows:

Particulars	No. of Shares	Days
(i) 16,56,42,309 Equity Shares of ₹ 10/- each (Fully Paid-up) at the beginning of the year	16,56,42,309	365
(ii) Shares issued during the year pursuant ESOP	9,44,173	325
(iii) <b>Weighted Average number of shares for computation of Basic Earnings Per Share</b>	<b>16,64,83,012</b>	

- iii) The Diluted Earnings Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares after giving effect of outstanding Stock Options for the respective periods. The weighted average number of shares have been derived as follows:

Particulars	No. of Shares
i) Weighted Average number of shares for computation of Basic Earnings Per Share	16,64,83,012
ii) Dilute effect of outstanding stock Options	19,52,833
iii) <b>Weighted Average number of shares for computation of Diluted Earnings Per Share</b>	<b>16,84,35,845</b>

## 27. SEGMENT REPORTING

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Accounting Standard on Segment Reporting (AS-17), notified by the Companies (Accounting Standard) Rules, 2016.

## 28. CONTINGENT LIABILITIES AND COMMITMENTS

- i) Contingent liabilities in respect of Income-tax of ₹ 21.30 crores is disputed by the Company and are under appeals. These includes contingent liability of ₹ 20.18 crores with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.
- ii) Letter of comfort issued on behalf of the clients ₹ 15 crores.
- iii) Claims against the Company not acknowledged as debt is ₹ Nil.
- iv) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 18.59 crores.

## 29. DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS

In accordance with Accounting Standards on "Employee Benefits" (AS 15), the following disclosure have been made:

- 29.1** The company has made contribution to Provident Fund of ₹ 4.85 crores which has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 21.
- 29.2** The Company has recognised expenses of ₹ 1.53 crores in the Statement of Profit and Loss for Contribution to State Plan namely Employee' Pension Scheme.

**29.3 DEFINED BENEFIT PLANS****GRATUITY LIABILITY****Change in present value of obligation**

(₹ in crores)

Particulars	Current Year
Present value of obligation as at the beginning of the year	5.57
Interest cost	0.41
Current service cost	1.43
Past Service Cost including curtailment Gains/Losses	0.17
Benefits paid	(0.15)
Actuarial (gain) / loss on obligation	(0.13)
Present value of obligation as at the end of year	7.30

**Change in fair value of plan assets**

(₹ in crores)

Particulars	Current Year
Fair Value of plan assets as at the beginning of the year	4.64
Actual return on plan assets	0.35
Contributions	2.23
Benefits paid	(0.15)
Fair Value of plan assets as at the end of year	7.07
Funded status	(0.23)

**Expense recognized in the statement of Profit and Loss**

(₹ in crores)

Particulars	Current Year
Current service cost	1.60
Interest cost	0.41
Expected return on plan assets	(0.35)
Net actuarial (gain) / loss recognized in the year	(0.13)
Expenses recognized in the statement of profit & losses	1.53

**Assumptions**

Particulars	Current Year
Discounting Rate	7.80%
Future salary Increase	7.75%
Expected Rate of Return on Plan Assets	7.35%
Retirement Age (Years)	60
Mortality Table	IALM (2006-08)

### Amount recognised in Balance Sheet

(₹ in crores)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Present value of obligation as at the end of the year	7.30	5.57	2.95	2.18	1.57
Fair value of plan assets as at the end of the year	7.07	4.64	3.47	2.64	2.02
Funded / (Unfunded) status	(0.23)	(0.93)	0.52	0.46	0.45
Net asset / (liability) recognized in balance sheet	(0.23)	(0.93)	-	-	-

### 30. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Other Expenses includes ₹ 10.69 crores for the year ended March 31st, 2018 contribution towards Corporate Social Responsibility (CSR) in accordance with Companies Act, 2013.

Disclosure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013 is as under:

- Gross amount required to be spent by the Company during the year is ₹ 10.69 crores.
- Amount spent during the year on: ₹ 12.34 crores. (includes ₹ 1.65 crores for previous years).

(₹ in crores)

Particulars	Current Year		
	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (I) above:			
a) Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	11.81	-	11.81
b) Expenditure on Administrative Overheads for CSR	0.53	-	0.53

- Details of related party transactions in relation to CSR expenditure, as per Accounting Standard (AS-18) – ₹ Nil

- There are no indications which reflect that any of the assets of the Company had got impaired from its potential use and therefore no impairment loss was required to be accounted in the current year as per Accounting Standard on "Impairment of Assets" (AS 28) notified by the Companies (Accounting Standards) Rules, 2006.

### 32. AUDITORS REMUNERATION

(₹ in crores)

Particulars	Current Year
Statutory Audit Fee	0.17
Tax Audit Fee	0.06
Limited Review Fee	0.11
Other Certification Fee	0.16
Total	0.50

Note: Exclude ₹ 0.05 crores (Net of tax effect ₹ 0.02 crores) being certification fee in respect of Medium Term Note program (MTN program) utilised out of security premium account.



**33. EXPENDITURE IN FOREIGN CURRENCY**

(₹ in crores)

Particulars	Current Year
Interest Paid	48.23
Other Expenses	0.23

**34. Additional information, as required under Schedule III to the Companies Act 2013, of enterprise consolidated as Subsidiary/Associates/Joint Ventures:**

Name of the Entity	Net Asset (Total Assets - Total Liabilities)		Share in Profit or (Loss)	
	As % of Consolidated Net Asset March 31st, 2018	Amount (₹ in crores) March 31st, 2018	As % of Consolidated Profit or (Loss) March 31st, 2018	Amount (₹ in crores) March 31st, 2018
<b>Parent</b>				
PNB Housing Finance Limited	100.02	6,306.78	100.15	830.65
<b>Subsidiary</b>				
PHFL Home Loans and Services Ltd.	0.03	2.04	0.22	1.79
Inter-Company elimination and other consolidated adjustments	(0.05)	(3.28)	(0.37)	(3.03)
	<b>100.00</b>	<b>6,305.54</b>	<b>100.00</b>	<b>829.41</b>

**35. The provision for consolidation of Financial Statement are applicable for the first time on the Company hence comparative previous period number are not available.**