


**STEPPING
UP**



SWIMMING

Swimming as a sport, has been around for a very long time. It became an Olympic sport in 1896. This sport works out all the body's main muscles; an energetic hour long session can burn up to 784 calories. Apart from building a strong body, swimming aids mental well-being and is a joyful activity to indulge in.

**If it doesn't challenge you,
it won't change you!**

The urge to push limits, a trait that fuels the fire within us to outdo the set benchmarks.

It is this urge that prompts us to STEP UP and thrust ourselves beyond the known boundaries to deliver performance exceptionnelle.

Excellence never comes easy. It demands relentless supply of dedication, patience and most importantly physical and mental agility, much in similarity to what we get to see in the world of sports. Records get made, records get broken, winners celebrate while others gear up for the next opportunity. And yet it's not about winning or losing. It's about becoming better than one already is, for there are no confines to self-improvement.

We at PNB Housing, are inspired by the athleticism that makes sports one of the most exciting activities to engage in. Year on year, we compete with ourselves and try to better our performance by working harder and accepting bigger challenges.

Our Annual Report 2017-18 is a tribute to the spirit of sportsmanship that inspires us to step up and move forward in the journey called 'a better tomorrow'.



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STEPPING UP THE EFFORTS TO MAKE OUR NATION PROUD

PNB Housing turned 30, this year!

We embarked on this odyssey with a dream that one day every single family in the country shall have a home of their own. That will be the day when our nation shall stand proud as a true super power.

This dream must be fulfilled and we are reaching out to home aspirants far and wide, opening doors to their dream houses through surprisingly easy home loans as if it is a 'Ghar Ki Baat.'



JAVELIN THROW

The javelin throw is a track and field event where the javelin, a spear about 2.5 m in length, is thrown. A perfect throw requires coordination between the mind and body. The athlete focuses on the target, paces with conscious steps and hurls the javelin at a precise angle to make sure it reaches the farthest distance.

PNB HOUSING – COMMITTED TO SPREAD SMILES AMONG HOME ASPIRANTS ON ITS PATH TOWARDS NATION BUILDING

The Company...

- ... has been serving home aspirants across the country for 30 years
- ... reaches home aspirants through 84 branches, 21 regional offices and 3 zonal offices spread across 47 unique locations across the country
- ... is the 5th largest[^] housing finance company by assets size and 2nd largest* by deposit book size among leading HFCs in India
- ... offers a wide range of products in home loans, non-home loans, construction finance to real estate developers and deposits
- ... fosters customer delight and convenience with transparency via numerous technology enabled and customer friendly solutions
- ... became a public listed entity in FY2016-17
- ... has ISO 9001:2015 certified central operations and central processing centre, ISO 9001:2015 customer service operations and ISO 9001:2008 certified contact centre

[^]ICRA Indian Mortgage Finance Market Update for 9MFY2018
*Company Reports



STEPPING UP PERFORMANCE

HIGHLIGHTS FOR FY2017-18

During the year, the Company crossed landmark number of ₹ 50,000 crores assets with assets under management expanding to ₹ 62,252 crores marking a rise of 50% over FY2016-17

The portfolio quality remained robust as our NPAs were among the lowest in the industry

We maintained a well balanced portfolio with exposure to home loan at 70% and non-home loan at 30%

We continued to self-generate our raw material for lending purpose as deposits contributed 21.35% to borrowing mix

Incorporated wholly owned subsidiary PHFL Home Loans and Services Ltd. to focus on sales and distribution functions of PNB Housing

Our self-efficiency enhanced as we sourced 65% of our business from in-house sales channel; now a part of PHFL Home Loans and Services Ltd.

Our customer service operations are now ISO certified indicating an efficient and customer focused quality framework

The Company has been certified as a Great Place to Work, second year in a row

MOUNTAIN BIKING

Mountain biking is believed to have originated in USA by bike enthusiasts, who modified cruiser bicycles including brakes and tyres to ride in off-road conditions. In 1983, the first national mountain bike championship was held in US and in 1996 it was included in the summer olympics programme, Atlanta.



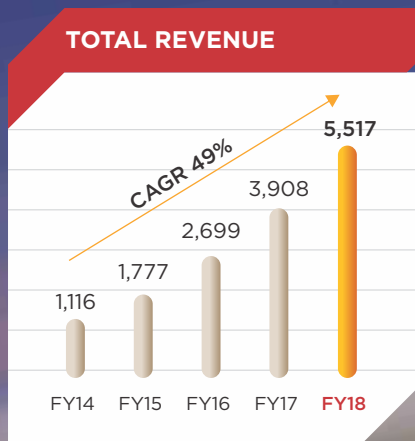
POLE VAULT

Pole jumping competitions were known to the ancient Greeks, Cretans and Celts. The concept behind this sport is to efficiently translate kinetic energy accumulated by running into potential energy stored by the elasticity of the pole, and to gain as much vertical height as possible by jumping off the ground.

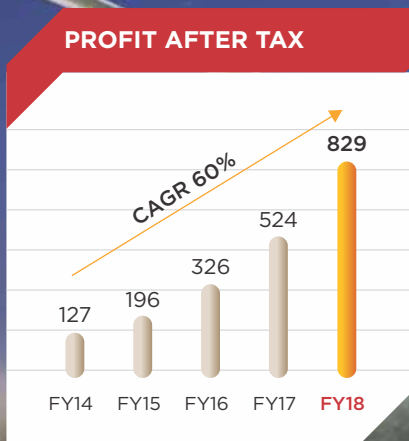
STEPPING UP POSITION

Over the last few years, PNB Housing has been maintaining its stature as one of the fastest growing HFCs in the country. We have been rising up the charts steadily and today we are positioned amongst the top five players in the segment. We are stepping closer to our mission to stand tall as one of the most admired housing finance companies in India.

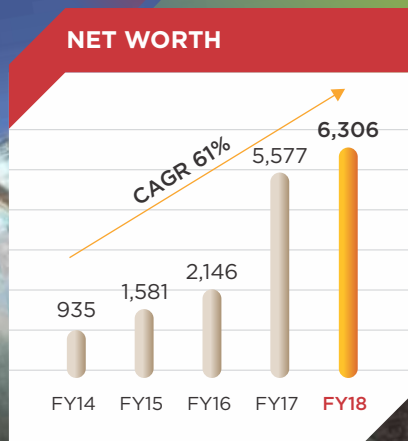
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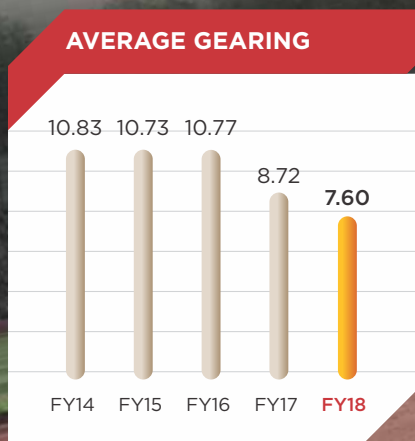
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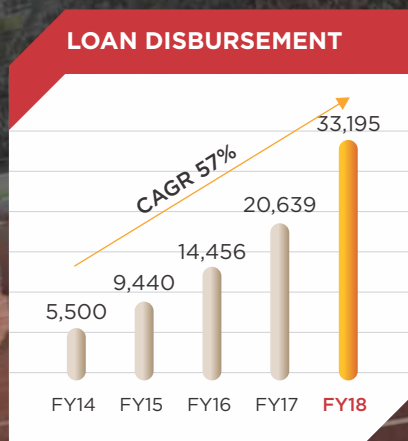
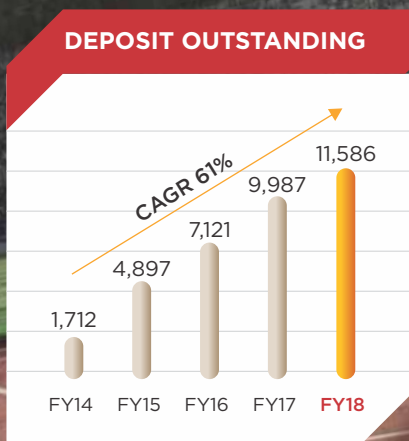
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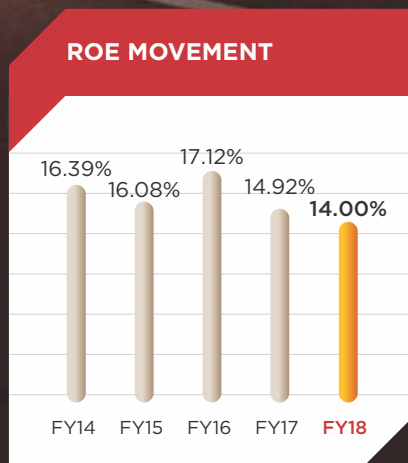
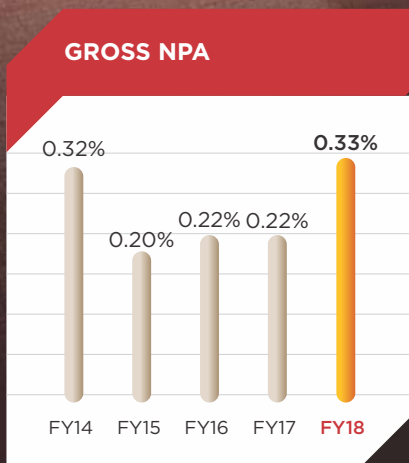
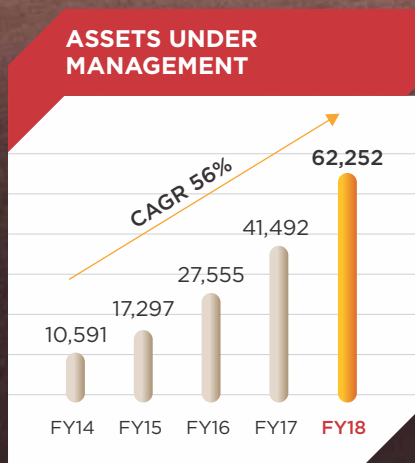
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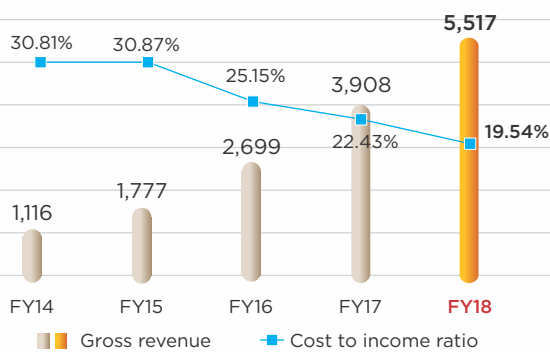


BASKETBALL

In professional basketball, the benchmark for comparing the overall value of players is called efficiency. It is derived from basic individual statistics: points, rebounds, assists, steals, blocks, turnovers and shot attempts. These stats account for both a player's offensive and defensive contributions.

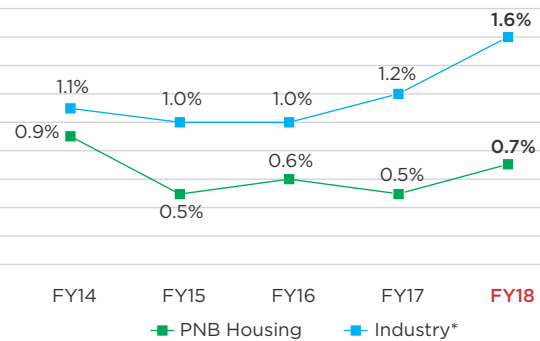
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GROSS REVENUE & COST TO INCOME RATIOS



The inverse trend of increasing gross revenues to falling cost to income ratio continued during the financial year providing higher profitability

2 YEARS LAGGED NPAs



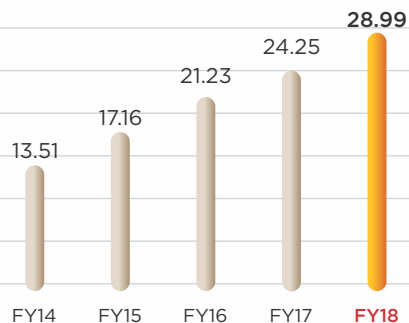
The Company has been performing better than the industry average on 2 year lagged basis

*Source: CRISIL

STEPPING UP EFFICIENCY

(₹ in crores)

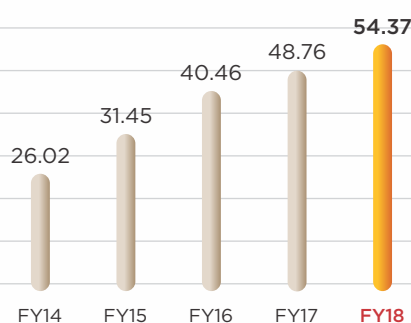
DISBURSEMENT PER AVERAGE EMPLOYEE



The Company has witnessed a considerable enhancement in per average employee efficiency

(₹ in crores)

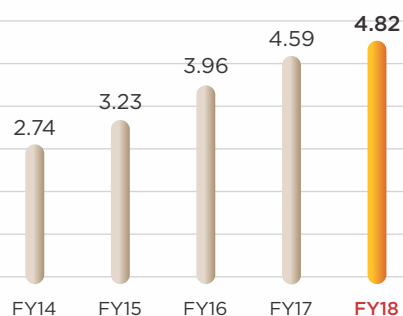
AUM PER AVERAGE EMPLOYEE



The AUM per average employee has grown substantially

(₹ in crores)

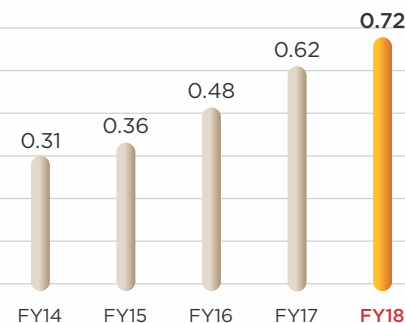
REVENUE PER AVERAGE EMPLOYEE



The revenue per average employee stands at ₹ 4.82 crores in FY 18

(₹ in crores)

PROFITABILITY PER AVERAGE EMPLOYEE



The profitability per average employee has grown substantially

ROCK CLIMBING

The sport of rock climbing grew in popularity in England during the late 1880s. Ever since, determined climbers have scaled the highest of peaks. Even Mt. Everest, which is one of the toughest mountains to climb owing to unpredictable winds, snow and treacherous cliffs, has been conquered by several dare devil mountaineers.



STEPPING UP REACH

India's housing finance sector is significantly under penetrated. The environment is conducive to capitalise upon the plethora of opportunities that have opened up over the years for the sector. PNB Housing is expanding its reach through a well-defined strategy of controlled aggression, ensuring that each of its branch is a healthy contributor to the performance of the Company.





STEPPING UP FITNESS

The housing finance sector is surrounded by opportunities and challenges. We consider these challenges inherent to our business and stay prepared to mitigate them. We work hard to keep ourselves agile and alert.

KAYAKING

Kayaking is a physically demanding sport. Paddling a kayak requires muscular force, stamina and endurance. This sport works the entire body. The torso, hips, legs, arms and of course the shoulders have to be in top shape to control every single kayaking stroke.

WATER RAFTING

White water rafting is one of the fastest growing adventure sports. The rubber raft was invented by U.S. soldiers in the 1840s. There is an international scale which is used to rank river difficulty level of the rapids. This team event requires combined efforts of the rafters to traverse through the rough currents of the roaring rivers.



STEPPING UP TEAMWORK

Team work is about oneness. It is a virtue that makes you believe that "No one of us, is as strong as all of us!" PNB Housing is a united contingent of talented work force, business associates, stakeholders and employees, where each member knows his or her role and is determined to perform to the fullest to make this a great place to work.

FORMULA 1

Formula 1 is a breeding ground for innovation & technology. Modern F1 cars are capable of capturing energy lost during braking and then reusing the same. While household cars generally rev up to 6,000 rpm, F1 engine can rev up to 20,000 rpm.



STEPPING UP TECHNOLOGY

Technology continues to be a power that we humans have harnessed to augment our capabilities. PNB Housing believes in staying ahead of time by adapting, innovating and deploying state of the art technology to improve efficiency, customer convenience and ease of doing business with our stakeholders.





STEPPING UP PHILANTHROPY

Knowledge, skill, humility and experience are tools meant to be utilised for a greater good. Through our CSR initiatives we are creating a platform to help the lesser privileged in realising their true potential.

LAWN TENNIS

Lawn tennis as a sport is believed to have originated in the 12th century. Over the years several players have earned global recognition through this game. It is very heartening to see that many of these sportstars are helping budding talents find their place in this exciting sport.

AWARDS AND RECOGNITIONS

Recognized as 'Symbol of Excellence in the BFSI Sector' at The Economic Times Best BFSI Brands Awards 2018

Awarded 'Best Project Finance Company of the Year' at Construction Times Builders Award 2018

Awarded 'Housing Finance Company of the Year' at the 10th Annual Estate Awards organized by Franchise India in association with ET Now

Awarded 'Excellence in Customer Relation' at GIHED CREDAI Property Show 2017

Awarded 'IPO of the Year' by Finance Monthly Magazine (M&A Award)

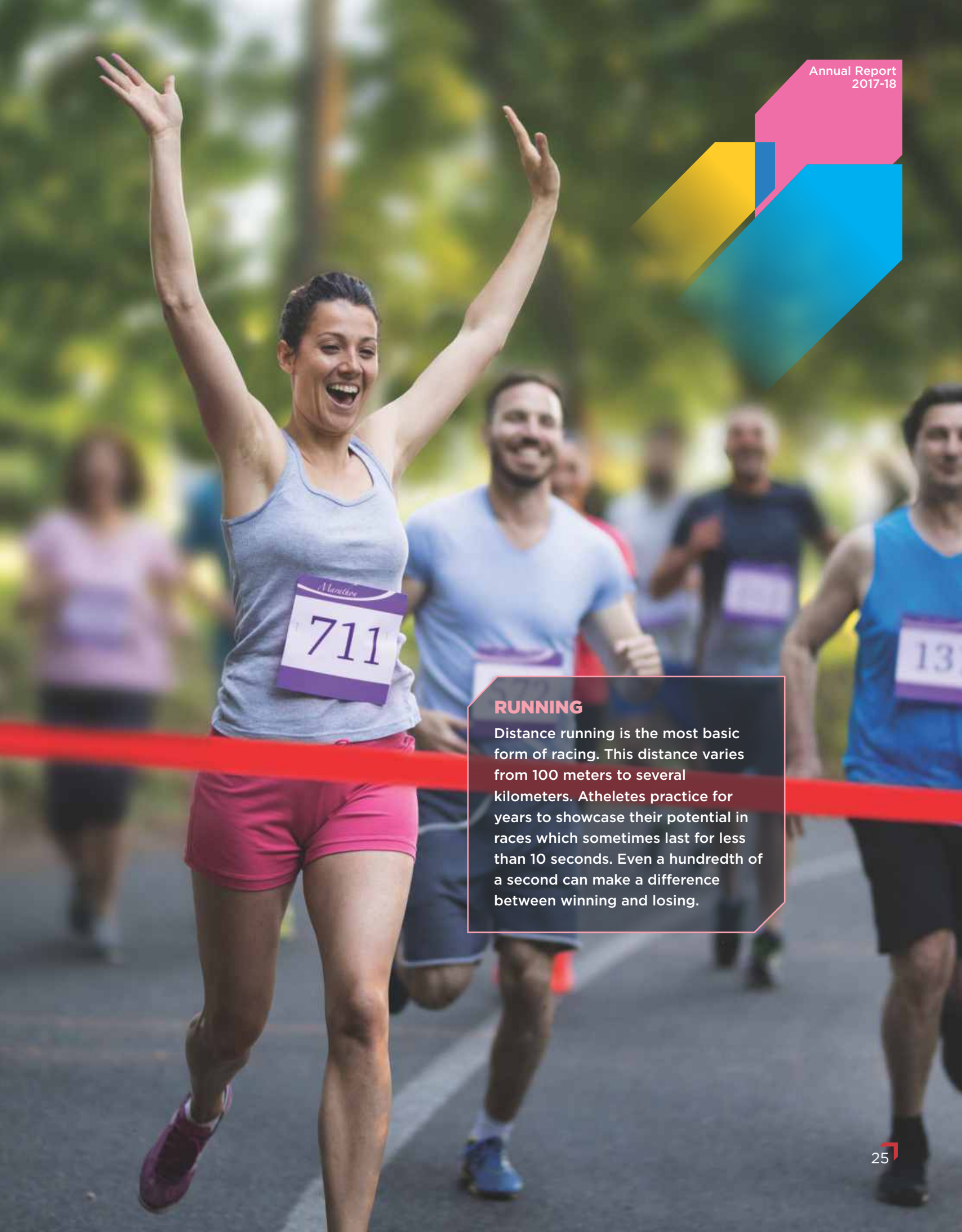
Honored in the field of 'IT Security' at CSO 100 Awards

Awarded Bronze for Outdoor Campaign during IPO at Outdoor Advertising Awards 2017, in the financial services category

Bagged Silver Award for the Annual Report FY2016-17 from ABCI (Association of Business Communication of India)

Felicitated as 'Leading Housing Finance Company 2017' at National Awards organized by CMO Asia

Conferred with the title of 'Best Housing Finance Company of the Year' at ET Now Rise with India - Banking, Financial Services and Insurance Awards



RUNNING

Distance running is the most basic form of racing. This distance varies from 100 meters to several kilometers. Athletes practice for years to showcase their potential in races which sometimes last for less than 10 seconds. Even a hundredth of a second can make a difference between winning and losing.



PNB HOUSING'S GROWTH STORY

1988

Company incorporated

2003

Notified under SARFAESI Act

2006

Crossed ₹ 1,000 crores loan portfolio

2009

Destimoney Enterprises Limited ('DEL') acquired 26% stake in the Company

2010

Launched Business Process Re-engineering project - 'Kshitij'

2011

- Introduced new brand positioning
- Robust and scalable Target Operating Model ('TOM') implementation commenced

2012

- DEL raised stake from 26% to 49%
- Gross NPAs brought below 0.5% of the asset portfolio
- AUM: ₹ 3,970 crores
- Deposits: ₹ 333 crores
- PAT: ₹ 75 crores

2013

- Crossed ₹ 1,000 crores in deposits
- 'CRISIL AA+' rating (for NCDs and bank term loans) and FAAA (for Deposits)

2014

- PAT crossed ₹ 100 crores
- Portfolio crossed ₹ 10,000 crores

2015

- Implemented end-to end Enterprise System Solution
- AAA rating by ICRA and India Ratings (Fitch Group)
- DEL acquired by Quality Investment Holdings (QIH), of the Carlyle Group

2016

- IPO - Raised ₹ 3,000 crores
- Listed on the NSE and BSE
- TOM fully implemented

2017

- AUM crossed ₹ 50,000 crores mark
- Certified as a 'Great Place to Work' by building a 'High Trust, High Performance Culture'
- Incorporated wholly owned subsidiary PHFL Home Loans and Services Ltd.

2018

- MTN set up for \$1 billion to raise off-shore funds
- Certified Great Place to Work for second year in a row



Profile of **DIRECTORS ON THE BOARD OF PNB HOUSING**



Mr. Sunil Mehta | DIN No. 07430460

He is the Non-Executive Chairman of PNB Housing Finance Limited since May 12, 2017.

He is also the Managing Director & Chief Executive Officer of Punjab National Bank. Prior to that, Mr. Mehta was Executive Director of Corporation Bank. He started his banking career as an Agriculture Field Officer at Allahabad Bank in 1982 and has worked in various administrative and functional capacities at branches, zonal offices and at the head office. He has held various important positions in agriculture, retail, credit and planning & development. He has over 35 years of experience in the field of banking.



Mr. Sunil Kaul | DIN No. 05102910

He is a Non-Executive Director of PNB Housing Finance Limited since March 5, 2015. He is a member of Risk Management Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee.

He was the President of Citibank Japan and the Chairman of CitiCards Japan KK and CitiFinancial Japan KK. He was also the Head of retail banking for Citibank in Asia, the Head of international personal banking for Citibank in New York and the Head of Citi's global transaction services at Citibank, Japan. Mr. Kaul is presently the Managing Director of Carlyle Singapore Investment Advisors Pte Limited and is the Head of South East Asia for financial services sector of the Carlyle Asia Buyout Advisory Team and concurrently heads the financial services sector for the team in Asia. He has over 30 years of experience in the fields of private equity, corporate and consumer banking.



Mr. S. K. Jain | DIN No. 00047474

He is an Independent Director of PNB Housing Finance Limited since August 14, 2014. He heads the Nomination and Remuneration Committee and Credit Committee of Board. He is also a member of Risk Management Committee.

He has also served as a member of the Beta Gamma Sigma Society of the Indiana University chapter. Prior to joining PNB Housing Board, he worked with Citibank in Hong Kong, Taiwan, Philippines and Canada. He has more than 31 years of experience in the field of banking.



Mr. R Chandrasekaran | DIN No. 00580842

He is an Independent Director of PNB Housing Finance Limited since October 7, 2015. He is the Chairman of the Corporate Social Responsibility Committee and member of Audit Committee of Board.

Apart from being on Company's Board of Directors, Mr. Chandrasekaran is also the Executive Vice Chairperson of Cognizant India since December 1st, 1994. Prior to joining Cognizant, he worked with Tata Consultancy Services for over 9 years. He has over 31 years of experience in the field of information technology.



Mr Nilesh S Vikamsey | DIN No. 00031213

He is an Independent Director of PNB Housing Finance Limited since April 22, 2016. He is the member of Audit Committee of Board and Nomination and Remuneration Committee.

He is the past President of The Institute of Chartered Accountants of India and is a member since 1985. He has worked with Khimji Kunverji and Co. since 1985. He has over 30 years of experience in the fields of auditing, taxation, corporate & personal advisory services, business & management consulting services, due diligence, valuations, inspections and investigations.



Prof. (Dr) Gourav Vallabh | DIN No. 02972748

He is an Independent Director of PNB Housing Finance Limited since April 22, 2016. He heads the Audit Committee of Board and Risk Management Committee.

He is a Professor of Finance at The Xavier School of Management, Jamshedpur. Dr. Vallabh was a Professor at the Management Development Institute, Gurgaon. He was a Director at The Institute of Chartered Accountants of India. Dr. Vallabh has worked with the National Institute of Bank Management, a Reserve Bank of India undertaking. He has more than 15 years of industry and academic experience and has published more than a dozen research papers in referred academic journals and presented papers in many national and international academic conferences.



Mr. Ashwani Kumar Gupta | DIN No. 00108678

He is an Independent Director of PNB Housing Finance Limited since May 12, 2017. He is a member of the Stakeholders Relationship Committee.

He is a member of The Institute of Chartered Accountants of India, 1977 batch. He has also served as the Regional Council Member of Central India Regional Council of The Institute of the Chartered Accountants of India. He has been Government Nominee on the Board of Joint Sector Companies and Reserve Bank of India Nominee on the Boards of various banks. He is also associated with various Charitable Trusts & Organizations. He is experienced in management of corporate finance, planning, treasury, issue management, merchant banking, company law matters, taxation, implementation of expansion activities etc. He has over 34 years of experience in finance, treasury, real estate, securitization and reconstruction of assets.



Mrs. Shubhalakshmi Panse | DIN No. 02599310

She is an Independent Director of PNB Housing Finance Limited since July 7, 2017. She is the Chairperson of the Stakeholders Relationship Committee.

She is the former Chairperson and Managing Director of Allahabad Bank and Executive Director of Vijaya Bank. She started her stint in banking with Bank of Maharashtra. She has undergone trainings and courses at various prestigious institutes. She has over 38 years of experience in the field of banking, particularly in corporate credit appraisal, credit monitoring, NPA management, planning, project appraisal and also in economics, finance and information technology.



Mr. Jayant Dang | DIN No. 01262335

He is an Independent Director of PNB Housing Finance Ltd since March 15, 2018. He is the member of Credit Committee of Board and Risk Management Committee.

He started his career in 1972 and has worked with various corporates such as Taj Group of Hotels, Citibank, Asian Development Bank, Escorts Finance Limited and HCL Infosystems Ltd. At Citibank, he has worked in various capacities during his tenure of 15 years which included Business Risk Reviewer of Middle East, Africa and Eastern Europe and Corporate Bank Head of North India. He was appointed ADB's nominee director on the Boards of SBI Capital Markets, Centurion Bank and the National Development Bank of Sri Lanka. He provides consultancy to banks and NBFCs as well as to their regulators. He has an experience of over 38 years in the field of corporate banking, portfolio and risk management, debt restructuring and marketing.



Mr. Sanjaya Gupta | DIN No. 02939128

He is the Managing Director of PNB Housing Finance Limited since June 25, 2010. He is the member of Credit Committee of Board, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee.

Prior to his current assignment, Mr. Gupta has worked for large corporate houses like HDFC Limited, ABN Amro Bank N.V. and AIG United Guaranty. He is an Independent Director at India Shelter Finance Corporation Ltd., where he also heads the Audit Committee of the Board and is on the NPS Committee of the PFRA to advice on investment in housing sector. He is a Nominee Director for Asian Development Bank (ADB) on the Board of Satin Creditcare Network Ltd. He was ADB nominated Director on Board of HDFC Maldives. He is also a Fellow of the Royal Institution of Chartered Surveyors. Throughout his career spanning over 32 years, he has been contributing to the ontogenesis of mortgage industry and allied risk management products across India. He is often consulted by the policy makers for key changes in the sector.

SENIOR MANAGEMENT TEAM

Mr. Anshul Bhargava
Chief People Officer

Mr. Nitant Desai
Chief Operations &
Technology Officer

Mr. Kapish Jain
Chief Financial Officer

Mr. Ajay Gupta
Executive Director &
Chief Risk Officer

Mr. Sanjay Jain
Company Secretary &
Head Compliance



Mr. Sanjaya Gupta
Managing Director

Mr. Shaji Varghese
Executive Director &
Business Head



Mr. Sunil Mehta
Chairman

CHAIRMAN'S MESSAGE

Dear Stakeholders

On behalf of Board of Directors, I present the 30th Annual Report and the consolidated financial statements of PNB Housing Finance Limited for the year ended March 31, 2018. It gives me immense pleasure that the Company is now in the elite list of large housing finance companies in terms of loan assets and deposits. The Company has traversed this journey in a short span of six years, post undertaking a Business Process Re-engineering Project.

The driving force behind this journey has been a single minded thought of bringing people and processes together, achieving operational excellence, use of right technology in the delivery model and foremost, our customers and stakeholders. We are one of significant contributors to the millions of home buyers, bringing them closer to their dream of owning a home. It is indeed our modest endeavour towards adding to the nation's wealth.

The Company has once again delivered a stellar performance under all the parameters and has positioned itself amongst the top players of the sector. The Company has been delivering, what it had promised at the time of IPO. This is possible because PNB Housing is built on strong fundamentals, fuelled by ambition and held together by values and ethics. Our growth is steady, inclusive and an outcome of concentrated efforts by our team members to achieve a larger purpose - that of creating a healthy eco system for mortgage industry such that it benefits the society at large.

Indian economy has remained resilient in the last financial year in somewhat turbulent times.

The government implemented tough structural reforms in the tax structure in the form of GST. The GST was implemented barely six months after demonetization. The consistent performance of the economy with a GDP growth of over 6.5%, despite many negative predictions proves that our economy is now matured. Experts anticipate the GDP will be 7.4% in 2018-19 and remain steady at 7.8% in 2019-20 and 2020-21, suggesting that our present repute of being the world's fastest growing economy shall persist even in the times ahead.

Indian Economy continues to move towards the path of macro-economic stability, as evidenced by the improving inflation and fiscal deficit, while being a more compliant economy. The global economy has also performed significantly better than the last fiscal. Almost all the major regions of the world are witnessing an economic growth. This acceleration is welcomed backed by rebound in investment and trade, but it is still subject to substantial risks owing to financial stress and rising geopolitical tensions.

One of the big concerns as of now is the rising crude oil prices. India is one of the largest consumers of crude oil with high dependence on imports. The recent rise is likely to fuel inflation and rise in interest rates. The INR has started depreciating against USD making imports dearer. At present, the situation is not alarming but if the situation does not improve by second quarter, then it might have adverse spiralling effect.

India has stable macro-economic indicators post structural reforms undertaken over the years. The liberal FDI policy has resulted in high foreign capital inflows and has provided the needed impetus to make India a favoured investment destination. There was a 17% surge in FDI inflows in the April-September FY2017-18 period, which was mostly driven by an open FDI regime and improving business scenario in the country.

The success of recent issues in primary market is a precursor of an increase in private investment.

The overall business sentiment has picked up in the last quarter of FY 18 post GST implementation. The Real estate sector, which was till now surrounded by multiple tax regimes, should benefit by a single tax structure. RERA a critical reform for the real estate has also started shaping up with almost all the states implementing it. RERA is gradually infusing transparency and confidence among home buyers. Some of the markets are witnessing better demand and sales growth, which is expected to expand in the current fiscal.

In the last 3 years, the government has announced major programmes to retrofit and develop urban infrastructure, such as 'Smart Cities', 'Housing for all', etc. As India moves towards an urbanised society, these programmes are expected to transform India's urban infrastructure landscape. The Smart Cities mission has witnessed the successful completion of 147 projects, while others are being developed at an appreciable pace. A total of 2,313 projects worth approx. USD14.89 billion are at various stages of select smart cities.

The investor sentiment towards India has improved. Moody's investor services has raised India's sovereign rating for the first time in 14 years. India has jumped 30 places in World Bank's Doing Business Report, 2018 to achieve the 100th rank. India is currently positioned at number 40 in the 2017 Global Competitiveness ranking.

Country's macroeconomic fundamentals are strong with a clear and definitive fiscal structure. India is on a much better footing than other emerging economies. The country's long-term growth potential stands undisputed backed by host of recent reforms undertaken, which have laid down a strong and firm foundation for the economy.

PNB Housing , with its strong and stable structure is poised to take advantage of current situation and deliver strong growth over the years. It has robust systems and processes backed by very good asset quality. We are constantly evolving our products and services to remain contemporary while catering to a niche market which is not only large in volume but also healthy from asset quality perspective. With our business strategy, we are confident that we will continue to deliver value for our stakeholders.

Before I conclude, I extend a warm welcome to the new members, Mr Ashwani Kumar Gupta, Mrs Shubhalakshmi Panse and Mr Jayant Dang on the Board of Directors. They bring with them rich experience to guide the Company forward. The erstwhile members of the Board, Mr Devijit Singh and Dr Ram S Sangapure have resigned during the year. I take this opportunity to place on record my sincere

thanks and appreciation for the contribution made by the outgoing Directors.

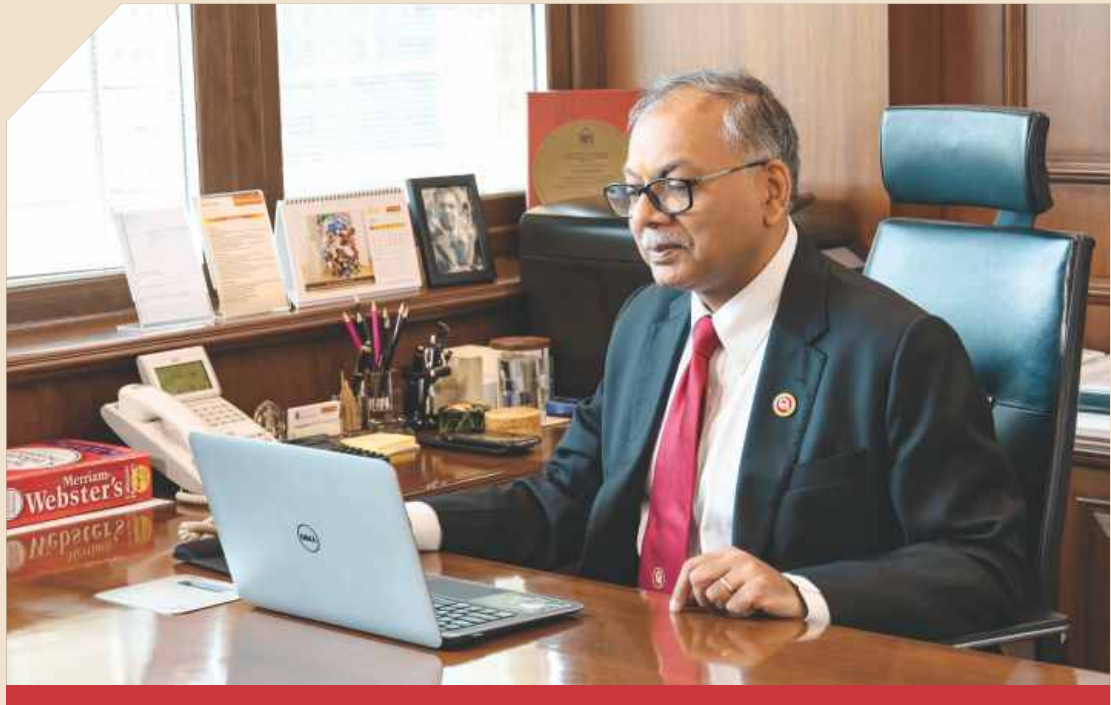
I also wish to thank our Regulator – the National Housing Bank, for being a continuous source of support and guidance to us, throughout the year.

I would like to put forth my deepest appreciation for the proficient and vibrant members of PNB Housing family steered by an energetic management team and ably guided by Mr. Sanjaya Gupta. My trust in them is undaunted and I am confident that they will continue to deliver highest level of customer satisfaction, much to the delight of the nation and growth of the economy.

Yours sincerely



Sunil Mehta
Chairman



Sanjaya Gupta
Managing Director

MANAGING DIRECTOR'S MESSAGE

Dear Stakeholders,

Taking challenges in your stride and trying till you succeed are the two key attributes that the school of sports teaches us. As Michael Jordan once said, "Never say never because limits, like fears, are often just an illusion." Sport has a capacity to transcend barriers and to energize people. Goals are set high and there are no limits to the ambitions of achievement. However, these goals cannot be achieved alone. Partnership and cooperation are vital. Teamwork is what empowerment is all about and integrity is the most central value. Perhaps, the most precious value that sports can promote is to reinforce the importance of happiness and human fulfilment. This is what sportspersons do. This is what inspires us. This is what PNB Housing has inculcated in its initiatives towards fulfilling the housing dreams of our fellow citizens.

On this note, I present to you with great delight, PNB Housing's 30th Annual Report, inspired by the world of sports.

The Global Economy inspires confidence; the Indian Economy appears sanguine

On the global stage, generally speaking, the economy was progressive and relatively buoyant. It has moved at a pace, perhaps the strongest since 2011. Resurgent investment spending in advanced economies and an end to fixed investment contractions in commodity export were important contributors to the pickup in global growth. Global trade recovered

strongly in 2017 and the upsurge was more pronounced in emerging markets and developed economies. There was about half a percentage point pick up in 2017 across these economies. Growth in India and China was supported by resurgent net exports and strong domestic consumption.

For the Indian economy, FY2017-18 was the year of contrasts, propelled by major reforms and minor disruptions inherited from the initiatives of FY2016-17. The policy environment was pillared by RERA and GST. The new tax regime and inertia of demonetization triggered some amount of uncertainty. The enactment of the National Bankruptcy Law acted as another significant reform. Although, the corporate debt overhang and associated banking sector credit quality concerns exerted a drag on investment in the country.

The Union Budget 2018 garnered a tranquil response but it gave sectors like agriculture, infrastructure and affordable housing a lot to cheer for. I would take this opportunity to welcome certain initiatives announced during the Budget. These indicate our determination to pursue an agenda of social and economic reform.

The real estate sector has been on a consolidation stage and further revamp of the sector will infuse transparency, adding momentum to transaction velocity. Affordability has been the new mantra for real estate developers and this has driven volumes with policy support as the trigger. Other tailwinds for the sector were demographic changes, nuclearization of families, increasing remunerations and higher disposable incomes.

The country fared well as compared to the other emerging economies. The Indian economy put up a brave front and moved up to the 100th rank in World Bank's Doing Business 2018 Report. The environment is charged positively with the hope that over the long term, measures taken by the Government will change the face of Indian

economy, bring tax compliance, augment fiscal prudence, lower current account deficit and build robust foreign exchange reserves.

IMF predicts growth in India to increase from 6.7% in 2017 to 7.4% in 2018 and 7.8% in 2019, backed by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and services tax.

A tryst with our own benchmarks during FY2017-18

Let me begin by congratulating all stakeholders as your Company turned 30 on November 11, 2017. It was gratifying to have served the nation for these long years. Besides, this has also inculcated a sense of greater responsibility in us to conduct ourselves maturely, while continuing to spread smiles to home aspirants.

The performance of financial year 2017-18 was once again robust. We crossed the threshold of ₹ 50,000 crores of portfolio on books, repositioning PNB Housing as a 'Large' housing finance company. The loan outstanding on March 31, 2018 closed at a staggering growth rate of 48% y-o-y at ₹ 57,014 crores.

The top line and bottom line of your Company continued to be impressive. Withstanding the testing time, we remained as one of the fastest growing housing finance companies and the 5th largest by loan book size. Our deposit book size continued to be the 2nd largest among the deposit taking HFCs.

You would also be pleased to know that your Company's AUM has grown by 9 folds in the last five years, crossing over ₹ 62,252 crores as on March 31, 2018. Loan disbursements at ₹ 33,195 crores have shown an impressive growth of 61%. Our gross NPAs, which were contained at 0.33%, is a testimony of high quality of the

loan portfolio. Controlled NPA also signifies our robust and predictable business acquisition, underwriting, service delivery, dependable monitoring processes and an effective portfolio monitoring mechanism.

The net profit for the financial year was at ₹ 829 crores, marking a rise of around 58% over the previous year.

Our experience has enabled us to take calculated risks to maintain the net interest margins of your Company. Our prudent borrowing strategy helped optimise the cost of debt significantly and offer loan products at a fair price. In fact, the cost of funds was further fine-tuned to be among the lowest in the sector.

The latter half of the fiscal witnessed headwinds in the rate of interest despite slowdown in credit growth. Irrational lowering of interest rates have shown signs of unhealthy competition. On the other side, the external environment has been accentuated for PNB Housing, with the latest developments at the promoter's end. Your Company has remained committed to its DNA of calibrated aggression, good governance and proven fundamentals to grow sensibly and uncompromisingly, well cushioned by a matured and tenacious treasury. As a result, leading credit rating agencies have maintained their rating outlook on PNB Housing, indicating arrival of an inflection point, to decouple the promoter from PNB Housing.

Our average portfolio yield was 10.07%. Our gross margin net of cost of acquisition (COA) is 3.45%. Our return on equity (ROE) for the fiscal was 14.00% while the cost to income ratio further reduced by 300 bps to 19.54% from 22.43% in FY2016-17. The average cost of borrowing was 7.71% as on March 31, 2018. Your Company, for the first time, raised funds through zero coupon bonds (ZCB). The significant reduction in operating expense was possible through our continuous effort of

measuring our spend very closely and reaping benefit of economies of scale as we grow in volume.

Deposits continued to be one of the most critical products for the Company, as it lends the efficiency to create our own raw material. It is also a manifestation of the trust that the public at large reposed on the Company. During FY2017-18, we closed the deposits book with ₹ 11,586 crores, making it the 2nd largest contributor of funds after non-convertible debentures.

Your Company's business has been thriving on a well-defined, scalable target operating model (TOM). The hub and spoke based TOM has helped us extend our arms and legs throughout the periphery of the country at optimum costs and induce standardization of operations. Judicious blend of people, processes and technology has laid the foundation of our evolution over the last six years.

Expansion remained our engine of growth for FY2017-18. Geographically, we deepened our presence at carefully selected locations. Our reach has extended to 47 cities with 84 branches, 21 hubs and 3 zonal offices. The expansion has been prudent and each of our units is contributing homogeneously to the overall health of the Organisation.

Through our wholesale finance business, we have built a phenomenal client base within the real estate community. In fact, to capture the wholesale business efficiently, we have established a centre at Mumbai that supports business opportunities in the western territory.

While we catapulted into large HFC domain, prudence in underwriting and loan appraising capability remained a key benchmark for the Company. Our highly proficient teams from legal, technical services and fraud control unit are the backbone of our adept risk management processes and differentiates us from the others.

Corporate governance remained a matter of utmost priority. On the road to excel, we did not sidestep any of our core values. We have been ethical, transparent and prudent in all our transactions. Along with the various board committees, we have also formulated a Risk Management Committee (RMC) in the last financial year. The RMC, under the guidance of our board members, will give direction to the executive committee on assessment of the Company's risk appetite and implementation of risk management framework.

Several electronic and digital avenues were inducted which will augment efficiencies and strengthen our risk management team. Physical processes were replaced with digital means to reduce the turnaround time. This transition 'Phygital' completed its first phase of integration with the enterprise system solution (ESS).

We have worked diligently to create a responsive, industry focused, customer centric squad that enhances organizational vitality. We have continued reinforcing the key thrust areas – being the employer of choice, building an inclusive culture and a strong talent pipeline. We hand hold our employees to build business acumen, create future leaders and reward them for their dexterity. We are now a proud family of 1,290 members.

We are equally committed towards the well-being of our employees. In our aspiration to create a stress free work culture, we formed an in-house group of sports and fitness enthusiasts. The year gone by saw many sporting events across geographies in which the employees participated with full fervour. Through these recreational initiatives, we aimed to reinforce members of the family to start their journey towards attaining physical and mental strength.

In FY2017-18, we launched our wholly owned subsidiary, PHFL, which is in the process of on-boarding the deserving

contract employees into the PNB Housing family. This is a small effort from our side to give them better ownership and open new vistas to future prospects. The subsidiary is now operational with about 2000 people on its rolls.

To gauge the effectiveness of our HR interventions and the perceptions carried in the minds of our employees, we participated in the Great Place To Work Survey. I am pleased to share that your Company has been rated exceedingly high by the employees on trust indexes.

ISO certified central operations are the backend engine of the organization. The gamut of activities placed under central operating centre and central processing centre reduced manual efforts and helped in achieving economies of scale. The centres are efficiently equipped with both men and machine, significantly bringing TAT down, enhance productivity and accuracy. Integration of digitized security documents with ESS and installation of intelligent mass mailing solution were few among such initiatives that helped us come closer to the customers' desires.

We brought smart technologies to the forefront of the value chain. This helped in pronouncing ease of doing business for customers, defining 'customer convenience' in a new fashion. Initiatives like mobile application, digitization of security documents and launch of a completely new human resource management system were a few highlights of our IT journey in the last fiscal.

Over the years, we have enriched our understanding of customers' preferences, especially that of the generation next. The assimilation gathered from customers' feedbacks, market survey by third parties and personal discussions have continuously helped us refine our service delivery model. The relentless thrust to handhold customers through the lifecycle of the loan has brought us closer to them as well as earn references for the

prospective ones. I am proud to announce that all the four interfaces of our customer service operations – inbound and outbound contact centres, customer service operations for loans and deposits and central operations & central processing centres are now ISO 9001:2015 certified.

Although we endeavour to serve our customers with ease through tailor-made technology solutions, we are mindful of the fact that the warmth of a human touch can have no parallel. We have upscaled the Company's facilities to stimulate delightful conversations while taking them through our product offerings.

The branding interventions just brought us one step closer to our customers, putting PNB Housing in one amongst the 'top of the mind recall' bucket when considering home loan options. The financial year was encouraging when it comes to awards and recognitions. Your Company received quite a few accreditations and national level awards that left us not only beaming with pride but also instilled a sense of responsibility upon our shoulders.

In our own humble manner through our CSR interventions, we have sincerely tried to bring smiles on the faces of the not so fortunate citizens of our country. The construction worker community remained a key stakeholder in our social endeavours. The goal being primarily to bring down the economic and social disparity that prevails. As we care for them, we care for their families, especially their children. We joined hands with NGOs to provide education, nutrition and hygiene to these less privileged children. Your Company has diversified a fair bit and now, is taking small steps towards conservation of environment, public healthcare, education system, etcetera.

All this could not have been achieved but for the committed involvement of our team across all levels. Along with our in-house

team members, we owe our progress to the contribution made by our business partners and associates.

Real Estate stands at one end of a narrow bridge

The real estate sector has been in doldrums, which has led to a speculative environment for developers as well as buyers. We, as a housing finance provider, believe that this is a transitory phase and the other side of the bridge holds abundant opportunities. The key is to identify market needs and offer products which cater to these requirements.

Housing for all mission remains a priority on the Government's agenda and one can expect further thrust in the affordable housing segment. The slowdown has in a way helped accumulation of disposable income that will encourage families to opt for homes of their own, especially due to the affordability factor.

The Pradhan Mantri Awaas Yojana has already picked up pace and has benefitted thousands of home buyers. RERA may not have entirely turned the tables but the mood to deliver is gradually setting with the long thread of compliances.

Development funds have started to trickle in and FDI inflows seem to be regaining interest in Indian real estate projects.

The effect of GST on real estate is yet to be determined. For now, the major change is observed in reduction of unaccounted transactions, which has improved the collection of taxes to a significant extent. The growth of government treasury would enable urbanisation, which will create new employment and need for more homes.

Housing finance sector is anxious to participate in nation building

Home loan is finding its way up in the preferred list of availing finance for buying a home. The interest rates are still in single digits, even after showing of an uptick. Tax

benefits have bettered and the option of fore closure gives the buyer a complete control over the loan cycle.

The broadening of eligibility criteria seems to open avenues even for the urban middle class. It is no more an affordable housing, but rather mass housing, as it absorbs the segment where most of the demography lies. Housing finance companies are innovating like never before to extend a hand in nation building in its own way. Yet, we have a long way to go. The government policy triggers are further infusing confidence to this vision. Nevertheless, we certainly envision a day when each of our fellow citizens will wake up in his or her own home.

PNB Housing: Stepping up for the road ahead

Being large is not just a recognition or a stature. It is a responsibility that has been bestowed upon us, to spread smiles among home aspirants and be committed for ensuring a healthy growth of the ecosystem that we are a part of. We are now positioned amongst the leading players in the industry and this is an opportune moment to step up and be future ready.

Strategic expansion and optimizing capital expenditure will be the bedrock of all our endeavours in the next fiscal. We are cognizant of the fact that competitors of our size are boasting of a much wider network with presence at each mile. There is an indispensable need to augment our network and reach out to our customers much more closely. Hence, we shall open 24 new offices and 4 hubs to serve the eastern, southern and western geographies. Our additional capacities will help us maintain the future growth momentum while we march ahead in our journey.

In the current scenario, mass housing offers a plethora of opportunities well supported by incentives and tax breaks.

We have ensured our presence within the target group and are gradually penetrating cities which can yield desirable results.

Balance transfer remains a key concern for the housing finance companies and to retain the portfolio, service delivery model across the sector has to be continuously flushed with new interventions. After creating an omni channel for customer service, we will further bring innovations to serve our customers better in a seamless fashion. Total quality management (TQM) framework is one such initiative that will augment our productivity.

Amalgamation of physical processes with digital 'Phygital' will be another such initiative that will help in minimizing errors, improve accuracy and bring faster TAT for loan processing.

We are constantly re-defining business as usual processes to ensure optimal costs with minimal wastage of human efforts. Our COPS and CPC will continue to be powered with technological advancements to attain better efficiency in serving our customers and partners. Our newly inaugurated COPS in Mumbai will open doors to a plethora of opportunities lying in the wholesale business in the western region. We will be setting up third CPC to cater to the southern region and increase our efficiency in e-correspondence.

HFC universe is becoming increasingly crowded and so is the demand for talent. Our endeavours to build a niche cadre is constantly challenged due to this phenomenon. Hence, we are relentlessly innovating new methodologies to enhance value addition in the employment with the Company, which young well informed minds recognise as a unique proposition to build a better meaningful careers.

Our treasury is geared up with well-diversified borrowings including masala bonds, which is an addition to meet the funds requirements in FY2018-19. We are confident that optimal utilization of

resources and control on costs will yield the desired profitability ratios in the mid to long term.

Your Company is a socially responsible organisation and is committed to render its duties towards society. Saksham, our CSR footprint is expanding geographically, reaching out to people from various walks of life. We will continue our efforts in this direction in an earnest manner to ensure building a holistic environment for the construction workers and their families.

Good governance has always remained the core of your Company's philosophy and we will continue creating value for the society at large while ensuring fairness and transparency towards the stakeholders.

Before I conclude this message, I express my sincere gratitude to our customers, for choosing PNB Housing as a partner for home loans and retail deposit products. I thank our regulator, the National Housing Bank (NHB), our lenders, our rating agencies and our business partners whose continuous trust makes us who we are today.

I would further extend humble regards to RBI, SEBI and the stock exchanges for rendering their support.

The Board of Directors has continued its relentless guidance and support to the development of the Company. The Independent Directors have played a pivotal role in bringing about high standards of corporate governance, especially with the enactment of the Companies Act of 2013. We sincerely thank them for their continued guidance and support.

We thank our statutory and internal auditors who have kept a keen vigil on all aspects of our operations while maintaining a pragmatic view on business growth.

At last, I cannot bring down the curtains without giving a big applause to every single member of the magic team of PNB Housing and their families, who have worked relentlessly, reposed faith in the Company's progress and have walked shoulder to shoulder in delivering such a fine performance during the financial year 2017-18.

Thanking You



Sanjaya Gupta
Managing Director



MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMY: SHOWING SIGNS OF REVIVAL

Economies around the globe are staggering back to life and are rapidly regaining impetus after having successfully braved the tribulations of times. It reminds one of the age-old saying, 'If something doesn't kill you, it makes you stronger' which rightly befits the current global scenario as it has begun to show signs of revival.

The fiscals are going green, which is quite encouraging. According to the international monetary fund (IMF) report this year, global output is estimated to have increased by 3.7% in 2017, which is 0.1% point higher than projections and is 0.5% point higher than what it was in 2016. Interestingly, growth forecasts for 2018 and 2019 have been revised upward by 0.2% point to 3.9%.

The report also indicates that more than 120 economies have picked up growth in 2017. Developed economies such as those of Germany, Japan, Korea, and the United States, along with emerging markets such as Brazil, China, and South Africa have delivered positive results. The Middle East too, is breathing easy with crude oil prices gaining altitude. Super powers like Russia, China U.S.A and U.K are gaining political stability, which in turn is paving the way for multilateral cooperation, to counteract the aftershocks being experienced by the economy.

However, words of caution from the experts indicate that this upswing will last only as long as global sentiments remain steady and inflation is kept under control. Another worry is that the rich asset valuations and very compressed term premiums may lead to a major financial market correction, and add a downside to growth as well as confidence.

With such mixed factors in consideration, it is being forecasted that developed economies will grow by 2.2% and emerging markets and developing economies by approximately 5.1% in 2018-19. The sentiments however have begun to improve and this is certainly an opportune time for implementing reforms and getting ready to take on the future.

INDIAN ECONOMY: SELF-SUFFICIENCY, PAYING DIVIDENDS

A prominent feature, that is keeping India's steadfast

position as the fastest growing economy of the world is its self-sufficiency. With 'make in India' a slogan that is ringing in every corner of the nation, industrialists, manufacturers and the leading business houses are seeking to bring in their ventures into the country. This in turn shall result in the country's economy gaining impetus. Indeed, in a promising revelation, the Economic Survey of 2018 shows India to be one of the best performing economies in the world.

The average growth for our country during the last three years has been approximately 4% points higher than the global growth figures. GDP growth has averaged 7.3% for the period between FY2013-14 and FY2017-18, highest among the major economies of the world. This fiscal year, GDP growth is expected to close at 6.75%, thereby reinstating India as the world's fastest growing major economy. Agriculture, industry and service sectors are expected to grow at the rate of 2.1%, 4.4%, and 8.3% respectively in FY2017-18.

Lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio have acted as catalysts in achieving these numbers.

Infrastructure development and 'housing for all' mission have earned considerable appreciation from all corners.

On the flip side though, there are some concerns. Crude oil prices are already weighing down on inflation. As the economic survey suggests, we have been witnessing high valuations and the stock prices seem to be surging on the back of domestic liquidity flows. Deteriorating assets quality and rising NPAs in banks are posing a serious problem for the financial sector.

While there are both pros and cons to every scenario, it remains to be seen as to what extent, the pros will outweigh the cons.

India is predicted to be the fastest growing economy for the next decade, growing at 7.9% annually. The revised fiscal deficit for FY2017-18 is estimated to ₹ 5.95 lac crores i.e. 3.5% of GDP.

A young nation, India continues to make every effort to be one with the times, surge forward, and be a

top-notch country, with which every nation of the world will yearn to trade with. A country that has learnt to take everything in its stride, India with its indomitable spirit is sure to make it big.

INTEREST RATE SCENARIO: DOMINATED BY VOLATILITY

During FY2017-18, the wholesale and retail inflation declined from April to June 2017 and then peaked during November and December. The numbers again started to decline thereafter. RBI has been proactive in liquidity management throughout the year. During the month of March 2018, RBI injected additional liquidity into the system while continuing its normal liquidity adjustment facility operations. This was in the form of variable rate repo operations for longer tenures to provide comfort to the banks in the month of March 2018.

However, in the first bi-monthly Monetary Policy Statement, 2018-19 released by RBI in April 2018, inflation is expected to be in the range of 4.7 to 5.1% in H1 and 4.5 to 4.6% in H2 of FY2018-19.

The major factors influencing the rising inflation are expected to be fuel prices, minimum support price by the Government, staggered revision of HRA, monsoon effect, any fiscal slippage and increase in input and output industrial prices.

For the year ahead, global and domestic factors are expected to condition movements in financial markets, though the latter are expected to be more dominating. There are positive signals from developed economies as well as emerging economies, such as, lower unemployment rate in US, buoyant euro zone economy and an improvement in economic indicators of countries like China.

The London Interbank Offered Rate (LIBOR) has also been witnessing an increasing trend in the recent few months. Crude oil prices have been on the rise since the past one year. The increasing oil prices trend may spill over and contribute in pushing the inflation numbers in the near future, thereby increasing the interest rate as well.

The US Federal Reserve is expected to further increase its rates during 2018-19. The rates were increased in March 2018 by 25 bps to 1.50-1.75%. It is expected that there may be two more rate hikes during the year, with US yields expected to touch 3.25% by the end of calendar 2018 from 3% currently.

One positive aspect for India has been its foreign exchange reserve shooting beyond USD 400 billion

market, which has kept the USD-INR stable, and under check for most of 2017-18. However, with the recent fed hikes, we witnessed the US dollar appreciating against the Indian rupee.

Going ahead, the bank recapitalization will generate a powerful credit impulse. Corporate credit is expected to increase with the economy picking up, GST regime stabilizing and other reforms by the Government taking shape. This may further increase the participation of banks in commercial papers and NCDs.

Largely 2018-19 is expected to be a year of huge volatility and uncertainty, with an upward trend in the interest rates.

INDIAN HOUSING FINANCE SECTOR: SURFING A NEW WAVE

Real estate and housing finance sectors are interdependent on each other. Currently, both these sectors are busy catering to a new genre of home buyers who have emerged because of recent reforms instated in the country.

It would be wrong to believe that the real estate sector is on a standstill. A large section of our society that was deprived of the luxury of owning a home is now actively fulfilling its housing dreams. With families going nuclear, this section of prospective home owners will continue to grow. As long as this section exists, there is a lot that the housing and mortgage sectors can look forward to.

The perceived slump is only because investors have moved out of the equation. However, it has not been able to deter reputed developers who have begun to focus their attention on end users, which is a promising sign for the market.

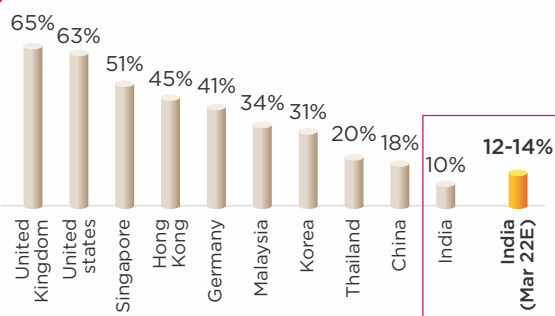
As for the dis-organised players, who have been responsible for marring the trust between buyers and developers, are left with only two choices, either perform or perish.

Real estate prices are consolidating. NHB RESIDEX for January-March 2017 reveals that price indices for residential properties have increased over the previous quarter in various cities like Jaipur, Chennai, Lucknow, Guwahati, Howrah and Hyderabad although the same have come down in cities like Delhi, Faridabad, Chandigarh, Patna and Nashik.

Mortgage penetration in India has increased steadily from approximately 7% of GDP as on Mar. 31, 2007 to approximately 9.7% of GDP as on Dec. 31, 2017.

However, it continues to be significantly lower than developed markets, which proves that there is significant scope for growth over the medium term.

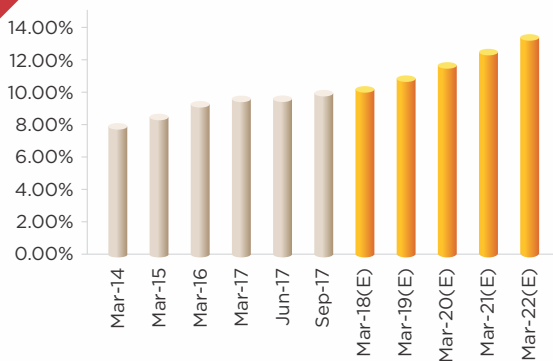
INDIAN MORTGAGE MARKET IS SIGNIFICANTLY UNDER-PENETRATED
Mortgage to GDP ratio (%)



Source: ICRA Indian Mortgage Finance Market Update for HIFY2018

The total housing credit outstanding was around ₹ 15.9 lac crores as on December 31, 2017 vs ₹ 14.4 lac crores as on March 31, 2017. HFCs reported a 23% y-o-y growth in overall portfolio for 12 months ending December 2017 supported by a higher 30% y-o-y growth in the non-housing loan segment. The home loan portfolio grew by 20% during this fiscal year. ICRA expects banks to pick up by 16-18% and HFCs by 20-23% leading to an overall market growth of 18-20% in FY2018-19.

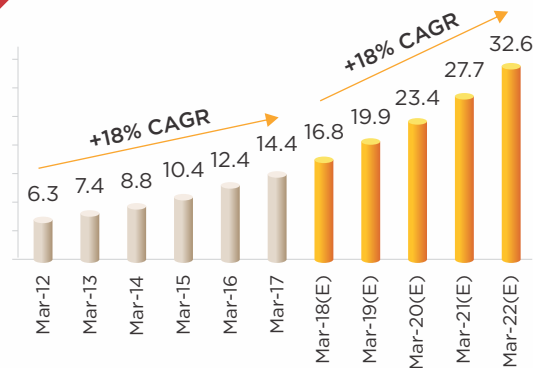
PROJECTIONS ON MORTGAGE PENETRATION LEVELS OVER NEXT FIVE YEARS



Credit Rating Information Services of India Limited (CRISIL) Research expects HFCs' loan portfolios to grow at a slower pace of 16-18% CAGR in the fiscal years 2018 and 2019 due to the Real Estate Regulatory Authority (RERA). Thereafter, growth is expected to accelerate, leading to 18-20% CAGR

over the next five fiscal years, led by HFCs' strong origination skills, focused approach (catering to a particular category of customers), superior customer service and diverse channels of business sourcing. The thrust towards affordable housing will also buoy growth.

RAMP-UP EXPECTED IN INDIAN MORTGAGE MARKET



Source: ICRA Indian Mortgage Finance Market Update for HIFY2018

Competitive intensity of the housing finance sector is increasing, as there are many new entrants in the sector. Over the last three years, 28 new HFCs have been granted licences by the National Housing Bank (NHB). The number of licensed HFCs increased from 64 as on March 31, 2015 to 92 as on March 31, 2018.

NEW OPPORTUNITIES AWAIT HOUSING INDUSTRY
Post-RERA Effect

The very purpose of designing a regulation such as RERA was to curb the indiscipline that was burrowing into the real estate sector. Unaccounted transactions, diversion of funds, inflated prices and failure to deliver homes in time were iniquities that were setting in deep. Owing to the aforementioned challenges, the assumption is that many marginal players may completely exit the residential market, while mid-sized developers would reduce their operational scale to core markets, where risks are more manageable.

Another effect of RERA is that developers are now limited to using cash flow from pre-sales. As such, the availability of cheaper and varied sources of financing will be critical to keep profitability levels remunerative enough to develop and expand. Housing finance players will benefit from this situation considerably.

The provisions of the Act render significant advantages to the buyers in comparison to earlier

times. There is high anticipation that RERA, in the time to come, will restore confidence in the real-estate sector thereby adding to the sales velocity.

Although the current irregularities are yet to be fully resolved, RERA has indeed been successful in making real estate players more accountable for their actions.

Affordable Housing

Affordable housing has added a new orbit of growth in the housing development sector. Low taxation has created an incentive for real estate developers to enter this segment. To provide further impetus to the 'housing for all 2022' mission, the Ministry of Housing and Poverty Alleviation, on September 21, 2017, announced a public-private partnership (PPP) policy, segregated into eight models to promote private investment in affordable housing. A conducive environment for the affordable segment will provide significant growth potential, which would motivate real estate developers to increase their focus on affordable housing, especially in rural and semi-urban markets.

Currently the developers are concentrating on completion of pending projects to comply with RERA; soon their focus will be directed towards affordable segment housing. The volumes are likely to be higher in this segment due to rising affordability, urbanisation, migrations, connectivity, infrastructure and support by the Government among other reasons.

Affordable housing reflected a growth of 27% between January to September, 2017 (y-o-y) compared to an overall residential housing contraction of 33%. This may be a result of fresh buyer interest infused in the realty sector through joint development agreements with revenue share, increased land transactions with mission-mode implementation of the PMAY-HFA; affordable housing's new found infrastructure status; as well as the much-improved inflow of formal credit (NBFCs and banks) to the segment. Affordable housing finance is estimated to be a 6 lac crore business opportunity by 2022, by when the Government seeks to achieve housing for all citizens.

Extension of Pradhan Mantri Awas Yojana (PMAY) Scheme

The PMAY scheme has been extended by 15 months up to March 2019. The Cabinet has allowed for increase in carpet area of houses eligible for interest subsidy under the credit linked subsidy scheme (CLSS) for the middle-income group (MIG). Several

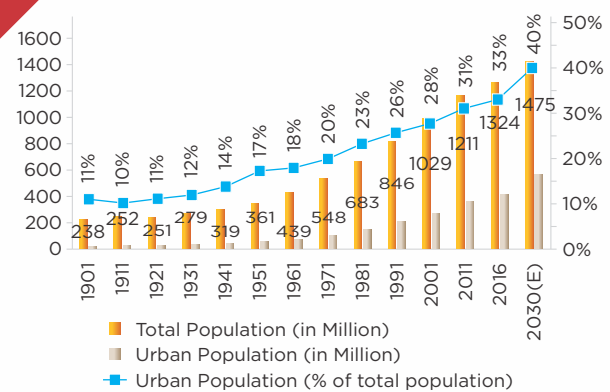
ready to sell units will now move to the affordable housing segment, which will be a win-win situation for the developers, buyers and housing finance institutions.

Although the progress in implementing the scheme has been limited so far in PMAY Urban, it is beginning to gain momentum with around 3.1 million houses being sanctioned across various states. The top six performing states in credit linked subsidy scheme (CLSS) are Gujarat, Tamil Nadu, West Bengal, Maharashtra, Madhya Pradesh, and Rajasthan.

Urbanisation and Migration

According to India Brand Equity Foundation (IBEF), the number of Indians living in urban areas will increase to about 600 million by the year 2031. By 2028, India's real estate market size is expected to reach USD 853 billion, increasing from USD 126 billion in 2015. Approximately 10 million people migrate to cities every year, which will bear a huge potential for housing and housing finance sectors. This migration will accelerate the housing finance sector largely.

GROWTH IN TOTAL POPULATION AND RISING SHARE OF URBAN POPULATION



Source: NHB, RBI, CRISIL Research

THREATS TAINTING THE POSITIVE OUTLOOK

RERA is likely to have a short-term stressed impact on the industry as it has forced developers to focus on completing existing projects. This, coupled with sluggish demand, has resulted in fewer new launches and a considerable slowdown in sales. With sales velocity going down and prices declining, cash flows have shrunk and construction has slowed down dramatically. Hence, in the backdrop of such vectors, we have seen a slight slump in construction finance.

Several new players are entering the housing finance segment. Stiff competition could lead to unhealthy price wars, which will be damaging to the overall health of the sector.

There is an enormous demand for low-cost housing finance options within the lower income groups. Yet this demand remains unfulfilled due to constraints such as the inability to assess repaying capacity of customers having volatile income streams, uneven payback patterns and lack of land titles etc.

Collateral fraud in the sector is another addition to the menace. As a result, lending institutions have to implement additional regulatory measures, which increase their underwriting expenses.

To summarise, it can be said that in the current scenario, housing finance companies should capitalise the ocean of opportunities being offered by the rising wave of affordability.

PNB HOUSING FINANCE: STEPPING INTO ADULTHOOD

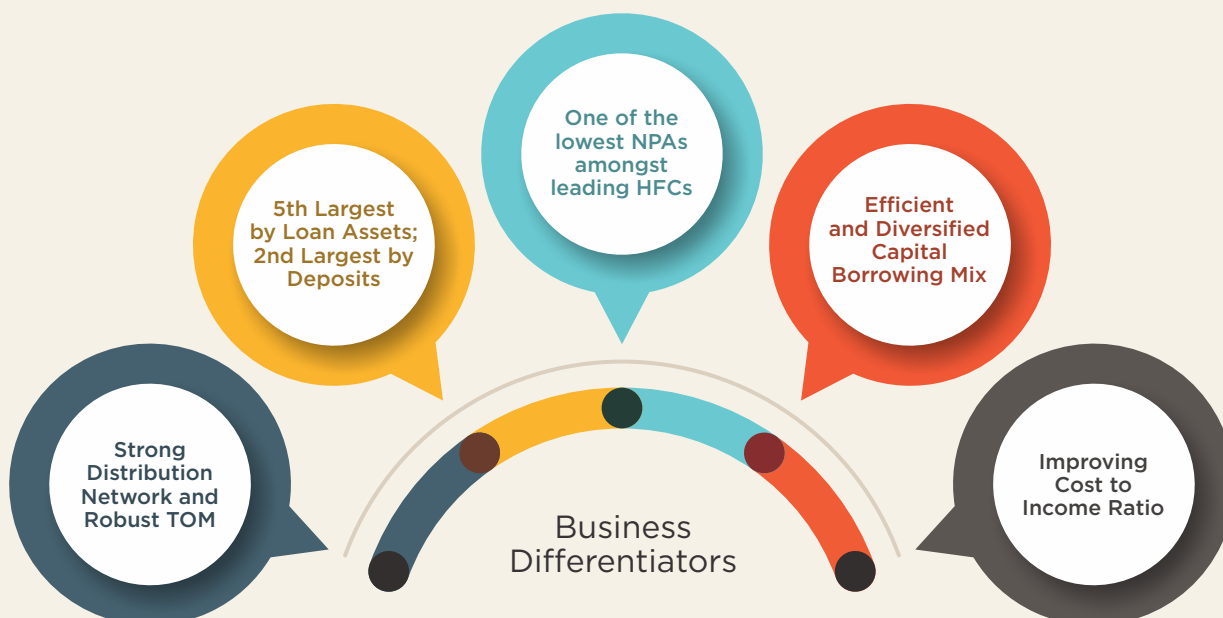
In the financial year gone by, your Company has once again stepped up its performance and has set new benchmarks in the housing finance sector. Overcoming the pressures of a dreary external environment, we continue to be one of the fastest growing HFCs with 5 years CAGR of 54% in loan assets, which is fairly higher than the industry average.

The most significant achievements during the year were that our assets under management crossed ₹ 50,000 crores to reach ₹ 62,252 crores. This adulthood attained, we are now placed amongst the elite club of housing finance players in the country.

Our loan assets have increased from ₹ 38,531 crores in FY2016-17 to ₹ 57,014 crores, an elevation of 48% y-o-y. Our deposits balance has reached ₹ 11,586 crores, which has added considerable strength to our treasury. Your Company continues to be the 2nd largest among the deposit taking HFCs.

Our performance during the year has been a close clone of the planned business strategy. To be able to grow by choice is a gratifying experience. Our confidence gains substance by the fact that despite the steep rise in our client base, our team has evoked customer delight through undiluted finesse and warmth in services. This team has ensured that PNB Housing continues to deliver services at par with its brand promise.

Lately, the Indian financial system has been groaning under the weight of non-performing assets (NPA). In contrast to this, PNB Housing as a unit has consistently maintained one of the lowest NPA figures in the industry. This solidity is the result of its appraising capability and prudence in customer selection and underwriting.



We have nurtured an effective business model with digitization of processes, wide geographic footprint and good governance. Our mark to market products, high quality of assets and fine human resources grant us scalability and ability to generate healthy bottom line figures.

For us at PNB Housing, it is not just about business excellence, it is about pursuing a larger purpose. We are on a mission to create a prosperous ecosystem, one that would benefit even the last bucket of the real estate funnel, i.e., the construction workers.

BUSINESS AND MARKET REACH : WALKING THE EXTRA MILE

PNB Housing believes that to make houses available for all, housing finance providers will need to take their products and services to the end users and not vice-versa. Even today, many citizens in India live as tenants. One of the reasons for this is that such families do not feel the need for investing in real estate or they perceive the process of availing finance for home purchase as cumbersome. The onus is on us to generate this need by communicating effectively the importance and the ease of owning a home.

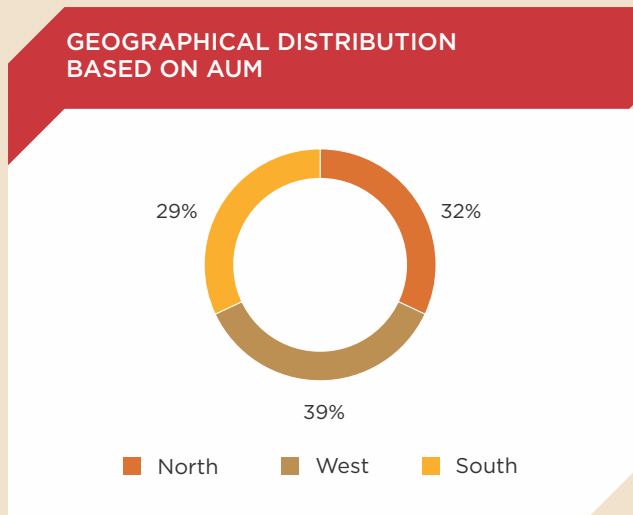
We are strategically extending our reach to connect with the farthest customer. Although we acknowledge that a huge potential is lying dormant in the housing finance sector, yet we are moving forward prudently with calculated capacity building.

PNB Housing believes that the key to commercial longevity is to follow a sustainable business model instead of nibbling market share. We place productivity ahead of expansion and towards this; we launch our new branches only after ascertaining

their viability. This approach has ensured that all our branches become healthy contributors to the overall performance of the Organization.

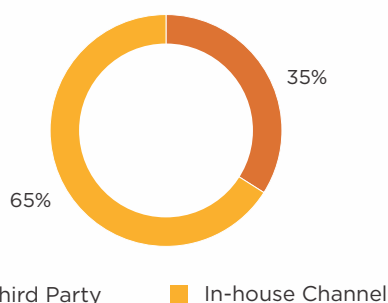
The Company believes in establishing an evenly distributed geographical network. The volume of business generated during FY2017-18 is homogenous across the geographical spread, with West zone is making a marginally higher contribution.

In the beginning of FY2017-18, we were operating 63 branches in 39 unique cities. By the end of the same year, our presence extended to 47 unique cities with 84 branches, 21 underwriting hubs and 3 zonal offices. The central operations and central processing have aptly supported this network headed by the central support office in Delhi. PNB Housing expansion is well calibrated led by capacity building and we continue to see future opportunities in the sector as we scale new boundaries.



Our business sourcing network comprises of over 12,000 members across India including in-house sales personnel, sourcing partners, deposit brokers etc. Our external channel partners introduce us to a wider network through their relationships and infrastructure. Together we are spreading our wings wider and increasing the scale of our operations.

DISBURSEMENT ORIGINATION MIX



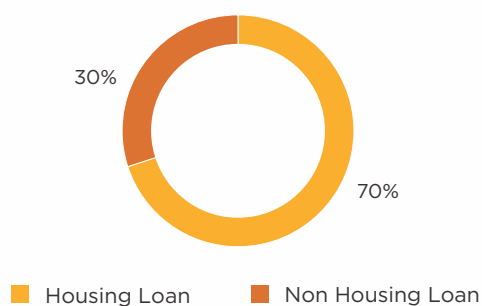
PHFL Home Loans and Services Limited

In FY2017-18, we incorporated PHFL Home Loans and Services Limited as a wholly owned subsidiary. PHFL is focussing on the sales and distribution functions of PNB Housing and has already included the existing in-house sales cadre in its family. This will make us self-sufficient in acquiring new businesses and offer doorstep services to prospective customers. The pilot phase of PHFL is completed and the entity will be fully operational from the 1st quarter of FY2018-19. We look forward to create strong synergies with our subsidiary to take customer experience to another level.

Our Product Mix is designed to suit the Retail market

Our range of products and services are designed to fulfil the contemporary needs of the retail market. At PNB Housing, we stay in sync with the time and ensure that we keep a vigilant eye on the dynamic nature of the financial ecosystem. Continual understanding on consumer preferences has helped

PORTFOLIO MIX



us formulate a product line, which comprises of loans for purchase of homes, self-construction, home extension and residential plots. Non-housing loans include loan against property (LAP), loan for purchase of non-residential premises (NRP) and lease rental discounting (LRD). The Company also offers construction finance to real estate developers, thus enabling them to build homes for citizens.

Our well-defined target group encompasses a wide range of customers

Over the years, PNB housing has been consistent in its target mix and is in line with the overall strategic direction. We have gradually expanded our reach and enhanced the acumen to appraise both salaried and self-employed segments who aspire to fulfil their housing dreams through home loans, which are customised to accommodate their repayment comfort.

In our opinion, a large share of housing demand is generated by self-employed category but it has been observed that the credit penetration in this segment is quite lower than the actual house purchase ratio. At PNB Housing, a significant percentage of home loans are disbursed to the self-employed category, which highlights our expertise in catering to this high potential segment. Commoditized product market differentiation is limited, therefore we strive for providing a differentiator service delivery model.

Taking into consideration the other side of the coin, we are offering 'Unnati' home loans to individuals and families coming from modest income groups, extending our hands to say that 'we care'. We earnestly aim that aspirants from such income groups benefit from this product and tread on the path of 'Unnati' (progress).

We believe that 'Nature' is the most important customer today. It is our responsibility to conserve the rapidly depleting natural wealth of planet Earth. It is our moral duty to save the planet from the onslaughts of thoughtless human actions, such as pollution, waste disposal, tampering with physical features, etc. Thus, we have adopted the 'green lending practice', an initiative that is being carried forward in partnership with IFC Washington. Under the programme, we extend funds to such residential projects that are certified by a recognized green building certification body, such as the EDGE. We are hopeful that such initiatives will encourage builders and developers in adopting nature friendly construction methods.

BRANDING AND MARKETING: GAINING MINDSHARE

In our line of business, where customers have multiple options to choose from, brand identity and recognition play an important role. They are gears that boost our efforts in becoming the preferred service providers for home aspirants across the country.

Our marketing strategies have proven to be as intriguing as our products and services. We have been using a wide range of advertising and branding tools to convey our commitment that, "Taking home loan from PNB Housing is as easy as Ghar ki Baat!" Our focus is on informing prospective home aspirants that we are a future driven organisation

with products that custom fit the expectations of the new age customers.

The catch phrase 'surprisingly easy' was the central idea of our marketing campaign during FY2017-18 because that is exactly how customers experience their home loan journey, when collaborating with us.

To create memorable visibility in media, one that would appeal to people of all age groups, we created a visual extravaganza by bringing to life a wonderful world of computer-generated animals. The reason for including animals in the campaign was to break the clutter. To our delight, the T.V. commercials, print ads, radio jingles and OOH campaigns earned significant appreciation from our target audience.



This award winning commercial is where occupants are happy to quit the claustrophobic environment and move into a house that offers a beautiful sea view. The objective of such creative messages is to encourage people to break free from the perils of staying in rented homes through 'surprisingly easy' home loans offered by PNB Housing.



We reinforced our advertising campaigns with below-the-line activities, such as participation in relevant events, exhibitions and summits. We also organized many on-ground events, which brought us face-to-face with prospective customers.

CUSTOMER CONVENIENCES: RAISING THE BAR

Service is not about transaction, it is about engagement. At PNB Housing, we express our customer-first approach through a host of conveniences that we offer in our product suite. Going by the mantra of 'small is big', the service strategy is aimed towards providing simple and effective interventions at key points of the 'customer experience' journey. The centralised outbound contact centre, self-service 'application status tracker' and the integrated disbursement scheduler are case in point.

To ensure that our clients are served in a secure, transparent and swift modus, we are re-energising and re-inventing our processes through the total quality management (TQM) framework. Using scientific and statistical means, the TQM project will further improve accuracy and bring faster TAT for loan processing along with elevated productivity levels.

In order to benchmark our processes to high levels of excellence the servicing functions of the Company such as branch customer service operations, outbound and inbound contact centre and the centralised back office operations are ISO 9000 certified. ISO is a globally accepted standard on quality management and it certifies that PNB

Housing possesses effectively documented processes for ensuring an efficient and standardised customer service. The certification has been granted by CDG, a leading international organisation specializing in ISO compliance.



Customers when dealing with PNB Housing, benefit from features such as personalized doorstep services, instant home loan e-approvals, options to choose from fixed and floating rate of interest, customized eligibility programmes and many more features.

We follow the path of continual improvement. Our customer satisfaction survey helps us in getting the customer's perception of our services. This insight sets the course for innovation and self-improvement.

Total Quality Management (TQM)

In the business of financing, many a times, adherence to quality standards leads to an uptick in the turnaround time. We initiated the TQM project to reduce the time frame between customer application login and final disbursement. We have institutionalised general principles of TQM in various units and procedures that are part of the disbursement procedure. The pilot project was commissioned at the Noida Hub and has now been extended to Mumbai. Based on encouraging results in the pilot phase, we anticipate a rise in the productivity levels of relevant units.

Customer Relationship Management System (CRMS)

PNB Housing acknowledges and respects customers' demand for 'urgency'. It is our endeavour to ensure that all requests and complaints are addressed in the shortest possible time frame. We have designed our own CRMS, — an interface, which is equipped with, predefined inbuilt workflows for quick transfer of information between the clients and the relationship management team.



CRMS allows for suggestions and feedbacks, which act like 'on the job learning opportunities' for our team. Every customer feedback is treated with utmost priority, no matter how grave or minor they may seem.

Contact Centre

Our advertising campaigns have been generating high volumes of enquiries. Hence, we established an outbound contact centre to process these enquiries and to ensure that every single one of them gets a prompt response from our executives who are given rigorous training to handle such grievances of our customers. We believe in having happy and satisfied customers, who would in no ways, attempt to dissociate from us. The unit is technologically advanced and maintains an end-to-end intelligent tracking of customer requests. It also monitors the performance of leads generated through the advertising campaign. The enquiries are directed to this centre and are responded through voice and email based services. Calls are recorded for training purposes. From the customer's point of view, the centre casts the first impression and sets the tone for lasting relationships.

The centralized inbound contact centre was conceptualized to handle customer interactions coming through non-visual channels, such as telephone, email, web and mobile portal. The centralised team motivates the branches to provide quick and standardized experience to the customer. Due to timely and standardized one-time communication, the number of repeat e-mailers are negligible. As we attempt to address and resolve concerns of customers through inbound contact centre within defined timelines and with standardized communication, the economies of scale will start playing out in FY2018-19.



Inbound Contact Centre at CSO

Customer Portal (CP)

A typical home loan journey lasts for about 20 years. Such long associations between the finance provider and the customer is marked by multiple interactions. We have thus established a customer portal to act as a free-flow bridge between the customers and us. This single window, which is linked to CRMS, offers important information such as IT certificates, EMI payment schedules etc. at the click of a button. The customer portal has proven to be an effective platform for handling post-sales engagements. The customer portal besides keeping communication between Company and the customer, enables the latter to feel at ease at the thought that the answer to his queries or the solution to his problems are all only a click away. This portal acts as the interface between customers and us, who are extremely important to us.

Our Customer Portal is also available in the form of mobile application. It is one of the few in the BFSI space, which allows accessibility through fingerprint



PNB Housing Mobile App

authentication. More than 50% of our loan customers have already subscribed to the portal.

The app is proving to be highly effective, which can be accessed as and when it is convenient for the customer. In this era of technology, we have kept abreast with the times and devised ways to be accessible to our customers, anywhere and at any time. As the convenience of downloading and operating this app, will spread through word-of-mouth, we are sure the number of subscribers will soar rapidly, within a short period.

Target Operating Model (TOM)

Our scalability is reinforced by our target operating model (TOM) which works on 'hub' and 'spoke' basis vigilantly supported by central support office (CSO), centralized operations (COPS) and central processing centre (CPC). Our model facilitates economies of scale, low incremental costs, faster decision making and brings operational synergies and standardization across the network.

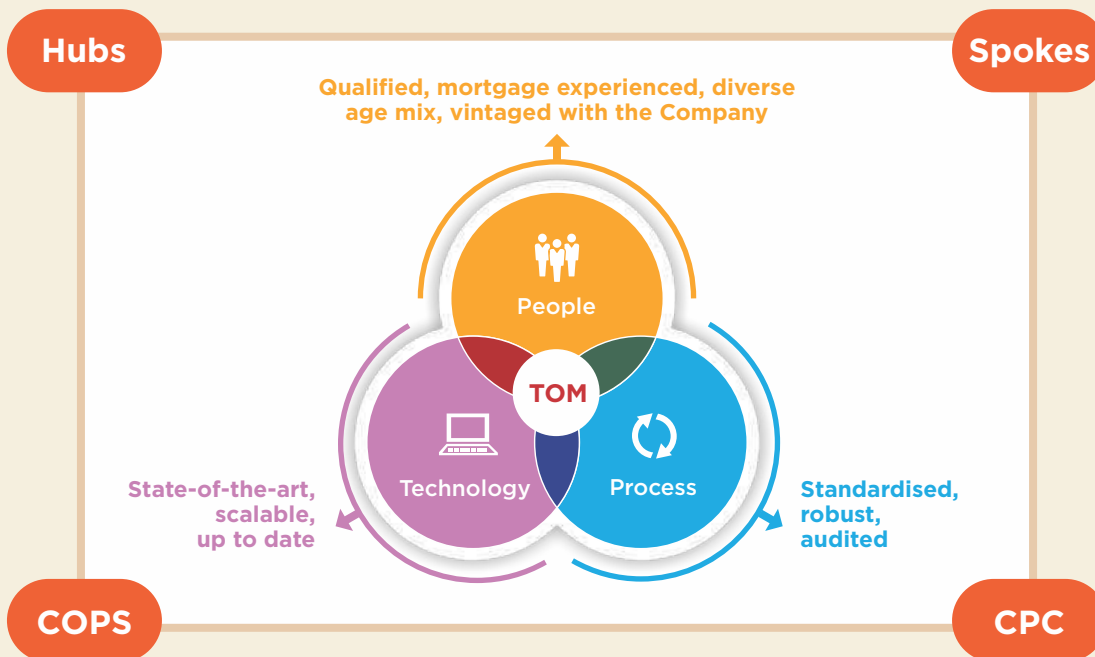
Our hubs are the fountain heads of subject matter experts that cater to the business aggregated through 84 branches or 'spokes'. The capacity of each hub can be enhanced to serve up to 5 to 6 branches. Our loan decision-making process at the hubs involves qualified and vintaged specialists from fraud control, technical, legal, collection and finance professionals. The Company follows four-eye principle and has delegated loan sanctioning authority to hubs in order to facilitate faster decision-making. The Company has a methodological, well-established and streamlined credit underwriting, monitoring and collection process to ensure that our credit quality remains healthy.

Technology forms the backbone of our processes. Our target operating model is laid down on the single layer of enterprise system solution (ESS) where all business activities and functions are integrated. Our formally documented standard operating procedures ensure that our consistency remains uncompromised.

The Company envisaged induction of various electronic and digital means in loan processes to make it more efficient. The Company ran these initiatives under the name "Phygital". This has driven us towards digitization of sourcing, verification and customer service on mobile platforms. Through digital medium, the customers and third party partners are brought together to make the transaction seamless. All property and loan documents are being digitised at the centralised operations shop. These documents can be accessed securely at the click of a button, a 'digilocker' equivalent of service to the customer.

Intelligent bulk communication management system has been implemented, which simplifies the complete process of customer communication, ensuring 100% reliability and global standard of customer privacy.

Robust Target Operating Model



RISK MANAGEMENT: REINFORCING RESILIENCE

PNB Housing has a well-planned strategy of building assets with optimum risk-reward levels. Our endeavour is to make the Company 'one of the most admired and preferred HFC' for all stakeholders".

Portfolio Performance

The Company's loan book has grown sensibly and is diversified across geographies, products and occupations. Our loan assets has performed better than the industry with gross NPAs at only 0.33%.

Our low NPAs are a testimony of the efforts made in the last few years towards building a consistent product and occupation mix, scalable TOM, robust processes, proficient human resources, collections rigor and proactive portfolio monitoring. All of our processes are audited by independent team of professionals.

Wholesale finance operations are centralized backed by stringent norms for customer and collateral underwriting. We have strong team of operations personnel, who review these projects, cash flows, sales velocity, construction status etc. on periodic basis. For the period ended March 31, 2018, the gross NPAs for wholesale finance portfolio

stood at 0.17%.

Enterprise Risk Management Policy

We are the custodians of your trust and that of over 2 lac customers. We have formulated a comprehensive enterprise risk management policy to thwart major risks such as credit risk, market risk, liquidity risk, legal risks, interest rate risk and operational risk that are inevitable to our business. We place emphasis on risk management practices for a risk return trade off.

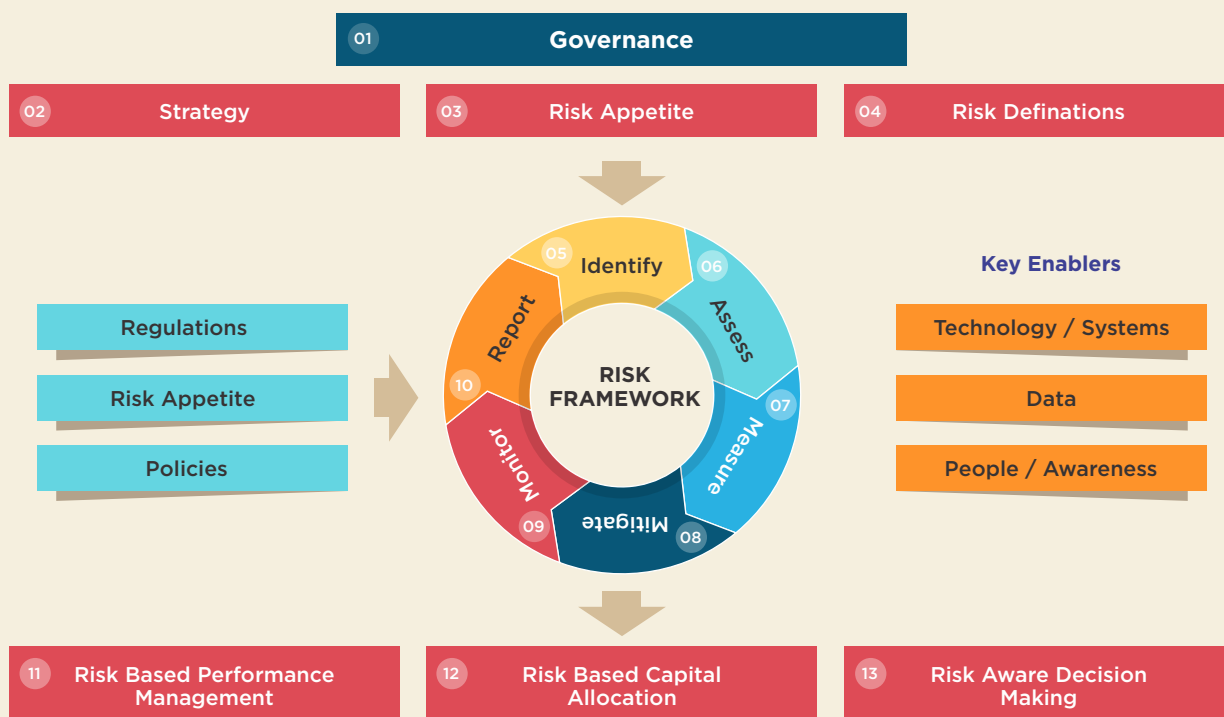
We have an integrated risk management policy (IRM Policy) in place, which communicates the risk management strategy, framework and risk processes throughout our organization and is approved by our Board.

PNB Housing Risk Framework

Our risk management framework broadly includes governance, risk appetite approach, risk specific guidelines, risk measurement, mitigation, monitoring, reporting and key risk indicators (KRIs).

The Company has developed a clearly articulated risk appetite statement, functional policies, KRIs to explicitly define the level and nature of risk that

PNB Housing Enterprise Risk Management



organization is willing to take, in order to pursue the articulated mission on behalf of various stakeholders.

Our Board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight and assesses whether it is consistent with the risk tolerance levels as laid down.

The RMC gives directions to executive risk management committee (ERMC) comprising of senior management of the Company.

Executive Risk Management Committee (ERMC)

The ERMC is headed by the Managing Director and includes the Chief Risk Officer, Business Head, Chief Finance Officer, Chief Technology Officer, Chief Compliance Officer and the Chief People Officer.

Based on the Business objectives and business plans of the Company, the top management has identified risks to Company's objectives. The key risk indicators, risk appetite and risk policy were developed for critical risks with thresholds to provide an early warning signal of increasing risk exposures in various areas of the Enterprise.

The key business risks assessed function wise are credit risk, market risk, liquidity risk, reputation risk and technology risk. The Company has formulated risk management policies along with KRIs, which are measured and reported to RMC on quarterly basis.

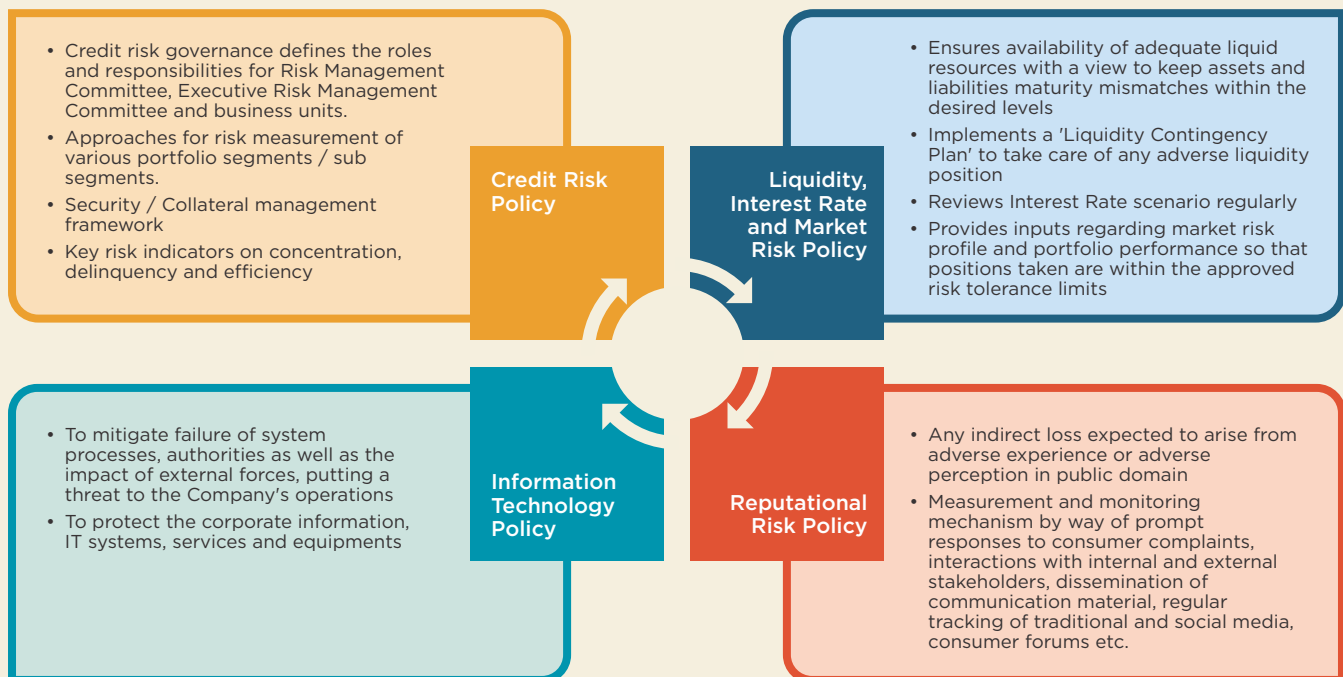
Recoveries

Against the backdrop of increase in non-performing assets in the mortgage sector, the Company has successfully contained its NPAs to one of industry's best. Rigorous monitoring and assessment of early warning indicators played a crucial role in arresting probable defaults. We believe in curing rather than collecting and resorts to best legal practices and fair standards in dealing with delinquent customers. Our proficiency and experience gained in the last few years has enabled us to make optimal use of the SARFAESI Act, 2002, thus achieving the desired NPA resolution rate.

INFORMATION TECHNOLOGY: SHAPING OUR FUTURE

In today's world, IT and business are interwoven. Fintech is a new trend in the financial sector. Financial technology is no more limited to bookkeeping but everyday new dimensions are

A brief snapshot of the risk management policies of the Company:



getting added. New technologies, like machine learning/artificial intelligence, predictive behavioral analytics and data-driven marketing are further making the business more sustainable by taking the guess work out from strategic decisions. At PNB Housing the focus had always been, on bringing smart technologies to the forefront of value chain.

We have conventional approach towards technology with contemporary outlook. We stick to fundamentals and embrace the most advanced technology to reshape our business. Our services are available on all the digital channels with balanced footprints on cloud.

Our enterprise solutions system (ESS) is interfaced with e-verification services for know your customer, employment check, utility bill verification, fraud check and automated bank statement analysis. This has eliminated the limitations of manual verifications, bringing efficiency in the underwriting process.

A collaborative web and mobile platform 'uConnect' has been launched for underwriting service partners to seamlessly integrate the flow of services for field investigation, fraud check, technical valuation, personal discussion and legal verification. The platform provides an intuitive experience thereby increasing efficiency and reducing TAT, thus building a collaborative business ecosystem between service

partners and PNB Housing.

The omni-utility self-service portal empowers the customer to start an activity in one channel, and seamlessly make transition to the other.

Subsequent to the implementation of goods and service tax (GST), the feature has been introduced and adopted in the ESS, enabling compliance and submission of regulatory returns.

Another such unique feature that we have introduced is Customer's document digitization facility, which is a true amalgamation of people, process and technology. Accuracy with speed is the mantra of this establishment. Rollers and lenses are tuned to digitise millions of pages every month and human verification complemented by cognitive checks ensures error proofing.

Customer communication is an important aspect of business. Automated mailing solutions have been implemented by the Company, which simplifies the complete process of customer communication, ensuring customer privacy.

Security and Compliance are paramount for us. Towards this, we have adopted a board approved comprehensive security policies and framework, to make the overall business environment more secure and compliant.



OPERATIONAL FRAMEWORK: BUILDING OUR SUBSTANCE

The Central Operations (COPS) at PNB Housing is an ISO certified unit, which acts as a transaction powerhouse to take care of plethora of backend operations and ensures the adoption of best practices in our operations. Central operations compose 2.4% of the organization's human capital and primarily focuses on activities that do not involve customer interface. It aims to bring efficiency, quality, process optimization, cost control and economy of scale by adopting technology-driven processes.

The year gone by was eventful for COPS as it established a new facility to cater to the west zone. This facility is a standing testimony to the scalability of our scalable target operating model (TOM).

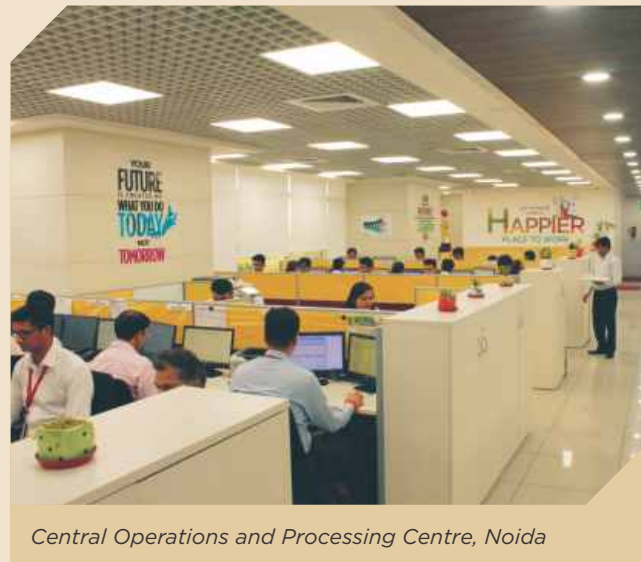
PNB Housing has set a new benchmark in the mortgage industry covering end-to-end security document digitization and the adoption of Intelligent mass mailing solution has enabled automated dispatch of physical communication through robotic folder and inserter.



Intelligent Mass Mailing Solution at Central Operations and Processing Centre

Centralised Processing Centre (CPC) manages repository of dockets, loan files, deposit applications, business partners' applications, CERSAI charge creation and satisfaction, repayment mode management, cash management services (CMS), centralized bank reconciliations for disbursement and collection accounts along with several other essential documentation.

Bank reconciliation for branch disbursement and collection accounts have been successfully migrated



Central Operations and Processing Centre, Noida

to a centralized unit. This process works on 'the maker and checker concept' as the banking transactions get updated in the system by branches and reconciled by the CPC.

COPS is steadily progressing towards delightful customer service delivery by facilitating the processing of deposits, business partner management, and bulk customer correspondence with precision.

OUR HUMAN RESOURCE: PERSONIFYING OUR BRAND PROMISE

People are at the core of our success. We do not view our people as 'resources'; we consider them our most valuable assets.

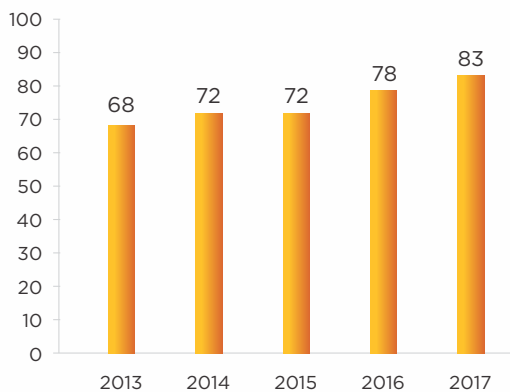
Mortgage sector, in today's scenario, is highly competitive in nature. It is imperative to ramp up the human resource systems and processes, that can enable organizations to be relevant and adept with the changing environment.

At PNB Housing, we are constantly building strategic interventions with a long term vision of being the most admired housing finance Company in the country.

In line with our core value of 'people first', our HR processes and initiatives have been aligned for building a superior human capital and keeping the work force across all levels engaged and motivated. We recognise the importance of having a consumer-focused, performance-driven and future-capable team that will surpass our growth ambitions. The human resource agenda continues to support the business in achieving sustainable and responsible

growth by building the right capabilities in the organisation. We believe in creating high-trust, high-performing workplace culture. Our sincere efforts over the last five years to develop a highly engaged workforce have yielded good results with y-o-y improvement in our employee engagement scores.

EMPLOYEE ENGAGEMENT SCORE



An engaged employee is a productive employee

The team members at PNB Housing truly deserve credit for the Company's current stature. These members are a group of determined professionals who are on a mission to provide the best of services to the customer. Our talent pool has been accumulated through years of human resource development and we continue to attract capable cadre in our family. The average age of our entire team is about 32 years, which makes our organisation an agile and youthful entity. On March 31, 2018, the total employees on board were 1290.

Our talent retention in the future would be groomed to cater to the needs and aspirations of gen-Y. As a first step, we have launched a web-enabled HR management system (HRMS). This HRMS platform has created a paperless working environment through automated HR processes and defined workflows, thereby ensuring HR deliverables in a more effective, coordinated and efficient manner. Online processes like self-service, which help employees update their own data and managers to get insights, have been deployed, enhancing the efficiency and productivity of our employees. Other processes and initiatives like performance management system, reward and recognition programme and talent management etc. have also been integrated with this platform, significantly



Annual Reward and Recognition Night, New Delhi

contributing to enhancing employee connect and experience.

From the learning & development perspective, we have moved towards 'Gamified' an activity-based or game-based interactive e-learning through our e-learning platform 'e-Guru'. This helps in easier learning and retention compared to conventional classroom training. Relevant functional, behavioural and leadership competencies development modules are easily accessible and it is serving as an ideal self-learning platform. Thus, this platform is successfully instigating and encouraging self-learning culture in the Company among employees, who get every opportunity to learn and upgrade themselves. This becomes a win-win situation for both the Company and its employees; the Company gets competent employees while the employees get optimum opportunities for growth and self-development. Our twelve-month training programme for management trainees is designed to give them cross-functional exposure through all the functions under seasoned mentors. It provides the young recruits structured holistic training and real-time exposure to various processes and functions. We are emerging as a fertile training ground for future mortgage industry leaders. We are generating career development opportunities for our aspiring young workforce through our internal mobility policy. This year, we have offered 62 cross functional/career enhancement opportunities to our internal talent pool.

Formal rewards and recognition (R&R) programmes have been instituted across functions, locations and teams. The R&R programmes have been aligned with organizational goals and have brought about cross-functional synergy. From the talent management

perspective the Company has adopted the 9-Box model framework to monitor potential-performance ratio for middle and senior management level employees. This model assesses individuals on two dimensions—their current performance and their future potential.



PNB Housing Badminton Tournament

Our employees are the foundation of our success, and we believe in sharing our success with them. We reward their outstanding work in many ways, like providing competitive, instant recognition for path-breaking contributions, and soft incentives like birthday/ anniversary day off, family get-togethers and recreation opportunities.



Family Day of PNB Housing

The HR at PNB Housing leaves no stone unturned in ensuring that its employees remain completely satisfied. Any grievances or issues of the employees are addressed immediately and resolved within a short period of time, sometimes even immediately. Our aim is to keep every employee motivated and happy, such that work for them becomes a pleasure

and they look forward to giving in their best. We attempt at bringing about that change from within for that is what will give lucrative results.

Motivated working yields better results. We thus keep the environment congenial and friendly and our workstations are designed to make working comfortable for our employees, so that they are not exposed to health risks. Good health evokes happiness and happy employees result in happy customers.

COMPLEMENTING INFRASTRUCTURE

To ensure that our team members are provided an ergonomic working environment, we design our brick and mortar infrastructure to deliver comfort and boost efficiency. Our offices span to a total of 3,21,134 sq.ft. of space. Our facility management team has enabled complete logistic support to 1,290 full time employees and 2,880 third party payroll staff in an efficient manner. We deploy internal branding tools to inculcate a sense of oneness with the organisation and to keep our workforce motivated.

FINANCIAL PERFORMANCE: INDUCING SELF BELIEF

Consolidated Performance Indicators

(₹ in crores, unless stated otherwise)

Performance Indicators	FY18	FY17	% Chg
Total Revenue	5,516.96	3,907.85	41%
Finance Cost	3,530.80	2,643.65	34%
Other Expenditure	508.64	357.28	42%
Provisions			
- Standard Asset	87.03	63.51	37%
- NPA	15.52	5.10	204%
- Contingency	62.5	14.98	317%
- Other Provision and Write offs	33.78	19.32	75%
Profit Before Tax	1,278.69	804.01	59%
Profit After Tax	829.41	523.73	58%
Earnings per Share	49.82	36.72	36%
Dividend per Share	9.00	6.00	50%

As per the prudential norms prescribed by the NHB for standard loan assets, HFCs are required to carry a provision of 0.25% on individual home loans, 0.40% on individual non-residential property loans, 0.75% on developer loans for residential projects and 1% on developer loans for commercial projects.

Key Ratios	FY18	FY17	% Chg
Average Yield	10.07%	10.76%	-69 bps
Average Cost of Borrowing	7.71%	8.55%	-84 bps
Spread	2.36%	2.21%	+15 bps
NIM	3.07%	2.97%	+10 bps
Cost to Income Ratio	19.54%	22.43%	-289 bps
Return on Asset	1.54%	1.46%	+8 bps
Return on Equity	14.00%	14.92%	-92 bps
Provision Coverage Ratio	228%	303%	
Average Gearing	7.60	8.72	
Book Value per Share	378.51	336.71	12%
CRAR	16.67%	21.60%	
- Tier I	12.75%	16.46%	
- Tier II	3.92%	5.14%	
Risk Weighted Asset (₹ Crore)	44,451.64	31,773.47	40%

As per the regulatory norms, the minimum requirement for the CRAR and tier I capital is 12% and 6% respectively.

TREASURY

Treasury plays a pivotal role in providing raw material to the business at competitive rates. PNB Housing has evolved treasury operations with a well-diversified and efficient borrowing mix. The Company over a period of time has built associations with a large set of investors, such as MFI/FDI, banks, large mutual funds, insurance companies, pension funds, trusts etc.

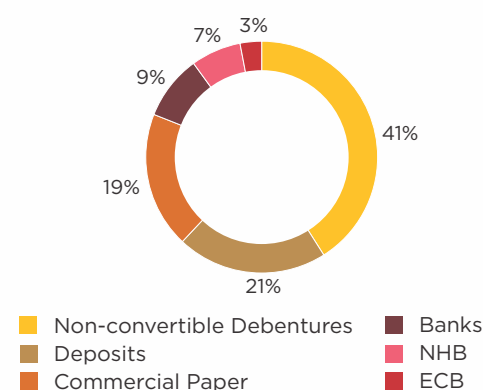
During the year, we established USD 1 billion MTN to raise offshore funds. We issued zero coupon bond (ZCBs) amounting to ₹ 889 crores. The Company's borrowing programmes draws the pivotal ratings from leading rating agencies such as CRISIL, ICRA, CARE and India Ratings.

1. BORROWINGS

Borrowings as on March 31, 2018 registered an increase of 52% to ₹ 54,266.88 crores as against ₹ 35,656.87 crores in the previous financial year.

Borrowings constituted 90% of funds employed as on March 31, 2018. The Company has a well-diversified borrowing mix in terms of both investors and instrument type. As of March 31, 2018, we met our funding requirements through multiple sources, including term loans from banks and financial institutions, non-convertible

BORROWING MIX as on March 31, 2018



debentures, deposits, ECBs, commercial paper, refinancing from NHB, ZCB and unsecured subordinated debt. Over a period of time, the Company has built strong relationship with its lenders. As on March 31, 2018, our lenders aggregate to over 800 lending institutions across public and private sector banks, mutual funds, insurance companies, provident funds, gratuity funds, pension funds, superannuation funds, foreign portfolio investors and multilateral institutions like ADB and IFC, among others.

• Wholesale Debt Market: Non-Convertible Debenture and Commercial Paper

During the year under review, the Company has raised ₹ 8,065 crores (previous year ₹ 4,592 crores) through private placement of secured non-convertible debentures. The Company's NCD issues have been listed on the wholesale debt market of the NSE. The Company's NCDs are rated 'CARE AAA', 'IND AAA/RWN', 'CRISIL AA+/Stable' and 'ICRA AA+/Stable' indicating high safety with regard to timely payment of interest and principal. The outstanding balance of secured NCDs as on March 31, 2018 was 20,037 crores (previous year ₹ 13,172 crores).

During the year, the Company for the first time issued zero coupon bond (ZCBs) amounting to ₹ 889 crores. The outstanding balance as on March 31, 2018 was ₹ 889 crores. The premium on the ZCBs is payable on the maturity of the ZCB.

The Company uses commercial paper as a source of funding its working capital needs and to tide short term volatility in the market. During the year, the Company raised ₹ 26,600

crores (previous year ₹ 14,295 crores) via issuance of commercial paper and repaid ₹ 20,570 crores (previous year ₹ 14,950 crores). The Company's short-term borrowings including commercial paper are rated 'CRISIL A1+' and 'CARE A1+'. These ratings indicate highest safety regarding timely re-payment. The outstanding balance of commercial paper as on March 31, 2018 was ₹ 10,400 crores (previous year ₹ 4,370 crores).

- **Set up of EMTN programme to raise Rupee Denominated Bonds/ Foreign Currency Bonds Overseas**

The Company established a medium term note programme (MTN Programme) of USD 1 billion to issue debt instruments in the international capital markets, subject to regulatory approvals. Under this programme, the Company can raise USD 1 billion through the issuance of rupee denominated bonds (masala bonds) to overseas investors through the approval route. The programme has been listed on the London Stock Exchange. The Company has received approval from the Reserve Bank of India to issue rupee denominated bonds up to USD 500 million where IFC is an anchor investor with a commitment of USD 150 million. These rupee denominated bonds are issued in foreign currency and the currency risk is borne by the investor.

- **Down selling of Assets under Direct Assignment**

During the year, the Company down sold loans amounting to ₹ 3,128.40 crores under direct assignment route to four large institutions consisting of a mix of PSL and Non-PSL assets. This is also a testimony of our superior asset quality. Operating in the mass housing segment, the Company every year generates high quality and reasonable quantum of priority sector assets, which under abidance of RBI guidance can be potentially sold to banks at attractive prices.

As on March 31, 2018, total loans outstanding in respect of all loans down sold stood at ₹ 5,237.59 crores (previous year ₹ 2,961 crores). PNB Housing continues to service these loans and is entitled to servicing fees on the same.

We would continue to explore further down selling of good quality assets, which can help,

bring down the overall leverage and cost of funds.

- **Term Loans from Banks, Institutions**

The Company has borrowed funds with both long and short-term maturities from the banks at competitive rates. This year fresh loans procured from banks were ₹ 3,865 crores (previous year ₹ 25 crores). This includes borrowing through fully hedged foreign currency term loans of ₹ 2,275 crores and market benchmark linked loans of ₹ 1,590 crores. Loans repaid amounted to ₹ 1,374.67 crores (previous year ₹ 572.62 crores). The outstanding balance of bank term loans was ₹ 2,052.18 crores (previous year ₹ 586.85 crores) as on March 31, 2018.

- **Refinance from the NHB**

The Company enjoys a very healthy and harmonious relationship with NHB and has been consistently receiving refinance facilities from them under various schemes. During the year, the Company has availed refinance of ₹ 1,500.00 crores (previous year ₹ 1,000 crores) from the NHB. These are long term funding raised for a period of 10 years. The outstanding refinance from the NHB as on March 31, 2018 was ₹ 3,891.97 crores (previous year ₹ 2748.40 crores) and is secured by hypothecation of specific loans/books debts against which refinance has been availed.

- **Overdraft Facilities**

The Company has added new OD/CC lines during the year aggregating to ₹ 4,250 crores (previous year ₹ 2,275 crores). These OD lines are at MCLR (marginal cost of funds based lending rate) of the respective banks. These lines of credit, which act as backstop facility fund similar to CPs, help in treasury operations of the Company.

- **Subordinated Debt**

As on March 31, 2018, the Company's outstanding subordinated debt stood at ₹ 1,399 crores. The debt is subordinated to present and future senior indebtedness of the Company and has been assigned the rating of 'CARE AAA', IND AAA/RWN, 'CRISIL AA+/Stable' and 'ICRA AA+/Stable' by CARE, India Rating, CRISIL and ICRA respectively.

The Company has not issued any subordinated

debt during the year. Based on the balance term of maturity, as on March 31, 2018, ₹ 1,359 crores of the book value has been considered as tier II capital for the calculation of CRAR as per the guidelines issued by the NHB.

The tier II capital of the Company stands at 3.9% as on March 31, 2018 compared to 5.14% as on March 31, 2017.

- **External Commercial Borrowings (ECB)**

The Company has ECBs of USD 223.75 million in the form of term loan facilities from International Finance Corporation and Asian Development Bank. These two ECBs were raised under the low cost affordable housing scheme of the Reserve Bank of India (RBI). The proceeds have been utilised for financing prospective owners of low cost affordable housing units. As per RBI norms, low cost affordable housing units have been defined as units where the property cost is up to ₹ 30 lacs, the loan amount is capped at ₹ 25 lacs and the carpet area does not exceed 60 square meters. The ECB is for an average tenure of 5 years and the foreign exchange risk on the principal has been hedged in accordance with the guidelines prescribed by the RBI.

2. INVESTMENTS

We follow a Board approved investment policy with set limits on the investments. The investment function is carried out to maintain sufficient liquidity and smooth running of day-to-day operations and invest surplus funds in various securities with an objective to maximize risk adjusted return.

As on March 31, 2018, the investment portfolio stood at ₹ 2,380.11 crores, which is 3.73% of the total assets. HFCs are required to maintain a statutory liquidity ratio (SLR) of 12.50% against the public deposits raised by the Company. As on March 31, 2018, PNB Housing had ₹ 1,161.65 crores in SLR securities.

PNB Housing has classified its investments into current and long-term investments. The current investments have been entirely 'marked to market'. In respect of long-term investments, provisions are made to reflect any permanent diminution in the value of investments. The aggregate provision on account of such current and long-term investments amount to ₹ 14.47

crores. This includes opening balance of ₹ 7.73 crores and an incremental provision of ₹ 6.74 crores made in FY2017-18.

As on March 31, 2018, the market value of quoted investments was higher by ₹ 12.94 crores as compared to the value at which these investments are quoted in the balance sheet.

3. ASSET LIABILITY MANAGEMENT

The asset liability management process involves close monitoring of mismatches in asset-liability and to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet beyond the permissible and defined threshold. The ALCO being a board nominated committee closely reviews the asset portfolio, lending rates, borrowing profile and cost of funds on a periodic basis and gives directions and broad framework of operations to the treasury and business team.

The ALM position of the Company is based on the maturity buckets as per the guidelines issued by NHB. In computing the same, relevant assumptions, estimates and adjustments have been made by the management in line with the past and expected performance of the loan assets currently in the book. In this regard, Asset is calculated on the behavioural maturity and liability on a contractual maturity basis and hence the same shall not be in line with what has been reported in the audited financials, since they are all based on contractual maturities of both assets and liabilities.

Investor Relations (IR)

In the financial year 2016-17, the Company launched its IPO and got listed on the Indian stock exchanges. The Company raised ₹ 3,000 crores through the IPO, which was the second largest IPO in the Indian stock market in 2016. The Company was also awarded with 'IPO of the Year' by finance monthly magazine (M&A Awards), a leading international business publication.

FY2017-18 was the first full year of IR activities, which was focused on enhancing the Company visibility through participation in investor conferences, non-deal roadshows, inbound roadshows/meetings, investor/analyst meet and expanding coverage on the Company while ensuring consistency of data and maintaining highest standards of corporate governance. The Investor

Relations team ensures uniformity in dissemination of information among all investors in a timely and transparent manner.

During FY2017-18, PNB Housing became part of various BSE and NSE indices, such as, BSE 200, Nifty 200, Nifty 500, Nifty Midcap 150, Nifty Mid Small Cap 400, Nifty Full Midcap 100, Nifty Free float Midcap 100 etc. With effect from January 4, 2018, BSE has categorized PNB Housing script as group 'A' from group 'B' that indicates higher trading activity in the stock.

Subsequent to the listing, prompt and proactive disclosure of all material information was made to the stock exchanges to enable informed decision making by the market participants. The documents, which are shared with the stock exchanges, are instantly uploaded on the Company website and mailed to the market participants.

The IR function has played a pivotal role in enhancing the company's presence and penetration among the investor fraternity and shall continue to expand the same, during FY2018-19 as well.

INTERNAL AUDIT

Our business growth demands that the internal audit performs stringent checks to track any deviation. Stepping up the same, we have set up a new process for internal audit where disbursement and docket audit is shifted from CPC to branches. External legal firms conduct audits and their findings are shared on a monthly basis while the audit reports are issued quarterly. Besides docket audit, a separate team of internal auditors conduct audit of disbursed files and issue quarterly reports. For auditing the rest of the functions such as accounts, deposits, general administration, IT, human resource, customer service, etc. the auditors visit branches twice a year.

Transaction audit of the branches were completed as per the given scope and in time. Functions at CSO, treasury, finance and accounts, GAD, HR, are audited by an external auditor, while wholesale finance and central recovery functions are audited by in-house internal auditors on a quarterly basis.

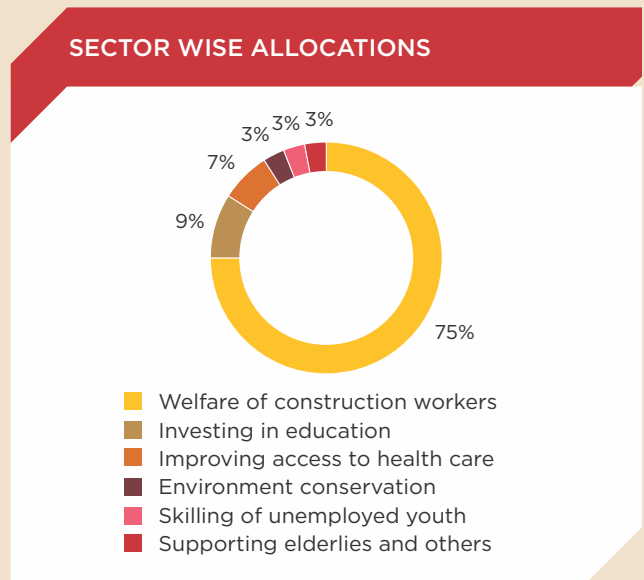
CORPORATE SOCIAL RESPONSIBILITY: CONTRIBUTING OUR BIT

Growth and development around the world is not homogenous. Unfortunately, even today, a large section of the society is deprived of the basic human needs. It is ironical that this section includes construction workers and their families who continue to be in socially and economically marginalized

areas. At PNB Housing, the CSR initiatives are primarily focussed on improving the lives of the under privileged and reinforcing our humble contribution towards nation building.

Majority of our CSR interventions are towards the welfare of construction workers and their immediate family members. We extend support for formal education of underprivileged children, environment conservation and improving access to health care through capital funding. In FY2017-18, we have been able to impact the lives of over 15,000 people through modest efforts in various areas.

The given pie chart indicates sector wise investment for FY2017-18.



SAKSHAM—A CATALYST OF CHANGE

PNB Housing day care centres for the children of construction workers

This programme attempts to break the cycle of



Day Care Centre at Hyderabad

deprivation especially for children of construction workers. It addresses issues such as malnutrition, hygiene, healthcare, provision for early learning followed by enrolment in schools. Every year we are expanding our social footprint by joining hands with various NGOs, including Mumbai Mobile Crèche, Tara Mobile Crèches, Savera Welfare Society and Plan International. So far, we have established 32 day care centres in 10 cities and reached out to 5,000 children.

Through this programme, we seek to give that space to parents to work freely under the assurance that their children are being taken care of and being well looked after. This programme is a humble initiative to contribute to the nation by nurturing its future citizens.

Enhancing human potential through skill development of construction workers

Statistics show that of the 4.4 crores people employed in the sector, 98% of workforce is under 'informal' arrangements. In simpler words, they are the 'unskilled labour'. Needless to mention, poor skills result in unsteady work, low wages, early exit from employment and wastages on construction sites, without forgetting that the new technologies being introduced in the construction industry demand that the people using them are well trained to do so.



Convocation ceremony of skill workers

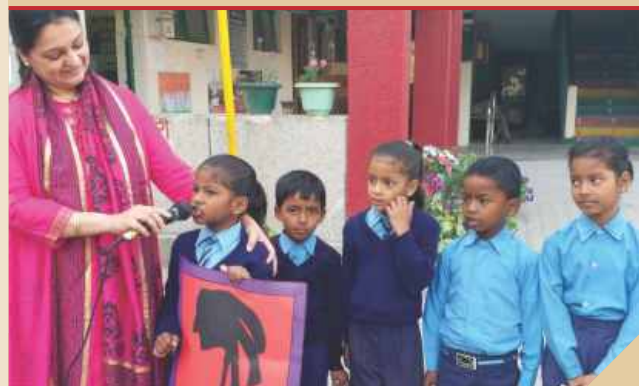
In partnership with CREDAI CSR Foundation, we have initiated skill development programmes through two models, namely, on-site training and off-site training. Skill enhancement in trades like masonry, bar bending, electrical fittings, painting and shuttering are being provided to enhance their professional capabilities and bring about stability and sustainability in their lives. As on March 31, 2018, we have trained over 8,500 construction workers.

Supporting quality education

Quality education requires support in order to be both significant and relevant. Through our partnership with Vidya, we have invested CSR funds to release stress on the operational expenses of two formal schools.



Junior Class students from School Vidya



Function Day at School Vidya

Improving access to healthcare

We aim to improve the health of the socially and economically marginalized group. This year, we introduced three programmes, to achieve the above. We continued with our preventive and curative healthcare interventions for children and mothers living at various construction sites pan India.

Environment conservation

PNB Housing believes that holistic CSR strategies have to be developed to create a positive impact on the social and environmental system in which the Company operates. We have adopted and are maintaining a greenbelt in Faridabad and have extended support to a major waste management project in Cochin.

Supporting the elderly

It pains us to see that millions of senior citizens are forced to leave home and live in isolation. In

FY2017-18, we joined hands with Ayudham in Delhi, which is an old age home to extend our support to such individuals.

Skilling of unemployed youth—In BFSI sector

In FY2017-18, we partnered with SEEDS and IL&FS Skills to train 100 unemployed youth in banking, finance services and insurance (BFSI) related trades. Post completion of the training the candidates were offered placement opportunities with various financial institutes.



Alumni Meet of Construction Workers at Nashik

FUTURE OUTLOOK

We are moving into the future with zeal and determination. Our outlook is brimming with positivity as we step up our efforts to make home loans a 'ghar ki baat'. Housing sector in India is a wide canvas of opportunities for the golden triangle of customers, developers and housing finance providers. If painted well, this canvas will present a picture perfect scenario where every one emerges as a winner.

Our blueprint for expansion is ready and we shall be creating presence deeper into the markets through brick and mortar infrastructure, online portals and through our business associates.

We are gradually working our way up to achieve the vision of being one of the most admired housing finance companies in the country. Our service standards shall be our most convincing marketing collateral in this aspiration.

Our commitment to serve the customers in a secure, transparent and swift manner propels us to persistently innovate. Our Total Quality Management framework is being implemented across the network and it will help us in further augmenting our productivity.

Our endeavour going forward shall also to be consistent in our lending mix across segments and geographies well supported by our able and predictable borrowing program.

PHFL is toddling its way up in the first year of its inception. We anticipate that it will soon begin contributing to the PNB Housing business.

We aim to capitalize on the various initiatives launched by the Government. Many of these initiatives are oriented towards our target segment and we intend to play a facilitating role in ensuring that our customers benefit from these initiatives.

We will continue to focus on obtaining an optimum cost-benefit ratio across operations as we grow without bringing a dent in profits and containing NPAs to a level below than what is considered as sector's best.

Our team members shall bear the torch in our quest for a better tomorrow. They provide inspiration, creativity, vision and motivation to keep our purpose alive. It shall be our endeavor that their skills are honed and competencies are vitalized on a continual basis.

CSR being an important part of the DNA of the Company, we will magnify the scale of our efforts even further to give back to the society to which we owe our sustenance.

Good governance has always remained the core of Company's philosophy and we will continue creating value for shareholders while ensuring fairness and transparency towards the stakeholders.

Data Sources

- World Economic Outlook, April 2018 by International Monetary Fund
- Indian Mortgage Finance Market Update for 9M FY2018 by ICRA
- Housing Finance - NBFC by CRISIL, November 2017
- India Soars Higher 2018 by KPMG
- Global Economic Prospects, January 2018 by the World Bank Group

Safe harbour statement

In this Annual report, certain statements are forward looking, including and without limitation statements within the meaning of applicable laws and regulations, relating to the implementation, strategic initiatives and other information on our business, business development and commercial performance. While these forward-looking statements exemplify our judgment and future expectations concerning the development of our business, a number of risks and uncertainties and other important factors viz economic conditions affecting demand and supply, government regulations, natural calamities and so on, may cause actual development and results to differ materially from our expectations. PNB Housing Finance undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances.

Directors' Report

Your Directors welcome the shareholders and take pleasure in presenting the 30th Annual Report together with the Audited Standalone and Consolidated Financial Statements of the Company for the year ended March 31st, 2018.

Financial Results

(₹ in crores)

	As at March 31st, 2018	As at March 31st, 2017
Profit before tax	1279.08	804.01
Less: Provision for Tax		
-Current year	437.71	264.00
-Earlier years	(0.08)	-
-Deferred Tax	10.80	16.26
Profit After Tax	830.65	523.73
Add: Balance brought for-ward from the previous year	640.99	275.25
	1471.64	798.98
Appropriation of Profits		
Transfer to Special Reserve (including u/s 29C of NHB Act, 1987)	166.13	105.60
Transfer to General Reserve	83.07	52.39
Dividend	99.95	-
Dividend distribution Tax	20.35	-
Balance carried to Balance Sheet	1102.14	640.99
	1471.64	798.98

(₹ in crores)

Income and expenditure

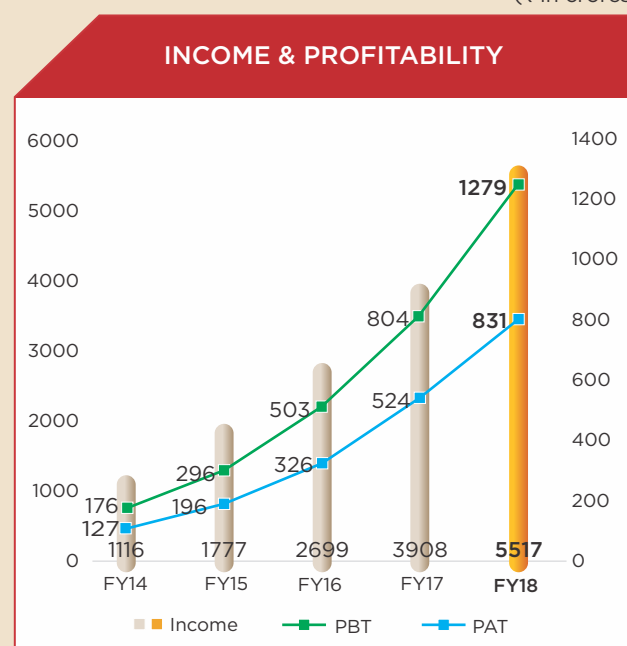
During the year, the Company has earned a total income of ₹ 5,516.95 crores as compared to ₹ 3,907.85 crores in the previous year, recording a growth of 41%.

Total expenses, provisions and write offs during the year were ₹ 4,237.87 crores as compared to ₹ 3,103.84 crores in the previous year, a growth of 37%.

Dividend

Your Directors are pleased to recommend a dividend of ₹ 9.00 per share as compared to ₹ 6.00 per share for the previous year.

The dividend payout ratio including dividend distribution tax for the year ended March 31st, 2018 will be 21.88%.



Lending Operations

The year gone by was a challenging year. The impact of demonetization towards the fag end of FY2016-17 had its spill over effect in the first quarter of FY2017-18. Immediately thereafter, the goods and service tax (GST) law was implemented on July 1, 2017 to create a uniform tax structure.

The new tax system had a direct impact on home loan seekers and the entire real estate industry in India. Under the new tax structure, buying under-construction properties attracts a net effective rate of 12% as against the earlier rate of around 5.5% (including value-added tax and service tax). The enhanced tax on home prices have pulled down consumer sentiment.

Towards the second half of the FY2017-18, the northward movement in the rate of interest had started. The market, however, continued with irrational pricing to overcome the challenges of sluggish credit growth.

The Company did not chase business to gain market share. The Company stuck to its DNA of controlled aggression, good governance and proven fundamentals to protect both spreads and growth without compromising on credit quality and underwriting processes.

The Government of India has implemented all the provisions of Real Estate Regulation Act, 2016 (RERA) from May 1, 2017. RERA aims to protect the interests of the consumers and investors by introducing a regime to regulate and improve the level of transparency and accountability in the sector.

The developers had three months to register their new and ongoing projects with their respective State Real Estate Regulatory Authority. In the transition phase of RERA implementation, the number of new launches were minuscule.

On the positive side, the Government is actively working on 'Housing for all' by year 2022 scheme to address demand and supply side constraints, which had affected the growth of the sector in the past. Under the pradhan mantri awas yojana (PMAY), a reformed credit linked subsidy scheme (CLSS) for the middle-income group (MIG) was implemented.

The CLSS for mid-income affordable housing has been extended by 15 months up to March 2019. The cabinet has approved increase in carpet area of houses eligible for interest subsidy under PMAY.

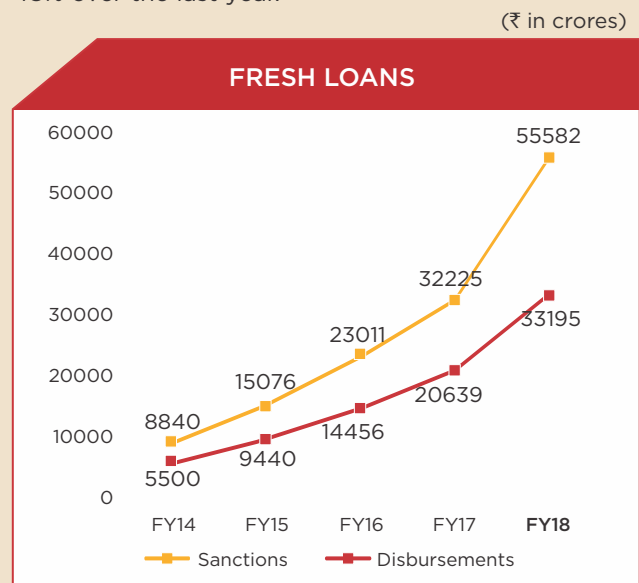
The developers have started re-modelling their projects to fit into the norms of CLSS for mid segment housing. Tax incentives on housing loans for both principal and interest repayment coupled with subsidies under CLSS for economically weaker sections (EWS), lower income group (LIG) and middle income group (MIG) have improved affordability levels of the customers, who are the first time home buyers and this initiative is likely to boost demand.

During the year, the Company has sanctioned loans amounting to ₹ 55,582 crores in respect of 1,02,468 applications as compared to ₹ 32,225 crores in respect to 63,894 applications in the previous year, recording a growth of 72% in sanction amount.

During the year, the Company has disbursed loans amounting to ₹ 33,195 crores as compared to ₹ 20,639 crores in the previous year, recording a growth of 61%. Out of total disbursements, ₹ 22,772 crores loans were disbursed for housing and ₹ 10,423 crores were disbursed for non-housing purposes.

Loan Book

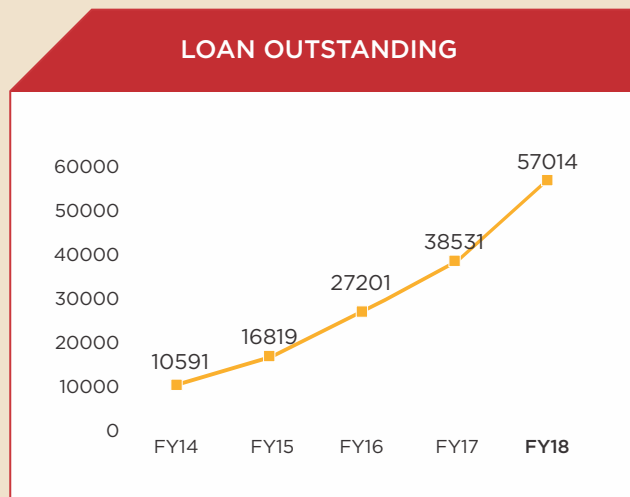
Loans outstanding (principal portion) as at March 31, 2018 were ₹ 57,014 crores, recording a growth of 48% over the last year.



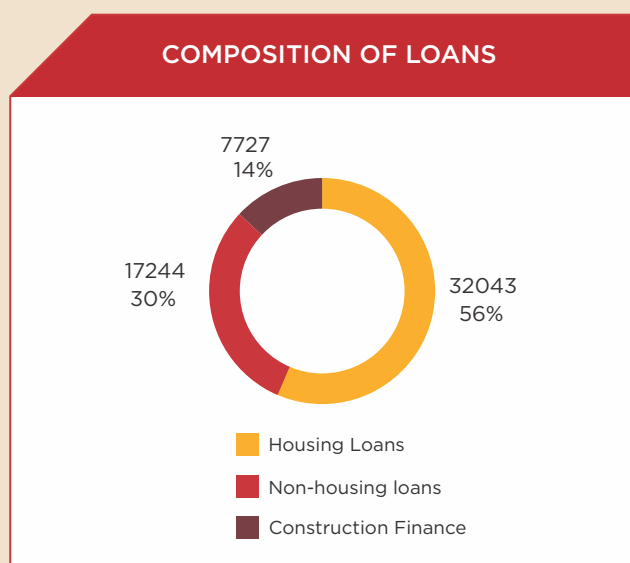
The total assets under management (AUM) as at March 31, 2018 were ₹ 62,252 crores, recording a growth of 50% over the previous year.

During the year, the Company sold loans amounting to ₹ 3,128 crores under loan assignment route to different institutions.

(₹ in crores)



(₹ in crores)



Distribution

Over the last 6 years, the Company has increased its share of business and grew to a position of being the 5th largest HFC by deepening presence in existing markets and expanding to new markets.

In this period, the Company has opened 53 branches, taking its branch network from 31 branches as on March 31, 2013 to 84 branches as on March 31, 2018.

In FY2017-18, the Company has opened 21 new branches, out of which 11 branches were opened in

the existing locations and 10 branches were opened in the new locations. The new locations were; Salem, Trichy, Kozhikode, Mangalore, Mysore, Kalyan, Panvel, Aurangabad, Jamshedpur and Haridwar. As on March 31, 2018, the Company has presence through 84 branches, 35 outreach locations, totalling to 119 distribution outlets in 86 cities.

Sales and Distribution Subsidiary

One of the big initiatives for the year was incorporation of the sales subsidiary Company, "PHFL Home Loans and Services Limited" on August 22, 2017. The Company has been floated as a distribution arm for PNB Housing, offering doorstep services to the prospective customers.

PHFL would be predominantly sourcing business for the products offered by PNB Housing and it will also explore cross sell of other third party products like credit card, insurance, property solution based opportunities to arrive at an optimum efficiency level.

This initiative would help in containing personnel attrition, hire better quality sales force and create better job satisfaction among the employees. The operating structure of PHFL has been finalized and the manpower is being hired in a phased manner. In FY2017-18, PHFL has worked for part of the year. It would be fully operational in FY2018-19.

A report on the performance and financials of PHFL, as per Companies Act, 2013 and rules made thereunder (the "Act") is provided in Form AOC 1 attached to the Consolidated Financial Statements forming an integral part of the Annual Report.

Underwriting and Risk Management

During the year, the Company implemented a comprehensive Enterprise Risk Management Policy along with functional level risk management policies covering; Integrated Risk Management Policy, Market Risk Policy, Assets Liability Management Policy, Stress Testing Policy, IT security policy and Credit Risk Policy.

The Company follows comprehensive underwriting process for all its loan products by using a well-trained manpower assisted by in-house teams from technical, legal and fraud control units. Throughout the year, the Company was consistent in honouring its commitment on timelines and arresting wastages. The Company is working on using various electronic and digital means in underwriting to make it more productive, efficient and optimum at the risk reward level.

The underwriting of loans is performed in specialized hubs located across the country. As on March 31, 2018, the Company has 21 loan processing hubs, 7 hubs in each zone viz. North, West and South Zones.

Recoveries and Non-Performing Loans

The Company has continued with a high class collection performance. The recovery teams were assisted by introduction of new technologies such as; the mobility application on mobile phones, a centralized dialler with priority setting logic, beside constant use of provisions of the SARFAESI Act, 2002.

The Company has also reduced the portion of doubtful assets in absolute terms and liquidated re-possessed assets through tie-ups and on-line auction of properties.

The gross non-performing assets were ₹ 186.11 crores i.e. 0.33% of the outstanding loans (last year 0.22%) and net non-performing assets (after provision as per NHB Directions) were ₹ 143.81 crores i.e. 0.25% of outstanding loans (last year 0.15%).

Provisions

The Company has continued to build sound provisions on its loan assets over the years. Besides provisions prescribed under the National Housing Bank Directions, 2010 for standard assets and provisions for non-performing assets, the Company has additionally provided "Provisions for 'Contingencies' to meet any contingencies in the future and to strengthen the balance sheet.

As per NHB Directions, 2010, the Company is carrying a total provision of ₹ 281.00 crores towards standard loans and ₹ 42.30 crores towards non-performing loans. The Company is also carrying a sum of ₹ 101.98 crores in 'Provisions for Contingencies'.

Resources

Over the years, the Company has been raising financial resources from multiple sources, both within and outside the country. The Treasury has consistently ensured raising of resources at most competitive cost to the Company. The team has worked innovatively to supply financial resources at the right price and on time.

There were some new initiatives taken during the year for raising financial resources;

- The Company has raised funds through zero coupon bonds.
- The Company has raised long term and short-term bank term loans linked to external benchmark.
- The Company is planning issuance of masala bonds of USD 1000 million over a period of time. The funds will be raised at a suitable time in the current financial year.

During the year, the Company has raised resources of ₹ 26,500 crores from various sources such as non-convertible debentures, deposits, bank term loans, NHB refinance and commercial paper.

The outstanding borrowings are a judicious mix of fixed and floating rate borrowings as well as money raised from international institutions.

Non-Convertible Debentures (NCDs)

The Company has raised ₹ 8,954 crores of secured NCDs through private placements in twelve series issued during the year.

The Company has redeemed on maturity, secured NCDs of Series XVI amounting to ₹ 300 crores on July 20, 2017, Series XVIII amounting to ₹ 600 crores on October 21, 2017 and Series XIX amounting to ₹ 300 crores on January 24, 2018.

The outstanding balance of NCDs as on March 31, 2018 was ₹ 22,325 crores as against ₹ 13,172 crores in the previous year.

Subordinate debt

The Company has not raised subordinated debt during the year. Based upon the balance term of maturity as on March 31, 2018 an amount of ₹ 1,359 crores is considered as Tier II capital under NHB directions for the purpose of computation of capital adequacy ratio.

The NCDs and subordinate debts issued by the Company are listed on the wholesale debt segment of National Stock Exchange.

External Commercial Borrowings

The Company has so far raised USD 250 million in ECB from two multilateral lending institutions viz. IFC and ADB under affordable housing scheme of RBI. The balance outstanding as on March 31, 2018 was USD 223.75 million.

Deposits

The outstanding deposits (including inter corporate deposits) as at March 31, 2018 were ₹ 11,586 crores as against ₹ 9,987 crores (including inter corporate deposits) outstanding last year, registering a growth of 16%.

The growth of deposits in FY2017-18 was sluggish but deposits continues to be one of the major funding sources of the Company, contributing nearly 20% of the total loan assets. The deposits of the Company have been rated FAAA/Stable by CRISIL and CARE AAA by CARE, which means highest safety.

The Company has worked on strengthening of its distribution arms and use of technology for better flow of deposits and improved customer service. During the year, the NHB has permitted auto renewal of deposits and has relaxed guidelines for pre-mature withdrawal of deposits.

The Company has accepted public deposits as per NHB Directions, 2010 and as per the provisions of the Companies Act, 2013. The Company has paid/accrued interest on all the outstanding deposits on due dates. There has been no default on repayment of deposits or payment of interest thereon during the year.

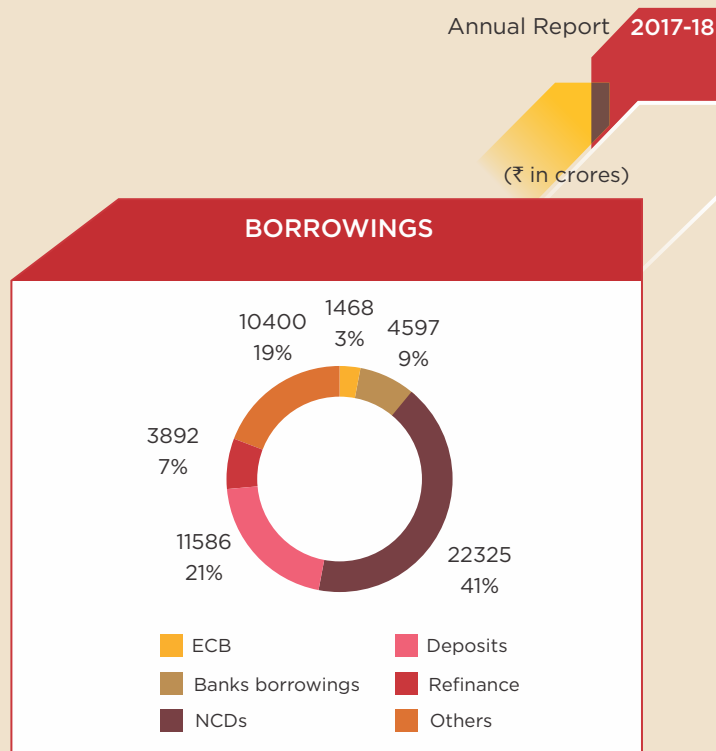
Unclaimed Deposits and NCDs

Out of the deposits, which became due for repayment up to March 31, 2018, public deposits of ₹ 53.21 crores, including interest accrued and due relating to 2,643 depositors had not been claimed or renewed. The depositors have been intimated regarding the maturity of their deposits with a request to either renew or claim the deposits and subsequent reminders have been sent.

During the year, the Company has transferred an amount of ₹ 7.86 lacs to Investor Education and Protection Fund (IEPF) established by the Central Government under section 125 of the Companies Act, 2013. In terms of the said section, no claim would lie against the Company after transfer to IEPF.

As at March 31, 2018 there was no NCDs or interest thereon, remaining unclaimed or unpaid.

The total outstanding borrowings as on March 31, 2018 were ₹ 54,268 crores with the following composition;



Credit Rating

NCDs

During the year, different series of NCD issuances were rated. The outstanding ratings are; CARE AAA, India Rating AAA, ICRA AA+ (stable) and CRISIL AA+ (stable). The rating indicates high safety.

Commercial Paper

CRISIL and CARE have rated commercial paper programme at CARE A1+. The rating indicates highest safety.

Capital Adequacy Ratio

The capital adequacy ratio (CRAR) as on March 31, 2018 was 16.67% (comprising tier I capital of 12.75% and tier II capital of 3.92%). The NHB has prescribed minimum CRAR of 12% of total risk weighted assets.

Investment in SLR

The Company has maintained its statutory liquid ratio (SLR) as stipulated by the NHB. The Company is having total SLR investments of ₹ 1,161.55 crores as on March 31, 2018. The Company has classified its SLR investments as per NHB Directions, 2010.

Human Resources

Human capital is the core asset of the Company. In order to keep pace with business growth, the Company has consistently hired right mix of people for its various verticals, having requisite talent and

sound background.

Throughout the year, the Company has worked towards harnessing the skills of its human capital across all functions. The learning and development team of the Company has conducted programmes to enhance functional knowledge and to upgrade skills. It is also helping the Company to build critical talent, which would give competitive advantage in delivering critical results.

The Company has introduced multiple organisational development initiative to reinforce performance driven culture through performance management system. As per the survey conducted by 'Great Place to Work', the overall score of the Company has improved compared to the last year. The Company has performed better under most of the parameters.

The Company has offered employees stock option schemes (ESOPs) to its key employees and for other high performing mid-level employees, the Company has a long term incentive programme (LTIP).

The young talent is the future of the Company. The Company has been regularly hiring management trainees from reputed campuses. So far, the two batches hired in 2015 and 2016 have been absorbed in various verticals after extensive training. The third batch of management trainees were hired in May 2017 and is presently undergoing training to be absorbed in FY2018-19.

As on March 31, 2018, the Company had a total of 1,290 full time employees on its rolls. There were 34 employees employed throughout the year, who were in receipt of remuneration of ₹ 1.02 crores or more per annum.

The remuneration comprises salary, allowances, perquisites/ taxable value of perquisites including perquisite value of ESOPs exercised and ex-gratia amount. In accordance with the provisions of Rule 5.2 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of such employees are set out in annexure to the Directors' Report.

In terms of the provisions of section 136(1) of the Companies Act, 2013 read with the said rule, the Directors Report is being sent to all the shareholders excluding the annexure indicating the list of above mentioned employees.

Any shareholder interested in obtaining a copy of the said annexure may write to the Company.

Further disclosures on managerial remuneration are provided in annexure 1 appended to the Directors'

Report.

Facility Management

During the year, the Company has added over 97,000 sq. ft. area, for building new offices across the country. The overall office space available with the Company as on March 31, 2018 has increased to 3.21 lac sq. ft.

Customer Service and Technology

Customer service is core to the Company. In this direction, the Company has taken a number of initiatives with a promise of providing omni channel experience to the customers.

Our 'customer service operations' are now ISO 9001:2015 certified. The Company has introduced non-branch/alternate channels of communication, which customers can use to interact and transact seamlessly. Through mobile application, the users can get information on loans and deposits and can avail multiple other services. Through loan application tracker, customers can track the step by step status of loan application.

The Company has started digitization of documents. Customers can get their loan documents images on various digital interfaces i.e. mobile app and the web portal.

The Company has introduced intelligent mailing solution for managing dispatch of physical communication through a robotic folder and inserter.

The Company has been constantly investing in upgrading technology and in acquiring new technology. The Company has developed state of the art digitization facility at NOIDA and Mumbai for digitization of security documents of the customers where scanned documents are stored on dedicated private cloud.

The Company is moving from physical verifications of customer's documents to e-verification to facilitate underwriting process.

The Company has moved to digitized vender servicing and all the payments are processed and made using digital platform.

These steps have brought in efficiencies and cost savings to the Company.

Awards and Recognition

During the year, the Company has received following prestigious awards;

- PNB Housing's IPO was awarded "IPO of the

Year” by Finance Monthly Magazine (M & A Award).

- Won bronze award at Outdoor Advertising Awards 2017 in the financial services category and recognized for the innovative outdoor campaign executed during the IPO.
- Conferred as ‘Best Housing Finance Company of the Year’ at ET Now Banking, Financial Services and Insurance Awards.
- Recognized as ‘Symbol of Excellence in the BFSI Sector’ at The Economic Times Best BFSI Brands 2018.
- Awarded ‘Housing Finance Company of the Year’ at the 10th Annual Estate Awards.
- Conferred as “Leading Housing Finance Company 2017” at National Awards for Best Housing Finance Companies.
- Awarded for ‘Excellence in Customer Relation’ at GIHED CREDAI Property Show 2017.
- Honored in the field of “IT Security” at CSO 100 Awards, organized by CSO 100 Award and IDG Security.
- Penguin based animated TV commercial has bagged the Gold Award at FICCI’s Best Animated Frames (BAF) Awards 2018.

Corporate Social Responsibility (CSR)

Company’s CSR projects were aimed at empowering the underprivileged communities in education, skilling of construction workers and other projects.

The Company is running two major programmes; skilling of construction workers and day care centres for the children of construction workers. In FY2017-18, the Company has supported 32-day care centres and rolled out training programme to train nearly 8,000 construction workers. The workers were certified by Construction Skilling Council of India or Plumbing Council of India.

The Company in partnership with developers and NGOs, has established and supported day care centres at the construction sites for the children of construction workers. The programme was initiated with Mobile Crèches and has now expanded to other partners to establish 32 new day care centres. In FY2017-18, the programme has reached out to nearly 3,500 children through its day care programme.

The Company has partnered with Vidya to support the operational cost of running two schools in Delhi providing formal education to 400 children coming

from the underprivileged community.

In accordance with the provisions of section 135 of the Companies Act, 2013 and rules framed thereunder, the Company has constituted a CSR Committee that reviews the CSR policy, steers activities to be undertaken by the Company towards CSR activities, and formulate a monitoring mechanism to ensure implementation of projects and activities undertaken by the Company.

During the year, the Company has spent a sum of ₹ 12.34 crores on various CSR activities. The annual report on CSR activities undertaken during the year forms part of annexure to the Board’s Report.

Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace. Members of the Internal Complaints Committee constituted by the Company are responsible for reporting and conducting inquiries pertaining to such complaints. During the year under review, no complaint was received by the committee.

Regulatory Compliance

During the year, National Housing Bank (NHB) has notified reduction in standard assets provisions on individual housing loans from 0.40% to 0.25% effective August 1, 2017. The NHB has also reduced risk weights on individual housing loans.

NHB has revised computation method of loan to value (LTV) ratio as a percentage with total outstanding in the account; “principal + accrued interest + other charges pertaining to the loan” in numerator and the realizable value of the residential property mortgaged to the HFC in the denominator.

Accordingly, NHB has advised HFC’s to put in place a system for realistic valuation of properties. NHB guidelines state that the HFC’s need to have a Board approved policy for valuation of properties and annual valuations of NPAs. The Company has framed valuation policy effective January 1, 2018.

The other important guidelines issued by NHB were; valuation of investments and revised model code of conduct for direct selling agents (DSAs).

The Company has been complying with the guidelines and directions issued by the NHB on asset classification, accounting standards, income recognition, provisioning, capital adequacy, concentration of credit/ investments, credit rating etc. as amended from time to time.

The modified know your customer (KYC) guidelines,

fair practice code and anti money laundering (AML) standards as notified by the NHB are available on the Company's website. The Company has also adopted the revised model code of conduct for direct selling agents and guidelines for recovery agents as stipulated by NHB.

Policies and Codes

As required in terms of Listing Obligation and Disclosure Requirement issued by the SEBI, the Company has adopted and placed following policies on its website;

(i) Insider trading policy, (ii) Related party policy, (iii) Whistle blower policy, (iv) Policy on preservation of documents, (v) Policy on archival of web disclosure, (vi) Dividend distribution policy, (vii) Policy on familiarization programme for independent directors, (viii) Policy on Board diversity, (ix) Code of conduct for non-Executive Directors, (x) Code of conduct for Executive Directors and senior management.

Investor Relations

During the year, the Company has entered into various indices viz BSE 200, Nifty 200, Nifty 500, Nifty Midcap 150, Nifty Mid Small Cap 400, Nifty Full Midcap 100 and Nifty Free float Midcap 100. The BSE has categorized PNB Housing script as Group "A" from Group "B".

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and expenditure

There is no information to disclose under the head 'Conservation of Energy and Technology Absorption' given in the above rules since the Company is engaged in providing housing loans. There were no foreign exchange earnings and the Company has incurred foreign exchange expenditure of ₹ 48.46 crores during the year.

Directors

Dr. Ram S Sangapure has resigned from the Board with effect from March 7, 2018 upon demitting the office of Executive Director in Punjab National Bank. Your Board wish to place on record his valuable contribution as member of the Board and on the Committees of the Board.

Mr. Sunil Mehta was appointed as Chairman and Non-executive Director of the Company with effect from May 12, 2017. Mr. Ashwani Kumar Gupta and Mrs. Shubhalakshmi Panse, were appointed as

Independent Directors on the Board with effect from May 12, 2017 and July 7, 2017 respectively.

Mr. Jayant Kumar Dang was appointed as an Additional Director on the Board with effect from March 15, 2018. He has over 37 years of experience in banking, risk management, re-structuring, consulting etc. The Board recommends his appointment as an Independent Director in the forthcoming Annual General Meeting.

The necessary resolutions and his profile for re-appointment has been included in the notice and in the explanatory statement of the notice convening the AGM.

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 (Act) that he/she meets the criteria of independence laid down in the Act and SEBI (Listing Obligations and Disclosures Requirements), Regulations 2015.

Re-appointment of Directors

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Sunil Mehta is liable to retire by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment. The necessary resolutions and his profile for re-appointment has been included in the notice and in the explanatory statement of the notice convening the AGM.

Your directors recommend his re-appointment in the forthcoming AGM of the Company.

All the directors have confirmed that they are not disqualified from being re-appointed as directors in terms of Section 164 (2) of Companies Act, 2013.

Performance Evaluation and its Criteria

Pursuant to the provisions of Section 178 of the Act, and Regulation 19 of Listing Regulations, performance evaluation of each Director, the Board as a whole, its Committees and the Chairman was carried out. A structured questionnaire was prepared for evaluating the performance of Directors, Board and its committees considering various factors.

Commission to Independent Director

The Company considers the time and efforts put in by the Independent Directors in deliberations at the Board/ Committee meetings. They are remunerated by way of sitting fees paid for attending the

meetings and through commission, as approved by the Board and shareholders of the Company. Details of commission and sitting fees paid to the Independent Directors for the year ended March 31st, 2018 are given in the form MGT-9.

Key Managerial Personnel

Mr. Jayesh Jain has resigned from the services of the Company as CFO with effect from January 6th, 2018. Mr. Kapish Jain was appointed by the Board as CFO with effect from February 9th, 2018.

Statutory Auditors

Messrs B R Maheshwari & Co LLP having registration no. 001035N were the Statutory Auditors for the financial year ended March 31st, 2018. The report of Statutory Auditors on annual accounts is enclosed along with Directors' Report.

Corporate Governance

The Company has been complying with the standards of corporate governance required under the Companies Act, 2013. The Board discharges the duties and responsibilities as required under the applicable statute(s) including the Companies Act. The Board lays strong emphasis on transparency, accountability, and integrity. The report on Corporate Governance is appended as a separate annexure to the Directors' Report.

A certificate from M/s B R Maheshwari & Co LLP, Statutory Auditors regarding compliance of the conditions of Corporate Governance as stipulated under SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 is also attached to the Corporate Governance Report.

Directors' Responsibility Statement

In terms of the provisions of section 134 (3) (c) of the Companies Act, 2013 the Board of Directors Report that;

- i. In preparation of annual accounts, the applicable accounting standards have been followed.
- ii. The Company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on March 31st, 2018 and the profit and loss account for the year ended March 31st, 2018.
- iii. The Company has taken proper and sufficient

care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

- iv. That the Company has prepared the accounts on a going concern basis.
- v. The Company has laid down internal controls which are adequate and are operating effectively.
- vi. The Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Internal Financial Control

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control commensurate with the size and nature of the Company's business.

These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with Company's policies.

Extracts of Annual Return (Form No. MGT 9)

The details forming part of the extracts of the Annual Return in Form MGT-9 has been attached as part of Directors' Report.

Particulars of loans, guarantees or investments made

Since the Company is a housing finance company, the disclosure regarding particulars of loans given, guarantees given and security provided is exempt under the provisions of section 186(11) of the Companies Act, 2013.

The details of investments made by the Company are provided under note 12 and note 15 forming part of Annual Accounts of the Company for the year ended March 31st, 2018.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 the Company has appointed M/s Preeti Pahwa & Associates a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as annexure to this report.

**Particulars of contract or arrangements entered
Material changes, details of subsidiaries and
litigations**

There has been no material changes and commitment, affecting the financial position of the Company which has occurred between the close of the financial year to which the financial statement relates and the date of the Report.

There has been no change in the nature of business of the Company. No material or significant order has been passed by the Regulator or Courts or Tribunals impacting the going concern status of the Company. The Company has a subsidiary “PHFL Home Loans and Services Limited”. The Company has been floated as a distribution arm for PNB Housing, offering doorstep services to the prospective customers

Acknowledgements

The Board of Directors thank the valued customers, shareholders, business partners and well-wishers for

their wholehearted support.

The Board acknowledge with gratitude the advice, guidance and support of Government of India, Reserve Bank of India, National Housing Bank, Securities and Exchange Board of India, National Stock Exchange, Bombay Stock Exchange and other statutory bodies/departments.

The Directors place on record their appreciation and gratitude to depositors, debenture holders, shareholders, IFC, ADB, bankers, legal advisors, merchant bankers, registrar and transfer agents of the Company for their continued confidence and contribution to the growth of the Company.

Finally, the Directors express their appreciation for the dedication and commitment with which the employees of the Company at all levels have worked during the period.

For and on behalf of the Board

Dated: May 3, 2018

Place: New Delhi

Sunil Mehta

Chairman

Employee Remuneration

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2017-18: 23.4:1
2. The percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary, if any, in the financial year 2017-18;

Name	Designation	Increase in Fixed Remuneration (%)
Mr. Sanjaya Gupta	Managing Director	15%
Mr. Jayesh Jain	Chief Financial Officer	12%
Mr. Kapish Jain	Chief Financial Officer-Current	NA
Mr. Sanjay Jain	Company Secretary & Head Compliance	7%

The performance linked variable pay given to the above managerial personnel is ₹ 91.51 lac, ₹ 26.0 lac, ₹ NA and ₹ 15.25 lac respectively.

3. The percentage increase in the median remuneration of employees in the financial year 2017-18: 9.25%.
4. The number of permanent employees on the rolls of company as on March 31st, 2018: 1290.
5. The average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in the salary of employees other than managerial personnel is 9.2% compared to the average increase of 12.6% of managerial personnel.

The average increase in the salary of both the managerial and non-managerial personnel was determined based on the overall performance of the Company and as per the remuneration policy. Further, the criteria for salary increase to non-managerial personnel is based on an internal evaluation of Key Performance Indicators (KPIs), while the salary increase of the managerial personnel is based on the remuneration policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

6. Affirmation that the remuneration is as per the remuneration policy of the company:

The remuneration is as per the remuneration policy of the Company.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or program proposed to be undertaken and a reference to the web-link to the CSR policy and projects or program.

Saksham - A PNB Housing CSR Initiative

Saksham means "capable" or "skilled", PNB Housing through its Corporate Social Responsibility initiatives aims to be a catalyst that enables the marginalized community to be empowered and self-reliant.

We have embodied the principles of corporate responsibility in our business philosophy and operations. In our journey so far, we have built a sustainable business model and created value for our stake holders. We are confident that we will be able to improve the lives of under privileged and reinforce our humble collective efforts towards nation building.

Our CSR Policy

The CSR policy of the Company ensures an effective and sustained CSR programme, which manifests in the form of a progressive, socially responsible and enlightened attitude. At a conceptual level, Company's policies on CSR are oriented towards stakeholder-participation approach, where the target groups are seen as stakeholders in the community.

The CSR policy of the Company is based on three guiding principles:

- Sustainability
- Transparency
- Accountability

The CSR Policy of the Company is available on Company's website: <https://www.pnbhousing.com/wp-content/uploads/2014/12/CSR-policy-final.pdf>

Our Focus Areas

One community that contributes significantly to mortgage sector and still remains at the bottom of the pyramid is construction workers. Through our CSR initiatives, we are committed to design and implement projects that work toward socio-economic up-liftment of construction workers and their immediate families. In FY2017-18 we have continued to strengthen our two key programmes for construction workers and their immediate family members. In partnership with CREDAI CSR Foundation, we have conducted construction workers skill development trainings Pan India. As part of our commitment to ensure holistic care of the children of construction workers, we have established on-site day care centres.

We have also extended support towards following social issues.

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

2. The Composition of the CSR Committee:

1. Mr. R Chandrasekaran
2. Mr. Shri Sunil Kaul
3. Mr. Sanjaya Gupta

The Company has also constituted a CSR Executive Committee, which works under the guidance of the CSR Committee of the Board to ensure effective implementation of the programs. The Managing Director oversees the working of the Executive Committee.

3. Average net profit of the Company for the last three financial years

	FY2014-15 (₹ in crores)	FY2015-16 (₹ in crores)	FY2016-17 (₹ in crores)	Average (₹ in crores)
PBT	295.77	503.08	804.01	534.29
Total CSR Expenses for FY2017-18				10.69

4. Details of CSR spent during the financial year:

- a) Total amount to be spent during the FY2017-18: ₹ 10.69 crores
 Carried forward from FY2016-17: ₹ 1.65 crores
 Total available amount to be spent for CSR in FY2017-18: ₹ 12.34 crores
- b) Total amount spent during FY2017-18: ₹ 12.34 crores
- c) Amount unspent, if any: NIL
- d) Manner in which the amount was spent during the financial year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lacs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lacs) (2) overhead (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent: direct or through implementing agency
Projects - Skill Training of Construction Workers							
(1)	Promoting on the job skill development for the construction workers Pan India	Skill Development	An onsite/offsite training program for the upskilling of 8500 construction workers Pan India	679.82	Direct Expenditure-611.84 Overhead-67.98	679.82	Implementing agency- "CREDAI CSR Foundation"
(2)	Skill development for the construction workers in rural geography	Skill Development	Mason training in rural geographical area of Raigad, Maharashtra	24.68	Direct Expenditure-24.68	24.68	Implementing agency- "Swades Foundation"
(3)	Promoting skill development	Skill Development	Supporting CREDAI Kushal training interventions in Pune	2.00	Direct Expenditure-2.00	2.00	Implementing agency- "CREDAI Kushal Pune"

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lacs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lacs) (2) overhead (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent: direct or through implementing agency
Project - Day care centres for the children of Construction Workers							
(4)	A holistic day care centres for the children of construction workers ensuring education, health and nutrition for children under the age group 0-14 years	Promoting Education and Eradicating Malnutrition	To support eighteen day care centres at construction sites in Delhi-NCR, Bangalore and Ahmedabad	76.68	Direct Expenditure-70.01 Overhead-6.67	76.68	Implementing agency- "Mobile Creches"
(5)	do	do	Supporting five day care centre at construction site in Pune	41.77	Direct Expenditure-38.43 Overhead-3.34	41.77	Implementing agency- "Tara Mobile Crèches Pune"
(6)	do	do	Supporting one day care centre at construction site in Pune	16.68	Direct Expenditure-15.01 Overhead-1.67	16.68	Implementing agency- "Mumbai Mobile Crèches"
(7)	do	do	Supporting one day care centre at construction sites in Faridabad	8.38	Direct Expenditure-7.71 Overhead-0.67	8.38	Implementing agency- "Savera"
(8)	do	do	Supporting seven day care centres at construction sites in Hyderabad	33.71	Direct Expenditure-31.01 Overhead-2.70	33.71	Implementing agency- "Plan International-India Chapter"

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lacs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lacs) (2) overhead (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent: direct or through implementing agency
Project - Supporting education of underprivileged children							
(9)	Ensuring formal education to underprivileged children	Promoting education	Supporting the VIDYA - Bal Vihar school with their school running cost	79.36	Direct Expenditure- 71.43 Overhead- 7.93	79.36	Through implementing agency- "VIDYA Integrated Development for Youth and Adults"
(10)	do	do	Supporting the VIDYA -SDMC school with their school running cost	27.56	Direct Expenditure- 25.36 Overhead- 2.20	27.56	Implementing agency- "Mobile Crèches"
(11)	Enabling access to formal education	Promoting education	Supporting the construction of hostel for Tribal Girls in Pune	1.51	Direct Expenditure- 1.51	1.51	Through implementing agency- "Vanavasi Kalyan Ashram, Maharashtra"
(12)	Promoting education	Education	Supporting the education for underprivileged children	0.75	Direct Expenditure- 0.75	0.75	Direct

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lacs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lacs) (2) overhead (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent: direct or through implementing agency
Project - Improving access to Health Care							
(13)	Supporting health care	Health	To enhance infrastructure at Department of Neurosurgery, AIIMS Hospital	20.00	Direct Expenditure- 20.00	20.00	Direct
(14)	Supporting health care	Health	To enhance infrastructure at Department of Neonatology, KGMU Hospital	31.00	Direct Expenditure- 31.00	31.00	Direct
(15)	Supporting health care	Health	To support health and hygiene intervention for young adolescent girls in Uttar Pradesh	10.96	Direct Expenditure- 10.96	10.96	Implementing agency- "Progress Alternative"
(16)	Supporting health care	Health	Health intervention for students of Vidya-Bal Vihar School	1.00	Direct Expenditure- 1.00	1.00	Implementing agency- "Charities Aid Foundation"
(17)	Supporting health care	Health	Supporting Cancer patient helpline and clinic in Delhi	14.98	Direct Expenditure- 14.98	14.98	Implementing agency- "CanSupport"

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lacs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lacs) (2) overhead (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent: direct or through implementing agency
(18)	Supporting health care	Health	Supporting mental health intervention in Delhi	3.32	Direct Expenditure- 3.32	3.32	Implementing agency- "Sanjivini Society for Mental Health"
(19)	Supporting health care	Health	Supporting cancer patient	0.53	Direct Expenditure- 0.53	0.53	Implementing agency- "Cancer Awareness Prevention and Early Detection Trust "
Project - Environment Conservation							
(20)	Swachh Bharat Abhiyan	Environment Conservation	To refurbish a park in partnership with Faridabad Municipal Corporation, Haryana	27.35	Direct Expenditure- 27.35	27.35	Direct Implementation
(21)	Decentralized waste management	Environment Conservation	To support decentralized waste segregation project in Cochin	10.12	Direct Expenditure- 10.12	10.12	Implementing agency- "CREDAI Clean City Movement"
Project- Skilling of unemployed youth							
(22)	Skilling of unemployed youth	Skill Development	To train unemployed in BFSI sector related trades and further create employment opportunity	32.27	Direct Expenditure- 32.27	32.27	Implementing agency- "Social Empowerment & Economic Development Society"

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lacs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lacs) (2) overhead (₹ in lacs)	Cumulative expenditure up to the reporting period (₹ in lacs)	Amount spent: direct or through implementing agency
Project- Elderly Care							
(23)	Supporting underprivileged elderlies	Elderly Care	Supported operational cost of an old age home in Delhi	17.34	Direct Expenditure- 17.06 Overhead- 0.28	17.34	Implementing agency- "Ayudham Society for Old and Infirm"
(24)	PM Relief Fund			19.00	Direct Expenditure- 19.00	19.00	agency PM Relief Fund
Miscellaneous							
(25)	Administrative Overheads					53.43	
	Total			1234.20		1234.20	

5. Details of Implementing Agencies:

The Company has carried out its CSR interventions primarily through non-profit organizations. During the year, grants were provided to 19 implementing agencies, out of which major ones are:

- a) **The CREDAI CSR Foundation (CCF):** The CSR arm of Confederation of Real Estate Developers Associations' of India (CREDAI) is engaged in development and execution of social and charitable projects with focus on construction workers. In partnership with CCF, we have ensured skill training of 8,500 construction workers pan India.
- b) **Mobile Creches for Working Mothers Children (MC):** Since 1970 MC is providing creche services for children of migrant construction workers, at urban construction sites. At the day care centres MC ensures health, nutrition, learning, care and protection for children in the age group of birth to 14 years. In FY2017-18 we have supported 18 such day care centres in Delhi-NCR, Ahmedabad and Bangalore and ensured holistic development to 2,500 children.
- c) **Mumbai Mobile Creches (MMC):** Since 1972, Mumbai Mobile Creches has been one of the few non-profit organization specifically supporting the health, education and safety of children living at construction sites. MMC and PNB Housing have established one day care centres in Virar catering to 250 children.
- d) **Tara Mobile Creches Pune (TMCP):** A non-profit organization, set up in 2007. It ensures that migrant construction worker's children enjoy the right to safety, healthcare, education, recreation and participation. TMCP operates centres, or creches, on construction sites in and around Pune. In FY2017-18, in partnership with TMCP we have established 5 day care centres in Pune and supported 1,500 children through our centres.
- e) **Plan India:** It is a member of Plan International Federation. It is a nationally registered independent child

development organization. For over 35 years, 'Plan India' and its partners have improved the lives of millions of children by providing them access to protection, basic education, proper healthcare, a healthy environment, livelihood opportunities and participation in decisions which affect their lives. In FY2017-18 in partnership with Plan India, we have ensured holistic development to 500 children living at various construction sites in Hyderabad.

- f) Vidya-Integrated Development of Youths and Adults:** VIDYA is a registered not-for-profit organization, started in 1985, at IIT Delhi campus, for education and empowerment of underprivileged children, youth and women through micro-level intervention. In partnership with Vidya, we have supported the operational cost of running two formal schools in Delhi and ensured formal education to 410 children.
- g) Can Support:** Can Support is a NGO working towards a caring and supportive society where people with cancer and their families live with dignity, hope and comfort. Can Support's mission is to enable these people to make informed choices while receiving appropriate physical, emotional, social and spiritual support. In partnership with Can Support, we have supported the operational cost of running their helpline and cancer patient clinic.
- h) Progress Alternative:** Established in 1997 the key goal of the organization is to create awareness on the issues of health and hygiene amongst young girls living in the rural belt in and around Lucknow, Uttar Pradesh. In partnership with Progress Alternative executing health programme in four villages. The programme at each village focuses on providing 'Reproductive and Child Health Training' (RCH) and awareness on the communicable and non - communicable diseases as well as awareness on social issues like disadvantages of early child marriage, family planning etc.
- i) Social Empowerment & Economic Development Society (SEED):** SEEDS was pioneered with a vision to bring about social change for a more equitable society and to provide improved opportunities for growth. The focus areas for SEEDS activities are Education, Skill Development & Livelihoods and Sustainable Agriculture. Our CSR programme aims to impart training to unemployed youth in skills related to Banking, Financial Services and Insurance (BFSI) through a short duration vocational program and thus engaging them in a sustainable employment resulting in poverty alleviation.
- j) PM National Relief Fund:** In pursuance of an appeal by the then Prime Minister, Pt. Jawaharlal Nehru in January, 1948, the Prime Minister's National Relief Fund (PMNRF) was established with public contributions to assist displaced persons from Pakistan. The resources of the PMNRF are now utilized primarily to render immediate relief to families of those killed in natural calamities like floods, cyclones, earthquakes, etc. and to the victims of the major accidents and riots.

6. In case the company has failed to spend 2% of the average net profit of the last 3 financial years or any part thereof, the company shall provide the reasons for not spending the amount:

Not applicable

Managing Director

Chairman of CSR Committee

Form MGT 9

Extracts of Annual return as on March 31st, 2018

(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies Management and Administration Rules, 2014)

1. Registration and other details

CIN	L65922DL1988PLC033856
Registration Date	11th November 1988
Name of the Company	PNB Housing Finance Limited
Category/Sub Category of the Company	Housing Finance
Address of the registered office and contact details	9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi-110001, Tel: 011-23445200, Fax: 011-23736857
Whether Listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Name : Link Intime India Private Ltd. Address : C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel: +91 22 49186000, Fax: +91 22 49186060 E-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

2. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and description of main products/services	NIC code of the product/service	% of the total turnover of the Company
1.	Financial Intermediation Activities of housing finance companies.	65922	100%

3. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	PHFL Home Loans and Services Limited Flat No 207 & 209, 2nd Floor Antriksh Bhawan, 22, Kasturba Gandhi Marg New Delhi - 110001	U67200DL2017PLC322468	Subsidiary	100%	2(87)
2.	Punjab National Bank Plot No 4, Sector -10 Dwarka New Delhi -110075	-	Promoter Company	32.96%	

4. Shareholding pattern (Equity share capital break up as percentage of total equity)

I. Category-wise Share Holding

Category of shareholder	No. of shares held at the beginning of the year (Demat.)		No. of shares held at the end of the year (Demat.)		% change during the year
	Number	% age of shares	Number	% age of shares	
A. Promoters					
1) Indian					
a) Individual/HUF	-	-	-	-	-
b) Central Govt	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-
d) Bodies Corp. Punjab National Bank	64730700	39.08%	54914840	32.96*	(6.12)*
e) Banks/FI	-	-	-	-	-
f) Any Other	-	-	-	-	-
Sub-total (A)(1):	64730700	39.08%	54914840	32.96*	(6.12)*
2) Foreign					
a) NRIs-Individuals	-	-	-	-	-
b) Other Individuals	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-
d) Banks / FI	-	-	-	-	-
e) Any Other...	-	-	-	-	-
Sub-total (A)(2):	-	-	-	-	-
Total shareholding of promoter (A)=(A)(1)+(A)(2)	64730700	39.08/%	54914840	32.96*	(6.12)*
B. Public shareholding					
1) Institutions					
a) Mutual Funds	6720510	4.06	10892178	6.54	2.48
b) Banks/FI	88803	0.05	1596914	0.96	0.91
c) Central Govt	-	-	0	0	0
d) State Govt(s)	-	-	0	0	0
e) Venture Capital Funds	-	-	0	0	0
f) Insurance Companies	-	-	0	0	0
g) FIIs	25428871	15.36	27209948	16.33	0.97
h) Foreign Venture Capital Funds	-	-	0	0	0
i) Others (Alternate Investment Fund)	-	-	232534	0.14	0.14
Sub total (B) (1) :	32238184	19.47	39931574	23.97	4.50
2) Non-Institutions					
a) Bodies Corp.	-	-	0	-	0
i) Indian	2106874	1.27	2659201	1.60	0.33

Category of shareholder	No. of shares held at the beginning of the year (Demat.)		No. of shares held at the end of the year (Demat.)		% change during the year
	Number	% age of shares	Number	% age of shares	
ii) Overseas			-	-	-
b) Individuals	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3183277	1.92	4770208 (10 shares in physical)	2.86	0.94
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	510053	0.30	1118558	0.67	0.37
c) Others (specify)					
• Trusts	617	0.00	54442	0.03	0.03
• Foreign Nationals	425	0.00	0	0.00	0.00
• Hindu Undivided Family	239720	0.14	360890	0.22	0.08
• Foreign Companies#	62192300	37.55	62192300	37.33	(0.22)
• Non Resident Indians (Non Repat)	59870	0.04	96589	0.06	0.02
• Non Resident Indians (Repat)	137563	0.08	252913	0.15	0.07
• Clearing Member	242726	0.15	234967	0.14	(0.01)
Sub-total(B) (2):	68673425	41.45	71740068	43.12	1.67
Total Public Shareholding (B)= (B)(1) + (B)(2)	100911609	60.92	111671642	67.09	6.17
(C) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-
Grand Total (A+B+C)	165642309	100	166586482	100	-

* The percentage of shareholding of Punjab National Bank has reduced pursuant to the sale of 98,15,860 equity shares through the OFS route on November 28th, 2017 and November 29th, 2017.

The percentage of shareholding of foreign companies has reduced pursuant to allotment of 9,44,173 equity shares under Employee Stock Option Scheme.

II. Shareholding of promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			No. of shares held at the end of the year (Demat.)			% change in holding during the year
		No. of shares	% of total shares of the Company	% of total shares encumbered/pledged to total shares	No. of shares	% of total shares of the Company	% of total shares encumbered/pledged	
1.	Punjab National Bank	64730700	39.08	-	54914840	32.96	-	(6.12%)*

* The percentage of shareholding of Punjab National Bank has reduced pursuant to the sale of 98,15,860 equity shares through the OFS route on November 28th, 2017 and November 29th, 2017.

III. Change in Promoters' shareholding

Sr. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	At the beginning of the year	64730700	39.08	64730700	39.08
2.	At the end of the year			54914840	32.96

* The percentage of shareholding of Punjab National Bank has reduced pursuant to the sale of 98,15,860 equity shares through the OFS route on November 28th, 2017 and November 29th, 2017.

IV. Shareholding pattern of top 10 shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr.	Name	No. of Shares as on April 1st 2017	% of total Shares of the company	Date	Increase in/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (April 1st, 2017 to March 31st, 2018)	
							No. of shares	% of total shares of the company
1.	Quality Investment Holdings	62192300	37.55	-	-	-	62192300	37.333
	Closing balance						62192300	37.333
2.	General Atlantic Singapore Fund- FII PTE Ltd.	11424537	6.897	-	-	-	-	
				01.12.2017	2498500	Transfer	13923037	8.357
				08.12.2017	145809	Transfer	14068846	8.445
				15.12.2017	116766	Transfer	14185612	8.515
				22.12.2017	14316	Transfer	14199928	8.524

Sr.	Name	No. of Shares as on April 1st 2017	% of total Shares of the Company	Date	Increase in/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (April 1st, 2017 to March 31st, 2018)	
							No. of shares	% of total shares of the Company
	Closing Balance						14199928	8.524
3.	Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Advantage Fund	2118625	1.279					
				07.04.2017	99503	Purchase	2218128	1.332
				05.05.2017	24000	Purchase	2242128	1.346
				19.05.2017	65000	Purchase	2307128	1.385
				26.05.2017	82930	Purchase	2390058	1.435
				02.06.2017	134270	Purchase	2524328	1.515
				07.07.2017	60000	Purchase	2584328	1.551
				18.08.2017	88000	Purchase	2672328	1.604
				15-09.2017	27000	Purchase	2699328	1.620
				06.10.2017	135000	Purchase	2834328	1.701
				20.10.2017	9900	Purchase	2844228	1.707
				10.11.2017	(25000)	Sale	2819228	1.692
				01.12.2017	2055990	Purchase	4875218	2.927
				08.12.2017	47000	Purchase	4922218	2.955
				19.01.2018	(82636)	Sale	4839582	2.905
				02.02.2018	(14700)	Sale	4824882	2.896
				09.02.2018	(9555)	Sale	4815327	2.891
				02.03.2018	(20000)	Sale	4795327	2.879
				09.03.2018	40000	Purchase	4835327	2.903
				16.03.2018	4100	Purchase	4839427	2.905
				23.03.2018	25035	Purchase	4864462	2.920
	Closing Balance						4864462	2.920
4.	Motilal Oswal Most Focussed Multicap 35 Fund	2491436	1.504					
				07.04.2017	50322	Purchase	2541758	1.526
				14.04.2017	41070	Purchase	2582828	1.550
				21.04.2017	267570	Purchase	2850398	1.711
				28.04.2017	357778	Purchase	3208176	1.926
				12.05.2017	47000	Purchase	3255176	1.954
				26.05.2017	104247	Purchase	3359423	2.017
				02.06.2017	135813	Purchase	3495236	2.098
				09.06.2017	35674	Purchase	3530910	2.120

Sr.	Name	No. of Shares as on April 1st 2017	% of total Shares of the company	Date	Increase in/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (April 1st, 2017 to March 31st, 2018)	
							No. of shares	% of total shares of the company
				14.07.2017	(27)	Sale	3530883	2.120
				11.08.2017	129575	Purchase	3660458	2.197
				18.08.2017	33476	Purchase	3693934	2.217
				25.08.2017	86980	Purchase	3780914	2.270
				08.09.2017	16924	Purchase	3797838	2.280
				15.09.2017	39290	Purchase	3837128	2.303
				06.10.2017	(44591)	Sale	3792537	2.277
				13.10.2017	60000	Purchase	3852537	2.313
				27.10.2017	(28)	Sale	3852509	2.313
				17.11.2017	(28)	Sale	3852481	2.313
				15.12.2017	102997	Purchase	3955478	2.374
				19.01.2018	75000	Purchase	4030478	2.420
				02.02.2018	9907	Purchase	4040385	2.425
				09.02.2018	18914	Purchase	4059299	2.437
				16.02.2018	153	Purchase	4059452	2.437
				23.02.2018	20495	Purchase	4079947	2.449
				16.03.2018	34	Purchase	4079981	2.449
				31.03.2018	(110)	Sale	4079871	2.449
	Closing Balance						4079871	2.449
5.	T. Rowe Price International Discovery Fund	-	-					
				01.12.2017	1697678	Purchase	1697678	1.019
	Closing Balance						1697678	1.019
6.	Reliance Capital Trustee Co Ltd A/c-Reliance Regular Savings Fund-Balance Option	-	-					
				01.12.2017	1016000	Purchase	1016000	0.610
				02.02.2018	224881	Purchase	1240881	0.745
	Closing Balance						1240881	0.745
7.	United India Insurance Company Limited	-	-					
				10.11.2017	82313	Purchase	82313	0.049
				17.11.2017	86543	Purchase	168856	0.101
				24.11.2017	65000	Purchase	233856	0.140

Sr.	Name	No. of Shares as on April 1st 2017	% of total Shares of the company	Date	Increase in/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (April 1st, 2017 to March 31st, 2018)	
							No. of shares	% of total shares of the company
				01.12.2017	45255	Purchase	279111	0.168
				08.12.2017	171621	Purchase	450732	0.271
				15.12.2017	45253	Purchase	495985	0.298
				22.12.2017	36705	Purchase	532690	0.320
				29.12.2017	29802	Purchase	562492	0.338
				05.01.2018	36000	Purchase	598492	0.359
				12.01.2018	74991	Purchase	673483	0.404
				19.01.2018	42000	Purchase	715483	0.430
				26.01.2018	67990	Purchase	783473	0.470
				02.02.2018	68174	Purchase	851647	0.511
				09.02.2018	45855	Purchase	897502	0.539
	Closing Balance						897502	0.539
8.	Fidelity Investment Trust Fidelity International Discovery Fund							
				16.06.2017	482456	Purchase	482456	0.290
				23.06.2017	355649	Purchase	838105	0.503
	Closing Balance						838105	0.503
9.	Wasatch International Growth Fund	1036827	0.622%					
				19.05.2017	150707	Purchase	1187534	0.713
				06.10.2017	(61147)	Sale	1126387	0.676
				12.01.2018	(76072)	Sale	1050315	0.631
				19.01.2018	(35228)	Sale	1015087	0.609
				26.01.2018	(191192)	Sale	823895	0.495
				02.02.2018	(61275)	Sale	762620	0.458
	Closing Balance						762620	0.458
10.	Malabar India Fund Limited	-	-					
				09.02.2018	16711	Purchase	16711	0.010
				16.02.2018	41806	Purchase	58517	0.035
				23.02.2018	247266	Purchase	305783	0.184
				02.03.2018	67701	Purchase	373484	0.224
				09.03.2018	157586	Purchase	531070	0.319
				16.03.2018	153930	Purchase	685000	0.411
				23.03.2018	76967	Purchase	761967	0.457

Sr.	Name	No. of Shares as on April 1st 2017	% of total Shares of the company	Date	Increase in/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (April 1st, 2017 to March 31st, 2018)	
							No. of shares	% of total shares of the company
	Closing Balance						761967	0.457
11.	BNY Mellon Trust and Depositary(UK) Limited as trustee for St. James's Place Emerging Markets Equity Unit Trust Managed By Wasatch Advisors Inc	1024231	0.618					
				28.04.2017	45780	Purchase	1070011	0.642
				29.12.2017	(35750)	Sale	1034261	0.621
				05.01.2018	(13400)	Sale	1020861	0.613
				12.01.2018	(15446)	Sale	1005415	0.604
				19.01.2018	(42236)	Sale	963179	0.578
				26.01.2018	(253655)	Sale	709524	0.426
				02.02.2018	(49039)	Sale	660485	0.397
	Closing Balance						660485	0.397
12.	Government of Singapore	1579894	0.954					
				05.05.2017	(70948)	Sale	1508946	0.906
				12.05.2017	(4499)	Sale	1504447	0.903
				26.05.2017	(153370)	Sale	1351077	0.811
				02.06.2017	80160	Purchase	1431237	0.859
				04.08.2017	(112536)	Sale	1318701	0.792
				11.08.2017	(349907)	Sale	968794	0.582
				06.10.2017	42818	Purchase	1011612	0.607
				13.10.2017	(68353)	Sale	943259	0.566
				20.10.2017	(72733)	Sale	870526	0.523
				08.12.2017	511330	Purchase	1381856	0.830
				12.01.2018	(8580)	Sale	1373276	0.824
				19.01.2018	(20831)	Sale	1352445	0.812
				16.02.2018	(20740)	Sale	1331705	0.799
				23.02.2018	(46815)	Sale	1284890	0.771
				02.03.2018	(86333)	Sale	1198557	0.720
				09.03.2018	(267176)	Sale	931381	0.559
				16.03.2018	(259387)	Sale	671994	0.403
				23.03.2018	(199181)	Sale	472813	0.284
				31.03.2018	44913	Purchase	517726	0.311

Sr.	Name	No. of Shares as on April 1st 2017	% of total Shares of the company	Date	Increase in/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (April 1st, 2017 to March 31st, 2018)	
							No. of shares	% of total shares of the company
	Closing Balance						517726	0.311
13.	SBI Life Insurance Co. Ltd	852965	0.515					
				07.04.2017	21039	Purchase	874004	0.525
				14.04.2017	35	Purchase	874039	0.525
				21.04.2017	(1541)	Sale	872498	0.524
				28.04.2017	(33976)	Sale	838522	0.503
				12.05.2017	(9186)	Sale	829336	0.498
				19.05.2017	(58274)	Sale	771062	0.463
				26.05.2017	(6200)	Sale	764862	0.459
				09.06.2017	11589	Purchase	776451	0.466
				16.06.2017	(34132)	Sale	742319	0.446
				23.06.2017	(12368)	Sale	729951	0.438
				07.07.2017	(28000)	Sale	701951	0.421
				21.07.2017	(13500)	Sale	688451	0.413
				04.08.2017	(25000)	Sale	663451	0.398
				18.08.2017	(5000)	Sale	658451	0.395
				25.08.2017	(20000)	Sale	638451	0.383
				01.09.2017	(5000)	Sale	633451	0.380
				08.09.2017	(50000)	Sale	583451	0.350
				15.09.2017	(34661)	Sale	548790	0.329
				29.09.2017	(40000)	Sale	508790	0.305
				06.10.2017	(149726)	Sale	359064	0.216
				13.10.2017	(20000)	Sale	339064	0.204
				27.10.2017	(93595)	Sale	245469	0.147
				03.11.2017	(17955)	Sale	227514	0.137
				10.11.2017	(2812)	Sale	224702	0.135
				01.12.2017	100000	Purchase	324702	0.195
				08.12.2017	(5000)	Sale	319702	0.192
				22.12.2017	(5676)	Sale	314026	0.189
				19.01.2018	(25000)	Sale	289026	0.174
				23.03.2018	(13733)	Sale	275293	0.165
				31.03.2018	(31494)	Sale	243799	0.146
	Closing Balance						243799	0.146
14.	Parvest Equity India	1180000	0.712					
				07.04.2017	(6829)	Sale	1173171	0.704

Sr.	Name	No. of Shares as on April 1st 2017	% of total Shares of the company	Date	Increase in/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (April 1st, 2017 to March 31st, 2018)	
							No. of shares	% of total shares of the company
				14.04.2017	(61171)	Sale	1112000	0.668
				21.04.2017	(79139)	Sale	1032861	0.620
				12.05.2017	(41)	Sale	1032820	0.620
				16.06.2017	(45000)	Sale	987820	0.593
				23.06.2017	(170820)	Sale	817000	0.490
				30.06.2017	(48000)	Sale	769000	0.462
				07.07.2017	(30045)	Sale	738955	0.444
				14.07.2017	(68479)	Sale	670476	0.403
				25.08.2017	(22000)	Sale	648476	0.389
				01.09.2017	(6212)	Sale	642264	0.386
				08.09.2017	(52264)	Sale	590000	0.354
				15.09.2017	(11559)	Sale	578441	0.347
				29.09.2017	(76858)	Sale	501583	0.301
				06.10.2017	(4864)	Sale	496719	0.298
				13.10.2017	(44719)	Sale	452000	0.271
				10.11.2017	(53875)	Sale	398125	0.239
				08.12.2017	(49000)	Sale	349125	0.210
				15.12.2017	(82000)	Sale	267125	0.160
				22.12.2017	(94000)	Sale	173125	0.104
				05.01.2018	(47125)	Sale	126000	0.076
				12.01.2018	(12000)	Sale	114000	0.068
				19.01.2018	(20000)	Sale	94000	0.056
				26.01.2018	(25000)	Sale	69000	0.041
				02.02.2018	97000	Purchase	166000	0.100
	Closing Balance						166000	0.100
15.	Stichting Depository APG Emerging Markets Equity Pool	753194	0.455					
				28.04.2017	(150317)	Sale	602877	0.362
				05.05.2017	(160509)	Sale	442368	0.266
				12.05.2017	(72174)	Sale	370194	0.222
				19.05.2017	(298197)	Sale	71997	0.043
				26.05.2017	(71997)	Sale	0	0
	Closing Balance						0	0

V. Shareholding of Directors and Key Management Personnel

Sr.	Name	Shareholding		Date	Increase in/ Decrease in share- holding	Reason	Cumulative Shareholding as on March 31st, 2018)	
		No. of Shares as on April 1st, 2017	% of total Shares of the company				No. of shares	% of total shares of the company
1.	Sanjaya Gupta, Managing Director	304	0.00					
				11.05.2017	133269	ESOPs	133573	0.08
				26.05.2017	(60000)	Sale	73573	0.04
				28.11.2017	(1500)	Sale	72073	0.04
	Closing Balance						72073	0.04
2.	Jayant Dang, Independent Director	0	0					
				03.11.2017	250	Purchase	250	0.00
				15.12.2017	250	Purchase	500	0.00
	Closing Balance						500	0.00
3.	Jayesh Jain*	0	0					
				11.05.2017	46264	Allotment under ESOP	46264	0.02
	Closing Balance						46264	0.02
4.	Kapish Jain, Chief Financial Officer	19	0.00				19	0.00
5.	Sanjay Jain, Company Secretary & Head Compliance	285	0.00					
				11.05.2017	15421	Allotment under ESOP	15706	0.00
	Closing Balance			19.05.2017	(15706)	Sale	0	0.00

* Ceased to be the Chief Financial Officer with effect from January 6th, 2018.

5. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in crores)

	Secured loans excluding deposits	Unsecured loans indebtedness	Deposits	Total
At the beginning of the financial year				
1. Principal amount	19900.78	5769.00	9827.36	35497.14
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	14.95	-	159.73	174.68
Total	19915.73	5769.00	9987.09	35671.82

	Secured loans excluding deposits	Unsecured loans indebtedness	Deposits	Total
Change in indebtedness during the financial year	11238.54	6030.00	1599.11	18867.65
At the end of the financial year				
1. Principal amount	30,881.68	11799.00	11,390.03	54070.71
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	272.59	-	196.17	468.76
Total	31,154.27	11799.00	11586.20	54539.47

6. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of remuneration	Name of the Managing Director	Total amount (₹)
1.	Gross Salary		
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961)	Mr. Sanjaya Gupta	1,24,54,860
	b) Value of perquisites under section 17(2) of the Income tax Act, 1961		-
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961		-
2	Stock Option*		-
3	Sweat Equity		-
4	Commission as % of profit		-
5	Performance Bonus		91,51,650
	Total (A)		2,16,06,510
	Ceiling as per Act		63,95,40,000

*Exclude value of perquisite on exercise of 1,33,269 stock options received during the year. Exclude one time gratia of ₹ 2.17 crores received from DEPL Mauritius.

B. Remuneration to other directors

I) Independent Directors								
Particulars of remuneration	Name of Directors							Total Amount
	Mr. R Chandra-sekaran	Mr. Shital Kumar Jain	Dr. Gourav Vallabh	Mr. Nilesh S Vikamsey	Mr. Ashwani Kumar Gupta	Mrs. Shubha-lakshmi Panse	Mr. Jayant Dang	
Fee for attending Board/ Committee Meetings	6,50,000	13,90,000	6,50,000	5,40,000	3,00,000	2,00,000	0	37,30,000
Commission	15,00,000	15,00,000	15,00,000	15,00,000	12,50,000	10,00,000	0	82,50,000
Others	-	-	-	-	-	-	-	-
Total	21,50,000	28,90,000	21,50,000	20,40,000	15,50,000	12,00,000	0	119,80,000

II) Other Non-executive directors (Paid to PNB for its nominee directors)

Fee for attending Board/ Committee Meetings	5,60,000	-	5,60,000
Commission	-	-	-
Others	-	-	-
Total			5,60,000
Total (B)=(i)+(ii)			125,40,000
Total Managerial Remuneration			3,41,46,510
Overall Ceiling as per Act			1,40,69,88,000

I. Remuneration to key Managerial Personnel other than MD

Sr. No.	Particulars of remuneration	Key Managerial Personnel			Total
		Mr. Sanjay Jain Company Secretary*	Mr. Jayesh Jain**	Mr. Kapish Jain CFO***	
1	Gross Salary				
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961	41,94,929	61,97,951	12,22,994	1,16,15,874
	b) Value of perquisites under section 17(2) of the Income tax Act, 1961	19,272	1,006	-	20,278
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-	
2	Stock Option*	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission as % of profit	-	-	-	
5	Performance Bonus	15,24,952	26,00,000	20,00,000	61,24,952
	Total	57,39,153	87,98,957	32,22,994	1,77,61,104

* Excludes value of perquisite on exercise of 15,421 stock options and one time ex-gratia of ₹ 23.67 lacs received from DEPL Mauritius during the year.

**Ceased to be CFO of the Company with effect from January 6th, 2018. Excludes value of perquisite on exercise of 46,264 stock options.

***Appointed with effect from February 9th, 2018

7. Penalties /Punishment /Compounding of offences

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fee	Authority (RD/NCLT/Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Preeti Pahwa & Associates

Company Secretaries

Date: April 24th, 2018

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

We have been appointed as Secretarial Auditor of the Company for conducting Secretarial Audit as per the provision of Companies Act 2013 for Financial Year 2017-18. We would like to inform that our report dated April 20th, 2018, is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and occurrence of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **Preeti Pahwa & Associates**

Preeti Pahwa
Practicing Company Secretary
Certificate of Practice No.: 8263
Membership No.: F-5846

Secretarial Audit Report for the Financial Year ended March 31st, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PNB Housing Finance Limited (“the Company”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts or statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31st, 2018, complied with the statutory provisions listed hereunder, wherever and to the extent applicable, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records (except the provisional or unaudited financial statements for the above mentioned period) maintained by the Company for the above said financial year ended on 31st March, 2018, according to the provisions of:

Corporate Laws

- (i) The Companies Act, 2013 (“the Act”) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under;
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):
 - a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; and
 - f. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

We have further analyzed that the following Regulations and Guidelines prescribed under the SEBI Act are not applicable for the period under review:

- a. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

We have also examined the compliance with the applicable clauses of the following:

- (i) The Listing Agreements entered into by the Company with the National Stock Exchange (“Stock Exchange”), with respect to Non Convertible Debentures listed on the Stock Exchange;
- (ii) The Listing Agreements entered into by the Company with the National Stock Exchange & BSE Limited (“Stock Exchanges”), respectively with respect to Equity Shares listed on the Stock Exchanges;
- (iii) The Secretarial Standards on Board meetings (SS-I) and Secretarial Standards on General Meetings (SS-II), as issued by the Institute of Company Secretaries of India; and
- (iv) The Memorandum and Articles of Association of the Company

We further report that we have also examined the requisite compliance of the following laws as specifically applicable to the Company:

- (i) National Housing Bank Act, 1987;
- (ii) The Housing Finance Companies (NHB) Directions, 2010;
- (iii) Master Circulars on issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
- (iv) National Housing Bank circulars, notifications & guidelines; and
- (v) Reserve Bank of India Act, 1934 and rules, regulations & directions issued from time to time

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notices were given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast 7 days in advance and the system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that the resolutions were passed at all the meetings by the requisite majority and there were no instances of the dissent which were required to be captured and recorded as part of the minutes.

We further report that the systems and processes in the Company are commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the following key corporate actions were held during the Financial Year 2017-18:

- (i) Issuance of Secured Non Convertible Debentures aggregating to ₹ 8,954 crores on private placement basis
- (ii) Allotment of 944,173 equity shares under Employee Stock Option Scheme
- (iii) Issuance of Commercial Paper
- (iv) Ex-gratia payment to senior management level and payment of commission to Independent Directors

For **Preeti Pahwa & Associates**

Preeti Pahwa

Practicing Company Secretary
Certificate of Practice No. 8263
Membership No. F-5846

Place: Gurgaon

Date: April 24th, 2018

Report of the Directors on Corporate Governance

Good corporate governance is the core of Company's philosophy. The Company has long term relationship with its valued depositors, business partners and its financiers. The Company has been following principles of transparency and adequacy in all the disclosures through Annual Reports, financial results and other public documents. The Company believes in maximizing its shareholders' value following transparency and fairness towards all its stakeholders viz. customers, business partners, investors, human capital, the government and the society. The Company practices ethical standards in all its dealings.

Going forward, the Company will continue to maintain high standards in corporate ethics, transparent disclosure, accountability and integrity. The Company's policies are key to high standards of corporate governance. The Company will continue to follow all the applicable laws, regulatory guidelines and changes, which will come into effect from time to time.

The Company has complied with the applicable provisions of the Listing Regulations. Following is the Board's report on corporate governance.

Board of Directors

The Board is overall responsible to oversee the Company management and to protect the long-term interests of the stakeholders.

Composition

As on March 31st, 2018, the Board consists of ten members comprising seven independent directors, two non-executive directors (including the Chairman) and one Managing Director. None of the directors are related to each other. The independent directors meet the criteria prescribed for an independent director as stipulated in Regulation 16(1)(b) of the LODR and the provisions of Section 149(6) of the Companies Act, 2013.

The directors are well qualified and experienced and are from diverse fields such as banking, finance, investment, information technology, risk management and accounting. The brief profiles are given in the Annual Report. The composition of the board is in conformity with Regulation 17 of the LODR and Section 149 of the Companies Act, 2013. During the financial year, three new independent directors; Mr. Ashwani Kumar Gupta, Mrs. Shubhalakshmi Panse, Mr. Jayant Dang and one non-executive director, Mr. Sunil Mehta were appointed. Three non-executive directors, Mrs. Usha Ananthasubramanian, Mr. Devinjit Singh and Dr. Ram S Sangapure have resigned from the Board.

Details of the Board of Directors in terms of their directorships/memberships in committees of public companies (including PNB Housing Finance Limited) as per Regulation 26 of LODR is given hereunder:

Sr. No.	Directors	Category	DIN	Number of Directorships	Number of Committees*	
					Member	Chairperson
1	Mr. Sunil Mehta	Non-Executive Director	07430460	6	-	-
2	Mr. Sunil Kaul	Non-Executive Director	05102910	1	-	-
3	Mr. Shital Kumar Jain	Independent Director	00047474	3	3	2
4	Mr. Nilesh S Vikamsey	Independent Director	00031213	10	10	2
5	Mr. R Chandrasekeran	Independent Director	00580842	1	1	-
6	Dr. Gourav Vallabh	Independent Director	02972748	1	1	1
7	Mrs. Shubhalakshmi Panse	Independent Director	02599310	10	6	-
8	Mr. Ashwani Kumar Gupta	Independent Director	00108678	3	2	1
9	Mr. Jayant Dang	Independent Director	01262335	1	-	-
10	Mr. Sanjaya Gupta	Managing Director	02939128	3	2	1

*Audit Committee and Stakeholders Relationship Committee.

Responsibilities

The Board is responsible for the long term strategic planning and direction of the Company. It is responsible for the long-term value of the shareholders, to protect the interest of all other stakeholders and to provide guidance to the management with strategic direction. The Board functions through its various committees, who have been assigned various roles and responsibilities and these committees closely monitor the performance of the Company.

The Board regularly reviews Company's overall performance at regular interval. The Board has a formal schedule of matters reserved for its consideration and decision, apart from legally required matters.

Role of Independent Directors

Company's independent directors are persons of eminence from diverse fields in finance, accountancy, economics, credit, risk management and information technology. They play an important role on the Board and on the various committees of the Board. They provide inputs to the Board and help the Board in arriving at decisions on matters of strategic importance.

The independent directors ensure that all the matters brought to Board and its committees are adequately discussed and decisions are arrived at in the best interest of the Company. An independent director has been nominated as the chairman on all the committees, namely Audit, Nomination and Remuneration, Credit, Risk Management and Corporate Social Responsibility committees. The Audit Committee consist entirely of independent directors.

All the committees of the Board function within the defined terms of reference in accordance with the Companies Act, 2013 and the LODR and as approved by the board.

Appointment of Independent Directors

The independent directors have been appointed for a five years term as under;

- Mr. Shital Kumar Jain was appointed on August 14th, 2014
- Mr. R Chandrasekaran was appointed on October 7th, 2015
- Mr. Nilesh S Vikamsey was appointed on April 22nd, 2016
- Dr. Gourav Vallabh was appointed on April

22nd, 2016

- Mr. Ashwani Kumar Gupta was appointed on May 12th, 2017
- Mrs. Shubhalakshmi Panse was appointed on July 7th, 2017.

The independent directors are not liable to retire by rotation.

Mr. Jayant Dang was appointed an Additional Director (Independent Director) on March 15th, 2018.

A formal letter of appointment was issued to the independent directors in terms of the provisions of the Companies Act, 2013. A copy of the letter detailing the terms and conditions of appointment of the independent directors has been placed on the Company's website, www.pnbhousing.com.

Familiarisation Program

The main objective of a familiarisation programme is to ensure that the non-executive directors are updated on the business and regulatory environment and the overall operations of the Company to make informed decisions in everybody's interest. All the independent directors have been taken through familiarization programme about the Company, its business environment, competitors, Company's portfolio etc.

The Company has a policy on familiarisation programme for the independent directors, which is placed on the website of the Company.

Board Meetings

Board Meetings are normally held at PNB's Head Office at New Delhi. Board meetings are scheduled well in advance and the notice of each Board meeting is given through electronic mode to every director. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

The Company Secretary in consultation with the Managing Director prepares the detailed agenda for the meetings. The detailed Board agenda is circulated to the directors well in advance. The members of the Board can also recommend inclusion of any matter in the agenda for discussion. The senior management attends the Board meetings to provide additional inputs to the items being discussed by the Board. The minutes of each Board meeting are finalised and recorded in the minute book maintained by the Company Secretary. During the year under review, the Board has met seven times. The meetings were held on May 12th,

2017, July 7th, 2017, August 3rd, 2017, October 25th, 2017, January 23rd, 2018 and March 15th, 2018 (two meetings). The attendance of the

directors at the Board meetings and the 29th Annual General Meeting held on August 2nd, 2017 are listed below:

Directors	Board Meetings	Attendance at the 28th AGM	Sitting fee paid
Mr. Sunil Mehta	6	yes	3,00,000*
Mr. Sunil Kaul	6	yes	-
Mr. Shital Kumar Jain	5	yes	2,50,000
Mr. R Chandrasekaran	7	yes	3,50,000
Mr. Nilesh S Vikamsey	6	No	3,00,000
Dr. Gourav Vallabh	7	yes	3,50,000
Mr. Ashwani Kumar Gupta	6	yes	3,00,000
Mrs. Shubhalakshmi Panse	4	No	2,00,000
Mr. Sanjaya Gupta, Managing Director	7	yes	-
Mr. Jayant Dang (Appointed on March 15th, 2018)	-	No	-
Directors resigned during the year			
Dr. Ram S Sangapure (Resigned on March 7th, 2018)	4	yes	2,00,000*
Mrs. Usha Ananthasubramanian (Resigned on May 8th, 2017)	-	No	-
Mr. Devijit Singh (Resigned on May 26th, 2017)	-	No	-

*The sitting fees of ₹ 50,000/- for attending each Board meeting was paid to the non-executive directors. The sitting fee of Mr. Sunil Mehta and Dr. Ram S Sangapure was paid to the Punjab National Bank.

Committees of the Board

The Board has delegated powers to various Committees. Each of the Board's Committee has been delegated with specific responsibilities/matters as per the provisions of the Companies Act, 2013, SEBI, LODR and as per the business requirements. The minutes of every Committee meetings are finalised and recorded in the minute book maintained by the Company Secretary. These Minutes are also placed before the Board.

The various committees, their roles and their members are;

Audit Committee

The Audit Committee has three independent directors; Dr. Gourav Vallabh, Chairman, Mr. Nilesh S

Vikamsey and Mr. R Chandrasekaran.

The Charter of the Audit Committee is as per section 177 of the Companies Act, 2013 and LODR.

The main role of the Audit Committee is;

- The Audit Committee assist the Board in fulfilling its oversight responsibilities for the financial reporting process to regulatory authorities, public, it oversees the system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct.
- It reviews quarterly, half yearly and yearly financial statements as prepared by the Company before submission to the Board.
- It reviews and monitors the Auditors'

independence, performance and effectiveness of audit process.

- As per Related Party Policy, it approves related party transaction.
- It reviews the functioning of whistle blower mechanism.
- It recommends the appointment of statutory and internal auditor.

The Audit Committee calls members of senior management as it considers appropriate to be present at the meetings of the Committee. The Statutory Auditors also attend the meeting of the Audit Committee.

During the year, the Audit Committee had met five times on May 11th, 2017, July 6th, 2017, August 3rd, 2017, October 24th, 2017 and January 22nd, 2018. The details of attendance at the Audit Committee meetings are as under;

Directors	Number of meetings attended	Sitting fee
Dr. Gourav Vallabh	5	1,50,000
Mr. R Chandrasekaran	5	1,50,000
Mr. Nilesh S Vikamsey	4	1,20,000

*The sitting fees of ₹ 30,000/- for attending each meeting was paid to the independent directors.

Leave of absence was granted to the concerned directors who could not attend the meetings.

Nomination and Remuneration Committee (NRC)

The NRC has three directors; Mr. Shital Kumar Jain, Chairman, Mr. Nilesh S Vikamsey and Mr. Sunil Kaul. Dr. Ram S Sangapure has resigned on March 7th, 2018. The committee has been delegated powers, role and responsibilities as required under section 178 the Companies Act, 2013 and as per LODR.

The NRC formulate criteria for determining qualifications, positive attributes and independence of a director. It recommends to the Board a policy, relating to the remuneration of the directors, key managerial personnel, senior management and other employees. It identifies persons who are qualified to become directors and who may be appointed in the senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The annual compensation package of the Managing Director is recommended by the NRC to the Board. The NRC approves compensation package of all the functional heads.

During the year, the NRC had met seven times on April 28th, 2017, May 12th, 2017, July 07th, 2017, August 30th, 2017, December 01st, 2017, February 23rd, 2018 and March 16th, 2018. The details of attendance at the NRC meetings are as under;

Directors	Number of meetings attended	Sitting fee
Mr. Shital Kumar Jain	7	2,10,000
Mr. Sunil Kaul	7	-
Mr. Nilesh S Vikamsey	7	2,10,000
Dr. Ram S Sangapure	0	-

*The sitting fees of ₹ 30,000/- for attending each meeting was paid to the independent directors.

Leave of absence was granted to the concerned director who could not attend the meetings.

Corporate Social Responsibility Committee (CSR)

The CSR Committee has three directors; Mr. R Chandrasekaran, Chairman, Mr. Sunil Kaul and Mr. Sanjaya Gupta. Dr. Ram S Sangapure has resigned with effect from March 7th, 2018. It oversees Corporate Social Responsibilities of the Company and approve project wise budget of CSR. The Board has approved Charter for CSR activities.

It also oversees the functioning of Executive Committee of CSR Management.

During the year, the CSR Committee has met three times on August 03rd, 2017, October 25th, 2017 and March 16th, 2018. The details of attendance at the CSR meetings are as under;

Directors	Number of meetings attended	Sitting fee
Mr. R Chandrasekaran	3	90,000
Mr. Sunil Kaul	3	-
Mr. Sanjaya Gupta	3	-
Dr. Ram S Sangapure	0	-

*The sitting fees of ₹ 30,000/- for attending each meeting was paid to the independent directors.

Leave of absence was granted to the concerned directors who could not attend the committee meetings.

Stakeholders Relationship Committee

It comprises of three directors; Mrs. Shubhalakshmi Panse, Chairperson, Mr. Ashwani Kumar Gupta, and Mr. Sanjaya Gupta. During the year, Mr. Devinjit Singh had resigned with effect from May 26th, 2017 and Dr. Ram S Sangapure had resigned with effect from March 7th, 2018. The Committee has met one time during the year on May 11th, 2017.

The status of shareholders' complaints during FY2017-18, is mentioned below:

Complaints received during the year (in Nos.)	Complaints resolved during the year (in Nos.)	Complaints pending at the end of the year (in Nos.)
6	6	0

Risk Management Committee

The Risk Management Committee has four directors; Dr. Gourav Vallabh, Chairman, Mr. Shital Kumar Jain, Mr. Sunil Kaul and Mr. Sanjaya Gupta. The Board has approved Risk Management Policies of the Company. The Committee reviews risks associated with the business of the Company, the procedures adopted to assess the risks and various mitigation measures.

The Committee has met four times during the year on May 11th, 2017, August 30th, 2017, December 18th, 2017 and March 16th, 2018.

Directors	Number of meetings attended	Sitting fee
Dr. Gourav Vallabh	4	1,20,000
Mr. Shital Kumar Jain	4	1,20,000
Mr. Sunil Kaul	4	-
Mr. Sanjaya Gupta	4	-

*The sitting fees of ₹ 30,000/- for attending each meeting was paid to the independent directors.

** Mr. Jayant Dang was appointed on the Risk Management Committee by the Board on May 3rd, 2018.

Credit Committee

The Credit Committee has two directors; Mr. Shital Kumar Jain, Chairman and Mr. Sanjaya Gupta. During the year, Mr. Devinjit Singh had resigned with effect

from 26th May, 2017. The Board has delegated powers to sanction loans to the Committee. It formulates credit policy parameters for loans to various segments, review the feedback mechanism to policy to improve and to maximize risk/ return matrix. The CCB reviews the credit performance and collection effectiveness of the portfolio twice in a year.

During the year, the CCB had met twenty six times on April 21st, May 16th, June 05th, June 09th, June 29th, July 17th, July 28th, August 09th (two meetings), August 31st, September 14th, September 29th, October 23rd, October 30th, November 21st, November 25th, December 1st, December 15th (two times), December 19th, December 26th, 2017, January 22nd, February 09th, March 01st, March 09th, and March 31st, 2018. The details of attendance at the CCB meetings are as under;

Directors	Number of meetings attended	Sitting fee
Mr. Shital Kumar Jain	26	7,80,000
Mr. Devinjit Singh (Up to May 26th, 2017)	2	-
Mr. Sanjaya Gupta	26	-

*The sitting fees of ₹ 30,000/- for attending each meeting was paid to the independent directors.

** Mr. Jayant Dang was appointed on the Credit Committee by the Board on May 3rd, 2018.

Meeting of Independent Directors

The independent directors have met on May 12th, 2017 without the presence of non-independent directors. The independent directors have evaluated the performance of Chairperson of the Board, non-independent directors and of the Board during the year and quality of board performance, timeliness of flow of information with the Board.

Remuneration of Directors

Non-Executive Directors

The remuneration for the non-executive directors consists of sitting fees and commission on net profits as approved by the shareholders of the Company. During the year under review, the sitting fees payable to independent directors and PNB nominated non-executive directors for attending meetings of the Board of Directors of the Company was ₹ 50,000 per board meeting. The sitting fees for attending the meetings of committees of Board and

the meeting of independent directors was ₹ 30,000 per meeting. The Commission payable to all the independent directors is restricted to 0.25% of the net profits of the Company.

Details of sitting fees and commission paid during the financial year is provided in the Form MGT-9 which forms part of the Directors' Report.

Managing Director

The Managing Director of the Company has been appointed for 5 years with effect from May 05th, 2015. The remuneration of the Managing Director is recommended by the Nomination & Remuneration Committee and approved by the Board. The key objective of the remuneration is to ensure that it is aligned to the overall performance of the Company. The remuneration package of the Managing Director comprises of salary, performance linked variable pay and usual perquisites as per Company's HR policy approved by the Board. The Board in terms of authority delegated by the shareholders has approved the current remuneration of the Managing Director on May 12th, 2017.

Details of remuneration paid/payable to the Managing Director during the year under review is provided in Form MGT-9.

Details of ESOP Options of Managing Director:

Name	Sanjaya Gupta
Grant Date	22-April-2016
Options Granted	5,33,076
Vesting Period	4 years from the date of grant
No. of options exercised	2,66,538

Board Evaluation

This Board's evaluation process has been adopted by the Company in terms of the Companies Act, 2013 and the circular issued by the SEBI. It applies to all the Directors of the Company. Its main objectives are to ensure effective and efficient Board operations towards corporate goals and objectives, to identify ways to improve Board member's functioning and to assess the balance of skills, knowledge and experience on the Board.

The Board evaluation process involve, evaluation of the whole Board, which is to be done by all the Members of the Board; evaluation of the Committees of the Board, which is to be done by all the Members of the respective Committee; and evaluation of the individual which is carried out by the Nomination and Remuneration Committee.

The Board Evaluation Process is a questionnaire based assessment, which has set broad parameters for evaluation of the Board, Committee of the Board and Board Members. The NRC takes feedback from the directors through structured questionnaires.

The independent directors review the performance of the non-executive directors, the Chairman and the whole Board.

Investor Grievances

In accordance with the LODR, the Board has appointed Mr. Sanjay Jain, Company Secretary, as the Compliance Officer of the Company.

During the year, 6 complaints were received from the investors. These complaints were related to non-receipt of refund etc. These complaints have been closed in the prescribed time.

Subsidiary Companies

The Company has a wholly owned subsidiary "PHFL Home Loans and Services Limited" incorporated on August 22nd, 2017. The Company is a distribution arm for PNB Housing, offering doorstep services to the prospective customers.

Employee Stock Option Scheme (ESOS)

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, have been placed on the website of the Company.

Proceeds from Private Placement of debt issues

The Company has raised ₹ 8,954 crores of secured NCDs through private placements in sixteen series issued during the year. As specified in the respective offer documents, the funds were utilised for onward lending.

Transactions with Non-Executive Directors

The non-executive directors of the Company do not have any pecuniary relationship or transactions with the Company.

Shareholding of Directors

The details of shareholding of directors are disclosed in MGT-9 form.

Prevention of Insider Trading

The Board has approved a Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) and Share Dealing Code for Prevention of Insider Trading in terms of

SEBI (Prevention of Insider Trading) Regulations, 2015.

The code ensures that the employees deal in the shares of the Company only at a time when any price sensitive information that could be known to the employee is also known to the public at large. This code is applicable to designated employees and directors of the Company.

Code of Conduct

The Board has laid down a Code of Conduct for all the Board members and designated employees of the Company. The Code of Conduct is posted on the website of the Company. For the year under review, all directors and members of management have affirmed their adherence to the provisions of the Code.

Vigil Mechanism / Whistle Blower Policy

The Board has approved the vigil mechanism/whistle blower policy of the Company, which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise concern about serious irregularities within the Company. The Audit Committee oversees the vigil mechanism and employees have access to the Audit Committee. The policy is placed on the website of the Company.

Risk Management

The Company has implemented a comprehensive Enterprise Risk Management Policy along with functional level risk management policies covering the following policies;

The "Integrated Risk Management" (IRM) policy provides broad direction to all activities, associated with risk management including credit, market and operational risk management and other risks. It defines the governance model and fixes the role and responsibility of each constituents of risk management framework.

The credit risk management policy facilitates the Company to take appropriate risks to achieve its business objectives within the acceptable level of risk tolerance. The Credit Risk policy sets out the principles, standards and approach for credit risk management at the Company level and details a comprehensive framework to identify, assess, measure, monitor, control and report credit risks in a timely and efficient manner.

The Assets Liability Management Policy provides for liquidity management, management of interest rate

risk and other objectives such as a return on average assets, return on average equity, tier 1 leverage ratio, total risk-based capital ratio and NIM on average interest earning assets.

The objective of Market Risk Policy is to assist in maximizing the risk adjusted rate of return by providing inputs regarding market risk profile and portfolio performance, establish the guidelines to manage the market risks identified, to ensure risks are measured and monitored and to establish limit framework and ensure that positions taken are within the approved risk tolerance limits.

The Stress Testing policy defines different types of stress tests such as, Regular and Ad-hoc stress tests in scenarios for Liquidity, Market, Credit and Operational risks.

The objective of IT policy is to maximize IT value and promote the most productive usage of IT products and services. The objective of Information Security policy is to ensure that appropriate measures are put in place to protect corporate information and IT systems, services & equipment.

In the opinion of the Board, none of the risks faced by the Company threaten its existence.

General Procedure for Postal Ballot

- The notices containing the proposed resolutions and explanatory statement are sent to the shareholders at the addresses registered with the Company along with a Postal Ballot Form and a postage pre-paid envelope containing the address of the scrutinizer appointed by the Board for carrying out the Postal Ballot process;
- The Postal Ballot Forms received within 30 days of despatch are considered by the Scrutinizer;
- The Scrutinizer submits his report to the Chairman/ Co-Chairman of the Company, who based on the report announces the results; and
- e-voting facility is provided to the shareholders. Under this facility, the shareholders are provided an electronic platform to participate and vote on the resolutions to be passed through Postal Ballot.

Disclosures

Related party transactions

The policy on Related Party Transactions as approved by the Board is available on the Company's website. There were no material transactions with related parties that may have potential conflict with the interest of the Company.

Details of related party transactions entered into by the Company in the ordinary course of its business and at arm's length are included in the notes forming part of the financial statements. There were no financial or commercial transactions by the senior management with the Company where they have personal interests that may have a potential conflict with the interests of the Company at large.

The relevant extracts from Related Party Transaction Policy is given in a separate annexure. For full details please refer our website www.pnbhousing.com.

Accounting Standards / Treatment

The Company has complied with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III notified by the Ministry of Corporate Affairs (MCA).

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors' Report.

Annual General Meetings

The Annual General Meetings for the last 3 years were held on, August 26th, 2015 at 03.30 p.m. August 3rd, 2016 at 04.30 p.m. and August 2nd, 2017 at 3.00 p.m. The first two AGMs were held at PNB House, Board Room, 7 Bhikaiji Cama Place, New Delhi and the last AGM was held in India Habitat Centre at Lodhi Road, New Delhi. Six special resolutions were passed at the previous three Annual General Meetings. There were two resolutions that were passed using postal ballots on December 13th, 2017 by ordinary resolution. Mr. Sanjay Grover from Sanjay Grover and Associates, Company Secretaries, had conducted the postal ballot.

As of now, no special resolution is proposed to be passed at this AGM through postal ballot.

Dematerialisation of shares

All the shares of the Company are available for trading with National Securities Depository Ltd. (NSDL) and with Central Depository Services (India) Limited (CDSL). The ISIN allotted to Company's equity shares is INE572E01012. As at March 31st, 2018, except 10 shares remaining equity shares of the Company are held in dematerialized form.

The Company has paid the listing fees for the year 2018-19 as per the listing agreement with the respective stock exchanges.

Shareholder Relations

The Company has 99,258 shareholders as on March 31st, 2018. The main source of information for the shareholders is the Annual Report that includes, the Directors' Report, the shareholders' information and the audited financial results. The Annual Report has information on Report of Directors on Corporate Governance and Management Discussion and Analysis Report. Shareholders are intimated through the press, email and Company's website about the quarterly performance and financial results of the Company. Shareholders will get an opportunity to attend the Annual General Meeting where the business outlook will be presented and Company's operations can be discussed. In addition, the Corporate Office as well as the Registrar's Office (RTA), serves as a contact point for shareholders.

Since listing, along with the financial results, other information as per the listing guidelines such as Annual Report and Shareholding Pattern, are being uploaded on BSE website under "BSE Listing Centre" and on NSE website under "NSE Electronic Application Processing System (NEAPS)". Post listing, the presentation on quarterly results and performance of the Company is placed on the website of the Company and furnished to stock exchanges for the benefit of the investors.

The quarterly, half yearly and annual financial results of the Company are published in leading newspapers and are communicated to the stock exchanges as per the provisions of SEBI (LODR) Regulations, 2015 and uploaded on Company's website.

The Ministry of Corporate Affairs (MCA) and the Companies Act, 2013, has taken a "Green Initiative" in corporate governance by allowing paperless compliances by the Companies through electronic mode. The listing agreement with the stock exchanges and the Companies Act, 2013 permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/ Depository participant. Accordingly, the annual report for 2016-17, notice for AGM etc., are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/ depository participants. For those shareholders who have not opted for the above, the same are being sent in physical form.

The annual report also contains a section on 'Shareholders' Information' which inter alia provides information relating to the AGM date, time and venue, shareholding pattern, distribution of shareholding,

top shareholders, the monthly high and low quotations of the equity share during the year and other corporate governance information as required under SEBI (LODR) Regulations, 2015.

The Board has appointed CFO as Chief Investor Relation Officer of the Company.

Means of Communication

In accordance with the Listing Regulations, the quarterly/half-yearly/annual results are submitted to the National Stock Exchange and Bombay Stock Exchange and published in leading business newspaper.

The official press releases are posted on Company's website (www.pnbhousing.com). Company's website has helped to keep the investors updated on material developments about the Company such as; Board profile, press release, financial results, annual reports, shareholding pattern, stock information, announcements, investor presentations etc.

The Company has conducted Earning's Calls post announcement of quarterly/half-Yearly/ annual results, which were well attended by the analysts/ investors and the transcripts were uploaded on Company's website.

Certification of Financial Reporting and Internal Controls/(CEO/CFO certificate)

In accordance with SEBI (LODR) Regulations, 2015, Mr. Sanjaya Gupta, the Managing Director and Mr. Kapish Jain, the CFO of the Company, have inter alia, certified and confirmed to the Board about the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee.

Non-mandatory requirements

The Company is moving towards a regime of unqualified financial statements. The Company shall endeavour to adopt the non-mandatory requirements, as and when necessary.

Compliance

The Company has complied with the mandatory requirements as stipulated under Regulation 34(3) and 53 of SEBI (LODR) Regulations, 2015. The Company has submitted the quarterly compliance status report to the stock exchanges within the prescribed time limit.

Strictures and Penalties

During the year, no penalties or strictures have been

imposed on the Company by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

Declaration on Code of Conduct

I confirm that for the year under review directors and senior management have affirmed compliance with the code of conduct of Board of Directors and senior management.

New Delhi
May 3rd, 2018

Managing Director

Extracts from Policy on Related Party Transactions

The Audit Committee of the Board is entrusted with the task of reviewing and approving transactions with Related Parties or any subsequent modifications thereof, the Audit Committee shall be the reviewing authority with respect to this Policy and shall recommend amendments thereof for approval of the Board.

The Executive Management of the Company comprising Managing Director/whole Time Director shall have the authority, to issue guidance and clarifications as may be deemed necessary for the implementation of this Policy. They are also authorized to delegate such powers as may be considered necessary and appropriate for effective administration and enforcement of this Policy to any officer(s) of the Company.

i) Arm's Length Transaction

"Arm's length transaction" mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

ii) Associate Company

"Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

For the purposes of this term 'Associate Company', "significant influence" means control

of at least twenty per cent of total share capital, or of business decisions under an agreement.

Related Party Disclosures (AS 18) notified by the Companies (Accounting Standards) Rules, 2006, defines an associate to mean an enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint venture of that party.

“Significant influence” means the participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.

iii) Compliance Officer

Means the Company Secretary of the Company.

iv) Related Party

Related Party with reference to a company means -

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;

Provided that nothing in sub-clauses (vi) and

- (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is;
 - i. a holding, subsidiary or an associate company of such company; or
 - ii. a subsidiary of a holding company to which it is also a subsidiary;
- (ix) such other person as may be prescribed;

Control -

- a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or
- b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
- c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

v) Related Party Transaction:

The following are illustrations of “transactions”:

- (i) purchases or sales of goods (finished or unfinished);
- (ii) purchases or sales of property and other assets;
- (iii) rendering or receiving of services;
- (iv) leasing of property of any kind or hire purchase arrangements;
- (v) transfer of research and development;
- (vi) license agreements;
- (vii) finance arrangements (including loans and equity contributions in cash or in kind);
- (viii) guarantees and collaterals; and
- (ix) agency arrangements, management contracts including for deputation of employees.

Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions for the purpose of this Policy:

- i. Any transaction that involves providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of Companies Act, 2013, in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Reimbursement made of expenses incurred by a Related Party for business purpose of the Company, or Reimbursement received for expenses incurred by the Company on behalf of a Related Party.
- iii. Any transaction in which the Related Party's interest arises solely by way of ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties.
- v. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require prior approval by the Audit Committee.

vi) Material Related Party Transaction

Where the aggregate value of transactions entered,

or likely to be entered into, with a related party; during the current financial year, is likely to exceed 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

All Related Party Transactions are subject to following approval matrix.

A. Transactions in the ordinary course of business and on arm's length basis

Ceiling on Amount	Approval Required		
	Audit Committee	Board of directors	Shareholders (Ordinary Resolution)
Up to 10% of the annual turnover of the company	✓	-	-
In excess of above limits	✓	✓	✓ (All related parties to abstain from voting.)

B. Transactions either not in the ordinary course of business or arm's length basis

Nature of Transaction	Approval Required		
	Audit Committee	Board of directors	Shareholders (Ordinary Resolution)
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	✓	✓	Exceeding 10% of the turnover or ₹ 100 crores, whichever is lower Note: Related Parties that are parties to the contract shall abstain from voting.
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	✓	✓	Exceeding 10% of the net worth or ₹ 100 crores, whichever is lower Note: Related Parties that are parties to the contract shall abstain from voting.

Nature of Transaction	Approval Required		
	Audit Committee	Board of directors	Shareholders (Ordinary Resolution)
Leasing of property of any kind.	✓	✓	Exceeding 10% of the turnover or 10% of the net worth, or ₹ 100 crores whichever is lower Note: Related Parties that are parties to the contract shall abstain from voting.
Availing or rendering of any services, directly or through appointment of agent.	✓	✓	Exceeding 10% of the turnover or ₹ 100 crores, whichever is lower Note: Related Parties that are parties to the contract shall abstain from voting.
Monthly remuneration exceeding two and half lac rupees. Note: Related Parties that are parties to the contract shall abstain from voting.	✓	✓	Appointment of any related party to any office or place of profit in the Company, its subsidiary company or associate company.
underwriting the subscription of any securities or derivatives thereof, of the Company:	✓	✓	Remuneration exceeding 1% of net worth Note: Related Parties that are parties to the contract shall abstain from voting.
any other transaction with related parties, other than those covered above, resulting in transfer of resources, obligations or services	✓	✓	Exceeding 10% of the annual consolidated turnover of the Corporation Note: All related parties to abstain from voting.

B R MAHESWARI & CO LLP
CHARTERED ACCOUNTANTS

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New Delhi - 110001
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23416341
2341 8130
Fax: +91(11) 2341 5796
E-mail: brmc@brmco.com

**Independent Auditors' Certificate on
Corporate Governance**

**To the Members of
PNB Housing Finance Limited**

We have examined the compliance of conditions of Corporate Governance by **PNB Housing Finance Limited** ("the Company") for the year ended on March 31st, 2018, as stipulated in applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in applicable provisions of the Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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 3rd, 2018

Gurgaon Office : 312, 3rd Floor, JMD Pacific Square, Sector - 15 Part - II, Gurgaon - 122001
Phone : +91 (124) 4115 445-49

General Shareholder Information

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

30th Annual General Meeting

Date: Friday, July 27th, 2018
 Time: 3.00 p.m.
 Venue: "The Stein Auditorium" Habitat World, at India Habitat Centre, Lodhi Road New Delhi-110003

Financial Year

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

Dividend Payment

The Board of Directors of Company has declared a dividend of ₹ 9 per share in its Board Meeting held on May 3rd, 2018.

Company will pay its dividend within 30 days of its approval in the Shareholder's Meeting.

Record Date for payment of dividend is mentioned in the notice convening the AGM.

Listing on Stock Exchange

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

The NCDs of PNB Housing are listed on National Stock Exchange.

The Company confirms payment of Annual Listing fees of NSE and BSE for Financial year 2018-19.

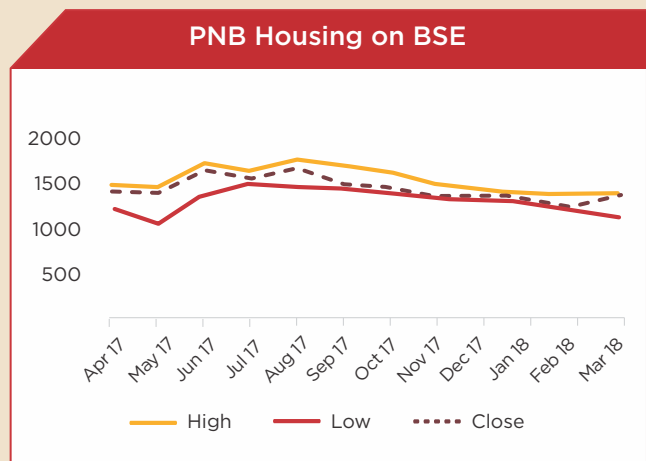
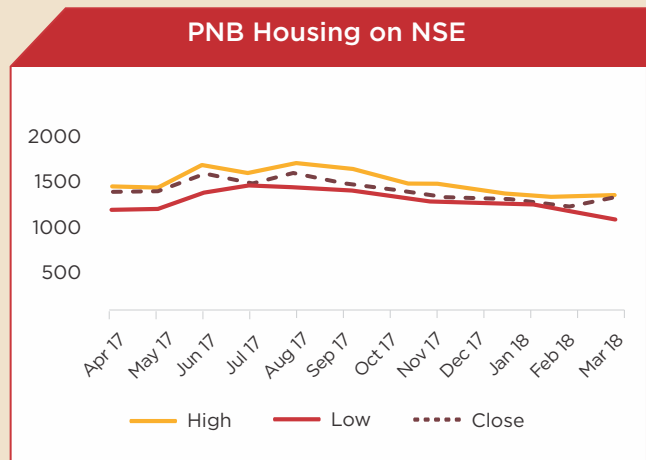
Stock Exchange	National Stock Exchange (NSE)	BSE Limited (BSE)
Address	National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051.	Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400001
Telephone number	+91 22 2659 8100/114	+91 22 2272 1233/34
Website	www.nseindia.com	www.bseindia.com
Scrip Code	PNBHOUSING	540173

Stock Market Price Data

Prices in ₹/Share

Month	NSE		BSE	
	High	Low	High	Low
Apr-17	1444.95	1171.00	1443.50	1172.05
May-17	1418.50	1192.55	1419.90	1006.00
Jun-17	1696.90	1360.10	1696.80	1363.50
Jul-17	1609.00	1465.10	1610.60	1465.00
Aug-17	1717.65	1427.40	1715.30	1430.00
Sep-17	1675.00	1395.00	1668.80	1396.55
Oct-17	1540.00	1350.00	1598.45	1347.60
Nov-17	1479.85	1303.00	1475.00	1307.20
Dec-17	1389.00	1295.00	1385.00	1298.00
Jan-18	1362.00	1261.00	1359.95	1204.00
Feb-18	1330.00	1170.00	1326.65	1172.00
Mar-18	1341.50	1070.20	1338.00	1085.00

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



Performance of the Company in comparison to broad base indices

Chart base to 100

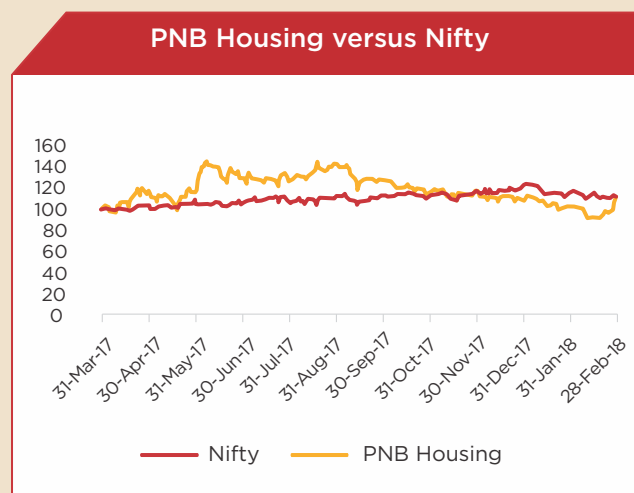
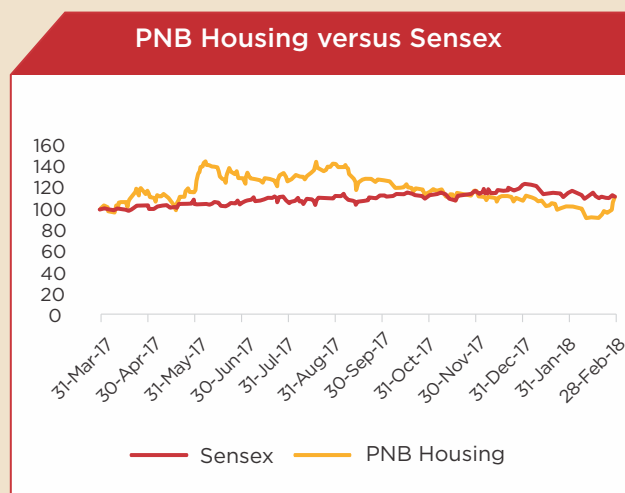


Chart base to 100



Data Source: www.nseindia.com and www.bseindia.com.

Registrar and Transfer Agents

Link Intime India Private Limited is the Registrar and Transfer Agents for Equity and Debt securities of the Company. Their contact details are as below:

Link Intime India Pvt. Ltd
C 101, 247 Park,
L.B.S.Marg, Vikhroli (West),
Mumbai - 400083

Share Transfer System

All the equity shares of the Company are held in Dematerialized form except 10 shares, which are in physical. The shares are electronically traded in the Depository. The Registrar and Transfer Agent receives a weekly report from the Depository about the details of beneficiary and update their records.

Distribution of Shareholding as on March 31st, 2018

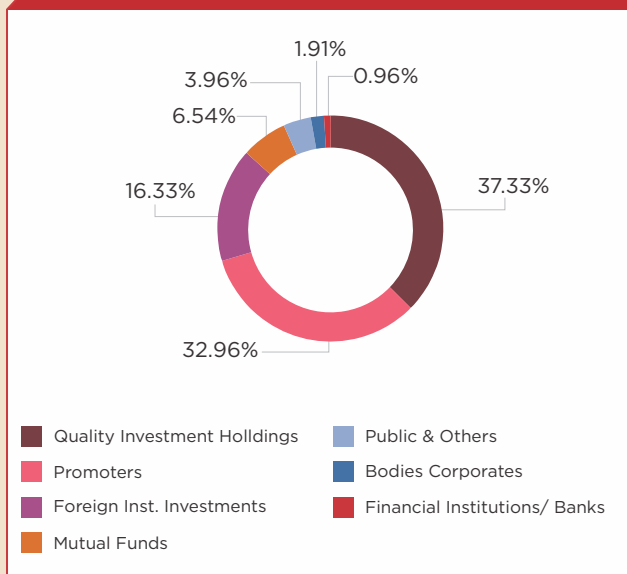
SR. NO.	SHAREHOLDING OF NOMINAL VALUE (INR)			NO. OF SHARE HOLDERS	% OF TOTAL	SHARE AMOUNT (INR)	% OF TOTAL SHARE AMOUNT
1	1	to	5000	97521	98.25	30578350.00	1.84
2	5001	to	10000	696	0.70	5216790.00	0.31
3	10001	to	20000	423	0.43	6160450.00	0.37
4	20001	to	30000	175	0.18	4384600.00	0.26
5	30001	to	40000	92	0.09	3196260.00	0.19
6	40001	to	50000	60	0.06	2747760.00	0.16
7	50001	to	100000	112	0.11	7785850.00	0.47
8	100001	to	*****	179	0.18	1605794760.00	96.40
Total				99258	100.00	1665864820.00	100.00

Face Value (₹) : 10

NSDL Data as of : Mar 31, 2018

CDSL Data as of : Mar 31, 2018

Shareholding pattern as on 31st March 2018



Dematerialization of shares and liquidity

Equity Shares of the Company are traded under compulsory dematerialized mode and are available for trading with both the depositories i.e. NSDL and CDSL.

The Company obtains half yearly certificate of compliance as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from a Company Secretary in practice and files the copy of the certificate with the Stock Exchanges.

Outstanding Convertible Investments

An aggregate of 38,07,690 Employees Stock options were granted to the employees on 22nd April, 2016 under ESOS-2016. These options, upon

exercise, are convertible into equal number of Equity Shares of the Company. As and when these options are exercised, the paid-up share capital of the Company shall stand increased accordingly.

Pursuant to ESOS -2016, on May 11th, 2017 the Stakeholder Relationship Committee had allotted 9,44,173 shares. Consequently, the Share Capital of the Company has increased by ₹ 94.42 lacs.

Further, the Company has granted 4,05,700 options and 1,00,000 options to employees on August 30th, 2017 and February 23rd, 2018 respectively.

Commodity Price risk or foreign exchange risk and hedging activities

During FY 2017-18, the Company has managed the foreign exchange risk by hedging the entire principal on its foreign currency borrowings. The foreign currency and interest rate risk on the borrowings have been actively hedged through a combination of forward contracts, principal only swaps, interest rate swaps and / or cross currency swaps.

Plant Locations

PNB Housing Finance Limited is engaged in providing housing loans. There is no plant location as such.

Address for Correspondence

Registered and Head Office:

9th Floor, Antriksh Bhavan,
22 Kasturba Gandhi Marg,
Near Connaught Place, New Delhi 110001
Phone Number : 1800 120 8800
Email Address: loans@pnbhousing.com

Annual Business Responsibility Report (2017-18)

Part A: General Information about the Company

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

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

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

Company Profile

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

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

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

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

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

Part B: Financial Details of the Company

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

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

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

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

Part C: Other Details

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

Part D: BR Information

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

The 9 principles outlined in the National Voluntary Guidelines are:

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

Principle 1

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

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

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

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

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

Code of Conduct

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

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

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

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

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

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

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

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

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

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

Transparency

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

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

Corporate Governance

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

Stakeholders' Complaints

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

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

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

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

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

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

Principle 2

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

Environment

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

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

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

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

Principle 3

Business should promote the well-being of all employees:

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

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

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

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

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

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

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

Principle 4

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

Has the company mapped its internal and external stakeholders?

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

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

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

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

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

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

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

Principle 5

Business should respect and promote human rights:

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

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

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

Principle 6

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

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

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

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

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

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

Does the company identify and assess potential environmental risks?

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

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

The Company does not have any project related to

Clean Development Mechanism.

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

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

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

Not applicable.

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

NIL.

Principle 7

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

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

NO.

Principle 8

Business should support inclusive growth and equitable development:

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

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

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

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

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

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

Have you done any impact assessment of your initiative?

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

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

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

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

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

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

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

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

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

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

Principle 9

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

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

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

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

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

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

There is no such instance.

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

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

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
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	166.59	165.64
Reserves and Surplus	3	6,140.19	5,411.67
		6,306.78	5,577.31
Non-Current Liabilities			
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
		36,988.13	24,477.17
Current Liabilities			
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
		20,506.67	12,905.07
TOTAL		63,801.58	42,959.55
ASSETS			
Non-Current Assets			
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
		55,837.22	37,744.00
Current Assets			
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
		7,964.36	5,215.55
TOTAL		63,801.58	42,959.55

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
INCOME			
Revenue from Operations	19	5,516.39	3,907.70
Other Income		0.56	0.15
TOTAL REVENUE		5,516.95	3,907.85
EXPENSES			
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
TOTAL EXPENSES		4,237.87	3,103.84
PROFIT BEFORE TAX		1,279.08	804.01
Less: Provision for Taxation -Current Tax		437.71	264.00
-Earlier years		(0.08)	-
-Deferred Tax (Net)		10.80	16.28
PROFIT AFTER TAX		830.65	523.73
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
CASH FLOW FROM OPERATING ACTIVITIES		
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
Operating Profits before Changes in Working Capital	1,502.19	925.54
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)
Cash Used in Operations	(15,199.10)	(12,134.54)
Taxes Paid (net of refunds)	(474.39)	(271.93)
A. NET CASH USED IN OPERATING ACTIVITIES	(15,673.49)	(12,406.47)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(49.58)	(16.94)
Sale of Fixed Assets	0.08	0.06
	(49.50)	(16.88)
B. NET CASH USED IN INVESTING ACTIVITIES	(49.50)	(16.88)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings		
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
Repayment of borrowings		
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)
C. NET CASH FROM FINANCING ACTIVITIES	18,473.98	12,322.49
NET CHANGES CASH & CASH EQUIVALENTS (A+B+C)	2,750.99	(100.86)
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
NET INCREASE / (DECREASE) OF CASH & CASH EQUIVALENTS DURING THE YEAR	2,750.99	(100.86)

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

Sunil Mehta
Chairman
DIN: 07430460

Sunil Kaul
Director
DIN: 05102910

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

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 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	As at March 31st, 2017
Authorised Share Capital		
50,00,00,000 Equity Shares of 10/- each (Previous year 50,00,00,000 Equity Shares of 10/- each)	500.00	500.00
Equity Share Capital		
Issued, Subscribed and Paid-up Capital		
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
	166.59	165.64

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	16,65,86,482	166.59	16,56,42,309	165.64

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
Special Reserve		
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
	484.76	334.76
Statutory Reserve		
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
	56.97	40.84
General Reserve		
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
	537.33	454.26
Securities Premium Account		
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
	3,950.72	3,932.42
Cash Flow Hedge Reserve		
Opening Balance	8.40	-
Add: Created during the year	-	8.40
Less: Utilised during the year	0.13	-
Closing Balance	8.27	8.40
Surplus in the Statement of Profit and Loss		
Opening Balance	640.99	275.25
Profit for the year	830.65	523.73
Amount Available for Appropriation	1,471.64	798.98
Appropriations		
-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	-
Net Surplus in the Statement of Profit and Loss	1,102.14	640.99
	6,140.19	5,411.67

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
Secured Borrowings				
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
	27,037.81	16,064.52	1,299.90	1,954.28

	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
Unsecured Borrowings				
Redeemable Non-Convertible Subordinated Debentures	1,399.00	1,399.00	-	-
Deposits	7,951.89	6,620.44	2,141.61	1,511.49
	9,350.89	8,019.44	2,141.61	1,511.49
Current Maturity of Long-Term Borrowings disclosed under the head "Other Current Liabilities" (Note 10)	-	-	(3,441.51)	(3,465.77)
	36,388.70	24,083.96	-	-

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
Rate of interest					
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)
	368.89	974.46	956.75	1,591.87	3,891.97
	(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
Rate of interest					
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)
	350.92	1,101.26	600.00	-	2,052.18
	(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
Rate of interest					
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
Rate of interest					
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)
	530.00	14,613.00	4,883.00	900.00	20,926.00
	(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
Rate of interest					
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)
	-	-	200.00	1,199.00	1,399.00
	-	-	-	(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
Deferred Tax Liabilities		
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
Total Deferred Tax Liabilities- (A)	241.55	168.38
Deferred Tax Assets		
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
Total Deferred Tax Assets - (B)	183.89	121.52
Deferred Tax Liabilities (Net) (A-B)	57.66	46.86

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)
	141.98	103.90	-	-

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	-	-
	399.79	242.45	44.18	28.04

8. SHORT-TERM BORROWINGS

(₹ in crores)

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

9. TRADE PAYABLES

(₹ in crores)

Particulars	As at March 31st, 2018	As at March 31st, 2017
Sundry Creditors	125.36	93.56
	125.36	93.56

- 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
	6,095.17	4,836.06

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	For the year	Deductions/ Adjustments	As at March 31st, 2018	As at March 31st, 2017
Tangible:								
Buildings*	1.09	-	-	1.09	0.02	-	0.83	0.85
Furniture & Fixtures	15.37	6.71	0.50	21.58	3.31	0.27	14.90	11.73
Vehicles	0.11	-	-	0.11	0.01	-	0.09	0.10
Computers	19.60	8.00	-	27.60	4.92	-	10.62	7.54
Office Equipment & Others	19.90	6.57	0.27	26.20	4.11	0.25	12.89	10.45
Leasehold Improvements	32.77	9.81	0.01	42.57	7.26	0.01	19.65	17.10
	88.84	31.09	0.78	119.15	19.63	0.53	58.98	47.77
Intangible:								
Software	15.46	10.83	-	26.29	4.48	-	16.98	10.63
	104.30	41.92	0.78	145.44	24.11	0.53	75.96	58.40
Previous Year	85.55	18.96	0.21	104.30	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)
Investment in Equity Shares						
Investment in PHFL Home Loans and Services Ltd. (Wholly Owned Subsidiary)*	2,50,000	10	0.25	-	-	-
QUOTED-(FULLY PAID)						
Investments in Government Securities						
Government of India Stock						
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
State Development Loans						
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
			1,176.31			969.28
Less: Current Maturities of Non-Current Investments (Refer Note 15)			(0.19)			(0.20)
			1,176.12			969.08
Less: Provision for loss to arise on Redemption of Investments			(14.47)			(7.73)
Aggregate value of investments			1,161.65			961.35
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
Loans - Secured				
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)
	54,121.79	36,443.79	-	-

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)
	468.13	278.43	-	-

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)
Bonds and Debentures						
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
UNQUOTED - OTHER THAN TRADE (FULLY PAID)						
Commercial Paper						
Rural Electrification Corporation Ltd.	4,000	5,00,000	192.93	-	-	-
JM Financial Products Ltd	-	-	-	5,000	5,00,000	230.73
Certificate of deposit						
HDFC Bank Ltd.	20,000	1,00,000	187.10	-	-	-
Mutual Fund - Debt						
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
			1,218.27			2,318.01
Add: Current Maturities of Non-Current Investments (Refer Note 12)	-	-	0.19	-	-	0.20
Total			1,218.46			2,318.21
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
Cash and Cash Equivalents		
Balances with Banks in Current Accounts	2,816.08	51.96
Cheques-on-Hand	-	13.26
Cash-on-Hand	0.76	0.63
	2,816.84	65.85
Other Bank Balances		
Fixed Deposits with original maturity of more than three months upto twelve months	-	85.62
Others*	0.03	-
	2,816.87	151.47

* 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
	81.31	39.94

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
	3,847.72	2,705.93

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
INTEREST INCOME		
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
	5,082.36	3,640.05
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
	5,516.39	3,907.70

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	24.68	17.71

20. FINANCE COST

(₹ in crores)

Particulars	Current Year	Previous Year
Interest on:		
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
	3,362.98	2,510.38
Other Charges:		
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
	3,530.80	2,643.65

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
	136.48	101.26

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
	101.20	74.95

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
	246.45	162.44

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
Balance at the beginning of the year		
(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
Addition / Appropriation / Withdrawal during the year		
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	-	-
Balance at the end of the year		
(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	541.73	375.60

24.3 INVESTMENTS

(₹ in crores)

Particulars	Current Year	Previous Year
Value of Investments		
(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	-	-
Movement of provisions held towards depreciation on investments		
(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	14.47	7.73

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	-
	11,586.20	8,489.58	32,725.00	1,467.56	57,078.33	2,380.11	-

*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	-
	9,987.09	5,217.23	18,941.00	1,511.55	38,564.69	3365.18	-

*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)	Direct Exposure		
	A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (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)	Indirect Exposure		
	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:

Name of the Related Party	Nature of Relationship
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
Transaction during the year:						
PHFL Home Loan and Services Limited.						
- Investment in Equity Share	-	-	0.25	-	-	-
- Reimbursement of Expenses	-	-	0.70	-	-	-
- Commission expenses	-	-	4.94	-	-	-
Punjab National Bank						
- 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	-	-	-	-
Destimoney Enterprises Limited						
- Dividend Paid	-	19.81	-	-	-	-
Quality Investments Holdings						
- Dividend Paid	37.32	-	-	-	-	-
PNB Investment Services Ltd						
- Professional Services	-	-	-	0.22	-	-
Remuneration paid to KMPs :						
- 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

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
Standard Assets				
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
Sub-Standard Assets				
a) Total Outstanding Amount	110.83	36.42	37.38	13.31
b) Provision made	17.79	7.60	5.62	2.02
Doubtful Assets - Category-I				
a) Total Outstanding Amount	16.95	19.02	2.52	4.91
b) Provision made	5.05	5.22	0.65	1.23
Doubtful Assets - Category-II				
a) Total Outstanding Amount	8.45	2.79	2.10	0.84
b) Provision made	4.24	1.82	1.09	0.40
Doubtful Assets - Category-III				
a) Total Outstanding Amount	3.65	3.71	4.21	4.18
b) Provision made	3.65	3.71	4.21	4.18
Loss Assets				
a) Total Outstanding Amount	-	0.60	-	-
b) Provision made	-	0.60	-	-
TOTAL				
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
A. Housing Loans:	0.35	0.23
1. Individuals	0.38	0.27
2. Builders/Project Loans	0.26	-
3. Corporates	-	-
4. Others (specify)	-	-
B. Non-Housing Loans:	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) Weighted Average number of shares for computation of Basic Earnings Per Share	16,64,83,012	

(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) Weighted Average number of shares for computation of Basic Earnings Per Share	14,26,32,517	

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) Weighted Average number of shares for computation of Diluted Earnings Per Share	16,84,35,845	14,48,75,547

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
EQUITY AND LIABILITIES		
Shareholder's Funds		
Share Capital	2	166.59
Reserves and Surplus	3	6,138.95
		6,305.54
Non-Current Liabilities		
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
		36,988.16
Current Liabilities		
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
TOTAL		63,798.82
ASSETS		
Non-Current Assets		
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
		55,834.27
Current Assets		
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
TOTAL		63,798.82

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
INCOME		
Revenue from Operations	19	5,516.40
Other Income		0.56
TOTAL REVENUE		5,516.96
EXPENSES		
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
TOTAL EXPENSES		4,238.27
PROFIT BEFORE TAX		1,278.69
Less: Provision for Taxation -Current Tax		438.56
-Earlier years		(0.08)
-Deferred Tax(Net)		10.80
PROFIT AFTER TAX		829.41
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

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Managing Director

DIN: 02939128

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Chairman

DIN: 07430460

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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
CASH FLOW FROM OPERATING ACTIVITIES	
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
Operating Profits before Changes in Working Capital	1,501.82
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)
Cash Used in Operations	(15,198.38)
Taxes Paid (net of refunds)	(474.87)
A. NET CASH USED IN OPERATING ACTIVITIES	(15,673.25)
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(49.76)
Sale of Fixed Assets	0.08
	(49.68)
B. NET CASH USED IN INVESTING ACTIVITIES	(49.68)
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from borrowings	
Bonds	8,954.00
Banks	5,371.36
Deposits (net)	1,562.67
Commercial paper	26,600.00
Repayment of borrowings	
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)
C. NET CASH FROM FINANCING ACTIVITIES	18,473.98
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	2,751.05
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
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS DURING THE YEAR	2,751.05

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
Authorised Share Capital	
50,00,00,000 Equity Shares of ₹ 10/- each	500.00
Equity Share Capital	
Issued, Subscribed and Paid-up Capital	
16,65,86,482 Equity Shares of ₹ 10/- each fully Paid up	166.59
	166.59

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
Special Reserve	
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
	484.76
Statutory Reserve	
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
	56.97
General Reserve	
Opening Balance	454.26
Add: Transferred from the Statement of Profit and Loss	83.07
	537.33
Securities Premium Account	
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
	3,950.72
Cash Flow Hedge Reserve	
Opening Balance	8.40
Less: Utilised during the year	0.13
Closing Balance	8.27
Surplus in the Statement of Profit and Loss	
Opening Balance	640.99
Profit for the year	829.41
Amount Available for Appropriation	1,470.40
Appropriations	
-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
Net Surplus in the Statement of Profit and Loss	1,100.91
	6,138.95

- 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
Secured Borrowings		
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
	27,037.81	1,299.90
Unsecured Borrowings		
Redeemable Non-Convertible Subordinated Debentures	1,399.00	-
Deposits	7,951.89	2,141.61
	9,350.89	2,141.61
Current Maturity of Long-Term Borrowings disclosed under the head “Other Current Liabilities” (Note 10)	-	(3,441.51)
	36,388.70	-

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
	368.89	974.46	956.75	1,591.87	3,891.97

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
	350.92	1,101.26	600.00	-	2,052.18

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
Rate of interest					
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
	530.00	14,613.00	4,883.00	900.00	20,926.00

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
Rate of interest					
8.00% - 9.00%	-	-	-	1,199.00	1,199.00
9.01% - 10.00%	-	-	200.00	-	200.00
	-	-	200.00	1,199.00	1,399.00

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
Deferred Tax Liabilities	
Expenses Paid in Advance (Net of Income Received in Advance)	75.66
Special Reserve	165.89
Total Deferred Tax Liabilities (A)	241.55
Deferred Tax Assets	
Depreciation on Fixed Assets	2.83
Provision for Employees Benefits	6.47
Provision for Doubtful Debts and Contingencies	155.32
Others	19.27
Total Deferred Tax Assets (B)	183.89
Deferred Tax Liabilities (Net) (A-B)	57.66

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)
	141.98	-

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	-
	399.82	44.20

8. SHORT-TERM BORROWINGS

(₹ in crores)

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

9. TRADE PAYABLES

(₹ in crores)

Particulars	As at March 31st, 2018
Sundry Creditors	121.30
	121.30

- 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
	6,097.66

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
Tangible:								
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
	88.84	31.09	0.78	119.15	41.07	19.63	0.53	58.98
Intangible:								
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)
Investments in Government Securities			
Government of India Stock			
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
State Development Loans			
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
			1,176.06
Less: Current Maturities of Non-Current Investments (Refer Note 15)			(0.19)
			1,175.87
Less: Provision for loss to arise on redemption of investment			(14.47)
Aggregate value of investments			1,161.40
Aggregate value of quoted investments			1,176.06
Market Value of quoted investments			1,188.80

13. LONG-TERM LOANS AND ADVANCES

(₹ in crores)

Particulars	Non-Current Maturities	Current Maturities
	As at March 31st, 2018	As at March 31st, 2018
Loans - Secured		
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)		
	54,121.79	-

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)
	465.27	-

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)
Bonds and Debentures			
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
UNQUOTED - OTHER THAN TRADE (FULLY PAID)			
Commercial Paper			
Rural Electrification Corporation Ltd.	4,000	5,00,000	192.93
Certificate of deposit			
HDFC Bank Ltd.	20,000	1,00,000	187.10
Mutual Fund - Debt			
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			1,218.32
8.97% UP Power Corporation Ltd 2025			0.19
8.85% Reliance Capital Ltd. 2026			1,218.51
8.25% Reliance Capital Ltd 2020			398.24
UNQUOTED - OTHER THAN TRADE (FULLY PAID)			401.52
Commercial Paper			820.08

Rural Electrification Corporation Ltd.

Certificate of deposit

16. CASH AND BANK BALANCES

(₹ in crores)

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

*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
	80.97

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
	3,848.14

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
INTEREST INCOME	
i) Interest on Loans	4,938.67
ii) Interest on Investments	142.40
iii) Other Interest	1.29
	5,082.36
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
	5,516.40

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	24.68

20. FINANCE COST

(₹ in crores)

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

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
	137.08

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
	101.22

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
	246.21

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
Balance at the beginning of the year	
(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	375.60
Addition / Appropriation / Withdrawal during the year	
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	-
Balance at the end of the year	
(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	541.73

24.3 INVESTMENTS

(₹ in crores)

Particulars	Current Year
Value of Investments	
(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	-
Movement of provisions held towards depreciation on investments	
(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	14.47

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	-
	11,586.20	8,489.58	32,725.00	1,467.56	57,078.33	2,380.11	-

* 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
i) Direct Exposure	
A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (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	-
ii) Indirect Exposure	
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
Transaction during the year:		
Punjab National Bank		
- 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	-
Quality Investments Holdings		
- Dividend Paid	37.32	-
Remuneration paid to KMPs:		
- 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

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
Standard Assets		
a) Total Outstanding Amount	39,870.72	17,342.80
b) Provision made	171.02	109.98
Sub-Standard Assets		
a) Total Outstanding Amount	110.83	37.38
b) Provision made	17.79	5.62
Doubtful Assets - Category-I		
a) Total Outstanding Amount	16.95	2.52
b) Provision made	5.05	0.65
Doubtful Assets - Category-II		
a) Total Outstanding Amount	8.45	2.10
b) Provision made	4.24	1.09
Doubtful Assets - Category-III		
a) Total Outstanding Amount	3.65	4.21
b) Provision made	3.65	4.21
Loss Assets		
a) Total Outstanding Amount	-	-
b) Provision made	-	-
TOTAL		
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
A. Housing Loans:	0.35
1. Individuals	0.38
2. Builders/Project Loans	0.26
3. Corporates	-
4. Others (specify)	-
B. Non-Housing Loans:	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) Weighted Average number of shares for computation of Basic Earnings Per Share	16,64,83,012	

- 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) Weighted Average number of shares for computation of Diluted Earnings Per Share	16,84,35,845

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
Parent				
PNB Housing Finance Limited	100.02	6,306.78	100.15	830.65
Subsidiary				
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)
	100.00	6,305.54	100.00	829.41

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.



GLIMPSES FY2017-18

New Branch and Hub Inaugurations





GLIMPSES FY2017-18

Events and Exhibitions





GLIMPSES FY2017-18

Internal Affairs and Recreation





CORPORATE INFORMATION

DIRECTORS ON BOARD

Mr. Sunil Mehta - *Chairman*
Mr. Sunil Kaul
Mr. S. K. Jain
Mr. R Chandrasekaran
Mr Nilesh S Vikamsey
Prof. (Dr) Gourav Vallabh
Mr. Ashwani Kumar Gupta
Mrs. Shubhalakshmi Panse
Mr. Jayant Dang
Mr. Sanjaya Gupta - *Managing Director*

DIRECTORS RESIGNED DURING THE YEAR

Mrs. Usha Ananthasubramanian - *Chairperson*
(w.e.f 5th May 2017)
Mr. Devinjit Singh
(w.e.f 26th May 2017)
Dr. Ram S. Sangapure
(w.e.f. 7th March 2018)

AUDITORS

B. R. Maheswari & Co. LLP
M-118 Connaught Circus, New Delhi - 110 001

TRUSTEES FOR DEBENTURE HOLDERS

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai - 400 001.

LEGAL ADVISORS

Vaish Associates, Advocates

CHIEF FINANCIAL OFFICER

Mr. Kapish Jain

COMPANY SECRETARY

Mr. Sanjay Jain

REGISTERED AND CENTRAL SUPPORT OFFICE

9th Floor, Antriksh Bhawan, 22,
K. G. Marg, New Delhi-110 001

BANKERS & FINANCIAL INSTITUTIONS

Andhra Bank
Asian Development Bank
Australia and New Zealand Banking Group Limited
Axis Bank Limited
Bank of Baroda
Bank of Maharashtra
Barclays Bank PLC
Canara Bank
CTBC Bank Co. Ltd.
Dena Bank
General Insurance Corporation of India
HDFC Bank Limited
ICICI Bank Limited
IDFC Bank Limited
Indian Bank
Indian Overseas Bank
International Finance Corporation
Karnataka Bank
Kotak Mahindra Bank Limited
Life Insurance Corporation of India
National Bank for Agriculture and Rural Development
National Housing Bank
National Insurance Company Limited
Oriental Bank of commerce
Punjab and Sind Bank
Punjab National Bank
RBL Bank Limited
State Bank of India
Sumitomo Mitsui Banking Corporation
Syndicate Bank
The Jammu & Kashmir Bank Limited
The New India Assurance Company Limited
The Oriental Insurance Company Limited
Union Bank of India
United Bank of India
United India Insurance Company Limited
Vijaya Bank
Yes Bank Limited



OUR OFFICE NETWORK

CENTRAL SUPPORT OFFICE (CSO) - Delhi

Zonal Office

North (Co-housed with COPS & CPC)
Noida

West (Co-housed with CPC)
Mumbai

South
Bangalore

Processing Hub

North (7)
Chandigarh Hub, Dehradun Hub, Green Park Hub, Jaipur Hub, Kolkata Hub, Lucknow Hub, Noida Hub

West (7)
Ahmedabad Hub, Surat Hub, Indore Hub, Mumbai Hub 2, Pune Hub 2

South (7)
Bangalore Hub 1, Chennai Hub, Cochin Hub, Coimbatore Hub, Hyderabad Hub

Branch

North (28)

Agra, Bhiwadi, Bhubaneswar, Bikaner, Chandigarh, Dehradun, Delhi 1, Faridabad, Ghaziabad, Gurgaon, Haridwar, Jaipur, Jalandhar, Jamshedpur, Jodhpur, Kanpur, Karnal, Kolkata 2, Lucknow, Ludhiana, Meerut, Noida 2, Varanasi

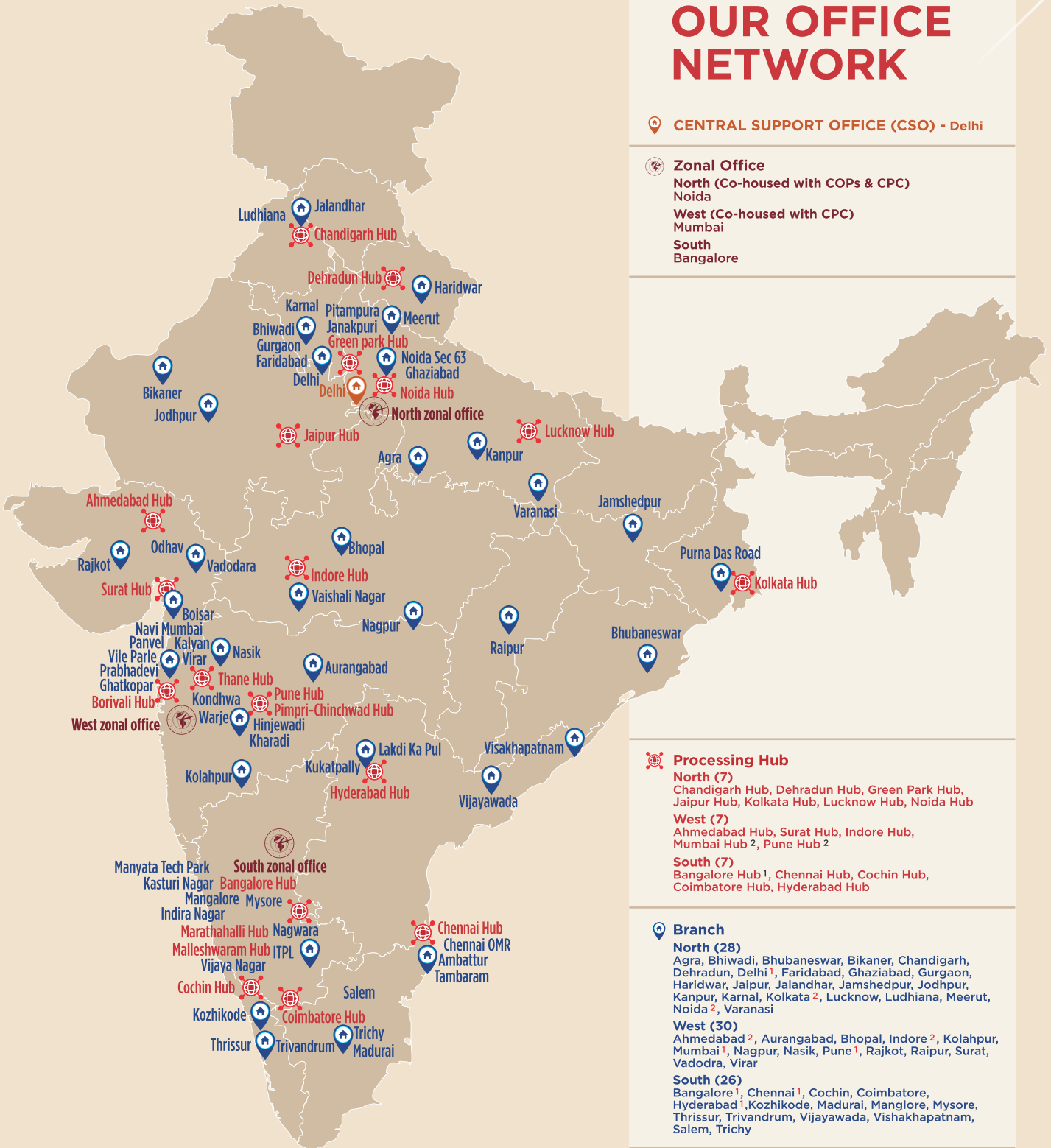
West (30)

Ahmedabad 2, Aurangabad, Bhopal, Indore 2, Kolahpur, Mumbai 1, Nagpur, Nasik, Pune 1, Rajkot, Raipur, Surat, Vadodra, Virar

South (26)

Bangalore 1, Chennai 1, Cochin, Coimbatore, Hyderabad 1, Kozhikode, Madurai, Manglore, Mysore, Thrissur, Trivandrum, Vijayawada, Vishakhapatnam, Salem, Trichy

1: Includes three or more branches/hubs in the city
2: Includes two branches/hubs in the city





Ghar Ki Baat

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