

Annual Business Responsibility Report (2018-19)

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:	Investor.services@pnbhousing.com
Financial Year reported:	2018-19

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

Group	Class	Sub-class	Description
641	6419	64192	Activities of specialised institutions granting credit for house purchases that also take deposits

List three key products/services that the Company manufactures/provides (as in balance sheet)

1. Housing Loan
2. Deposit
3. Non-housing loan

Total number of locations where business activity is undertaken by the Company

1. Number of International Locations (Provide details of major 5): None
2. Number of National Locations: 102 branches, 29 outreach office, 23 hubs, 1 corporate office

Markets served by the Company- Local/State/National/International: National

PART B: FINANCIAL DETAILS (CONSOLIDATED)

Paid up Capital (₹)	167.47 crores
Total Turnover (₹) for the Year ended March 31, 2019	7683.22 crores
Total profit after taxes (₹) for the Year ended March 31, 2019	1191.52 crores
CSR spend (₹)	17.24 crores

List of activities in which CSR expenditure has been incurred: -

- Skilling of construction workers –On the Job and at source training.
- Establishing and running holistic day care centres for the children of construction workers.
- To ensure social security benefits to construction workers.
- Ensuring formal education to the underprivileged children.
- To enhance infrastructure of government hospitals.
- Supporting Cancer patient helpline and clinic.
- Supporting mental health interventions.
- To train unemployed youth in BFSI sector related trades.
- Supporting environment conservation.
- Supporting economically weaker elderlies.

PART C: OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?

As on March 31, 2019, PNB Housing has a wholly-owned subsidiary, PHFL Home Loans and Services Limited.

Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s)

PHFL Home Loans and Services Limited, wholly owned subsidiary, has its own policies and processes in place. PNB Housing aims to include its subsidiary in future in the BR initiatives.

Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

PNB Housing engages with all its key stakeholders (e.g. suppliers, employees, investors, community etc.) and communicates its BR initiatives to the concerned stakeholders.

PART D: BR INFORMATION

a) Details of the Director/Directors responsible for implementation of the BR policy/ policies.

1. DIN Number: 02939128
2. Name: Mr. Sanjaya Gupta
3. Designation: Managing Director

b) Details of the BR head

Mr. Sanjay Jain
 Company Secretary and Head Compliance
 9th Floor, Antriksh Bhawan,
 22, Kasturba Gandhi Marg,
 New Delhi – 110001
 Ph.: 01123445206
 E-mail: sanjay.jain@pnbhousing.com

Company Profile

PNB Housing Finance is a registered housing finance company (HFC) with National Housing Bank (NHB). The Company, promoted by Punjab National Bank (PNB), was incorporated under the Companies Act, 1956 and commenced its operations on November 11, 1988. In November 2016, the Company came out with IPO and was listed on the NSE and the BSE. The Company is also added in the MSCI index in November 2018.

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 robust and scalable hub and spoke unique operating model. The underwriting of loans is performed in specialised hubs located across the country. The Company follows comprehensive underwriting process for all its loan products by using well-trained in-house teams of underwriters, technical, legal and fraud control.

The Company has a large distribution network of branches across India. As on March 31, 2019, the Company has pan India presence through 102 branches, 29 outreach locations, totaling to 131 distribution outlets. The Company has no overseas branch.

The Company sources its loan business through its distribution subsidiary as well as through direct sourcing agents (DSA).

The Company’s Fixed Deposit programme has been rated “FAAA” by CRISIL and “AAA” by CARE. The rating of “FAAA” and “AAA” indicates ‘High Safety’ with regards to the repayment of interest and principal. The Commercial Paper (CP) is rated at “A1(+)” by CARE & CRISIL and Non-Convertible Debenture (NCD) are rated at “AAA” by CARE, “AA+” by India Ratings, CRISIL and ICRA. Further the bank loans long term rating is rated at “AAA” by CARE and AA+ by CRISIL.

The Company envisaged induction of various electronic and digital means in various stages of loan processes to make it more efficient. The Company ran these initiatives under the name “Phygital”. The digital medium helps to bring the customers and partners together and have seamless transactions. All property and loan documents are being digitised at the centralised operations and secured on a cloud based network.

The Company works on three core values viz People First, Customer centric and Ethical Standard. The Company has been certified as a “Great Place to Work” second time in a row.

As a responsible corporate, the Company under its CSR program, works in the area of skill enhancement training, day care centres, education and healthcare to enable the marginalised community of the society.

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 throughout 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 marginalised: 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 viz People First, Customer Centric and Ethical Standards 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 joiner 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 and is published annually. The same is available on the website of the Company, i.e. www.pnbhousing.com (investor relations/annual report).

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 and Credit Committee. 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 borrowers, 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 and 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 and this is the part of our core values i.e. Customer Centric. 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 4 lakhs service requests from loan and deposit customers. Majority of requests were handled within the turnaround time specified by the Company. During the year, the Company had received 3,265 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 electronically. A grievance redressal

procedure recommended by National Housing Bank (NHB) is also available on Company's website. An escalation matrix for grievances received from the investors is also available on the website of the Company.

During the year, the Company has received 1 complaint from the shareholder, pertaining to non-receipt of annual report, which was resolved on time. In addition to this, the Company has received few requests for physical copy of annual report and revalidation of dividend warrants, which has been closed.

The Company places 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 of the 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 NHB 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 viz tree plantation, park restoration, etc. The Company has rationalised consumption of electricity and usage of natural resources to save energy.

PRINCIPLE 3

Business should promote the wellbeing of all employees:

As on March 31, 2019, the Company had a total of 1609 full time employees on its rolls. The Company has 279 women employees, which constitute 17.3% of the total workforce increased from 16.67% as on March 31, 2019. There was no employee with permanent disability.

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 complaint 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, there is a townhall every quarter where the MD addresses all the employees of the Company. During the townhall, MD briefs about the performance of the Company and also address their queries, concerns and invite their suggestions/ views.

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.

During the year, training of 2.6 man days per employee was conducted.

With People First as the core value of the Company and to have a work life balance, the Enterprise System Solutions shuts down after office hours and hence this encourages employees to spend time with their families.

PRINCIPLE 4

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

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 & marginalised stakeholders?

The Company through its CSR activities has partners with outside agencies towards projects aimed at underprivileged and marginalised 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

Businesses 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 treats 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

Businesses 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 in minimum use of paper. The Company has adopted electronic mode of communication internally 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 contributes 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.

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.?

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. Our electronic devices are star rated, hence consume less energy.

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

Businesses 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.

Have you advocated/ lobbied through above associations for the advancement or improvement of public good?

No.

PRINCIPLE 8

Businesses 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/ outreach offices spread across cities, many of which are in tier-II and tier-III locations. Through these efforts, the Company has helped in providing shelter to lakhs of families.

Through its CSR activities, the Company is changing the lives 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?

As part of the CSR interventions of the Company, we have partnered with various implementing agencies such as CREDAI CSR Foundation, Mobile Creches, Mumbai Mobile Creches, Tara Mobile Creches Pune, Vidya-Integrated Society for Youth and Adults, CanSupport, etc. With the implementing agencies, we have designed and executed various programmes on the key thematic areas such as skilling of construction workers, day care centres for the children of construction workers, ensuring education to underprivileged children, enabling access to health care, etc.

We have also implemented a few projects directly as well such as; Swachh Bharat Abhiyan and every year, we donate a substantial amount to Prime Minister’s National Relief Fund.

Have you done any impact assessment of your initiative?

Monitoring and evaluation is a very critical part of all the programmatic interventions that the Company executes. We have detailed implementation strategies which help us evaluate the project progress at regular intervals. The Implementation agencies also 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. In FY 2018-19 we partnered with various external agencies and consultants as well to conduct a capacity building training workshops with the implementing agencies to strengthen their reporting and monitoring capabilities to further enhance the project.

During FY 2018-19, the CSR activities have positively impacted over 40,000 lives.

What is your Company’s direct contribution to community development projects – Amount in INR and the details of the project undertaken?

Under the CSR programme we have

- Skilling of construction workers - PNB Housing in partnership with CREDAI conducts on-site and off-site training programs for construction workers. Through this collaboration, we worked on skill up-gradation of over ten thousand construction workers, in the trade for masonry, bar bending, painting, electrical, plumbing and shuttering. The training is being provided with an aim to not only

enhance their professional capabilities, but also to improve quality of life of construction workers. The trainings have also led to reduction of wastage of material and a distinct improvement in the quality of work. The programme also includes soft skill trainings, health and sanitation awareness, aspects of workers safety etc.

- Day care centres for children of construction workers- Our partnership with Mobile Creches and allies has recognised the interconnectedness of the lives of women, children and infants and pioneered a solution to positively impact their lives: a childcare facility at a construction site for the children of migrant construction workers. The infants would be cared for in the creche, the older children and mothers will be able to attend school and work respectively.
- Our day care centres address the multi-dimensional needs of the child through an eight-hour programme, conducted over six days a week. This is an age appropriate intervention for infants, toddlers and school going children to cater for nutrition, health and learning. Today, the Company has a footprint in 10 states through its 33 day care centres. We have partnered with 5 implementing agencies and 7 grassroots organisations. On an average through each centre, we reach out to 3,600 children every quarter.
- Ensuring education to underprivileged children- Bal Vihar School- For past four years, we have been supporting the operational cost of running two schools in partnership with Vidya, a NGO pioneering in the field of education, Through this intervention, we have ensured not just formal education to the children but also invested in the overall development of the academic systems in the schools.
- Ensuing health care (Supporting cancer patients)- In partnership with a NGO “Can Support”, in FY 2018-19 we continued our support towards the operational cost of the cancer patients 24X7 helpline and also supported an outpatient clinic/day-care facility for cancer patients and caregivers. The helpline and the outpatient clinic/day-care facility together provided services to over 3,000 cancer patients and caregivers.

Besides the interventions listed above, we have also invested in sports for development, developing infrastructure in government hospitals and environment conservation. The Company has spent nearly ₹17.24 crores on these programmes during FY 2018-19.

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, for 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

Businesses 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?

We have various modes of communicating with our customers viz call centers, emails, website, social media, letters etc. During the year, there are negligible complaints pending in percentage terms, which are beyond the internal timelines 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 into providing housing and non housing loans. Hence as a part of giving loans, the features of loan schemes are disclosed to the applicant before financing. The Company also 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?

Yes, the Company on its own as well as uses third party to conduct customer surveys. At the time of onboarding of any new customer, the contact centre calls the customer for a smooth onboarding. After every call, they conduct a short survey with respect to the customer satisfaction which becomes an important data analytics for further improvement. In FY 2017-18, a third party survey was conducted by Indian Market Research Bureau (IMRB).