32ND
ANNUAL REPORT
2019-20

STRENGTH FROM WITHIN

pnb Housing
Finance Limited

PNB Housing Finance Limited (PNB Housing) is a housing finance company (HFC) registered with the National Housing Bank (NHB). Punjab National Bank (PNB) is the promoter.

CONTENTS

Corporate overview

Statutory reports

Financial statements

Performance highlights FY 2019-20

₹ 18,626 crores
▼ 48%
Disbursements

2.61%
▲ 181 basis points
Total asset to total provision

₹ 83,346 crores
▼ 2%
AUM

₹ 2,308 crores
▲ 12%
Net interest income

PNB Housing is on a mission to make dreams come true for millions of Indians – dreams of living in a home they can call their own. Built on the strong foundation of a robust value system and a deep rooted culture of empathy, we provide reliable housing credit services, and in the process, create enduring value for all our stakeholders.

Staying true to our core purpose, we are responding to a challenging external environment and adapting to the needs of the changing times. Leaders aren't born out of adversities, but emerge through the manifestation of their inherent strengths.

PNB Housing's strengths run much deeper. What is visible, prominent and tangible is the outcome of the immeasurable. The vision that underlines our existence, the conviction that powers our relentless pursuit of achieving it, and the ability to balance prudence and foresight work in unison to chart our exciting journey.

Our story, at its crux, is about what lies beneath.

0.55%
▼ 10 basis points
OPEX to ATA

3.21%
▼ 13 basis points
Gross margin

2.46%
▲ 11 basis points
Spread

8.25%
▲ 25 basis points
Average cost of borrowing

₹ 2,062 crores
▲ 7%
Operating profit

₹ 646 crores
▼ 46%
Profit after tax

₹ 16,470 crores
▲ 15%
Deposits

10.71%
▲ 36 basis points
Average yield

Note: % change over FY 2018-19 unless mentioned otherwise

CLEAR VISION

The Gyan Mudra, or the Mudra of Knowledge, is said to help convert learnings into wisdom. PNB Housing endeavours to synthesis its industry knowhow into actionable insights to power its vision. It is the amalgamation of its experiences, capabilities and relationships that helps the Company move further along the journey as a responsible partner to customers.

GYAN MUDRA

STEADY RESOLVE

The Prithvi Mudra, or the Mudra of the Earth, is said to amplify the sense of stability, confidence and inner strength, ensuring a healthy body and mind. The conviction and relentless pursuit of the entire PNB Housing team, in realising the Company's vision is its biggest asset, bringing to the fore, the indomitable spirit to go the extra mile, even in the face of adversity.

PRITHVI MUDRA

SHARED PROGRESS

The Dhyana Mudra, or the Mudra of Meditation, is said to bring harmony between the varied parts of a whole. Through PNB Housing's approach to value creation, the Company casts a wider net in measuring its impact on the society – keeping its stakeholder ecosystem in balance and making sure that the benefits of growth cascade across.

DHYANA MUDRA

PNB Housing in brief

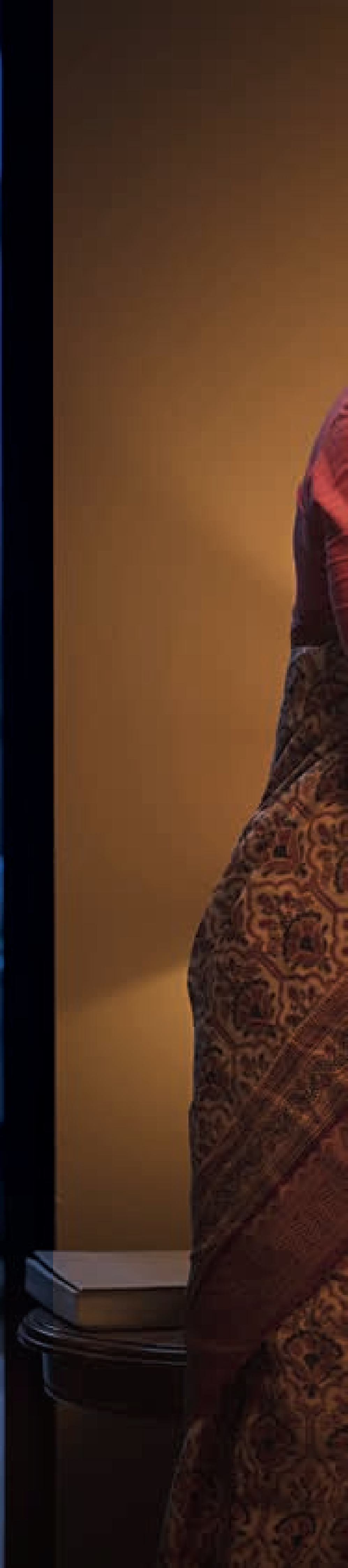
TURNING DREAMS INTO REALITY

PNB Housing, one of India's leading HFCs, has been serving the aspirations of prospective homeowners for the past 32 years. It is also the second largest deposit-taking HFC in India.

The Company's asset base comprises retail and corporate loans.

- The retail business focuses on the organised mass housing segment financing for acquisition or construction of houses. In addition, it also provides loan against properties and loans for purchase and construction of non-residential premises.
- Corporate loans consist of loans mainly to developers for construction of residential and commercial properties, corporate term loans and lease rental discounting.

PNB Housing has established a wide network of branches through which it offers its financial services (both loans and deposits) seamlessly to customers across India. The Company operates sales and distribution functions through its wholly-owned subsidiary, PHFL Home Loans and Services Limited. The Company is increasingly focusing on digital channels to further widen its reach, improve operational efficiency and enhance customer experience.



Our journey so far

LOOKING BACKWARD TO MOVE FORWARD

1988

- Obtained the National Housing Bank (NHB) license for loans and deposits
- Commenced operations

1994

- Crossed ₹ 100 crores in loan portfolio

2014

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

2015

- Implemented end-to-end Enterprise System Solution
- DEL acquired by Quality Investment Holdings (QIH) of the Carlyle Group

2016

- Listed on Indian stock exchanges through IPO; raised ₹ 3,000 crores
- AUM crossed ₹ 25,000 crores
- Target operating model (TOM) fully implemented

2017

- Crossed ₹ 50,000 crores in AUM
- Crossed ₹ 10,000 crores in deposits
- Certified as a 'Great Place to Work' by building a 'High Trust, High Performance Culture'
- Incorporated a wholly owned subsidiary, PHFL Home Loans and Services Limited

2003

- Notified under SARFAESI (Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest) Act

2006

- Crossed ₹ 1,000 crores in loan portfolio

2009

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

2010

- Launched business process re-engineering project, 'Kshitij'

2011

- New brand positioning with refurbished, elegant, convenient and secured offices
- Robust and scalable target operating model (TOM) implementation commenced

2012

- DEL raised stake from 26% to 49% through conversion of compulsory convertible debentures (CCD)

2018

- Included in the MSCI Global Small Cap Index
- Certified as a 'Great Place to Work' for the second year in a row
- Recognised as 'Best BFSI Brand' by Economic Times

2019

- Carrying the Saksham ethos forward, the Pehel Foundation was incorporated as the dedicated CSR vehicle of the Company
- Crossed ₹ 15,000 crores in deposits
- Opened a deposits-only branch in Fort, Mumbai

2020

- Received ISO 27001:2013 certification, one of the highest security standards in India
- Became the first HFC to sign a funding of US$75 million via external commercial borrowings from Japan International Corporation Agency (JICA)

Operating model

A SCALABLE AND EFFICIENT PLATFORM

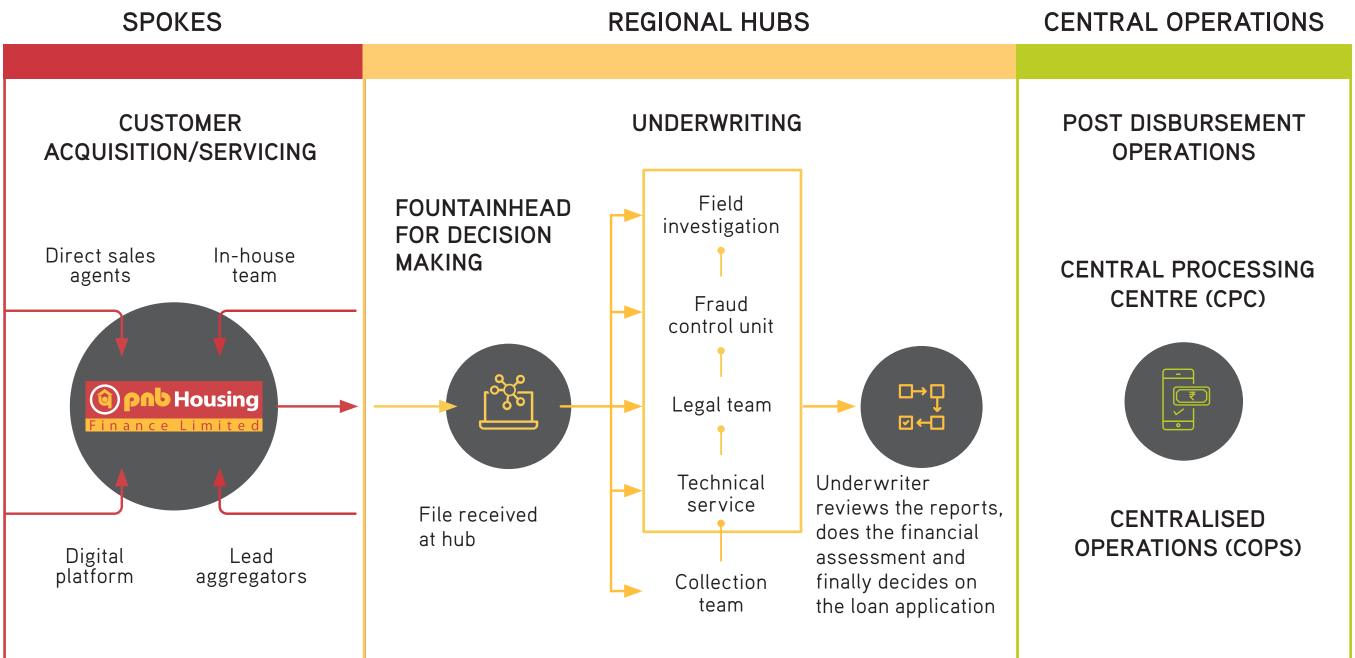
PNB Housing's operating model is designed to maximise value across end-to-end customer journeys while reducing costs and sustaining increased levels of speed, agility and efficiency. It combines digital technologies and operational capabilities in an integrated, well-sequenced way to achieve tangible improvements across the board.

An operating model based on six strategic objectives...

...implemented through nine value drivers...

- Balanced segment mix
- Diversified channel mix
- Reliable funnel for leads
- Customer innovation
- Proactive marketing activations
- Intricate credit underwriting practices
- Stringent recovery measures
- Robust IT backbone and digital transformation initiatives
- ISO-certified central operations

...translating into scalable and efficient operating model.



OMNI-CHANNEL CUSTOMER RELATIONSHIP MANAGEMENT (CRM) solution, which integrates various modes of communication with the customers for better experience and faster resolution

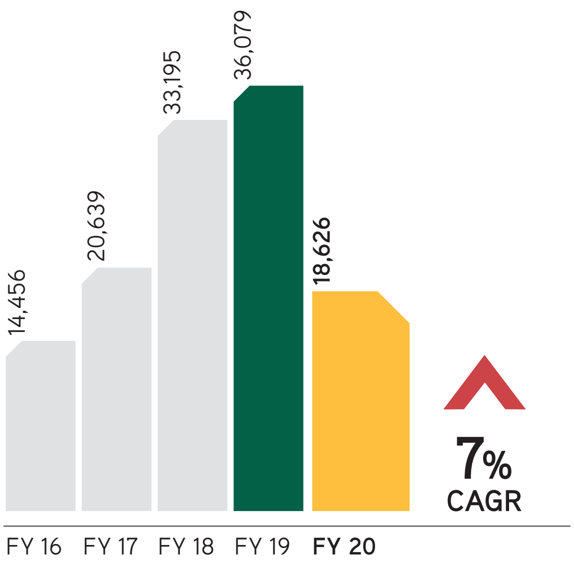
BANKING ANALYTICS tool to give in-depth, easy and faster analysis for self-employed retail customers
FRAUD CONTROL to mitigate incidence of fraud
REAL-TIME email verification to avoid misidentification of customers
UNDERWRITING VENDOR PLATFORM to assist partners 'on the go' through various tools, namely, geo-tagging, click to upload, etc.

DIGITISATION, amalgamation of people, process and technology for customer convenience and elimination of transit risk, and robotic intelligent mailing solution to ensure standard, confidential and accurate communication

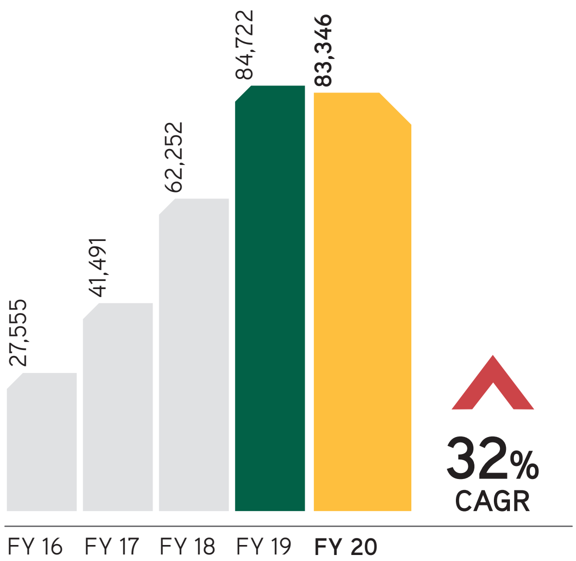
Key performance indicators

MAINTAINING A STABLE MOMENTUM

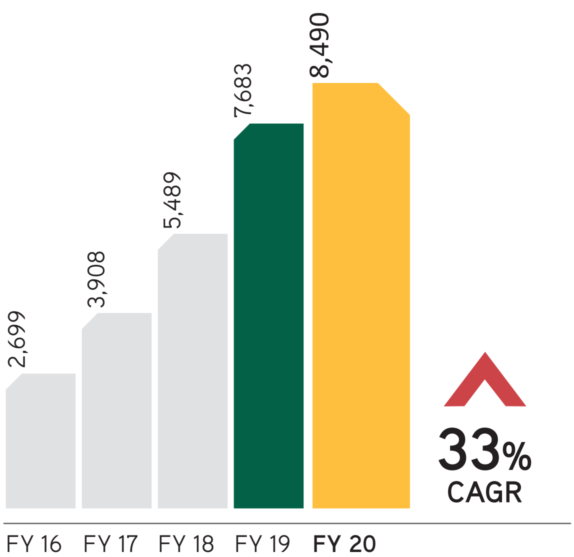
Loan disbursement
(₹ in crores)



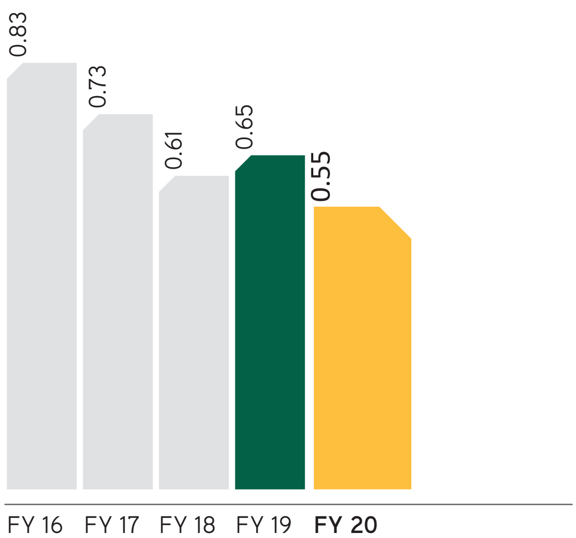
Assets under management^
(₹ in crores)



Total revenue*
(₹ in crores)



OPEX to ATA*
(%)

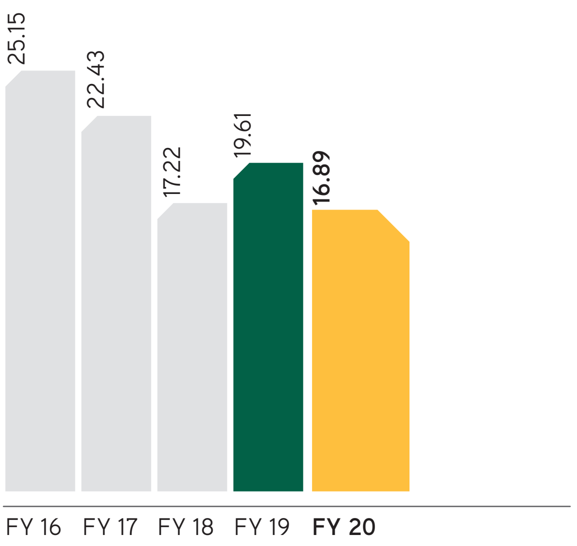


*FY18, FY19 and FY20 financial numbers are on Ind AS basis whereas prior numbers are based on IGAAP

^Indicates dates as on March 31

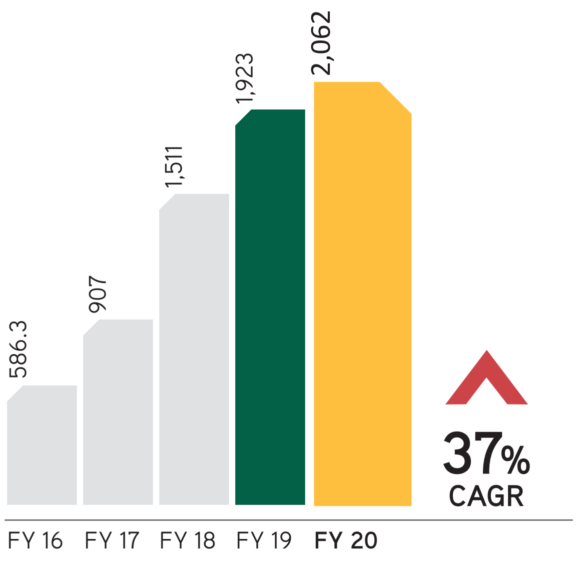
Cost to income*

(%)



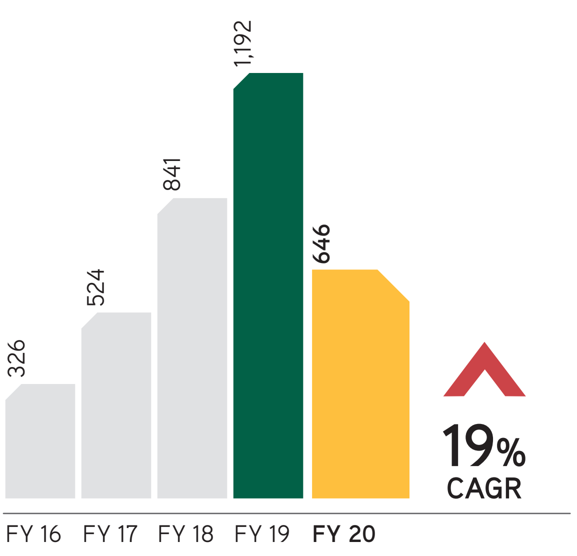
Operating profit*

(₹ in crores)



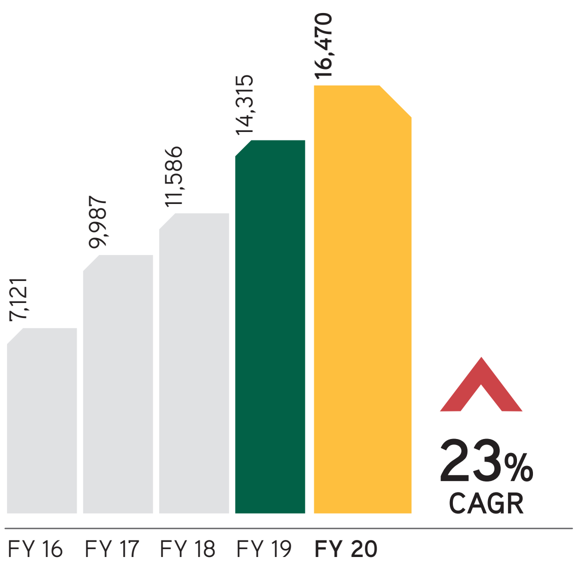
Profit after tax*

(₹ in crores)



Deposit outstanding^

(₹ in crores)



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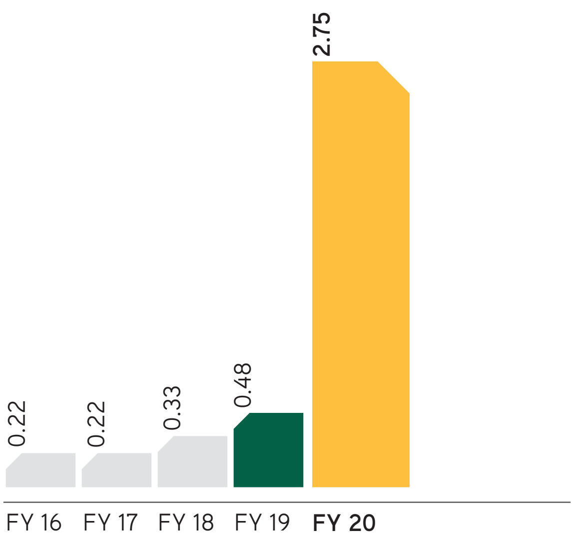
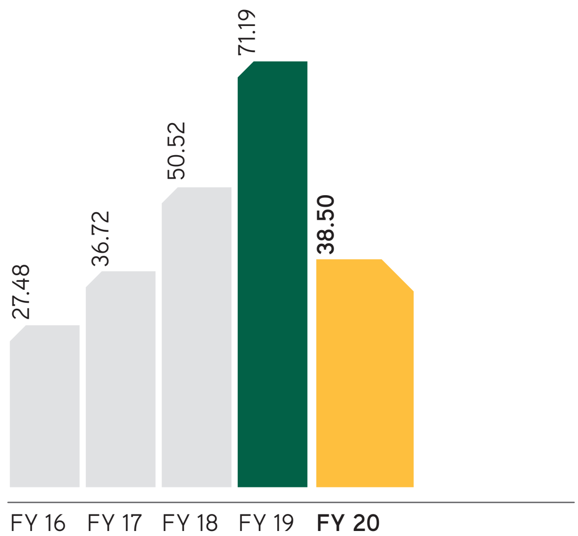
Key performance indicators (contd.)

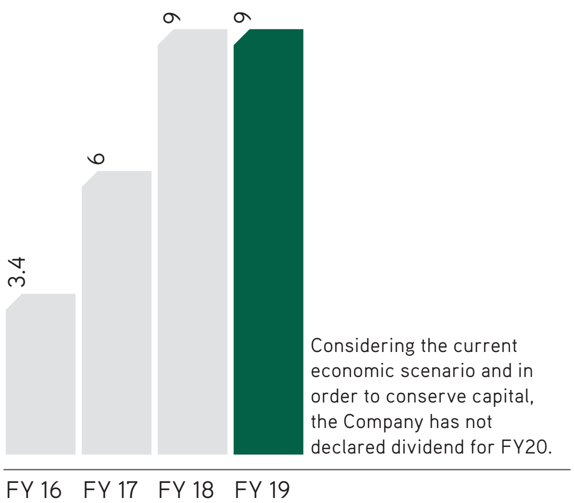
Gross non-performing assets*^ (%)



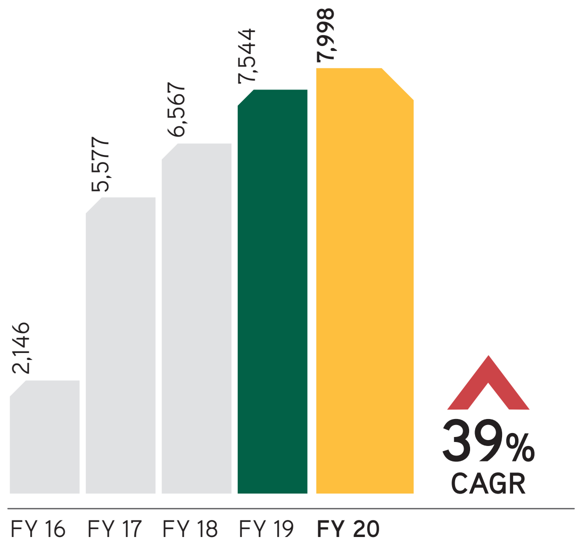
Earnings per share* (₹)



Dividend per share (₹)



Net worth*^ (₹ in crores)



*FY18, FY19 and FY20 financial numbers are on Ind AS basis whereas prior numbers are based on IGAAP

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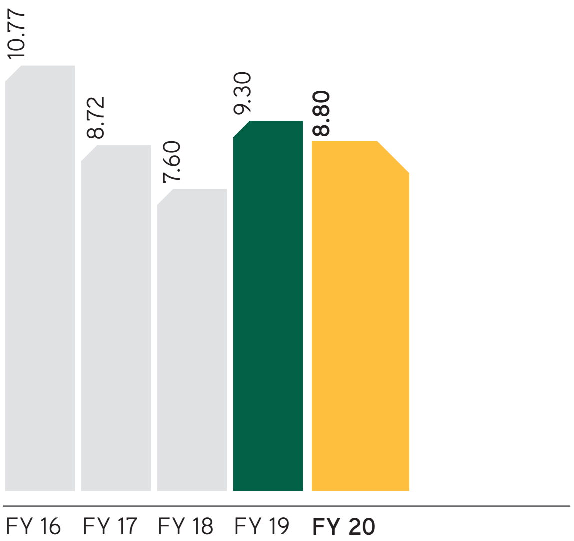
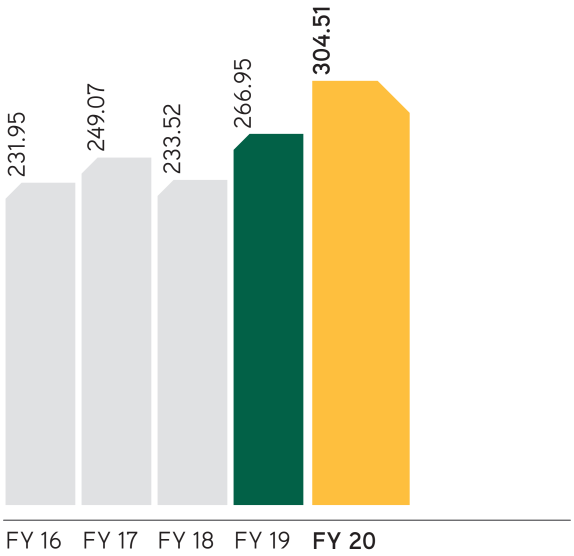
Average gearing*^

(times)

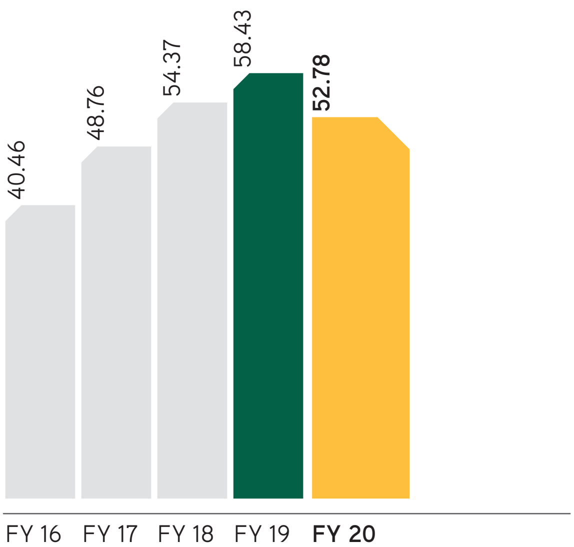


Number of loan and deposit accounts per employee^ (average)



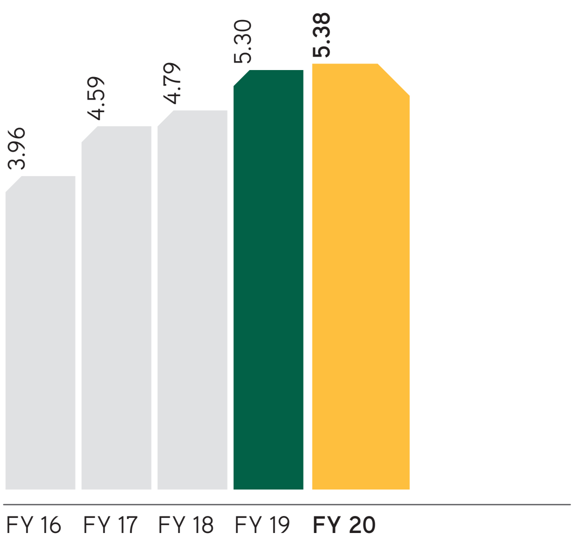
AUM per employee^ (average)

(₹ in crores)



Total revenue per employee* (average)

(₹ in crores)



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^Indicates dates as on March 31

Megatrends

UNDERLYING GROWTH DRIVERS REMAIN INTACT

Near-term challenges notwithstanding, a young demographic base, growing income levels and expanding middle-class, along with many first-time homebuyers in the millennial age group, will favourably impact demand for housing in India, in the years to come.

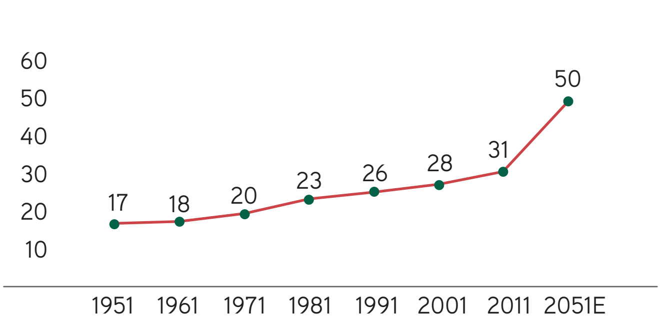
RAPID URBANISATION

The number of towns and cities in recent years has dramatically increased and this growth is expected to continue. According to a United Nations report, half of India's population would be living in urban areas by 2030. The Government has outlined massive infrastructure investments to ensure efficient functioning, including housing, road network, transport, water supply, electricity and other related infrastructure. This includes creation of Smart Cities and the 'Housing for All' scheme, to support the development of mass urban housing infrastructure.

UNDERPENETRATED MORTGAGE MARKET

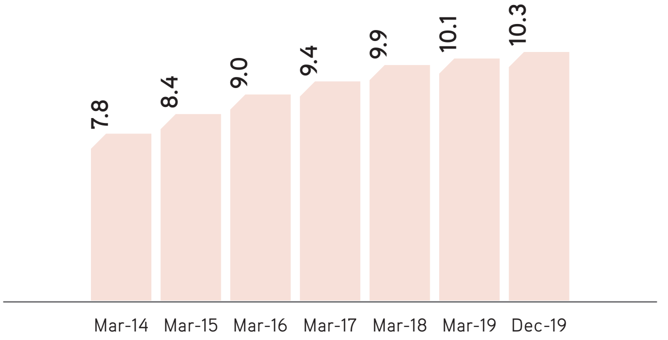
According to the Reserve Bank of India (RBI), India's mortgage-to-GDP ratio stands at nearly 10%, as compared with 18% in China, 52% in Singapore and 56% in the US. With the ratio expected to rise to 12% by 2022, it would still remain significantly below that of its developed and developing peers, which points to significant headroom for mortgage market growth over the longer term.

Rate of urbanisation in India, 1951-2051E (%)



Source: NHB's report on trend and progress of housing in India, 2018.

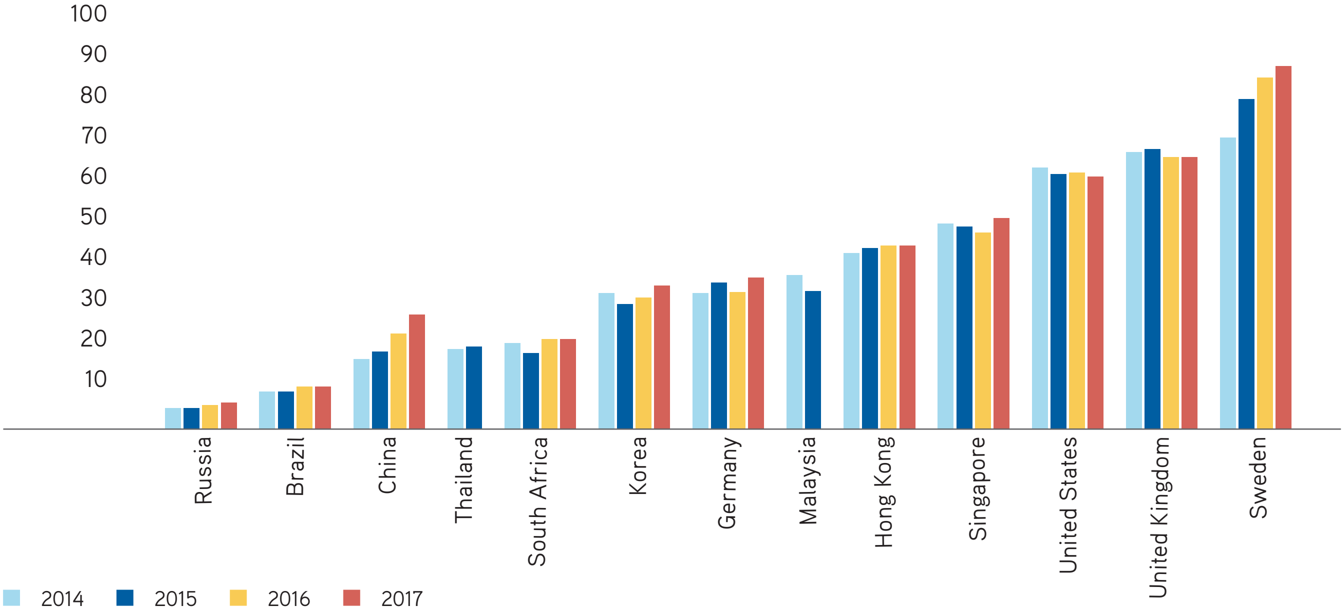
Housing credit trends in India (%)



Note: Housing credit as a % of GDP
Source: ICRA report on the Indian mortgage finance market, April 2020

Housing credit trends for various countries around the world

(%)



Note: Housing credit as a % of GDP
Source: ICRA report on the Indian mortgage finance market, April 2020

ACUTE SHORTAGE IN HOUSING

India faces a significant shortage in housing, which is expected to increase with growing population. Despite sustained Government policy focus, the shortage is much more pronounced in the economically weaker and lower income segments. The emergence of specialised HFCs, with innovative lending models and underwriting processes has started to democratise house ownership, which is likely to accelerate further and drive growth in the mortgage market.

Projected housing requirement by 2022

	Analyst estimate	GoI estimate
Shortage and requirement (million)		
EWS	33.6	45.0
LIG	44.0	50.0
MIG and above	6.4	5.0
Total	**80.0**	**100.0**
Value of units, LTV to be financed by HFCs, SCBs (₹ lakh crores)		
EWS	25.2	33.8
LIG	88.0	100.0
MIG and above	51.2	40.0
Total	**164.4**	**173.8**
Total (₹ lakh crores)	**2.3**	**2.5**
Construction costs (₹ lakh crores)		
EWS	26.9	36.0
LIG	55.0	62.5
MIG and above	19.2	15.0
Total	**101.1**	**113.5**
Total (₹ lakh crores)	**1.4**	**1.6**

Note: EWS - Economically Weaker Section; LIG - Low Income Group; and MIG - Middle Income Group
Source: Planning Commission, analyst estimates

Chairman's statement

REFLECTING THE STRENGTH TO RIDE OUT THE STORM

CH. S. S. MALLIKARJUNA RAO
Chairman

PNB Housing is no stranger to adversities. In fact, an event of such scale and impact puts to test the fundamental strengths of any organisation. Your Company demonstrated once again, in FY 2019-20, its ability to withstand challenges and quickly adapt to the emerging realities.

DEAR SHAREHOLDERS,
It gives me immense pleasure to write to you as the Chairman of your Company, and present the 32nd Annual Report and consolidated financial statements of PNB Housing Finance Limited (PNB Housing) for the financial year ended March 31, 2020. Every once in while we come across a global event that alters the 'normal' way of life.

PNB Housing is no stranger to adversities. In fact, an event of such scale and impact puts to test the fundamental strengths of any organisation. Your Company demonstrated once again, in FY 2019-20, its ability to withstand challenges and quickly adapt to the emerging realities.

PNB Housing employees are working relentlessly across the country to support aspiring homeowners through these uncertain times, providing appropriate funding to those in need and extending support to help them pass-through the pandemic (COVID-19) storm. Your Company is actively implementing Government-backed initiatives like moratorium on loan repayments, Partial Credit Guarantee Scheme 2.0, Emergency Credit Line Guarantee Scheme; and also participating in, Special Refinance Facility, Targeted Long-Term Repo Operations, deferment of interest on working capital facilities, among others.

The RBI has also taken steps to infuse liquidity into the system via targeted long-term repo operations (TLTROs), which could increase the available liquidity. The ₹ 50,000 crores of additional TLTROs announced on April 17, 2020 and the additional ₹ 10,000 crores of refinance facility to National Housing

Bank (NHB) will support the immediate liquidity requirements of HFCs to some extent, especially those operating in the affordable housing space where collections are likely to be impacted more.

SYNCHRONISED EFFORTS TO REVIVE ECONOMY

The Indian economy had been experiencing a challenging period, with a mix of structural and cyclical factors in play before COVID-19 struck at the end of the financial year. The Government of India had implemented several measures to reverse the trend. The RBI complemented by easing monetary policy stance and taking steps to fuel credit growth. In addition, the reduction in corporate tax rates and steps to expedite insolvency resolutions are expected to boost sentiments.

However, just when green shoots in the economic growth were started coming up, the COVID-19 outbreak compelled the Government to rightly prioritise life over everything else and impose a multi-phase nationwide lockdown. Barring essential services, all economic activities came to a grinding halt, sending the economy into a tailspin. India recorded its slowest growth in 11 years.

The Government, along with the RBI are fully focussed to minimise the adverse impact, injecting liquidity into the system and lowering key policy rates across the board. These synchronised stimulus measures are likely to stabilise the economy in the near term and set the stage for a recovery in FY 2021-22. However, the shape of the recovery will depend on how the pandemic pans out over the next few months and the availability of vaccine.

HOUSING FINANCE OFFERS SIGNIFICANT UNTAPPED OPPORTUNITIES

The housing finance space is also facing its fair share of challenges, with muted demand, lingering concerns over asset quality, funding constraints, and portfolio sales through securitisation. The overall on-book housing loan portfolio growth of HFCs and NBFCs slowed significantly to 6% for the period ended December 31, 2019 (from 14% in the period earlier). However, Asset Book of HFCs has grown by ₹ 1.74 lakh crores during the 16 months period from ₹ 8.28 lakh crores at September, 2018 to ₹ 10.02 lakh crores at January, 2020. Individual Home Loan (IHL) portfolio of these HFCs has grown at same pace to reach ₹ 6.13 lakh crores. The demand remains robust in mass housing, which is likely to outpace industry growth with liquidity support from the NHB.

Overall housing credit growth is expected to be slower in the first half of FY 2020-21, while recovery in the second will depend on the economic turnaround. The pressure on asset quality is expected to mount with the impact being felt across all segments–housing loans, loan against property and construction finance.

In terms of broader trends shaping the housing sector, I believe more people are going to realise the value of homes and the value of tangible assets and savings over consumption. By extension, the average age of first-time homebuyers may see a paradigm shift in the years ahead, with more millennial coming into the market. This will be the same set of people who had previously preferred the mobility of a rented home. Also, it is unlikely that we will see any new launches in the near future, as developers will focus on finishing their under-construction inventory, preserving cash flows and maintaining creditworthiness. Lastly, by virtue of being a human capital-intensive sector, there will be cost of redeployment of operations, on account of the time it will take to restart supply chains and address the reverse migration of labour.

ADAPTING TO CHANGING MARKET DYNAMICS WITH PRUDENCE

PNB Housing is a non-banking finance company anchored in the housing loan market of India. Your Company understands the risks and opportunities in the evolving operating environment landscape and is well equipped to navigate the evolving operating landscape with prudent strategies and foresight. PNB Housing is well positioned to capitalise on the vast untapped opportunities that a vibrant economy like India offers.

Your Company remains committed delivering services to customers. Its ability to leverage digital technologies, lower costs and drive efficiencies is likely to enable PNB Housing to deliver solid performance through economic cycles. Employee safety and morale, liquidity and customer service, including disbursements, remain top priorities. A graded shift towards the relatively risk-free capital-efficient retail segment and a conservative approach to underwriting and lending will be key to lowering volatility and enhancing stability in an uncertain macro environment.

Before I conclude, I would like to thank all members of the Board, the leadership team and the employees of PNB Housing for their unwavering commitment. It's no mean feat, given the current circumstances. I also wish to thank the RBI, the NHB, the Securities and Exchange Board of India (SEBI) and the stock exchanges for their continued support, even during these difficult times.

And finally, I thank you, the shareholders, for your trust, confidence, and support. It has been pivotal in helping your Company to make bold decisions and focus on long-term interests of the business.

Warm regards,

CH. S. S. MALLIKARJUNA RAO
Chairman

From the Managing Director and CEO's desk

CREATING ENDURING VALUE

DEAR SHAREHOLDERS,

Resilience is not just about the ability to withstand shocks, but is also about navigating through world-changing events with conviction. The novel coronavirus pandemic is one such event, which began as a global health crisis and has evolved into a full-blown economic one. It has put to test our collective strength as individuals and as businesses. It has also brought to the fore the undying spirit of humanity, to survive and thrive in the face of adversity.

NEERAJ VYAS
Managing Director and CEO

"

PNB Housing is expanding its digital footprint, from sourcing to sanction, while enhancing digital interventions in underwriting, collections, and other functions. It has re-prioritised its IT initiatives, keeping in mind the evolving realities. The Company is at an advanced stage of implementing seamless solutions for customers, which will significantly reduce paperwork in sourcing new applications.

The need of the hour is that of resolve and restraint. It is also a time to pause and reflect on what we have achieved and what we could accomplish against the backdrop of a new normal. As an organisation, PNB Housing has been undergoing a challenging period, largely due to the sluggish macro environment. However, we have managed to maintain a strong balance sheet with prudence and foresight. Our experienced leadership team, along with 1,549 dynamic and dedicated teammates, has worked relentlessly towards fulfilling homeownership dreams of millions of Indians and putting PNB Housing on a strong turf.

SURVIVE, SUSTAIN & SHIFT GEARS.

The Company adopted a 3S approach to ensure the health and safety of its employees, minimise the impact on business and scale up for future. The Business Continuity Plan (BCP) was invoked at the first sign of a nationwide lockdown to contain the virus spread. The IT team pre-empted operational issues and took steps to ensure a smooth transition to remote working for over 80% of our employees.

The first S is to Survive.

Anchored to its first Core Value 'People First', the Company accorded the highest priority to the health and safety of its employees. The HR team actively engaged with them to ensure their own and their family's wellbeing. Online and behavioural trainings were initiated for employees and selected business partners. These initiatives have enabled the Company to resume normal operations, harnessing a highly energised workforce that has much sharper business acumen and strong motivation levels.

The second S is to Sustain.

PNB Housing has invested heavily to build a strong technology backbone and improve efficiency. This enabled the Company to maintain operational robustness even in a remote working environment, backed by the centralised Enterprise System Solution platform. The Company also implemented a cloud-based virtual system interface solution, thereby facilitating secured access to enterprise applications and data while working from home.

All business-critical activities like part-disbursements, customer service, recovery, liquidity management, treasury, EMI and CMS banking, deposit processing and vendor payments were performed without any interruptions. A service TAT of ~95% during the lockdown speaks volumes about the effectiveness of the Company's customer engagement and reflects the second Core Value 'Customer-centric'. The Company enhanced its collection efforts by utilising cross-functional teams like business and underwriting. Customers were offered alternate modes of payment to ensure convenience and ease.

In line with RBI guidelines, the Company offered a moratorium to eligible customers, but did not avail the same facility from its lenders, which attests to its robust liquidity position. It is the first HFC to take the external commercial borrowing route and raise US$75 million from Japan International Corporation Agency (JICA).

The third S is to Shift gears.

PNB Housing is expanding its digital footprint, from sourcing to sanction, while enhancing digital interventions in underwriting, collections, and other functions. It has re-prioritised its IT initiatives, keeping in mind the evolving realities. The Company is at an advanced stage of implementing seamless solutions for customers, which will significantly reduce paperwork in sourcing new applications. Meanwhile, underwriting policies for both retail and corporate lending have been tightened. In order to optimise operating expenses, the Company has imposed a hiring freeze, and kickstarted processes to rationalise branches and offices, and negotiate rents. 100% of the Company's branches are now operational.

STABLE PERFORMANCE IN A VOLATILE ENVIRONMENT

Looking back at the last fiscal, the Indian economy experienced a broad-based slowdown due to a host of factors, such as weak consumption, sluggish manufacturing and tepid credit growth, among others. The banking and financial services industry witnessed its own share of challenges, with tight liquidity, mounting asset quality concerns and a slew of governance issues coming to the fore. The RBI announced a series of rate cuts to boost credit growth. However, the transmission of those rate cuts to credit markets remained sluggish, as banks were reluctant to pass on the benefits to borrowers.

From the Managing Director and CEO's desk (contd.)

Against this backdrop, PNB Housing registered a stable performance, shored up liquidity, remained well capitalised and managed to maintain asset quality at comfortable levels. In FY 2019-20, PNB Housing's net interest income increased 12% y-o-y to ₹ 2,308.1 crores. Operating profit grew 7% y-o-y to ₹ 2,062 crores. However, profit after tax (PAT) fell to ₹ 646.24 crores (from ₹ 1,191.5 crores in FY 2018-19) due to higher provisioning on account of COVID-19.

The Company had two options in the current exceptional situations i.e. softer and harder and we decided to take the harder option and made adequate general provisions including for COVID-19. Adjusting for the COVID-19 provisions, the PAT for FY 2019-20 would have been ~₹ 1,010 crores. It was a strategy that the Company thought would be more prudent in order to mitigate the risk, focus on long-term strategy and strengthen the balance sheet.

Asset quality remained stable, with a gross NPA of ~2.29% on AUM and ~2.75% on the loan book, as the Company continued to shift its portfolio mix towards the retail segment, with a focus on salaried and self-employed segment. Both CRAR and gearing improved with the calibrated focus taken towards retail disbursement. The Company's CRAR increased to 17.98% with Tier-I at 15.18% (vs. 13.98% with Tier-I at 11% as on March 31, 2019), much above the minimum regulatory Tier-I requirement of 10%. Gearing stood at 8.53x (vs. 9.59x as on March 31, 2019). The Company remains committed to bringing down gearing even further.

COMMITTED TO RESPONSIBLE GROWTH

PNB Housing's commitment to responsible growth is absolute, embodying the third Core Value 'Ethical standards'. The Company shares its successes with its communities, is a great place to work for its employees, and drives operational excellence from within. A major milestone of the year was the incorporation of the Company's dedicated CSR arm, the Pehel Foundation. The Foundation has identified its key intervention areas including skill enhancement of construction workers, holistic welfare of their children, and social security linkages; primary and higher education; healthcare infrastructure; female health and hygiene; mental health and wellness, among others. Through the Foundation, the Company aims to make a meaningful and sustainable difference to the society.

PNB Housing also endeavoured to play a role in the nation's fight against the pandemic. The Company has taken incremental measures to support migrant workers, who have been hit hard by the virus-induced lockdown. The Company contributed ₹ 2.04 crores to further pertinent medical research and support different relief funds.

Anchored to its Core Values, PNB Housing strives to provide an environment where all people can undertake their work with pride and a stronger sense of ethics and fairness. The Company has a comprehensive set of learning and development tools, available through a digital platform, to help employees reach their potential. By pursuing operational excellence, the Company is becoming more efficient and transparent. Continuous deployment of technology-led improvements across internal and external processes, makes it easier for the Company's employees to seamlessly work with each other and to service customers, while adhering to the highest levels of information security and corporate governance.

“

PNB Housing is a 100% secured mortgage business, with an emphasis on mass housing. The Company operates through 105 branches, 28 outreaches and 23 hubs across 64 cities.

A key achievement in the year was the receipt of the ISO 27001:2013 certification, one of the highest security standards in India. ISO 27001:2013 encompasses a risk-based approach to information security, requiring organisations to identify threats and select appropriate controls to tackle them. I strongly believe that our sense of social responsibility, robust business productivity, time-tested operational foundation and integrated security strategy will enable the Company to deliver sustainable value for all its stakeholders over the long term.

LOOKING AHEAD

It would be premature to ascertain the fallout of the pandemic at this point, as the situation remains fluid. However, one thing can be said with a fair degree of certainty – the long-term fundamentals of the Indian economy overall and the housing market in particular remain intact. Mortgage market in India remains significantly under penetrated and offers tremendous grow potential on the back of rapid urbanisation and the push of the Government in the mass housing segment.

PNB Housing, with its wide distribution network, focus on retail segment, diversified borrowing mix, strong balance sheet, robust capitalisation and liquidity, is well positioned to make the most of the vast opportunity landscape. Further, with operating leverage playing out, as reflected in the improving cost-to-income ratio, the Company will continue to deliver sustainable, profitable growth, going forward.

PNB Housing is a 100% secured mortgage business, with an emphasis on mass housing. The Company operates through 105 branches, 28 outreaches and 23 hubs across 64 cities.

The Company will continue to focus on lower risk weighted retail loans serving both salaried and self-employed segment. With social distancing becoming the norm, and leading to behavioural changes over time, going forward, PNB Housing expects more customers to reach out to the Company through the e-medium, leading to an increase in sourcing through digital channels. The Company will continue to sell down its corporate book and is in discussion with a few banks, to this end.

PNB Housing is assured of the full support of its promoter, Punjab National Bank, in addressing any uncertainty arising out of the changed operating environment.

In sum, the near term priorities of the Company remain clear: de-risking the balance sheet, monitoring asset quality and profitability, and improving operational efficiency. PNB Housing will continue to focus on doing fewer things, but will remain committed to doing them really well, in alignment with the Company’s purpose. We aspire to be the most trusted housing finance company while helping people realise their long-cherished dreams of owning a home.

I am confident that the Company’s strategy of focus, consolidation and digital transformation is right, indeed essential, for the current times. We still have a long way to go before a sense of normalcy prevails, but we have our plans chalked out.

On behalf of my colleagues across the Company, I thank you for your continued support and investment in PNB Housing. I hope this report provides you with the desired insights about PNB Housing’s inherent strength and preparedness for the future.

Warm regards,

NEERAJ VYAS
Managing Director and CEO

RESILIENCE AT WORK

The indomitable will power of PNB Housing's employees shone through the lockdown period, as they used the time to achieve their personal and professional goals.

People

INVESTING IN HUMAN CAPITAL

PNB Housing strongly believes companies that create a productive work environment, offer development opportunities and quality training, and place equality and fairness above all are the organisations of the future.

Employees are PNB Housing's most valuable assets and constitute one of the key pillars of its strategy. The Company's human resources (HR) policy can be summarised as putting employees first by continuously investing in them.

PNB Housing has built systems in place to recruit, train and develop a first-class workforce. The Company strives to inculcate a culture that helps employees reach their potential, offers a wide range of learning opportunities and ensures recognition and rewards for their accomplishments. Further, people practices have been developed, aimed at increasing welfare, ensuring well-being, and improving work-life balance. The Company also collects and analyses employee feedback to improve its HR practices and policies, aligned with organisational and individual objectives and aspirations.

1,549
Employees on PNB Housing Finance payroll

2,498
Employees on PHFL payroll

18.33%
Ratio of women in workforce (vs. 17.34% last year)

52.60%
New hires in the age group 20-30

Learning and development

In keeping with the dynamic business environment, the Company conducts learning and development (L&D) programmes round the year to upskill and reskill employees. Its L&D strategy aims to fulfill three needs: **organisational**, **functional** and **individual**. Some cross-functional L&D themes are addressing business requirements, formulating succession planning, conducting behavioural trainings and fostering team camaraderie.

The Company's learning management system (LMS), known as eGURU, is extensively used, in this regard. Besides, the LMS acts as a repository of all process manuals as well as compliance-related training modules, including Prevention of Insider Training, Prevention of Sexual Harassment, cybersecurity, among others. It also contains e-induction modules for new recruits. The LMS can be accessed through computers as well as mobile phones.

KEY INITIATIVES

- **Leadership development programme** aims to enhance the Company's bench strength and create an internal talent pipeline. Over the past few years, PNB Housing has identified high-performing individuals, taking cognisance of their strengths and moving them up the ladder. The programme consists of six months of training (both online and offline), 360-degree feedback and psychometric tests, among others. During the training, emphasis is given to business insights, clarity in communication, executional excellence and team handling.
- **Management trainee programme** aims to orient the newly joined management trainees through the 70-20-10 induction model (70% of on-the-job training, 20% of mentoring/

coaching at an individual level and 10% classroom training). 90 management trainees were recruited in FY 2019-20.

- **Academic collaborations** enable the Company to send select employees to eminent universities, such as the University of Nottingham, Malaysia and the Indian Institute of Management (IIM), Bangalore, for higher studies and workshops.
- **'Reconnect'** assists the Company's sales team to build rapport with channel partners, educating them about different customer segments and products, thereby helping increase volumes.
- **Leadership development workshops** are managerial workshops that take place at three separate levels: Senior Management, Senior Middle Management and Middle Management. Sessions are conducted, with internal and external speakers, to make them understand the nuances of leadership. A similar workshop was organised for junior managers as well.
- **Function-based trainings** are conducted periodically, for SME, Legal, Fraud Control, Accounts, Underwriting, Deposits, Sales, Collections, Customer Service and other technical as well as business teams, with both internal and external trainers.
- **Cross-functional behavioural training** allows the Company to redirect its surplus talent in the sales team and retrain them to support the collections team. Reskilling involves imparting an understanding of the changing market dynamics and the external challenges. 300 members of the Sales team were reskilled for Collections in FY 2019-20.
- **Compliance training** is critical to the 'first time right' goal of PNB Housing. Through this, the Company apprises employees about its core values and ethical standards.

270
Training programmes (19% increase over last year)

2,558
Employees trained (35% increase over last year)

82%
Unique employees trained

1.84
Training person-days per employee

COVID-19 response

As a customer-facing business, remote working is not instinctive. However, with the help of the IT team, the Company transitioned its employees to a virtual environment with ease. A trial work from home was conducted on March 21, 2020; remote working was initiated with the announcement of the nationwide lockdown on March 24, 2020.

A robust network of zonal HR managers, administrative staff members and BCP committee members oversaw the coordination between teams and sought to iron out any employee concerns.

Once branch operations were permitted by the Government, a week-long trial was conducted at four branches across the country – to implement new operating norms in accordance with the State and Central Government guidelines, as well as to identify any gaps.

The Company resumed operations at all other branches in phases, in accordance with the containment zoning guidelines.

Employees resumed work in shifts to adhere to social distancing norms, with shift rosters prepared keeping in mind the right mix of skills and experience.

KEY ENGAGEMENT INITIATIVES (APRIL 2020)

- 'Sampark' helped connect with 200-300 employees every day
- 'Extend Family' helped connect with employees living on their own to boost their morale
- Various L&D platforms were launched to engage employees, enhance their knowledge about product policies and upskill them (soft skills, behavioural training, certifications, assessments). These included micro learning modules that are easy to consume.
- Daily BCP calls were centrally conducted with the Middle and Senior Management, to receive updates from different domains and geographies
- Commitments made to employees were honoured in a timely manner (including fresh hires)
- Information on HRMS, such as emergency contact, was updated
- Multiple initiatives launched to encourage employees to explore past hobbies and create new ones

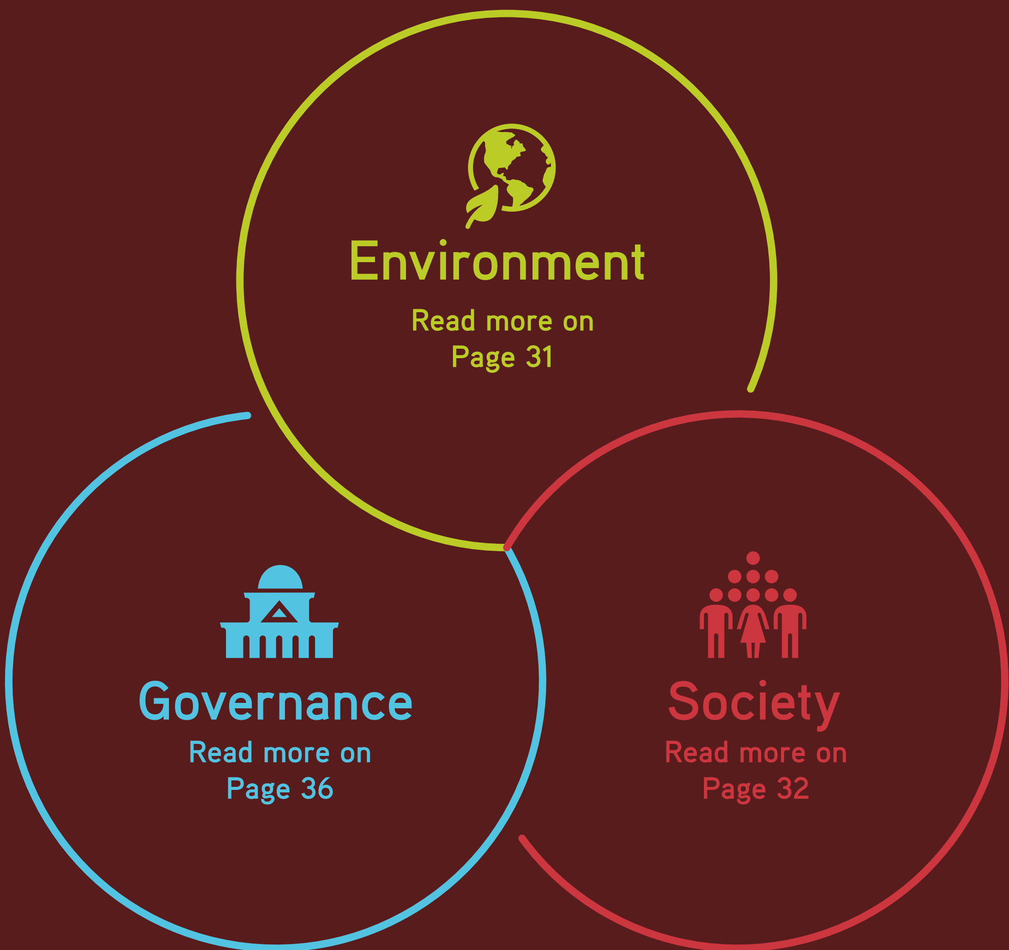
KEY L&D OUTCOMES (APRIL 2020)

- 8,000+ training modules accessed
- 1,000+ employees participated
- 300 modules accessed daily on average (mostly on conflict management and presentation skills)
- 'Course of the Day' published to garner more traction
- 800+ business partners trained via 22 programmes

ESG snapshot

EMBEDDING SUSTAINABILITY IN BUSINESS IMPERATIVE

Environmental, social and governance (ESG) considerations are integrated across the business and built into the policies and principles that govern PNB Housing. The Company seeks to continuously improve its performance on ESG parameters to drive sustained, long-term value creation.



Environment

GOING GREEN, INSIDE AND OUT

PNB Housing strongly believes that preserving the planet and conserving its resources is critical to ensuring continued human progress. As a responsible corporate citizen, the Company has implemented several initiatives to amplify the clarion call for 'going green'.

KEY INITIATIVES

- Promoting minimal use of paper
- Replacing physical correspondence with electronic communications internally and with other stakeholders
- Deploying tools and technologies to reduce waste and lower electricity consumption
- Complying with all legal/regulatory requirements related to environment protection, management and sustainable development
- Developing and maintaining a green belt in the national capital region (Faridabad) as part of the Company's CSR initiative
- Converting two public spaces in Bengaluru, Gayathridevi Park and Agara Lake, into green, sustainable playscapes by using eco-friendly and recycled materials

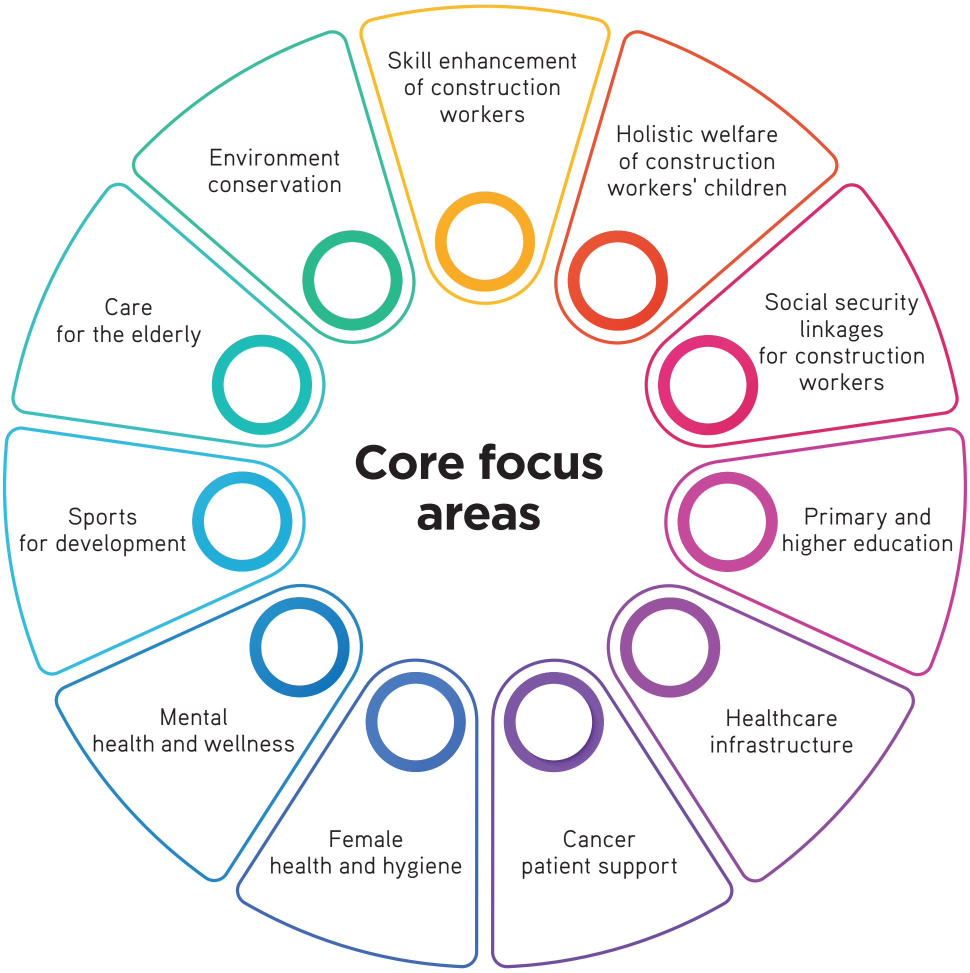
In addition, the Company encourages the adoption of cloud computing technology, virtualisation, data centre energy optimisation, work from home/ teleworking platform enablement, paperless processing, among others.

Society

PARTNERING RESPONSIBLE SOCIAL DEVELOPMENT

Since its inception, PNB Housing's social responsibility ethos has been inscribed with the word 'Saksham'. It denotes the Company's endeavour to be an 'enabler' in the society's larger goal of empowering lives.

Taking the commitment forward, the Pehel Foundation was established as a dedicated CSR arm. Through the Foundation, the Company aims to catalyse inclusive development at scale.



KEY HIGHLIGHTS OF FY 2019-20

- 470+ students reached by VIDYA schools (which help promote formal primary education)
- 49 scholars awarded the Protsahan scholarship for higher education
- Critical, life-saving medical equipment donated to the All India Institute of Medical Sciences (AIIMS), Delhi and the Army Base Hospital, Delhi
- 7 dialysis machines set up in Bilaspur and Rourkee Government hospitals (under the Prime Minister's National Dialysis Programme)
- 8,400+ cancer patients and their family members supported through preventive and promotive health services (Project: Can Support)
- 4,000+ young women imparted awareness on female health and hygiene (Project: Progress Alternatives)
- 25 counselling and treatment needs addressed at the Sanjivini Society for Mental Health Crisis Rehabilitation Centre
- 20+ differently abled students trained as professional handloom weavers in partnership with the Tender Hearts Education Society
- 800+ students trained in badminton and 27 underprivileged youth trained as coaches, at Government schools, together with the SRF Foundation and Sunrise Sports India Ltd.
- Provided accommodation and ration support to senior citizens in Delhi, in partnership with the Ayudham Society
- 100+ underprivileged youth trained in geriatric caregiving, in association with Help Age India
- Provided mobile health vans to the elderly in Mumbai, in association with HelpAge India

43,000+

Lives impacted through various initiatives undertaken by the Company and its subsidiary, PHFL

Skill enhancement of construction workers

In association with the Confederation of Real Estate Developers Association of India (CREDAI) CSR Foundation, PNB Housing continued to impart on-site and off-site construction skills training and added nearly 13,000 certified workers to the country's workforce.

The Company also undertook an impact assessment study in partnership with Samhita Social Ventures Pvt. Ltd., to review the existing programme strategies. It was learnt that the training played a key role in improving workers' income and saving capacity, which uplifted their quality of life and socio-economic status. Work efficiency also noticeably improved on-site. Going forward, the programme will focus on life skills training, and digital and financial literacy.

To further the welfare of construction workers, the Company entered into a collaboration with the National Real Estate Development Corporation (NAREDCO) and successfully enrolled nearly 400 workers to impart construction trades training and certification.

Society (contd.)

Welfare of construction workers' children

At present, 52 day-care centres are supported at construction sites across the country, with the help of implementation partners such as Mobile Creches (MCs), Plan International (India), Brihanmumbai Municipal Corporation (Mumbai), TARA MC Pune and Savera Social Welfare Society.

While their parents toil at the sites, the children are provided for at these day-care centres. Every day, over 3,600 children (new-born to 14 years of age) are given nutritious meals, age-appropriate immunisation, health checks, education and extra-curricular support.

Awareness generation activities are conducted by trained staff to sensitise construction workers in the area on developmental needs of children, social issues and health concerns, among others.

Social security

In partnership with the Aajeevika Bureau Trust, construction workers at two sites – Bakeri city, Vejalpur and Sarvesh, Ranip in Gujarat – are connected with various social welfare schemes; nearly 1,500 workers have been brought under the ambit of such schemes.

KEY PROVISIONS

- Bi-weekly doctor visits and health camps
- Ante and post-natal care for pregnant and lactating women
- LPG connection to 50% of target households
- Financial literacy workshops
- On-the-job trainings
- Support in accessing Prime Minister's Jan Awas Yojana, Ayushman Bharat (health insurance) and Prime Minister's Suraksha Bima Yojana (life insurance) for reducing their healthcare expenses
- Supporting worker registration under the Building & Other Construction Workers Act

Employee volunteering

- Annual blood donation drive to celebrate World Blood Donor Day 2019
- National Sports Day celebration
- Teachers' Day celebration to show gratitude towards teachers across skilling sites, training programmes, VIDYA schools, etc.
- Annual Can Support 'Walk for Life' walkathon to demonstrate solidarity with cancer patients and their families
- Children's Day celebration with children from VIDYA schools and day-care centres
- Step to Support (Season II) walkathon to help CSR partners working on healthcare
- 'Daan Utsav' (festival of giving) by donating for multiple causes
- 'Eat to Empower' (fundraising food festival) at the Central Support Office to extend aid to multiple charities
- Airtel Delhi Half Marathon to support our long-term partner MCs

COVID-19 response

PNB Housing has always stood at the forefront of any national emergency response. The Company also joined in the ongoing efforts to combat the pandemic.

- Partnered with the National Centre for Biological Sciences, in consultation with the Office of the Principal Scientific Advisor to the Prime Minister

  The objective of the partnership is to fund research for:

  » Developing dis-infective coating for cloth surfaces used in Personal Protective Equipment (PPE)

  » Developing effective COVID-19 diagnostic test kits

  » Supporting clinical assessment for rapid screening of new drugs
- Contributed to the Prime Minister's National Relief Fund and Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)
- Supported partners in supplying ration and hygiene kits to people in need, in their respective regions

Governance

ENSURING TRANSPARENCY AND ACCOUNTABILITY

PNB Housing maintains high standards in corporate ethics, transparent disclosure, integrity and accountability, which provides a strong foundation to the Company's value-creation abilities.

COMPOSITION AND COMMITTEE MEMBERSHIP

The Board consists of ten members – seven Independent Directors, two Non-Executive Directors and one Managing Director.

The Board functions through six Committees, which have been assigned specific responsibilities. These are the Audit Committee, Risk Management Committee, Credit Committee of the Board, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Committees are chaired by an Independent Director.

DIVERSITY

The Company has a diversified Board in terms of expertise, domain, educational qualification and industry experience. The Board has one female Independent Director. The Chairperson on the Board is a Non-Executive Director. The average age of the Board is 61 years. The Company has in place a Board Diversity Policy, which views performance through the lens of inclusivity.

AREAS OF RESPONSIBILITY

The Board and the Senior Management meet on a quarterly basis, and whenever required. Key discussion points include updates on business, financials, credit appraisal, human resources, regulations, enterprise risk management, and strategy. In addition, the Board meets annually to discuss and approve the business plan of the Company. The Board also engages with the Senior Management, through its Committees, for matters related to the delegated areas.

CODE OF CONDUCT

The Board has adopted a Code of Conduct, which is applicable and binding on all the Non-Executive Directors, including Independent Directors. The Code of Conduct for Non-Executive Directors was recently amended, in compliance with Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019. The Code provides guidance on matters related to professional conduct, ethics and governance, while discharging their obligations as Directors of the Company. The Board has also adopted a separate Code of Conduct for Executive Directors and the Senior Management.

ADDITIONAL POLICIES

The Company has a whistle-blower policy, which allows all employees to raise concerns about any serious irregularities within the organisation. Employees through this policy have direct access to the Chairperson of the Audit Committee. The Company has also put in place a grievance redressal mechanism for customers. There is a robust system to address shareholders' grievances as well, wherein shareholders can send their complaints to the Company through dedicated email IDs: investor.services@pnbhousing.com and investor.relations@pnbhousing.com. The compliance and investor relations team keep a track of these emails and resolve the complaints of shareholders accordingly. These email addresses are posted on the Company website and are shared in releases to the stock exchanges. In addition, shareholders can directly approach the registrar and transfer agent (RTA), Link Intime India Pvt. Ltd.

Board of Directors

STRONG GOVERNANCE

MR. CH. S. S. MALLIKARJUNA RAO
DIN: 07667641

He is a Non-Executive Director of PNB Housing Finance Limited, since December 20, 2019.

Mr. Rao is currently the MD & CEO of Punjab National Bank (PNB). Prior to becoming MD & CEO, Punjab National Bank, he was the MD & CEO of Allahabad Bank. Before this, he was an Executive Director of Syndicate Bank from September 15, 2016. Mr. Rao has served as General Manager & Chief Financial Officer at Oriental Bank of Commerce. In his career spanning three decades, he has gained vast exposure in credit, information technology, recovery, treasury, risk management, management information system, retail banking, marketing, publicity and alternative delivery channels. He is a Certified Associate of the Indian Institute of Bankers.

Committee Membership:
Nomination and Remuneration, Stakeholders Relationship and Risk Management

MR. SUNIL KAUL
DIN: 05102910

He is a Non-Executive Director of PNB Housing Finance Limited since March 5, 2015.

Mr. Kaul 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 Global Transaction Services at Citibank, Japan. At present, he is 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.

Committee Membership:
Nomination and Remuneration, Stakeholders Relationship and Risk Management

MR. S. K. JAIN
DIN: 00047474

He is an Independent Director of PNB Housing Finance Limited since December 9, 2009.

Mr. Jain has also served as a member of the Beta Gamma Sigma Society of the Indiana University chapter. He had worked with Citibank in various senior positions at Hong Kong, Taiwan, Philippines and Canada. He has more than 31 years of experience in the field of credit, finance and risk management.

Committee Membership:
Credit (Chair) and Risk Management

MR. R CHANDRASEKARAN
DIN: 00580842

He is an Independent Director of PNB Housing Finance Limited since October 7, 2015.

Mr. Chandrasekaran was the Executive Vice Chairperson of Cognizant India since December 1, 1994. He retired in March 2019. Prior to joining Cognizant, he worked with Tata Consultancy Services for over nine years.

He has over 35 years of experience in the field of information technology.

Committee Membership:
Nomination and Remuneration and Corporate Social Responsibility (Chair)

MR. NILESH S VIKAMSEY
DIN: 00031213

He is an Independent Director of PNB Housing Finance Limited since April 22, 2016.

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

Committee Membership:
Audit and Nomination and Remuneration (Chair)

Board of Directors (contd.)

PROF. (DR.) GOURAV VALLABH

DIN: 02972748

He is an Independent Director of PNB Housing Finance Limited since April 22, 2016.

Dr. Vallabh is a Professor of Finance at The Xavier School of Management, Jamshedpur. He was a Professor at the Management Development Institute, Gurgaon. He was a Director at The Institute of Chartered Accountants of India. He has worked with the National Institute of Bank Management, a Reserve Bank of India undertaking. He has more than 16 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.

Committee Membership:
Audit and Risk Management (Chair)

MR. ASHWANI KUMAR GUPTA

DIN: 00108678

He is an Independent Director of PNB Housing Finance Limited since May 12, 2017.

Mr. Gupta 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 is also associated with various charitable trusts & organisations. He has over 34 years of experience in finance, treasury, real estate, securitisation and reconstruction of assets.

Committee Membership:
Credit, Stakeholders Relationship and Corporate Social Responsibility

MRS. SHUBHALAKSHMI PANSE

DIN: 02599310

She is an Independent Director of PNB Housing Finance Limited since July 7, 2017.

Mrs. Panse was Chairperson and Managing Director of Allahabad Bank and Executive Director of Vijaya Bank. She started her stint 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 in economics, finance and information technology.

Committee Membership:
Audit (Chair) and Stakeholders Relationship (Chair)

DR. T. M. BHASIN

DIN: 03091429

He is an Independent Director, with effect from April 2, 2020.

Dr. Bhasin is the Chairman of Advisory Board for Banking Frauds constituted by the Central Vigilance Commission, in consultation with the RBI. He was appointed as the vigilance commissioner at the Central Vigilance Commission by the President of India. He was also associated with Oriental Bank of Commerce as General Manager. He was the Executive Director on the board of United Bank of India and the Chairman and Managing Director of Indian Bank. He has over 41 years of experience in administration, banking and finance industry. He is a Certified Associate of the Indian Institute of Bankers.

MR. NEERAJ VYAS

DIN: 07053788

Managing Director and CEO of PNB Housing Finance Limited since April 28, 2020.

Mr. Vyas joined the Board on April 15, 2019 as an Independent Director and resigned on April 28, 2020 to take charge as MD & CEO of the Company. Prior to that, he superannuated as the Deputy Managing Director and Chief Operating Officer (COO) of State Bank of India (SBI) on June 30, 2018. He designed and conceptualised the scheme of merger of five associate banks and Bharatiya Mahila Bank with SBI. He is a senior banking professional with over 35 years of experience across a wide range of functions such as retail banking, commercial banking, product development, human resources and management information system.

Committee Membership:
Credit, Stakeholders Relationship, Corporate Social Responsibility and Risk Management

Leadership team

RICH EXPERIENCE

MR. NEERAJ VYAS
Managing Director and CEO*

Mr. Vyas superannuated as the Deputy Managing Director and Chief Operating Officer (COO) of State Bank of India (SBI) on June 30, 2018. He designed and conceptualised the scheme of merger of five associate banks and Bharatiya Mahila Bank with SBI.
He is a senior banking professional with over 35 years of experience across a wide range of functions such as retail banking, commercial banking, product development, human resources and management information system.

*Interim

MR. AJAY GUPTA
Executive Director and Chief Risk Officer

A Chartered Accountant and an accomplished risk management professional, Mr. Gupta has over 28 years of experience in credit cycle management across a diverse product group. He had also worked with Religare Finvest Limited, Money, ANZ Grindlays Bank and Standard Chartered Bank in various roles.

MR. NITANT DESAI
Chief Centralised Operation and Technology Officer

Mr. Desai is an astute professional with more than 34 years of experience in retail finance with leading banks and financial institutions in India and the Middle East. Prior to joining PNB Housing, he worked with reputed organisations such as HDFC Life Insurance Co. Limited, Union National Bank – Abu Dhabi, ICICI Bank Limited, GE Countrywide, TATA Finance Limited and HDFC Limited.

MR. ANSHUL BHARGAVA
Chief People Officer

Mr. Bhargava is an HR professional with over 26 years of experience that enables an excellent understanding of a variety of spheres related to human assets. He has a keen interest in mentoring and training, performance management and cadre building. His last assignment was with Asset Reconstruction Company (India) Limited. He has also served the Indian Army.

MR. KAPISH JAIN
Chief Financial Officer

A business-focused, solution-oriented finance professional, Mr. Jain has over 21 years of experience across all facets of finance and analytics. He is a qualified Chartered Accountant, Company Secretary and Cost Accountant. Previously, he was at Xander Finance, AU Small Finance Bank, ICICI Prudential Life Insurance and Deutsche Bank, among others.

MR. SANJAY JAIN
Company Secretary and Head Compliance

Mr. Jain comes with more than 30 years of experience in corporate finance, treasury, regulatory compliances, legal issues and internal audit. He is a law graduate and a fellow member of The Institute of Companies Secretaries of India. He has been with PNB Housing for the past 25 years.

Awards and accolades

RECOGNISED FOR ALL-ROUND EXCELLENCE

Won the Gold Award for the Annual Report 2018-19 at the 10^{th} Public Relations Council of India Excellence Awards in Bengaluru

Won the Gold Award at the Outlook Money Awards 2019 in the Home Loan (Provider of the Year) category

Won the Gold Award at the League of American Communications Professionals LLC (LACP) Vision Awards 2018-19 for the Annual Report; ranked 37^{th} among top 100 Annual Reports worldwide

Felicitated for Excellence in Operations at the IDC India Insights Awards 2019 held in Bengaluru

Awarded for Best Customer Engagement Initiative of the Year by an HFC and Best CSR Practice of the Year at the ETBFSI Excellence Awards 2019

Recognised at the 6^{th} CSR Impact Awards organised by CSRBOX in association with Dalmia Bharat

Awarded for Excellence in Project Management 2019 by Talisma (leading provider of digital customer) among 1,700 existing clients

Awarded the Housing Finance Firm of the Year for the second time, at the 11^{th} Annual Estate Awards in Delhi

Recognised for the second time at The Economic Times Best BFSI Brands 2019 held at Dubai

Management Discussion and Analysis

PNB Housing's mission is to fulfil the home ownership aspirations of millions of Indians. We endeavour to serve as a responsible and trusted partner to our customers by providing housing credit services and to the nation by enabling economic progress.

We measure our success through the time-tested relationships that we have built. That said, it is our resilience to adversity that makes our growth story even more exciting and, above all, credible.

Our journey, over three decades, is characterised by determination, prudence and resilience; and FY 2019-20 put these tenets to test. We optimised our capital base, recalibrated our lending strategies and strengthened our underwriting standards. We leveraged our operating model and technology backbone to enhance our capabilities and deliver greater value to customers.

In the process, we demonstrated our ability to evolve through a complex environment into an enduring institution of trust. Strength in the face of adversity does not come from what we can do, but from doing what we are least expected to. It comes from the hard work and dedication of our colleagues who have helped build a culture, of which we can be proud, and which is anchored to our mission and core values. Strength comes from within.

ECONOMIC REVIEW: RECOVERY DELAYED BY PANDEMIC OUTBREAK

The Indian economy witnessed a cyclical slowdown due to muted private consumption, a contraction in manufacturing and sluggish investments. The Government of India announced a series of counter-cyclical measures to revive the economy, with the Reserve Bank of India (RBI) complementing with an accommodative policy stance for most parts of the year.

However, any prospects of a recovery were nipped in the bud with the outbreak of the novel coronavirus (COVID-19). The Union government, in coordination with states, imposed a nationwide lockdown to break the chain of transmission, which brought economic activities to a halt. The Indian economy recorded its slowest growth in 11 years at 4.2%.

The World Health Organisation (WHO) declared COVID-19 as a pandemic on March 11, 2020. The rapid spread of the virus has exacted a heavy toll on human life and livelihood.

External risks have increased significantly, with weakened export demand, reduced investor confidence and non-availability of raw materials and intermediate inputs. The lockdown disrupted supply chains and led to a sharp fall in consumption. Although the full impact of the pandemic is yet to be ascertained, major global economies including India are likely to witness a sharp downturn in FY 2020-21. While there is expectation for a strong rebound in FY 2021-22, a concerted effort is required to realise this – spanning a multi-pronged approach through public policy impetus, private sector participation and civic society support.

India's GDP growth trend

(%)

Source: Economic Survey of India 2019-20; Central Statistics Office

RBI FIRES ON ALL CYLINDERS TO CUSHION PANDEMIC IMPACT

In order to enhance the pace of recovery and minimise the impact of COVID-19 on the economy, the RBI announced a slew of measures to infuse liquidity in the system and keep interest rates lower for longer. The central bank encouraged non-banking finance companies (NBFCs), housing finance companies (HFCs) and micro-finance institutions (MFIs) to ease credit flows to micro, small & medium enterprises (MSMEs) and consumer segments (auto and housing).

The RBI slashed the cash reserve ratio (CRR) by 100 basis points to 3% of bank deposits, bringing ₹ 1.37 lakh crores into the system. It also allowed banks to borrow an additional 1% from their investments in statutory liquidity ratio (SLR) securities, making available another ₹ 1.37 lakh crores. Further, banks were given an option to borrow three-year funds up-to ₹ 1 lakh crore through targeted long-term repo operations (TLTROs).

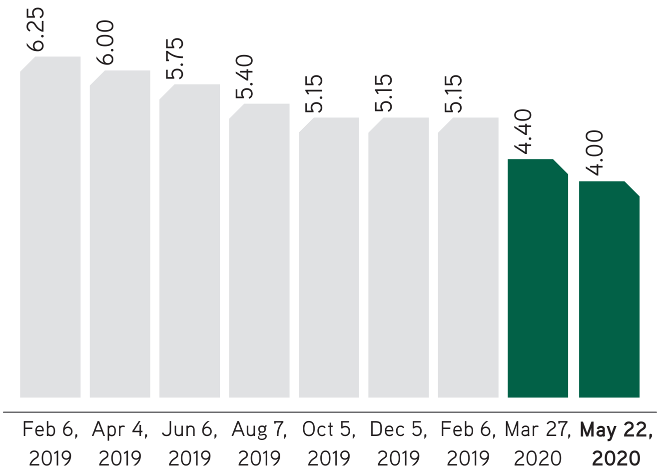
Other initiatives implemented, as of May 22, 2020, to ease financial stress are as follows.

Repo rate cut

The RBI held two consecutive monetary policy reviews ahead of time, on March 27, 2020 and May 22, 2020, to cut the repo rate by 75 basis points and again by 40 basis points.

Repo rate trend

(%)



Source: Reserve Bank of India

Moratorium on term loan instalments

A loan moratorium was initially declared for three months, from March 1 to May 31, 2020, which was extended by another three months upto August 31, 2020. Accordingly, the repayment schedule and all subsequent due dates, as well as tenors of such loans, are allowed to be shifted across the board by another three months.

Moratorium/deferment not to impact asset classification/borrower credit history

The moratorium/deferment is being provided to enable borrowers to tide over COVID-19 disruptions, and will not be treated as changes in terms and conditions of loan agreements due to financial difficulty of the borrowers and thus will not result in asset classification downgrade.

The rescheduling of payments, on account of the moratorium/deferment, will not qualify as a default for the purposes of supervisory reporting to Credit Information Companies (CICs) by lending institutions. CICs will ensure that the actions taken by lending institutions do not adversely impact the credit history of the borrowers.

In addition, the 90-day non-performing asset (NPA) classification norm will exclude the deferment/moratorium period (March 1, 2020 to August 31, 2020) for accounts being allowed to avail moratorium/deferment, and which were standard as on March 1, 2020. Thereafter, the normal ageing norms will apply.

NBFCs, which are required to comply with the Indian Accounting Standards (Ind-AS), may follow the guidelines duly approved by their Boards and advisories of the Institute of Chartered Accountants of India (ICAI) in recognition of impairments. Thus, NBFCs have flexibility under the prescribed accounting standards to consider such relief to their borrowers.

Targeted investment in NBFCs/HFCs

The RBI announced TLTRO 2.0 of ₹ 50,000 crores targeted specifically towards the small/mid-sized corporates, including NBFCs and MFIs. The RBI conducted an auction of ₹ 25,000 crores on April 23, 2020; however, the bids received were only for half the amount, that is, ₹ 12,850 crores highlighting the significant risk aversion of banks towards NBFCs.

In addition, the RBI provided special refinance facilities of ₹ 50,000 crores at repo rate to National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) and the National Housing Bank (NHB) to support credit demand in their respective sectors.

Extended Partial Credit Guarantee (PCG) Scheme
This is an extension of the existing PCG scheme, which was offered earlier to public sector banks (PSB) for buying high-rated pool of assets from financially sound non-banking financial companies and housing finance companies. The scheme has been extended to the PSBs for:

(1) Purchase of pooled assets having a rating of BBB+

(2) Purchase of bonds and commercial papers (CPs) with a rating of AA and below, through primary issuance of non-convertible debentures (NCDs) or CPs for a tenure of upto 18 months (CPs upto 1 year)

Under the extended scheme the first loss of 20% is to be guaranteed by the Government of India. The overall ceiling of the guarantee is of ₹ 10,000 crores under this scheme which means upto ₹ 50,000 crores of primary NCDs/CPs can be supported under the scheme. For the purchase of pooled assets, the scheme is valid till March 31, 2021; and for the buying of bonds/CPs, the portfolio is to be built in three months' time. The verification/evaluation of compliance with approved criteria and the performance of other operational functions under the scheme has been delegated to SIDBI.

Emergency Credit Line Guarantee Scheme (ECLGS)
The Union Finance ministry announced ₹ 3 lakh crores of ECLGS for helping the MSMEs. These loans to be provided by bank and NBFCs/HFCs upto 20% of the entire outstanding credit as on February 29, 2020 will be 100% credit guaranteed by the National Credit Guarantee Trust Co. Ltd. (NCGTC) in the form of a Guaranteed Emergency Credit Line (GECL) facility. The applicable risk weights for such funding is also nil, which is a very positive move to pump liquidity for the mass and broader economy.

Deferment of interest on working capital facilities
With respect to working capital facilities in the form of cash, credit/overdraft, lending institutions are allowed to defer payment of interest for another three months, from June 1, 2020 to August 31, 2020, in addition to the three months allowed on March 27, 2020.

Ease of payment of accumulated interest for the deferment period
In order to ease the difficulties a borrower could face in repaying the accumulated interest for the deferment period on working capital facilities, lending institutions are permitted to convert the accumulated interest (upto August 31, 2020) into a funded interest term loan, which is repayable no later than the end of March 31, 2021.

Easing of working capital financing
For working capital facilities, lending institutions are allowed to recalculate the 'drawing power' by reducing the margins till August 31, 2020 and restore to the original levels by March 31, 2021.

Further, lending institutions are permitted to reassess the working capital cycle upto an extended period till March 31, 2021, which will enable lenders to make an informed assessment on the impact of the pandemic on the borrowing entity.

However, such changes will not be treated as concessions granted due to financial difficulty of the borrower and consequently, will not result in asset classification downgrade.

Extension of resolution timeline
Under the Prudential Framework, lending institutions are required to hold an additional provision of 20% in the case of large accounts under default, if a resolution plan has not been implemented within 210 days from the date of such default. Given the continuing challenges to the resolution of stressed assets, lending institutions are permitted to exclude the entire moratorium/deferment period from March 1, 2020 to August 31, 2020 from the 30-day period or the 180-day resolution period, if the period had not expired as on March 1, 2020.

ARSENAL OF POLICY MEASURES TO ADDRESS THE LIQUIDITY CONCERNS

Fiscal
- Providing guarantees against loans extended to MSMEs
- Relief from insolvency proceedings in FY 2020-21
- Indirect equity infusion in MSMEs through fund of funds
- Creation of liquidity facility to facilitate purchase of debt paper of NBFCs and HFCs

Monetary
- Slashing of benchmark interest rates
- Lowering of reserve requirements for banks by cutting CRR
- Ramping up of open-market operations
- Targeted liquidity infusion through TLTRO
- Regulatory forbearance, including extending moratoriums
- Special liquidity windows and refinancing facilities to certain financial entities

INDUSTRY REVIEW: FOCUS ON LIQUIDITY AND ASSET QUALITY OF HFCS

HFCs were undergoing a challenging period on the back of muted demand and emerging asset quality concerns. This was aggravated by the near halt in economic activities following the COVID-19 outbreak. Funding and liquidity positions of HFCs are likely to remain under pressure in the coming months, as collections stay subdued. Going forward, the industry focus will be more on asset quality and liquidity of HFCs, rather than growth. While all HFCs are facing significant headwinds because of the currently evolving situation, their ability to keep adequate liquidity and control the asset quality would be the key differentiator.

HOUSING CREDIT GROWTH REMAINS SUBDUED

The overall on-book housing loan portfolio growth of HFCs and NBFCs slowed significantly to 6% year-on-year, for the period ended December 31, 2019, owing to lower disbursements due to continued funding constraints for the sector and portfolio sales made by HFCs through securitisation. Banks continued to outpace housing credit growth at HFCs, partly supported by portfolio buyouts, leading to an overall market growth of 13% (vs. 16% in the year earlier). The total housing credit outstanding stood at ₹ 20.7 lakh crores, as on December 31, 2019.

The COVID-19-induced slowdown is likely to further impact the performance of HFCs, which were facing slower growth, liability and asset quality-related challenges in FY 2019-20. Housing credit growth is expected to be in the range of 9-12% in FY 2020-21 (lower than the last three years' CAGR of 16%). The growth is expected to be slower in H1 FY2020-21, while recovery in H2 FY2020-21 would depend on the overall economic turnaround.

₹ 20.7 lakh crores

Total housing credit outstanding
as on December 31, 2019

Source: 'Indian Mortgage Finance Market April 2020' – ICRA report with information up-to Q3 FY2019-20

ASSET QUALITY LIKELY TO DETERIORATE

The pressure on asset quality is expected to mount due to the lockdown and the consequent impact on borrower cash flows and viability. Overall, the impact will be felt across all segments – housing loans, loan against property (LAP) and construction finance. Within housing, the asset quality in the affordable and self-employed segment could worsen more vis-à-vis the salaried segment, which is expected to exhibit more resilience, except in sectors that could face salary cuts/job losses impacting their debt-servicing capacity. Further, the liquidity of repossessed properties could get impacted, which could also impact the losses on the sale of properties, especially those that were financed at higher loan-to-value (LTV) ratios.

The overall gross non-performing assets or GNPAs (Stage 3 assets as per revised Ind-AS June 2018 onwards) increased to 2.2% as on December 31, 2019 (vs. 1.6% as on March 31, 2019) due to a deterioration across HFCs in the wholesale loan construction finance segment, given the tight liquidity faced by some developers with delayed projects and the reduced fund availability for the developers.

Going forward, the loss of livelihoods and a reduction in income, especially for self-employed borrowers engaged in non-essential services, are likely to impact incomes and hence the asset quality of retail home loans as well. While the lifetime losses on secured retail loans such as home loans and LAP are partly by the underlying collateral and a moderate LTV, a downward movement in property prices could expose lenders to higher levels of credit risk. GNPAs in the housing segment are expected to increase to 1.8-2.0% in FY 2020-21, while slippages in the non-housing segment could be higher, leading to overall GNPAs of 3.0-3.5% in FY 2020-21.

2.2%

GNPAs as on December 31, 2019

Source: 'Indian Mortgage Finance Market April 2020' – ICRA report with information up-to Q3 FY2019-20

IMPROVING FUNDING MIX AS CP BORROWINGS GET REFINANCED BY BANK BORROWINGS

CP borrowings accounted for 5% of overall borrowings of HFCs, as on December 31, 2019 (vs. 7% as on December 31, 2018 and 10% as on March 31, 2018). Meanwhile, the share of bank borrowings rose to 26% as on December 31, 2019 from 24% as on March 31, 2019, while that of securitisation increased to 14% from 12%. Securitisation will help raise funds. However, access to funding, though improving, will remain constrained for a few. Rollover of short-term borrowings will be limited and TLTRO is likely to benefit larger players.

26%

Share of bank borrowings in overall borrowings for HFCs as on December 31, 2019

Source: 'Indian Mortgage Finance Market April 2020' – ICRA report with information up-to Q3 FY2019-20

COMFORTABLE CAPITALISATION LEVELS, BUT PROFITABILITY UNDER PRESSURE

Aggregate on-balance sheet gearing, which had decreased to 5.6 times as on December 31, 2019, remained largely unchanged at 6.1 times as on March 31, 2019. Despite the high leverage of many HFCs, the reported capital adequacy remained good with a median capital to risk assets ratio (CRAR) of 18.3% as on December 31, 2019, supported by relatively low risk weights for home loans and commercial real estate loans for residential projects. While the overall capitalisation indicators are comfortable for the sector, the economic capitalisation indicators for some HFCs weakened due to the increased vulnerability of the wholesale book, leading to higher capital requirements.

18.3%

CRAR as on December 31, 2019

Source: 'Indian Mortgage Finance Market April 2020' – ICRA report with information up-to Q3 FY2019-20

Going forward, net interest margins (NIMs) are expected to remain stable as the cost of funds could moderate. However, a slowdown in growth is likely to impact operating expense ratios. While the profitability indicators for FY 2019-20 are likely to remain rangebound between 13% and 15% (partly supported by the upfront income booking on assignments), a prolonged slowdown in growth and the COVID-19 related impact on asset quality could lead to an increase in credit costs and weigh on the profitability indicators in FY 2020-21.

LONG-TERM OUTLOOK REMAINS INTACT

Mortgage penetration in India continues to increase steadily and the long-term prospects of the housing segment remain strong. The mortgage penetration in the Country has increased by 2.5% since March 2014 upto December 2019. Still the penetration is much lower than many other countries.

In the near term, some people may defer their home purchases and home improvement/extension decisions till they are able to achieve stability in income levels/resumption in business activities. However, the long term outlook remains intact.

10.3%

Mortgage penetration in India as on December 31, 2019

Source: 'Indian Mortgage Finance Market April 2020' – ICRA report with information up-to Q3 FY2020

PNB HOUSING REVIEW: BUILDING AN ENDURING INSTITUTION OF TRUST

FY 2019-20 was a challenging year for the sector as well as the Company. We focused on strengthening our balance sheet. With a prudent sourcing strategy, we maintained a healthy liquidity position and built a strong deposit franchise, considered the second largest in the market.

In terms of business segments, we increased the share of retail from 79% of our assets under management (AUM), as on March 31, 2019, to 82% as on March 31, 2020; retail accounted for 92% of disbursements, up from 73% a year earlier. Our branch network in Tier-II and Tier-III cities stabilised, allowing us to grow the individual housing loan segment with a focus on sourcing and fund completed properties and projects. Meanwhile, we not only reduced our corporate loan sanctions and disbursements, but also tightened our lending norms and heavily invested in IT enablement of the workflow to further make operations robust and world class.

We sanctioned 73,553 loan applications in FY 2019-20, down 34% year-on-year, respectively. We disbursed ₹ 18,626 crores of loans in FY 2019-20, which was 48% lower than that of FY 2018-19. AUM was at ₹ 83,346 crores, down 2% year-on-year. Loan Assets moderated 9% to ₹ 67,571 crores on account of lower disbursements and higher securitisation during the year. We sold loans of ₹ 9,311 crores through the direct assignment route during the reporting period, as compared with ₹ 7,337 crores during FY 2018-19.

We maintained higher liquidity on our balance sheet. As on March 31, 2020, we had cash and cash equivalents of ₹ 8,514 crores. Deposits grew 15% year-on-year to ₹ 16,470 crores. We sourced around 1,50,000 deposit applications amounting to ₹ 9,120 crores, up by 69% and 56% year-on-year, respectively.

We strengthened our existing teams and created specialised groups of skilled professionals from various streams to monitor, measure and proactively mitigate risks arising out of the current environment. We made collective efforts to support the recovery team across geographies, in containing early delinquencies, resolving NPAs and reducing assets held-for-sale.

Overall, we continued to adopt a balanced approach to business and growth with a keen eye on asset quality and profitability. We took every measure to safeguard the interest of our human capital and with their continued support, we are confident of emerging as a much stronger entity.

The Board of the Company, on July 30, 2019, accorded an omnibus approval to raise capital of upto ₹ 2,000 crores, which is currently being worked on.

RESPONDING TO COVID-19: SURVIVE, SUSTAIN AND SHIFT GEARS

As advised by the Government, PNB Housing has complied with all the directives issued with regards to COVID-19. Consequently, the Company closed all its offices including branches, outreaches, hubs, zonal offices and central office, effective March 2020. During the lockdown, the Company immediately activated its business continuity plan (BCP) and seamlessly shifted to remote working. At the same time, the Company leveraged on its robust technology to efficiently manage all the critical activities like customer service, recovery, liquidity management, treasury, EMI collection, vendor payments, among others. While doing so, the Company ensured to safeguard its systems from any data leakage and data security. During these times, we followed the 3S approach, that is, Survive, Sustain and Shift gears.

SURVIVE	SUSTAIN	SHIFT GEARS
• Health and safety of our employees accorded paramount importance • 100% offices closed during Lockdown 1.0 • 80% employees worked from home • Moral and emotional connect with the employees maintained	• Continue business in a secure manner and with sufficient precautions • Focus on customers service, collections and treasury operations • Strong deposit franchise with mobilisation of ₹ 9,120 crores in FY 2019-20 • 100% of our branches are now operational	• Focus on mass housing and capital-efficient retail segment • Digital transformation: sourcing to sanction, through e-medium and enhance our digital interventions in underwriting, collections and other functions • Tightening of underwriting policy incorporating changes arising due to COVID-19 • Focus on reducing operating expenses • Re-prioritisation of IT initiatives for the financial year

KEY COVID-19 RESPONSE INITIATIVES

- **People**
  Aligned with the Company's first core value, 'People first', proactive measures were implemented to minimise the impact of COVID-19. Right from an enhanced cycle of sanitation, continuous monitoring through first information officers (FIOs), personal hygiene to the activation of the BCP on March 21, 2020, the Company took every step to ensure the health and safety of its employees. All employees were asked to work from home and necessary arrangements were made. The human resource (HR) team engaged with the employees periodically to ensure their mental well-being. Further, to enhance knowledge and productive engagement, the Company initiated functional and behavioural online trainings and workshops for its employees, subsidiaries and vendors, among others. During the lockdown, in the month of April and May 2020, 44,000 person-hours were spent on online trainings.

- **Information technology**
  The Company heavily leveraged its investments in technology. The Enterprise System Solution ensured that the business activities could be carried out from a work-from-home environment. The Company implemented a cloud-based virtual system interface solution was implemented to facilitate secured remote access to PNB Housing enterprise applications and data.

- **Customer service and operations**
  Going by the second core value, 'Customer-centric', with the help of technology, several measures were undertaken to ensure that customers can reach out to the Company via calls, chat, interactive voice response (IVR) and e-mails. The Company constantly engaged with its channel partners and other stakeholders spread across India. They were also provided online trainings and workshops. The Company took measures to respond to customers in a timely manner. While our teams worked from home, different communication channels were made available to customers. During the lockdown, customer engagement was effectively maintained with a service turnaround time (TAT) of 95%.

  Central Operations performed all its critical processes covering electronic transactions in the work-from-home environment, including EMI banking, refund processing, pay-out processing, among others. 98% of EMI payments happen electronically and the balance is primarily received through post-dated cheques. During the lockdown, 13 EMI cycles were seamlessly handled from home.

- **Collections**
  Collections was an area impacted by the lockdown. The Company enhanced its collection efforts by utilising cross-functional teams like business and underwriting; however, due to the lockdown, various activities, namely, property possession, auction, field collection, among others, could not be completed. Customers were offered alternate modes of payment like Airpay and Paytm to ensure convenience and ease of payment. The collection efficiency (excluding moratorium) was at 98.63% and 98.47% in Q4 FY2020 and FY 2019-20, respectively.

- **Liquidity management**
  The Company maintained sufficient liquidity of ₹ 8,514 crores as on March 31, 2020 and ₹ 5,850 crores as on June 5, 2020. Additionally, the Company has sanctioned, but undrawn lines of over ₹ 4,500 crores. The Company was among the first ones to borrow ₹ 750 crores from the NHB under the Special Refinance Facility announced by the RBI in April 2020. The Company is the first HFC to sign a funding of US$75 million via external commercial borrowing (ECB) from Japan International Corporation Agency (JICA). Considering its robust liquidity position, the Company offered moratorium on EMIs to its customers, but did not avail the facility from its lenders and serviced its financial obligations in a timely manner.

- **Moratorium**
  In context of the moratorium, on March 27, 2020, to mitigate the burden of debt servicing and provide relief to borrowers, Reserve Bank of India announced moratorium on loans for three months from March 2020 to May 2020 (Phase 1). This was further extended by another three months upto August 2020 (Phase 2). The Company adopted an 'opt in' route for accepting customer requests for moratorium.

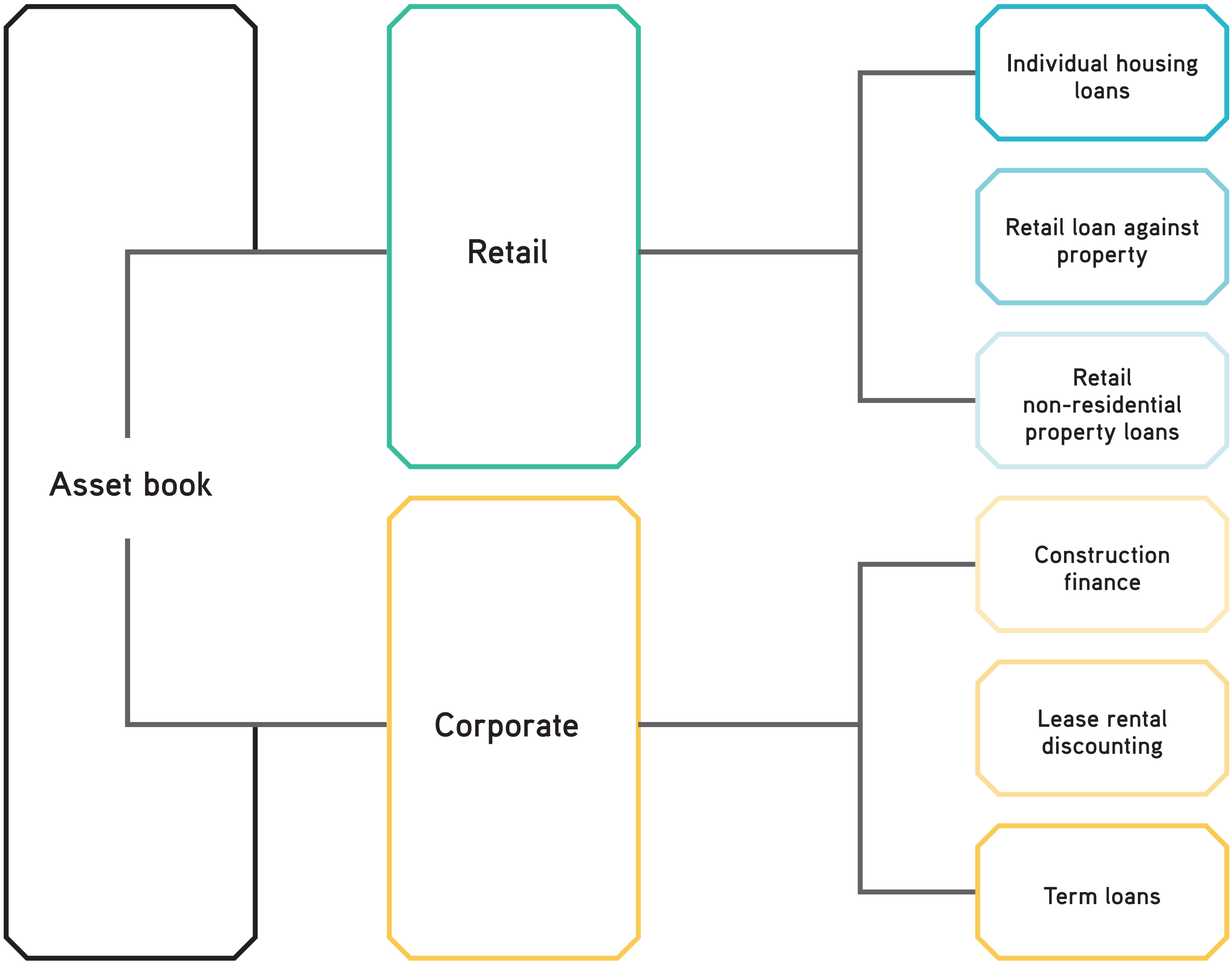
As on June 5, 2020, under the first phase of the moratorium, ~56% of Company's AUM have opted for moratorium and under the second phase, ~31% of Company's AUM opted for moratorium – indicating a sharp drop in the customers requesting for moratorium. Retail loans accounted for 49% of the retail AUM under the first phase and 20% under the second phase.

- **Corporate Social Responsibility**
  As a responsible corporate, PNB Housing came forward to support the nation. The Company allocated around ₹ 2.04 crores towards COVID-19 relief for supporting the following:
  - Partnered with the National Centre for Biological Sciences for research on developing washable personal protective equipment (PPE) and COVID-19 diagnostic tests, and supporting clinical assessment for rapid screening of new drugs
  - Contributed to the Prime Minister's National Relief Fund (PMNRF) and the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)
  - Supported provision of 'essentials kit' to migrant worker families
  - Undertaken an R&D programme in partnership with IIT Delhi, to develop sustainable PPE material

INTRINSIC AND STRATEGIC STRENGTHS

Balanced segment mix

The Company's asset book is divided into retail and corporate. The retail book consists of individual housing loans, retail loan against property (LAP) and retail non-residential property loans (NRPL). Corporate loans comprise construction finance, lease rental discounting and term loans.



During the year, the Company made disbursements worth ₹ 18,626 crores. With the objective of optimising the capital consumption and keeping in mind the lower risk weights applicable on individual housing loans, the Company focused on disbursing in the retail segment. The retail segment contributed 92% to the total disbursements. Individual housing loan accounted for the lion's share in total disbursements, at 64% of the retail disbursements.

The Company started focusing on building a mass housing portfolio within its individual housing loan book, that is, the Unnati home loans. Unnati aims to capitalise on the vast opportunity landscape in the mass housing segment. The Government has launched several initiatives to boost this segment, from expanding the definition of the Pradhan Mantri Awas Yojna (PMAY) to MIG-1 and MIG-2, to the extension of tax benefits on the supply side. The maximum ticket size in this category is ₹ 35 lakhs. The Company logged in 17,594 files under Unnati and disbursed ₹ 1,169 crores at a blended yield of 11.16%, which was 180 basis points higher than the prime home loan yield of 9.37%.

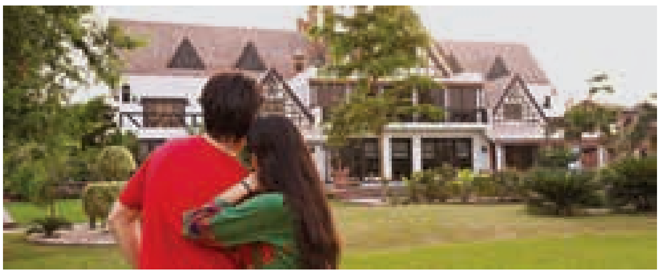
The Company closed the year with an AUM of ₹ 83,346 crores. The retail asset contributes 82% to the AUM and corporate loans 18%. Individual housing loans constitute 58% of the AUM, retail LAP 20% and retail NRPL 4%.

In the corporate loan book, the exposure has reduced to 18% of the AUM, from 21% of the AUM as on March 31, 2019. This comprises 12% construction finance, 4% corporate term loan and 2% lease rental discounting. During the year, we down sold corporate book worth ₹ 2,307 crores. Further, in corporate loans, only existing commitments were honoured, and fresh business was not acquired.

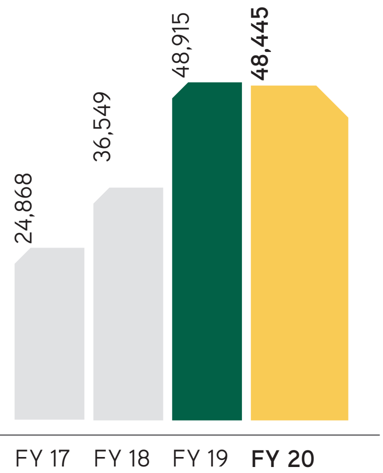
82%
Of AUM comprise retail assets

Individual housing loans

The average ticket size (ATS) of individual housing loans was ₹ 29 lakhs. Salaried customers accounted for 72% of the individual housing loans, while self-employed contributed 28%. The Company has a conservative approach towards underwriting and disbursing loans. The LTV for individual housing loan is at 71% as on March 31, 2020. The Company was pre-emptive in its approach and considering the risk associated with the under-construction properties, focusing on the home loan disbursement for the purchase of ready properties. As a result, the share of the under-construction portfolio in the individual housing AUM decreased from 31% as on March 31, 2017 to 19% as on March 31, 2020.

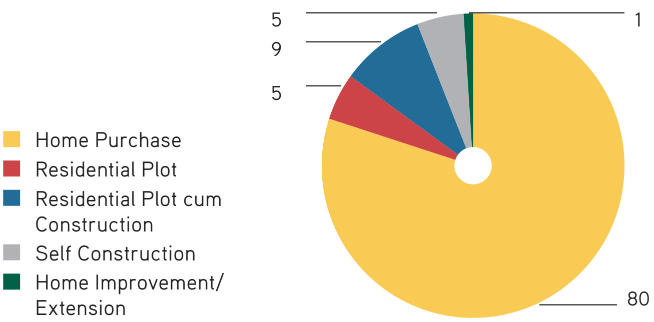


Individual housing loans: 58% of AUM* (₹ crores)

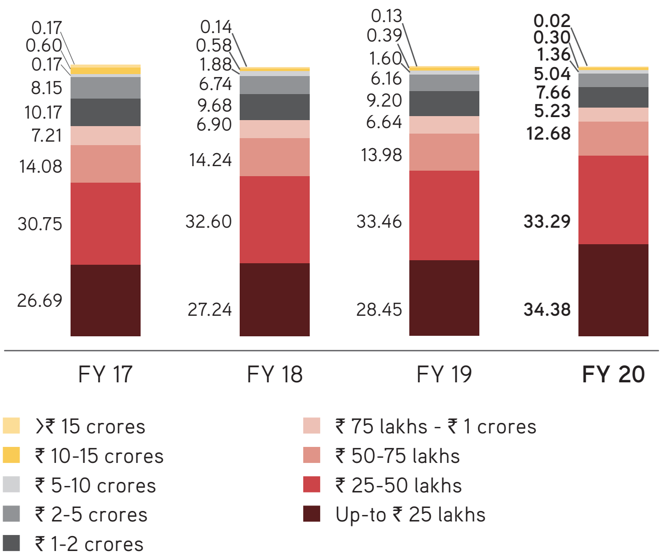


*as on March 31

Individual housing loan break up (%)



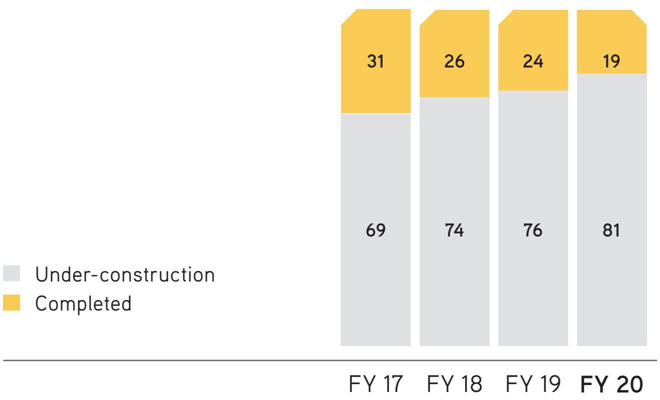
Individual housing loans: ATS range* (%)



*as on March 31

Individual housing loans: Under-construction vs Completed

(%)

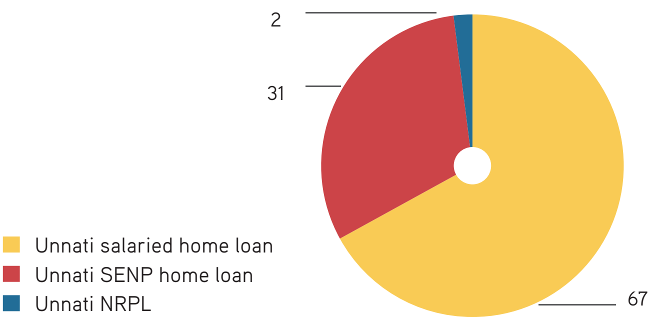


Unnati loans

The Company's focus on Unnati home loans has been very cautious and calibrated, ensuring quality sourcing while gaining competitive pricing edge in the segment. The ATS of Unnati home loans was ₹ 17 lakhs.

Unnati segment mix

(%)

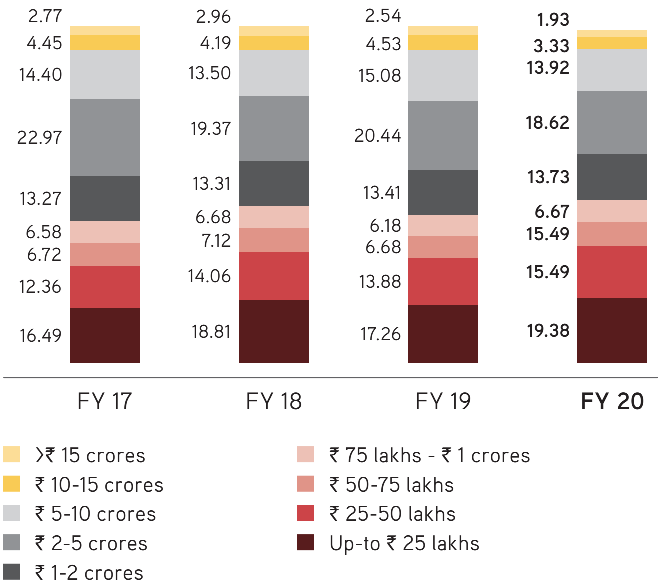


Retail loan against property

The Company, over time, has been conservative with its approach towards the retail LAP business. The ATS, over time, has reduced to ₹ 47 lakhs, as on March 31, 2020. The weighted average LTV was maintained below 50%. The self-employed segment accounts for 81% of the retail LAP book.

Retail loan against property: ATS range*

(%)



*as on March 31

Retail non residential premises loan

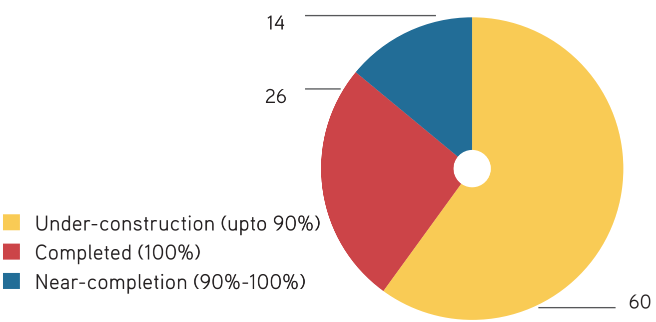
Retail NRPL contributes 4% to the asset under management. These loans are given for the construction of the commercial property. The ATS for retail NRPL is ₹ 44 lakhs.

Construction finance loan
Construction finance, as defined by the NHB, refers to the loans given to the developers for construction of residential dwelling units. This book comprises 12% of the AUM, as on March 31, 2020 and the ATS on a unique corporate house basis is ₹ 148 crores. The construction finance book is spread across 108 developers, with top seven markets contributing 87% of the AUM.

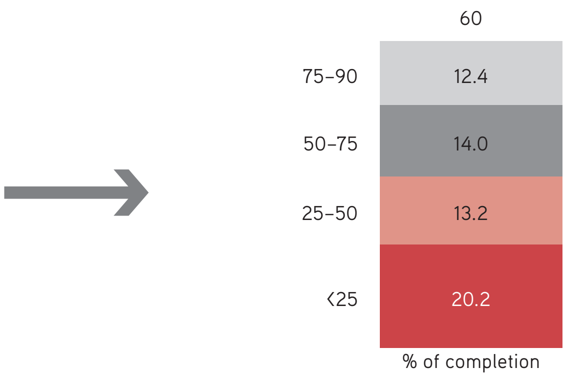
18%
Of AUM comprise corporate assets

141
Unique developers comprise our corporate book, as on March 31, 2020

Construction finance loan (as on March 31, 2020) (%)



Under-construction further break-up (%)



Corporate term loan
Corporate term loan refers to the loans given to the developers either for construction of commercial units or as a term loan secured against a mortgage. This book comprises 4% of the AUM, as on March 31, 2020 and the ATS on a unique corporate house basis is ₹ 104 crores. The corporate term loan book is spread across 46 developers, with top seven markets contributing to 86% of the AUM. The cash flows are clearly identified and earmarked for the corporate term loan book.

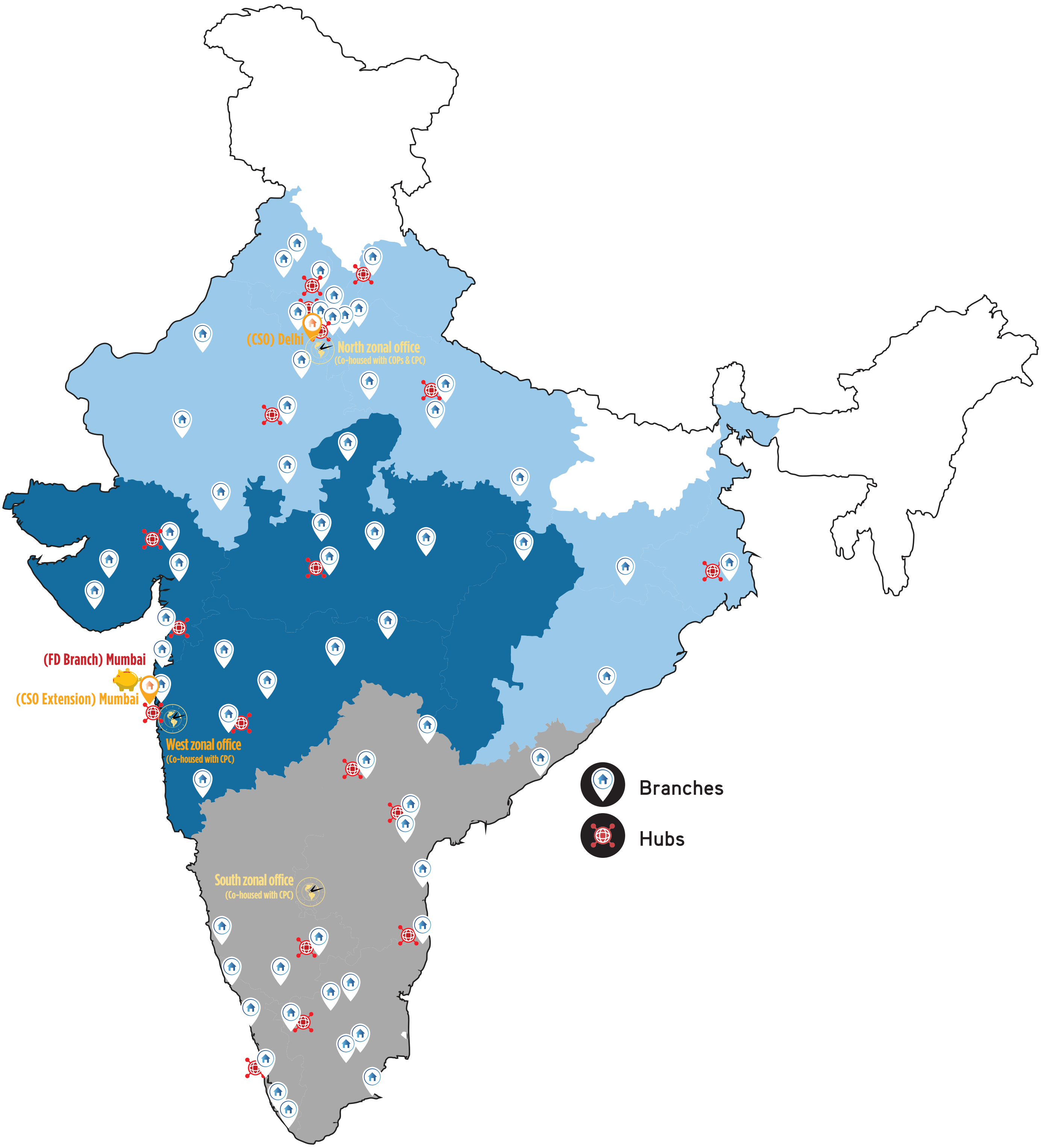
Lease rental discounting
Lease rental discounting refers to the loans given to the developers against the rental receipts derived from lease contracts with corporate tenants. This book comprises less than 2% of the AUM as on March 31, 2020 and the ATS on a unique corporate house basis is ₹ 98 crores. The lease rental discounting book is spread across 13 developers, with a presence in seven large cities. 100% of the lease rental discounting book is backed by leased out commercial office buildings with multiple tenants.

Balanced channel and geography mix
Of the total disbursement of ₹ 18,626 crores, 57% were contributed by in-house channels, and the rest were acquired through third-party channels. By geography, the northern zone accounted for 29%, the western zone 41% and the southern zone 30%. Three branches were operationalised during the year under review, taking the total count to 105 branches and 23 hubs, spanning 64 cities. The Company also marked its presence through 28 outreaches across three zones.

For Unnati, in-house channels contributed 75% of the disbursement, while third-party channels contributed 25%. The western zone contributed 46%, followed by the northern zone at 32% and the southern zone at 22%.

105
Branches across 64 cities

Our office network



PHFL Home Loans & Services Limited (PHFL)

The wholly owned subsidiary, PHFL primarily focuses on sales and distribution functions of PNB Housing. The dedicated arm has reduced dependence on external sources for acquiring new businesses. It contributed to over 50% (disbursement) of the Company's total retail asset business during FY 2019-20. The Company has also been providing adequate processing support to ease the delivery process for customers.

Reliable funnel for leads

Our ISO-certified Contact Centre executives are the first point of contact for prospective customers and a great support to the in-house sales team. During the year, digital activities were focused towards home loan acquisition. Our contact centre today serves customers with six different language options (English, Hindi, Tamil, Telugu, Malayalam, Kannada) to improve the customer experience and have better local connect.

To serve our customers with multilingual facility, we started a Contact Centre in Bangalore.

The Contact Centre sourced 8,583 loan applications and 5,999 sanctions amounting to ₹ 1,422 crores and ₹ 979 crores of disbursement during FY 2019-20.

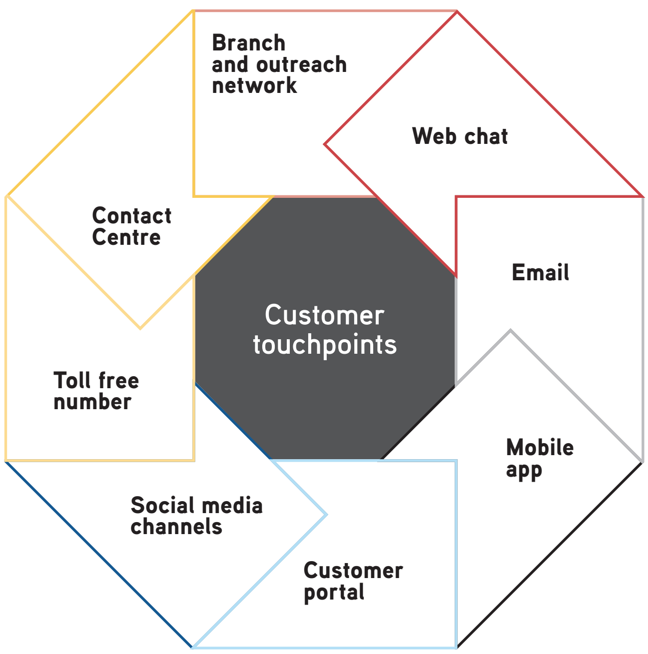
During the year, due to reduced disbursements, the Contact Centre realigned its digital media presence to scale up fixed deposit penetration. Close to 2.14 lakh fixed deposit enquiries were generated during the year, of which 18,197 qualified leads/appointments were made through the Contact Centre, translating into 6,422 fixed deposit applications for ₹ 254 crores.

~8,600

Loan applications sourced by the Contact Centre

Innovating with customers at the core

Our footprint in the mass housing segment is expanding incrementally, making it imperative to achieve economies of operations and proactively cater to the evolving needs of this segment. Customer service is the main pillar of the customer onboarding, engagement and retention strategy. The brick and mortar structure of 105 branches, supported by a central Contact Centre enables PNB Housing to provide multi-channel access for various services, to its loan and deposit customers. Both units i.e. the branch operations and the Inbound Contact Centre (ICC) are ISO 9001 certified. The certification signifies the standardisation of operating procedures for services across all channels.



The common customer relationship management (CRM) system, TALISMA, which is tightly integrated with the ERP system, forms the backbone of the service processes. It is the common thread which runs seamlessly across various units.

PNB Housing believes that transparency brings in commitment. Investment in technology has empowered us to provide self-service features on the customer portal mobile app, which has seen a 70% penetration amongst the asset customers. Similar modules on IVR enable the customer to access their accounts 24x7. Investment in practical technology, a robust CRM system and a tight monitoring mechanism has allowed PNB Housing to serve customers within the prescribed TAT in 96% of requests.

Since the Company is spread across the length and breadth of the country, the ability to communicate in local language was understood as one of the key parameters of the customer engagement strategy. Apart from the brick and mortar branches, where the staff is conversant in local language, the capability was enhanced even in the alternate channels handled by the ICC. It serves the customers in seven major languages including those of South India. The automated self-service IVR is also available in these languages.

Constant improvement basis the voice of customer has been the centrepiece of the service agenda. Listening to the customer helps PNB Housing design practicable and pragmatic processes and products. In the fourth quarter of last year, PNB Housing embarked upon the journey of recording and monitoring the net promoter score (NPS) from customers. The indigenously designed model, covers all customer touchpoints in the process lifecycle: sanction, disbursement, post disbursement service and deposit booking. At all steps, recorded calls soliciting customer feedback are broadcasted. The feedback scores are supplemented by targeted calls to customers who scored us low; this helps identify sticky points, where we can make improvements.

- The ability to deliver value at the first time and a million times over, is dependent on the training and retraining imparted to the frontline workforce. Our integrated training interface, Training Nuggets was rolled out during the year, wherein we embraced a multichannel approach to disseminate information on products and processes in a modular manner.
- The Ministry of Housing & Urban Affairs and the NHB launched the CLSS Awas Portal (CLAP) to process the Pradhan Mantri Awas Yojana Subsidy (Urban) applications online. The portal enables customers to track the status of their applications online without having to depend on anyone for any information. PNB Housing is one of the three HFCs registered on CLAP. Through the new portal, 14,000 applications were moved, of which about 1,000 were approved on CLAP, awaiting the release of subsidy. In January 2020, we executed the electronic protocol to exchange real-time information through CLAP APIs.
- 45% of recorded transactions came through alternate channels (email, portal, webchat); 23% were registered through the centralised toll-free number, taking the share of non-branch transactions to 68%.
- The uptake of our online disbursement facility, available on mobile and web platforms, saw a healthy momentum. More than 60% of the subsequent disbursement requests came through online channels.

>60%

of subsequent disbursements processed online

Property Services Group

PNB Housing has established a network of reputed developers across the country and built strong relationships with them over the years. With its vast network, the Company has gained access to a wide menu of property inventory across sizes and budgets.

Often home buyers, who approach PNB Housing for home loans, seek pre-approved loans before finalising a property. In this way, they are able to ascertain their loan eligibility and search for properties of an appropriate price. The Company offers customers services that can help them in selecting and finalising the most optimal property, considering their budget and other requirements. Playing the role of a facilitator, the Company introduces the developers to customers guiding them in the first step towards fulfilment of their property requirements.

Property Services by PNB Housing is a unique platform, where customers can avail special offers and discounts from selected developers, while seeking their dream homes.

Key benefits

- Complimentary services extended to customers for shortlisting and finalising the ideal property
- Customers have access to developers offering a wide range of properties spanning all sizes and prices
- Customers have access to lucrative deals offered by developers
- Only RERA and SARFAESI approved projects are onboarded
- Customers have an option to discuss and negotiate with developers directly

Proactive marketing activations

Our marketing initiatives are largely designed to complement our business objectives and enhance brand recall. Our tactical approach was to build on-ground activities that were high impact and cost effective, while launching focused digital campaigns through multiple modes like affiliate marketing, display advertisements on targeted sites, ads on social media platforms, customer engagement through branded content, among others.

During the year, we launched our first ever multimedia product campaign for fixed deposits in major markets like Pune, Jaipur, Hyderabad, Ahmedabad, Bangalore, Chennai, Kolkata, Delhi NCR, Mumbai and Lucknow, helping create higher on-ground visibility. We updated all our communications to different regional languages to gain a wider acceptance. We participated in select annual exhibitions and conferences to tap into niche audiences. Round-the-year engagement on the web has helped us further enhance our reach and start conversations with the tech-savvy customers of today.

*Under production

Blending the art and science of credit underwriting

PNB Housing is committed to building a loan portfolio that is in tune with the credit risk appetite. We follow a robust credit underwriting process spanning across retail and corporate segment, backed by a favourable sourcing mix, scalable hub-and-spoke operating model, centralised portfolio monitoring, rigorous recovery processes and proven expertise. Our GNPA at AUM level is 2.29%. The GNPA at loan assets is 2.75% (retail book GNPA at 1.25% and corporate loan book GNPA at 8.18%) with healthy provisions. The life to date write-offs by the Company is 10 basis points of the cumulative disbursements.

We believe in this dynamic environment, the best risk mitigant approach is to build a cushion against the same. Hence, we have created provisions worth ₹ 471 crores on account of COVID-19 and based on the current indication of future economic condition, the Company considers the expected credit loss (ECL) provision to be adequate. As on March 31, 2020, our total provision to assets stands comfortably at 2.61%. The provision coverage ratio for Stage 3 has moved up to 36.23% as of March 31, 2020 compared to 20.95% as of March 31, 2019. The Stage 3 provision coverage ratio for the corporate book is 42.2% and retail is 25.4% as on March 31, 2020. Along with Stage 3, the Company has created adequate provisions in Stage 2 and Stage 1 at 17.2% and 1.06% respectively. The total provision coverage ratio stands at 95%.

23

Specialised processing hubs across the country perform underwriting of loans

ROBUST RISK BUYING: FROM UNDERWRITING TO COLLECTIONS

Specialisation

- Professionally qualified with vast mortgage experience
- Stable and vintage cadre of senior personnel
- Specialised roles, distinguished responsibilities and collective decision making
- Predictive service standards

Customer profiling

- Selective approach to customer profiling
- Evidence-based income assessment and established banking relationships
- Seasoned mass affluent customers with multiple assets and credit tested
- Mandatory touch base with self-employed customers at their work premises

Other mitigating measures

- Mark-to-market policies with tailormade offerings
- Multiple checks and balances with maker-checker approach
- Workflow based assessment on single IT platform
- Use of technology verification of customer data points and geo-tagging of properties

3C approach: Counsel, Collect and Cure

- Periodic portfolio scrub for early warning signs
- Efficiencies through centralised banking
- In-house Contact Centre
- Special cadre for resolution through legal tools
- Collections on the go through mobility for effective supervision

Retail underwriting: Leveraging technology, strengthening processes

PNB Housing realigned its retail business acquisition strategy this year, shifting focus to mass housing, including Unnati home loans and resale properties. There has been a significant movement in the portfolio quality monitoring, with deeper emphasis on enhancing personal connect with customers and ensuring timely repayments. The other focus area during the year was on controlling the file processing costs by leveraging digital tools.

In the retail segment, the Company witnessed a 33% reduction in logins and a 34% reduction in sanction numbers. Within retail, for the individual housing loan, there was a 40% decline in logins and 41% in sanctions. This is attributed to the weak real estate market sentiment as well as cautious decision making to avoid under-construction properties and certain customer segments. For non-housing segment, logins reduced by 6% and sanctions by 5%. A target-based approach was undertaken in these segments, where customers had to meet working capital requirements.

To meet customer expectations on delivery and service, the Company undertakes a focused approach in delivering an optimum end-to-end TAT from the customers' perspective, that is, from the receipt of the file at the branch to sanction at the hub. During the year, 80% of loan applications were approved in ~3.5 working days (wing to wing: from reference generation to sanction), improving upon the figure of ~4.5 working days in FY 2018-19. This was on account of an increased use of digital tools, benefits arising out of successful implementation of Total Quality Management and the conscious drive to better TAT.

WIDE GAMUT OF DIGITAL TOOLS USED IN CREDIT APPRAISAL

Fraud detection	Project monitoring	Work e-mail validation	Vendor management	KYC verification	Banking analytics
• Common pool of fraud customers from over 100+ major financial institutions in India • Improved efficiencies	• Automatic monitoring for top 8 business locations covering 70% of business volume • Better operational efficiency	• Effective way of employment verification without personal visit • Real-time check of employer domain and mailbox	• State-of-the-art features like GPS coordinates, digital signature, live dashboard, etc. • Better control and monitoring	• Online verification from authentic data sources • Efficient document sampling • Captures customers with alternate credit history	• In-depth and informative analysis at a click • Reduction in TAT • Faster results with minimal human intervention

SME functions: Pillars of underwriting

- **Fraud Control Unit (FCU)**
  The Company adopted digital initiatives that are performing well and assisting in arresting market frauds. With the adverse macroeconomic scenario and market inputs, the Company propelled stricter norms in document screening and resulted in sampling 63% of cases, which yielded a hit-rate of 3.12% for FY 2019-20. The team has conducted ~200 training sessions covering a wide variety of topics related to fraud prevention and deterrence to enhance efficiencies and productivity.

- **Technical Services Group (TSG)**
  TSG approved 992 new projects under the advance processing facility (APF), which was lower than a year earlier due to fewer launches as well as the greater emphasis on the quality of APF portfolio by increasing approvals in Category A and B developers. Also, the focus of the Company shifted towards completed properties. To keep a tab on exposures to developers at various stages of construction, the Company periodically reviewed the funding limits.

- **Legal counsel**
  We efficiently manage the PDD monitoring process for tracking and document collection through empanelled vendors in balance transfer and resale transactions. We extensively use our search platform to detect defaults, any litigation filed against companies, among others.

Corporate underwriting: Robust monitoring amid turbulence

PNB Housing remains cautious about lending in the corporate space and during the year, did not sanction any new loan in this segment. The corporate loan business is managed by a team of relationship managers in key markets, experienced credit underwriters and qualified operations personnel, along with specialised legal and technical experts, who ensure continued delivery of high-quality services and closer monitoring of the portfolio amid the ongoing turbulence. During the year, the Company tightened its monitoring norms and made necessary restructuring to make operations robust.

CORPORATE BOOK: RISK BUYING AND REVIEW MECHANISM

Risk buying

- External valuation and legal title checks to supplement in-house expertise
- Centralised team with specialisation across acquisition, technical, legal, credit and operations
- Effective risk management with segregation of responsibilities
- Stress test at the start of a relationship with clear guidelines
- Construction-linked disbursement

Credit covenants

- Minimum security coverage ratio of 1.5x; weighted average as on December 31, 2019 is 2.25x
- Average cash receivable coverage (net of project expense) of 1.5x
- Collections through escrow mechanism

Monitoring

- Fund utilisation, sales velocity, collection efficiency and escrow discipline
- Continuous monitoring at the time of every subsequent disbursement; and RAG analysis on a regular basis (presented to the Board)
- Helps in early warning signals to take timely corrective measures

Recoveries: Stringent measures in place for early detection of problem loans

PNB Housing's portfolio management methodologies are designed for early identification of problematic loans at regular intervals through various qualitative and quantitative measures. There is a multi-layered, cross-functional and participative review mechanism at various levels. Periodicity of reviews and accountability of those reviews are laid down very clearly. The insights, findings and learnings are shared with all stakeholders for continuous improvements and/or immediate corrective actions.

The Company collections team uses analytics to reduce delinquencies and mitigate losses allowing businesses to maximise their accounts receivable recovery. Collection analytics aids in understanding customer preferences and behaviour patterns, which in turn help in developing better collection strategies. Collection strategies further help us to determine which accounts have a higher probability of losses, categorise the different types of customers, prioritise and target customers.

Few of our methodologies/analytics tools that help in developing different strategies for maximum collection efficiency are appended below.

- As a part of pro-active tapping of potential delinquencies, we are taking help of various credit bureaus and those cases are separately tracked for pre-emptive calling and to analyse if any further stress is built-up in these accounts
- The Company has also taken a third-party initiative, to drive the customer engagement initiative with respect to moratorium
- PNB Housing has also developed an internal collection scoring model basis past repayments, industry news, stress in certain industries and other parameters. Accordingly, basis the scoring the collection strategies are designed
- The Company also does portfolio level analysis that reflects the movement of the portfolio month on month over the last one year or so, with the purpose to highlight concentration of delinquency in respective buckets and the efficiency of the collections efforts in resolving delinquent accounts. This analysis also gives the inputs about the flow basis past trends and the quality of new bookings

The Company also undertook various initiatives to enhance its recoveries. These include deployment of resources from across verticals into recovery activities; tie-ups with Paytm and Airpay, among other e-payment wallets, for monthly overdue collection; proactive analysis of the credit worthiness of customers; empanelment with a pan-India auction agency and a distressed property marketing company.

The Company had instituted recovery proceedings against the delinquent and non performing accounts including proceedings under the Arbitration and Conciliation Act, 1996, Negotiable Instruments Act 1881, SARFAESI Act, 2002 and the Insolvency and Bankruptcy Code, 2016.

The uptrend in delinquency was observed across all segments mainly due to ongoing systemic stress and vintage impact, low portfolio growth, securitisation of good quality retail portfolio. Moreover, there were legal challenges due to a spurt in recovery cases under specialised courts like DRT, DRAT as all NBFCs were notified eligible under the SARFAESI Act, which resulted into prolonged recovery proceedings. These courts have very limited infrastructure, which is not enough to handle influx of cases in timely manner. Earlier, only 35 HFCs were allowed to initiate action under the SARFAESI Act, 2002, apart from banks. Now all NBFCs (which are more than 160 in numbers) are covered under the SARFAESI Act. Recently, co-operative banks have also been allowed to use the SARFAESI Act.

The SARFAESI success rate that the Company has maintained is 62%. With concentrated efforts and tie-ups with various business partners, we were able to dispose 53 assets with an outstanding of ₹ 43 crores during the year.

With the consistent recovery efforts, Stage 2 in the retail loan assets has substantially reduced compared to the previous quarter, mainly due to high roll back and normalisation rate, with curing of stressed accounts. This was achieved with focused strategy of maintaining bucket level resolutions. The fresh flow of accounts was controlled effectively by using highly automated recovery contact centre with in-built predictive dialling. The Company has identified slow-moving, under construction projects with outstanding of ~₹ 720 crores, in which voluntary SICR was applied during the year, otherwise these would have been classified in Stage 1. As a part of Stage 2, life-time provisions were applied in these accounts.

Similarly, on the corporate book, Stage 2 asset was lower by 18% year-on-year at ₹ 914 crores as on March 31, 2020. This includes loan accounts that moved into next bucket due to significant increase in credit risk (SICR). The Company identified three new and one existing account under SICR having total outstanding of ₹ 389 crores that was voluntarily moved into Stage 2. The Company has created sufficient provision of 28% in Stage 2 compared to 15.2% as on March 31, 2019.

A TECHNOLOGY COMPANY IN THE BUSINESS OF HOUSING FINANCE

We live in an era of continuous and rapid disruptions with evolving customer preferences. Technology-led innovation is playing a key role, not just in ensuring relevance, but also in providing a competitive edge. Simply put, technology is enabling enterprises to imagine and deliver better products and services that enrich customer experience.

The information technology (IT) architecture at PNB Housing helps the Company stay ahead of the curve. The IT team engages with leaders across business verticals to provide tailormade solutions, with speed, accuracy and transparency both at the back end and the front.

Today, the Company's digital capabilities are deeply entrenched, positioning PNB Housing as a technology company in the business of housing finance. The Company has evolved from a conventional lending entity to a contemporary service provider in a very short duration.

In FY 2019-20, the Company aimed to consolidate and augment the work done in the previous financial years to bring in efficiencies and enhance productivity from the multitude of business applications and infrastructure deployed. With an automated algorithm, a vast network of fintech integrations and more than three decades of business blueprint, we are enriching the experience of home buyers by becoming their trusted financial partner.

FY 2019-20 highlights

- **ISO certification**
  PNB Housing was awarded the ISO 27001:2013 certification in March 2020, one of the highest security standards in the country. ISO 27001:2013 takes a risk-based approach to information security, requiring organisations to identify threats and select appropriate controls to tackle them.
  The Company enables frictionless business workflows, while ensuring security and controls to prevent unsolicited transactions and perpetrations of fraud. The Company believes in an integrated security strategy with common governance set for people, processes and platforms – in other words, a unified technology solution for the complete spectrum of business operation.

- **User behaviour analytics**
  The Company has implemented user behaviour analytics (UBA) in its security operation centre to strengthen the monitoring of insider threats in the organisation. UBA develops risk profiles for all users in the corporate network and enables the IT security team to act when there is an anomaly in the standard behaviour.
  Risk profiling is done by assigning risk to different security use cases. The risk score also helps in identifying the high-risk users. UBA has been implemented with Machine Learning algorithms to automate and predict the behaviour patterns and risk associated with the users in the network.

- **Work from home solutions**
  IT played a significant role in transitioning the Company's employees to remote working in a seamless, efficient and secure manner, without any loss in working days, during the nationwide lockdown.
  All machines were encrypted to mitigate the risk of data loss/theft. Only authorised personnel to whom the laptop is assigned can unlock it to access the data. For sustainable business continuity, some of the other solutions that were deployed include multi-factor authentication; central repository of registered users, session recording, session shadowing, centralised desktop interface and access management with least privilege access principles.

- **Branch delivery**
  PNB Housing opened a new branch in the Fort area of Mumbai. It is the first branch of the Company, which is focused on the deposits business, namely, fixed deposits. It has been equipped with modern and state-of-the-art high-speed devices.

- **Integration with Paytm and Amazon**
  The Company integrated many of its banking services with different digital platforms, like Paytm and Amazon. Customers can check their balance and clear their due payments through Paytm. Amazon merchants can use the Amazon Seller Lending Network to avail loans from PNB Housing.

- **Project Galileo**
  Project Galileo is redefining the canvas of corporate finance at PNB Housing. It is a new age smart solution integrated with more than 150 digital interfaces, a collaborative business platform for all stakeholders. The project will bring in better efficiency, ease, insights and controls.

- **Enterprise service bus**
  PNB Housing implemented IBM's Integrated Bus as a middleware suite for its application integrations. The core concept of Enterprise Service Bus architecture is to amalgamate different applications by putting a communication layer between them and then enabling applications to exchange information via the Enterprise Service Bus. This decouples systems from each other, allowing them to communicate without dependency or knowledge of other systems integrated with the middleware. Also, it creates an additional security layer while communicating with external service providers to enhance security controls on external integrations.

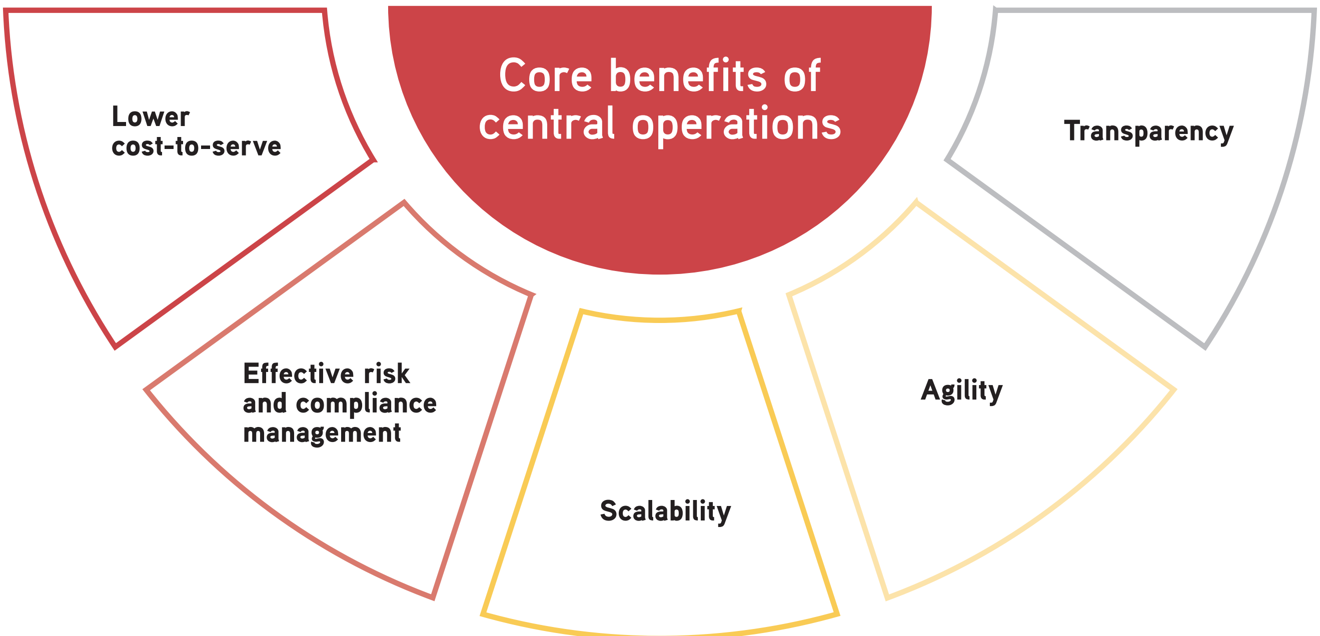
- **Treasury management system**
  Obtaining the right amount of funds at the right time and at the right price is a hallmark of a successful treasury function. In order to help the treasury function to manage its day-to-day business in an efficient manner, a new treasury management system was introduced. It was seamlessly integrated with the enterprise system solution. It entails a deal recording system that ensures complete flow of information from front, to middle, to back offices, across various modules. The new system has an in-built architecture to support risk monitoring in accordance with business requirements.

- **Enterprise System Solution**
  - **Statement of Account**
    After the launch of enterprise system solution, a new version of statement of account (SOA) was introduced in the system, based on the feedback received from operations and collections teams. The new version of SOA is simpler to understand, more user friendly and easy to comprehend.
  - **TDS bulk upload**
    A new functionality of bulk upload of TDS certificates was developed in V-Connect so that business partners can easily get the access of their respective TDS certificates through the app. This feature will make the TDS upload process swift and hassle free and will give a better user experience to our business partners.
  - **Single disbursement account**
    The Company instituted a single disbursement account for pan-India branches, replacing separate disbursement bank accounts for every branch and the same is controlled centrally, thus reducing the time taken to manage the bank account. Branches do not require to do follow-up with the local bank branch about transactions as the same are managed centrally with ease. Efficiency in conducting bank reconciliation and in other accounting exercises has improved. This further led to enhanced monitoring at the central level.
  - **Disbursement authorisation matrix**
    The Company also introduced facsimile signatures on disbursement cheques and revamped the disbursement authorisation module.

- **Moratorium**
  The surge in queries post the announcement of moratorium by the RBI, was deftly managed by customer services. The IT team helped significantly eliminate any operational challenges that could arise out of implementing a moratorium amidst the lockdown and at a time when branches were operating at sub-optimal capacities. The Company proactively disseminated information to customers, while providing them with necessary guidance, documenting their consent to exercise the option and ensuring the requisite paperwork was in place.

ACHIEVING GREATER EFFICIENCY THROUGH CENTRALISED OPERATIONS

The Company's central operations, an ISO certified unit, is a transaction powerhouse to implement best practices in operational activities and customer experience.



The central operations team has successfully delivered all non-customer interface operational activities as per the enhanced service level agreement (SLA). The team is divided into two specialised business units: central processing centre (CPC) and centralised operations (COPS).

All activities managed by CPC and COPS are completely system generated, centrally standardised and electronically conducted, resulting in enhanced accuracy, reduced TAT and customer delight. The central operations provide critical back-end support, elevating productivity and enabling branch operations to focus on top-of-the-line sales and customer service.

Key activities of CPC and COPS

- Custodian of documents
- Digitisation of title documents
- Business partner management
- CERSAI charge creation and satisfaction
- Centralised refund processing
- Image-based deposit processing
- Repayment mode management
- Cash management services
- Service request management for internal and external customers
- Customer correspondence management

Central Processing Centre (CPC)

The Company operationalised two new CPCs in Mumbai and Bengaluru, in addition to the existing CPC in Noida. These new facilities, a testimony to our scalable target operating model, strengthens our agile delivery. This has helped in achieving the load balancing and ensuring business continuity, while acting as a disaster recovery site for the Noida CPC.

CPC acts as a custodian of documents – loan files, deposit applications, repayment pouches and business partner applications, among others.

Scanned and digitised documents are stored on dedicated private cloud. The key benefits derived from digitisation of documents include elimination of transit risk involved in the retrieval of security documents from storage facility, elimination of misplacement of documents in any scenario. Digitisation gives us online access to all the mortgage documents from a digital repository and has reduced turnaround time involved in retrieving the documents, thereby ensuring better customer service.

Post digitisation, all documents are stored inside sealed dockets in a professionally managed storage warehouse. The warehouses are well protected against the risks of floods, waterlogging and fire. Repayment pouches are stored separately as these are more frequently referred to. There is complete visibility on the movement of all documents, throughout the loan lifecycle, with the help of bar code tracking. The stock of on-hand dockets is updated in real time, based on which the actual location of the dockets can be tracked at any given point.

CPC also manages the repayment mode and creation/settlement of charge at Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI) and settlement of the Pradhan Mantri Awas Yojana subsidy applications.

CPC further assists in the banking of instruments, both cash management services (CMS) and easy monthly instalments (EMI) within defined timelines. CPC handles nearly 12,000 service requests, including loan closure and refund claims, every month, also within defined timelines.

Centralised Operations (COPS)

The COPS team, based out of Noida is oriented towards the processing of deposits, insurance reconciliation, pay-out processing, customer correspondence and channel partner empanelment. COPS enables a paperless environment, wherein deposits are processed through images, payments to depositors are made electronically and so on. It is the single processing hub for payments of all channel partners as defined in the pay-out structure.

FY 2019-20 highlights

- **Custodian of documents**
  All title/security documents were stored in docket covers with a specialised custodian company. The movement of documents was tracked through bar codes to ensure proper control throughout the lifecycle of the loan.
- **Digitisation of title documents**
  1.75 lakh title documents were digitised during the year.
- **Centralised refund processing**
  The Company has introduced a new process of centralised refund, which will mitigate the financial risks involved. It ensures improvement through increased efficiency and centralised access to information, accuracy and timely processing.
- **Repayment mode management**
  98% of EMI payments happened through the electronic mode and 2.41 lakh EMI instruments were banked electronically as well.

FINANCIAL PERFORMANCE

Consolidated performance indicators (as per Ind-AS)

(₹ in crore)	FY 2019-20	FY 2018-19	Variance
Net interest income	2,308.04	2,063.48	12%
Fee and Commission income (net of Fees and Commission expense)	289.92	394.82	(27%)
Other Income	7.71	3.90	
Gross income	2,605.67	2,462.20	6%
Operating expenditure	543.30	538.89	1%
Operating Profit	2,062.37	1,923.31	7%
Impairment of Financial instruments & Write offs	1,251.37	188.95	
Profit before tax	811.01	1,734.39	(53%)
Profit after tax	646.24	1,191.52	(46%)
Other Comprehensive Income (net of taxes)	(55.30)	(102.33)	
Total Comprehensive Income	590.94	1,089.19	(46%)
Basic Earnings per share (₹)	38.45	71.19	(46%)
Dividend per share (₹)	0.00	9.00	

Key financial ratios

(%)	FY 2019-20	FY 2018-19	Variance
Average yield	10.71%	10.35%	36bps
Average cost of borrowing	8.25%	8.00%	25bps
Spread	2.46%	2.35%	11bps
NIM	2.98%	2.93%	5bps
Cost-to-income	16.89%	19.61%	(272bps)
Return on asset	0.80%	1.61%	(81bps)
Return on equity	8.12%	17.44%	(932bps)
Total provision/total asset ratio	2.61%	0.80%	
Average gearing	8.8	9.3	
Book value per share	475.49	450.46	6%
CRAR	17.98%	13.98%	400bps
- Tier I capital	15.18%	11.00%	
- Tier II capital	2.80%	2.98%	
Risk-weighted asset (₹ in crore) (as per IGAAP including off balance sheet items)	49,143	58,020	(15%)

FOCUSING ON LIQUIDITY AND COST OF FUNDS

Treasury mobilises the basic raw material needed to effectively drive the business. The team ensures maintenance of adequate liquidity to support business growth planned for the year, with a focus on cost of funds and risk management through the ALM framework. By mobilising and managing liquidity at the right price and through appropriate mix in terms of fixed and floating, long term and short term, treasury enables the Company to effectively price the loan assets to earn a meaningful risk-adjusted return on capital. Treasury is also responsible for investments of surplus funds, with a focus on safety and returns.

The team was quick to pre-empt the challenges around liquidity and short-term borrowings and effectively reworked its borrowing mix. As a result, bank borrowings increased from 18.2% as on March 31, 2019 to 24.4% as on March 31, 2020. The funding from short-term commercial papers also reduced from 9.6% as on March 31, 2019 to 0.5% as on March 31, 2020. The Company currently has a well-diversified resource base, which includes bank loans, refinance facility from the NHB, foreign currency-denominated ECBs, CPs, NCDs and securitisation through direct assignment.

FY 2019-20 highlights

- **G-Sec rate movement and policy announcements**
  The 10-year G-Sec rate was in the range of 6-7.5% during the year. The G-Sec rates moved lower largely on account of repo rate reduction of 75 basis points by the RBI in March 2020 and infusion of liquidity in the system in response to the lockdown initiated by the government due to COVID-19. Despite the fall in G-sec rates, spreads on corporate papers did not contract to the same extent primarily due to risk averseness in the market for the NBFC/HFC sector. The risk aversion also stemmed from the fact that the RBI permitted banks and NBFCs/HFCs to extend moratorium on instalments for three months beginning March 1, 2020 to their customers.
- **Deposit mobilisation**
  The deposits business gathered momentum, with the activation of in-house channels for sourcing new businesses and cross-selling to existing loan customers. Evolving with the need of the hour, the Company introduced online deposits and loan against deposits. Loan against deposits were provided at lower rates than that of personal home loan market players. The Company witnessed healthy inflow of deposits during the year, garnering gross flows of ₹ 9,120 crores, despite weak market sentiment, supported by the PNB brand and an enabling business team, thus taking total deposits to ₹ 16,470 crores as on March 31, 2020, a healthy growth of 15% as compared to previous financial year with increased share of retail deposits.
- **Bonds**
  The Company mobilised funds through secured, rated and listed bond issuance of ₹ 3,000 crores, of which ₹ 2,500 crores were raised with a door-to-door issuance and weighted average tenure of 10 years and eight years, respectively. The bond issuance sharply fell compared to the previous year due to subdued debt capital market sentiment affecting NBFCs and HFCs and due to high yields demanded by debt capital market in comparison to bank term loans. Hence, the Company, as a strategy, focused on raising funds through bank term loans and securitisation routes. The Company made bond redemption of face value of ₹ 7,308 crores during the year.
- **Bank borrowings**
  The Company mobilised bank loans of ₹ 14,396 crores during the year. The Bank term loans mobilised from both public and private sector banks are for a tenure of four years. The Company has sanctioned working

capital limits of ₹ 5,125 crores from various banks as on March 31, 2020 to address any temporary cashflow mismatch. Banks have reduced their Marginal Cost of Funds based Lending Rate (MCLR) recently, primarily due to the reduction in the repo rate by the RBI. As all the term loans are on a floating rate basis with interest rate reset at various intervals, the Company expects lower borrowing cost on the outstanding term loans during FY 2020-21. The outstanding bank loans were at ₹ 20,508 crores, as on March 31, 2020.

- **External commercial borrowings (ECB)**
  The Company raised US$175 million through ECBs from SMBC Bank, Singapore and the IFC, Washington for tenor of three and five years, respectively, and on a fully hedged basis. In September 2019, the Company officials participated in roadshows in Singapore and Taiwan to provide update on the organisation and further tap this market. In April 2020, the Company signed an agreement with the Japan International Cooperation Agency (JICA) to raise ECB of US$75 million at attractive pricing with co-financing of US$25 million by Citibank for the purpose of providing affordable housing to low income households in India. JICA is one of the largest bilateral development organisations in the world. This was JICA's first debt funding in the housing finance sector in India. The ECB is for a tenor of 5 years and further enables the Company to manage its ALM. Despite the lockdown, with our operational robustness and resilient human capital, the team worked relentlessly to have the agreement executed. The outstanding amount under the ECB route stands at ₹ 5,659 crores, as on March 31, 2020.

- **Securitisation**
  The Company securitised retail portfolio under the direct assignment (DA) route of ₹ 9,311 crores to various public sector banks and a few foreign banks. There was good demand for Company's retail portfolio by the banks due to low non-performing assets in the pool. The Company intends to make use of the DA route as and when necessary as it releases capital, adds to profitability, provides liquidity and helps in ALM. All the securitisation transactions were carried out without any credit enhancement or partial credit guarantee. The outstanding securitised portfolio as on March 31, 2020 stood at ₹ 15,775 crores.

- **Refinancing from the NHB**
  The Company received refinance facility sanction of ₹ 1,500 crores from the NHB for a tenor of 10 years. The Company availed the disbursement under the above sanctioned facility in two tranches in April and May 2020. The outstanding amount, as on March 31, 2020 under this facility stood at ₹ 6,235 crores. In addition, in May 2020, the Company was among the first to receive ₹ 750 crores from the NHB under the special refinance facility announced by the RBI.

- **CPs**
  The Company's CP borrowings reduced from ₹ 7,950 crores, as on March 31, 2019, to ₹ 416 crores, on March 31, 2020. The Company raised fresh CPs aggregating ₹ 13,406 crores during the year for an average tenor of three months at a weighted average cost of 7.43%. The reduction in CP outstanding was mainly on account of subdued demand in the market for CPs of tenor greater than three months, whereas the Company had planned to raise longer-term CPs to manage the ALM. Hence, the Company reduced its dependence on CPs.

- **ALM and liquidity position**
  The Company's asset-liability maturity profile is very strong. As on March 31, 2020, the Company had positive cumulative gaps in the up-to six-month bucket (excluding lines of credit) largely helped by high on-balance sheet liquidity.

  As on March 31, 2020, the Company maintained sufficient liquidity of around ₹ 8,514 crores (not considering SLR investments) and had additional sanctioned but undrawn lines of over ₹ 4,000 crores. The Company has serviced all committed liabilities to date without exercising the moratorium option with any of its lenders.

  The Company also undertakes robust monitoring of its liquidity position through multiple liquidity parameters through the quarterly ALM Committee meetings.

ENHANCING WORKPLACE PRODUCTIVITY AND EFFICIENCY

Facilities management function coordinates space, infrastructure and general administration. Office administration is one of the key elements associated with high levels of workplace productivity and efficiency. It is responsible for planning, design, execution, operation and maintenance of all the facilities and provides complete logistics support for meticulous execution of day-to-day business activities. At the same time, it steers through financial and technical constraints with aesthetics, security, accessibility and ease of doing business. The function, while planning for a new location, keeps in mind the accessibility for the employees as well as customers. For instance, many of our branches are closer to the metro lines so that it is easy to commute. The function continues to play a crucial role in re-positioning our brand, both within the organisation and to the external world.

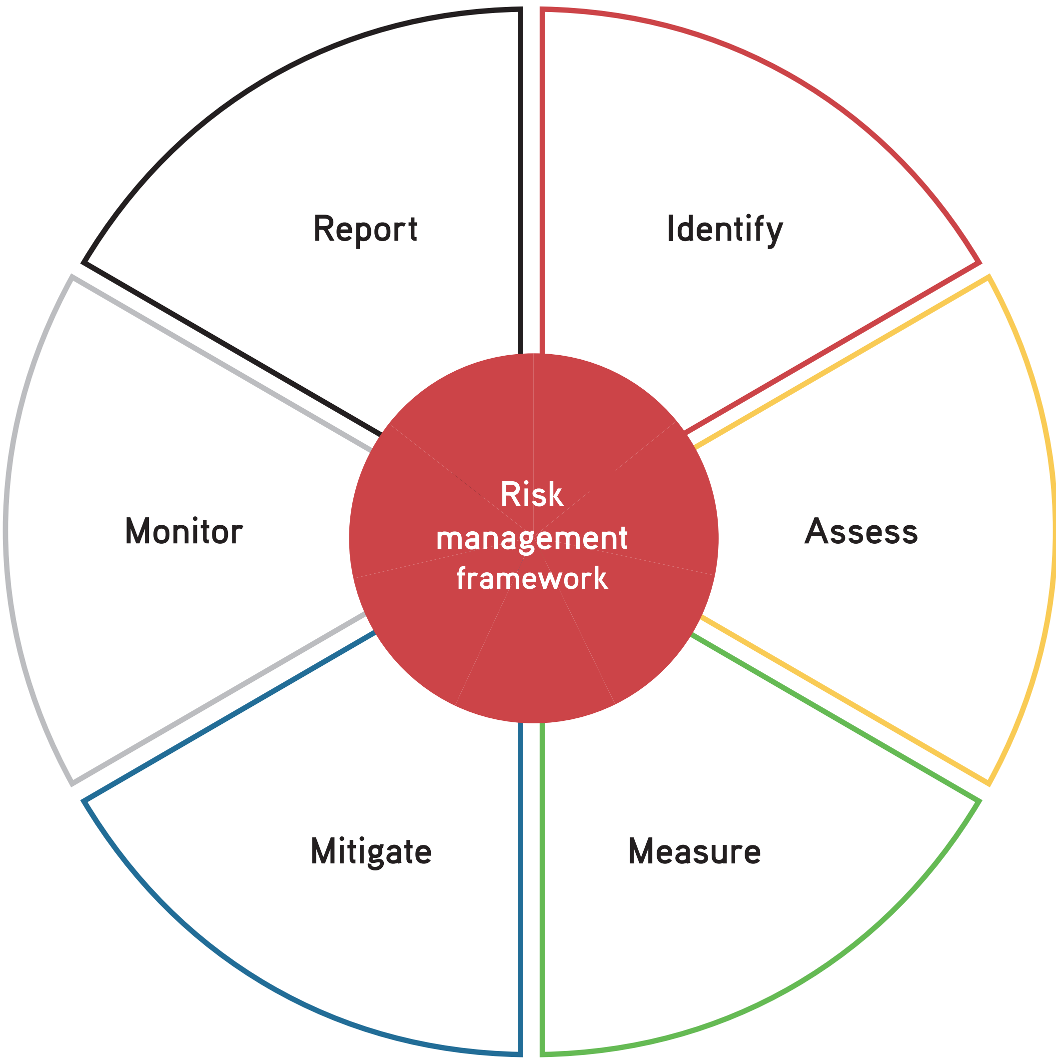
FY 2019-20 highlights

- PNB Housing began the year, operating out of 125 office spaces, comprising 102 branch offices, 23 processing hubs, regional offices and a central support office, maintaining a total area of 4,12,926 sq. ft. An incremental work area of 6,292 sq. ft. was added during FY 2019-20, taking the total workspace to 4,19,218 sq. ft.
- In the wake of the pandemic, the facilities team provided complete support to our full-time employees as well as PHFL staff members, according the highest priority to the health and wellbeing of our internal teams as well as walk-in customers. Workplaces were sanitised round the clock, with hand-sanitising stations located at strategic places. Clear protocols were instituted, in line with international and national advisories. Strict social distancing norms were enforced. Thermal scanners at points of entry were used, to run temperature checks, while visitors' entry was restricted to only those deemed essential. Staff operated in branches at less-than-full capacity, on the basis of rotational shifts.

PRUDENT RISK MANAGEMENT IN AN UNCERTAIN WORLD

PNB Housing's risk mitigation methodology is designed to actively identify and manage risks that impede the achievement of business objectives, as well as provide reasonable, but not absolute, assurance against material misstatement or loss. We continue to build risk management into the way we work. It is implemented through a Company-wide framework and this enables us to be closer to realising our ambition of being one of the most preferred HFC for stakeholders. Our risk management measures broadly include risk assessment, risk catalogue, risk appetite framework, risk planning, risk culture, internal controls and good governance. We clearly articulate our risk appetite, functional policies and key risk indicators (KRIs) to explicitly define the level and nature of risk that we are willing to take.

The 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) that comprises our senior management team. The principal business risks (assessed function wise) are credit risk, market risk, liquidity risk, reputation risk and technology risk. We have formulated risk management policies along with KRIs, which are measured and reported to the RMC on quarterly basis.



Principal business risks

The principal business risks (assessed function-wise) are credit risk, market risk, liquidity risk, reputation risk and technology risk. We have formulated risk management policies along with KRIs, which are measured and reported to the RMC on a quarterly basis.

Principal risks	Description	Mitigation measures
Credit risk	Risk of a decrease in the value of the Company's assets due to uncertainty about a stakeholder's ability to meet their obligations	• Facilitate the Company to take appropriate risks to achieve its business objectives within the acceptable level of risk tolerance; setting out the principles, standards and approach through a comprehensive framework to identify, assess, measure, monitor, control and report credit risks in a timely and efficient manner, helping observe early warning signs of delinquency and maintaining asset quality year-on-year • Define roles and responsibilities for RMC, ERMC and business units to optimise credit risk governance • Customise approaches for risk measurement of various portfolio segments/sub-segments • Develop strong underwriting and security/collateral management frameworks • Review KRIs of concentration; delinquency; and efficiency
Market risk	Risk of a decrease in the value of the Company's assets held for trading or an increase in the value of its liabilities held for trading, due to fluctuations in interest rates, credit spreads, external factors or prices in the market where the assets and liabilities are traded	• Review the interest rate scenario regularly • Provide inputs regarding market risk profile and portfolio performance so that positions taken are within the approved risk tolerance limits
Liquidity risk	Risk of insufficient liquid assets or limited access to market financing to meet contractual maturities of liabilities, regulatory requirements or the investment needs of the Company	• Ensure availability of adequate liquid resources with a view to keep assets and liabilities maturity mismatches within the desired levels • Implement a 'Liquidity Contingency Plan' to take care of any adverse liquidity position
Reputation risk	Any indirect loss expected to arise from adverse experience or adverse perception in the public domain	• Measure and monitor the traditional as well as social media landscape for threats • Promptly respond to consumer complaints • Continually interact with internal and external stakeholders
Technology risk	Losses due to hardware or software inadequacies or failures in the technical infrastructures that could compromise the availability, integrity, accessibility and security of the infrastructures and data	• Review KRIs of availability and continuity; security; data integrity; and outsourcing • Constantly monitor failure of system processes as well as any external forces that could endanger operations • Incorporate best practices vis-a-vis the protection of corporate information, IT systems, services and equipment

SHAPING A RESPONSIBLE BUSINESS

Environmental, social and governance (ESG) considerations are integrated across the business and built into the policies and principles that govern PNB Housing. This is viewed as a business fundamental and we seek continuous improvement in these areas because they underpin the long-term value-creation ability of the Company.

Employee engagement

Please read more on Page 28 of the Annual Report.

Environment responsibility

Please read more on Page 31 of the Annual Report.

Role in society

Please read more on Page 32 of the Annual Report.

Governance and ethics

Please read more on Page 36 of the Annual Report.

DEVELOPING CLOSER CONNECT WITH MARKET PARTICIPANTS

In addition to capital raising activities, the Company, through its robust investor outreach programme, continued its close connect with market participants in the form of regular updates, meetings, calls, investor conferences, non-deal roadshows and so on across geographies.

During the year, the investor relations team met and had calls with 430 funds and research houses, including 67% unique meetings. There were 11 inbound visits of the investors to our branches and hubs. The inbound visits help an investor to understand our operating model, which differentiates PNB Housing from other HFCs.

The Company participated in 14 conferences in Mumbai and Delhi. We conducted non-deal roadshows in various geographies, namely, Mumbai, Hong Kong, Singapore, London, New York, Boston and for the first time, Taiwan.

The quarterly, half yearly and annual results were intimated to the stock exchanges and emailed to the market participants, along with the press release and a detailed investor presentation. The earnings call post results was conducted on the same day, where the management spent time to first give an update on the business and financials, followed by answering the queries of market participants. In order to ensure the information sharing is up-to-date and relevant for the market, the investor pack is regularly updated with additional information basis internal and external scenario, interaction with market participants and their feedback. The Company has also placed a two-pager factsheet on its website under investor relations section to give a quick glimpse of the Company.

The investor relations team also conducted a third-party perception study among the investors, to identify risks and opportunities critical to manage the investors and analysts, gauge the effectiveness of the Company's communication, analyse knowledge gaps, etc. The Company will continue to add value to its communication with the market and draw from the results of these engagements.

AUGMENTING INTERNAL CONTROLS

Business growth demands that internal audit performs stringent checks to track any deviation. The internal audit function applies a systematic, disciplined approach to evaluate the effectiveness of the controls and risk management process across the Company. We have processes for internal audit in place, where by disbursement and docket audit while getting shifted from CPC to branches, are audited by external legal firms and their findings are shared monthly while the audit reports are issued quarterly. This year, portal filings were carried out online, in line with the guidance from the regulators. The key issues identified during the audit were apprised to the ACB on a quarterly basis.

The hubs and branch audits are conducted at various intervals by the in-house audit teams. For auditing the functions such as accounts, deposits, general administration, IT, HR, customer service and so on, the auditors visit the branches twice a year. Transaction audit of the branches are completed as per the given scope and in time. Functions at the CSO, namely, treasury, finance and accounts, general administration and HR are audited by an external auditor at quarterly intervals. The functions like corporate finance, compliance, CSR, COPS and CPC, central recovery and IT are audited by in-house internal auditors at specified intervals.

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 32nd Annual Report together with the Audited Standalone and Consolidated Financial Statements of the Company for the year ended March 31, 2020.

COVID-19

Towards the end of Calendar Year 2019, there were news flow of novel coronavirus (COVID-19) that gradually hit the entire world and termed as pandemic by World Health Organisation (WHO) on March 11, 2020. The rapid spread of the virus has almost halted economic activities across the world. Besides huge loss of human lives, the pandemic has taken its economic toll due to shut down in most parts of the world from quarter 4 onward. The estimates of the economic loss are still evolving. In April 2020, the International Monetary Fund (IMF) predicted that the global GDP will contract by 3% in 2020 given that the pandemic decelerates towards the end of 2020. The pandemic has similarly impacted India, forcing the Government to announce a complete lockdown of the Country from March 25, 2020 to contain the spread of virus.

FINANCIAL HIGHLIGHTS (CONSOLIDATED INDAS)

(Amount in ₹ crores)

Year ended	March 31, 2020	March 31, 2019
Total Income	8489.55	7683.22
Total expenditure	7678.54	5948.83
Profit before tax	**811.01**	**1734.39**
Less: Provision for Tax		
-Current year	389.24	503.48
-Deferred Tax	(224.47)	39.39
Profit After Tax	**646.24**	**1191.52**
Other Comprehensive income (OCI)	(55.30)	(102.33)
Total Comprehensive income for the year	**590.94**	**1089.19**
• Transfer to Statutory / Special reserves	182.00	217.00
• Dividend paid	151.27	150.71
• Dividend distribution Tax paid	31.10	30.99
Balance carried to balance sheet	226.57	690.49

The standalone and the consolidated financial statements for the financial year ended March 31, 2020, forming part of this annual report, have been prepared in accordance with Ind AS specified under the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013.

As per IND AS, the Company during the year has made expected credit loss (ECL) provision of ₹ 1,171.49 crores as compared to ₹ 161.81 crores in the previous year. This includes additional provision of ₹ 471.00 crores arising due to COVID-19.

INCOME AND EXPENDITURE

During the year, the Company has earned a total income of ₹ 8,489.55 crores as compared to ₹ 7,683.22 crores in the previous year, recording a growth of 10.49%.

Total expenses, provisions and write offs during the year were ₹ 7,678.54 crores as compared to ₹ 5,948.83 crores in the previous year, a growth of 29.08%.

PROFIT

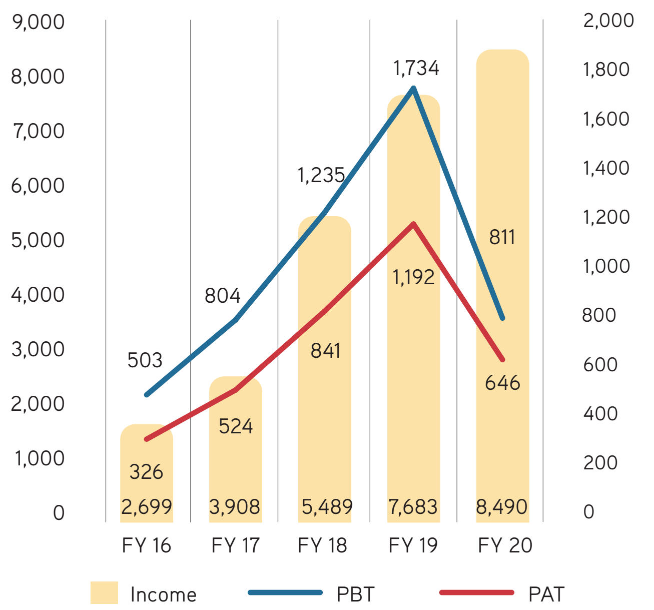
During the year, the Company has earned pre-provision operating profit (PPOP) of ₹ 2,062.38 crores as compared to ₹ 1,923.34 crores in the previous year, recording a growth of 7.23%.

During the year, the Company has earned a profit before tax of ₹ 811.01 crores as compared to ₹ 1,734.39 crores in the previous year, recording a de growth of 53.24%.

The Profit after Tax during the year was ₹ 646.24 crores as compared to ₹ 1,191.52 crores in the previous year, a de growth of 45.76%.

Income and Profitability

(₹ in crores)



DIVIDEND

In order to conserve capital your Directors have not recommend any dividend for the year (₹ 9/- per share declared in the previous year).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT, REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and directions issued by the National Housing Bank (NHB), the Management Discussion and Analysis Report (MD&A) and the Report of the Directors on Corporate Governance form part of this report.

In accordance with the listing regulations the business responsibility report (BRR) has been placed on the Company's website. The policy on business responsibility is also placed on the Company's website.

LENDING OPERATIONS

The financial year 2020 had started on a positive note. The business was robust in the first quarter of the year, after which there were signs of slowing down from Q2 FY 2020 onwards.

The Company in order to conserve capital and to maintain a reasonable gearing curtailed its loan disbursements. Further, considering the slowdown in the real estate sector, the Company focussed on the retail disbursements with no fresh acquisition in the Corporate book. The disbursements were further impacted by the COVID-19 pandemic that has resulted in complete shutdown of the country.

As a result, the Company recorded negative growth for the first time in the last decade.

Going forward, the Company will continue to finance loans under retail segment with focus on the mid income segment. Further, the Company will continue to source and fund completed properties and projects.

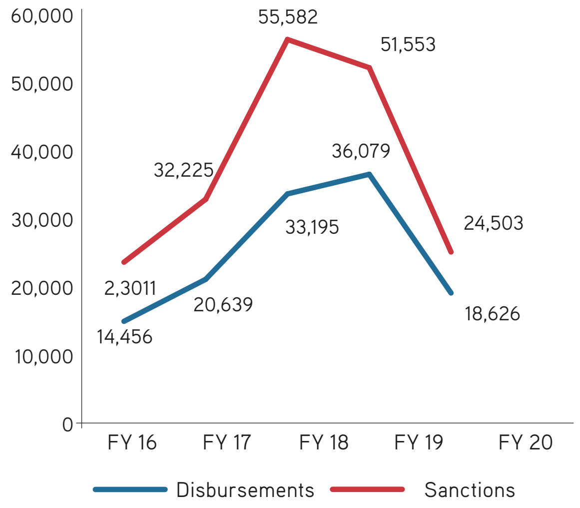
The Company has sanctioned loans amounting to ₹ 24,503 crores in respect of 73,553 loan applications, as compared to ₹ 51,453 crores in respect to 1,11,656 loan applications in the previous year, de-growth of 34% in number of loan applications received and de-growth of 52% in loan sanctioned amount.

During the year, the Company has disbursed loans amounting to ₹ 18,626 crores as compared to ₹ 36,079 crores in the previous year, de-growth of 48%.

The focus of lending business was on retail segment. During FY 2019-20, fresh loan sanction amount comprises 98.35% of retail loans. During the same period, fresh loan disbursed amount comprises 92% of retail loans vs 73% in FY 2018-19. The sanction to disbursement ratio increased to 76% in FY 2019-20 from 70% in FY 2018-19.

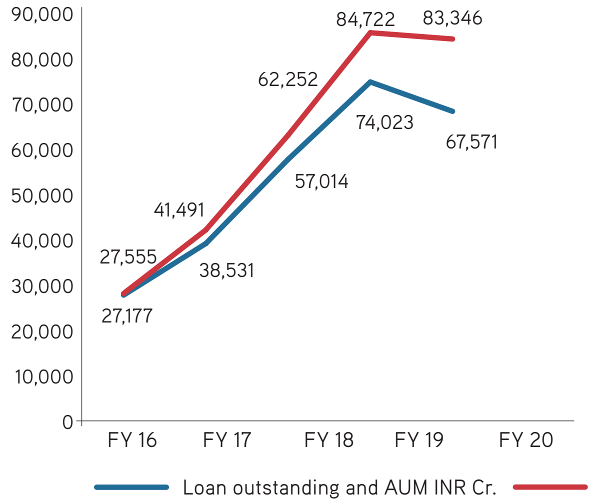
Fresh Loans

(₹ in crores)



Loan outstanding and AUM

(₹ in crores)



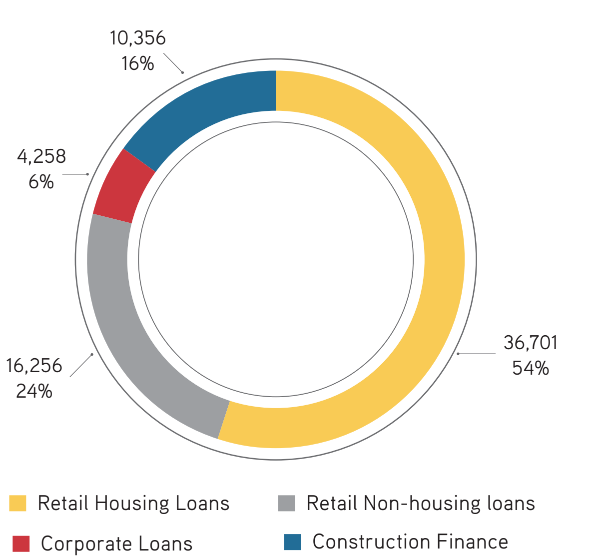
Loan Book

Loans outstanding (principal portion) as at March 31, 2020 were ₹ 67,571 crores, de-growth of 9% over the previous year. The loan book also reflects a de-growth because loans assigned during the year were significantly higher at ₹ 9,311 crores through direct assignment route and sell down of LRDs/ corporate loans of ₹ 2,307 crores to different institutions.

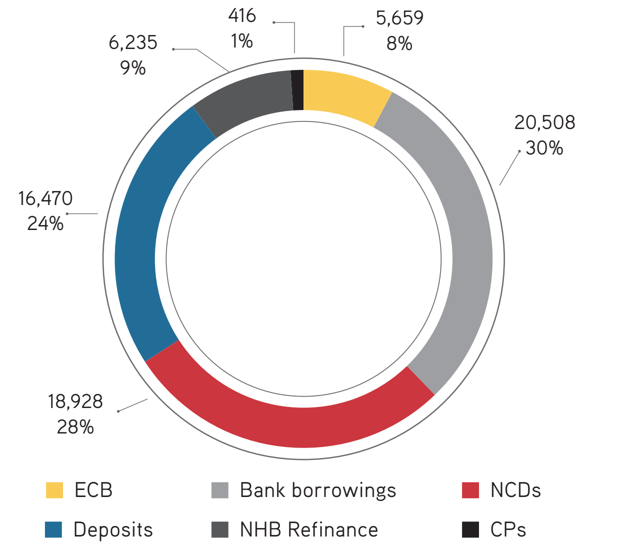
The assets under management (AUM) as at March 31, 2020 were ₹ 83,346 crores, de-growth of 1.62% over the previous year.

Further details of lending operations are provided in the MD&A.

Composition of loans
(₹ in crores)



Borrowings
(₹ in crores)



Distribution

During the year, the Company had opened 2 new branches. As on March 31, 2020, the Company has presence through 105 branches, 28 outreach locations, totalling to 133 distribution outlets. The Company also has 23 underwriting hubs where the credit decision making happens.

BORROWINGS

The liquidity conditions continue to be tight for the NBFCs/ HFCs. The NCD market was concentrated towards select few companies. There were limited opportunities for long term borrowings throughout the year.

There was increased dependence on bank borrowings from domestic and international sources through the ECB route.

During the year, the Company has raised fresh resources of ₹ 27,726 crores from multiple sources. The Company also securitised ₹ 9,311 crores in FY 2019-20 through direct assignment route. The Company repaid short term and long-term borrowings of ₹ 32,255 crores including CPs of ₹ 7,534 crores. Further, to strengthen its ALM, the Company reduced its dependence on commercial papers. Share of commercial paper in total borrowings reduced to 1% only.

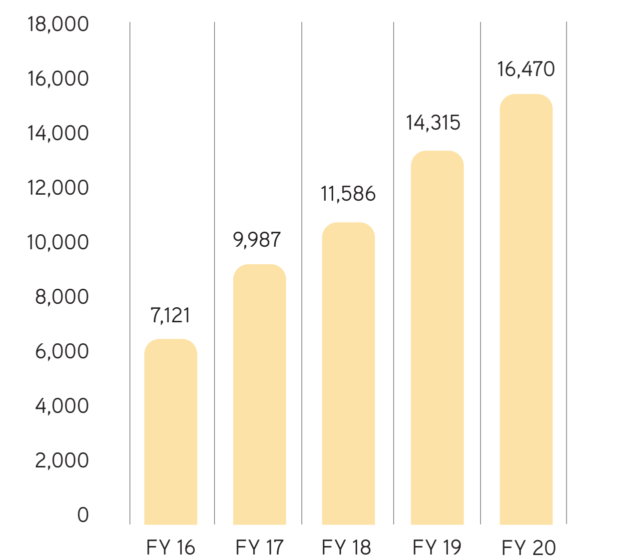
The Company is in compliance with the provisions of the housing finance companies issuance of non-convertible debentures on private placement basis (NHB) Directions, 2014 and has been regular in payment of principal and interest on the non-convertible debentures.

During the year, the Company also raised funds in accordance with Reserve Bank of India's external commercial borrowings guidelines. Details of market borrowings are provided in the MD&A and notes to accounts.

DEPOSITS

The Company has raised ₹ 9,120 crores of fresh deposits during the year. The outstanding deposits (including inter corporate deposits) as at March 31, 2020 were ₹ 16,470 crores as against ₹ 14,315 crores (including inter corporate deposits) outstanding last year, registering a growth of 15%.

Deposits
(₹ in crores)



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. The Company has maintained required statutory liquidity ratio (SLR) as per the NHB regulations.

Deposits are one of the major funding sources of the Company, contributing nearly 20% of the total borrowings including securitisation. The deposits of the Company have been rated FAA+ (Outlook Negative) by CRISIL and CARE AA+ (Outlook Negative) by CARE.

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 ₹ 1,916.23 crores as on March 31, 2020. The Company has classified its SLR investments as per NHB Directions, 2010.

Unclaimed Deposits and NCDs

Out of the deposits, which became due for repayment up to March 31, 2020, public deposits worth ₹ 97.17 crores, including interest accrued and due relating to 3,808 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.

Deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to Investor Education and Protection Fund (IEPF). During the year, the Company has transferred an amount of ₹ 10.73 lakhs to IEPF established by the Central Government under section 125 of the Companies Act, 2013. The concerned depositor can claim the deposit from the IEPF.

As at March 31, 2020 there was no NCDs or interest thereon, remaining unclaimed or unpaid.

APPROVAL TO RAISE EQUITY SHARE CAPITAL

The Company came out with its Initial Public Offer in November 2016. Since then, the Company has substantially grown its business. The Company now needs tier I capital for its future business growth.

The Board of Directors in its meeting held on July 30, 2019 gave omnibus approval to raise an aggregate amount not exceeding ₹ 2,000 crores (rupees two thousand crores only) by way of issuing fresh equity. Subsequently, the Board at its meeting held on March 3, 2020 accorded approval to raise equity capital aggregating up to ₹ 1,700 crores through a preferential and qualified institutions placement. The Capital raise plan is further getting worked upon.

REGULATORY INTERVENTIONS

The National Housing Bank (NHB) has reduced the overall borrowing limits of housing finance companies (HFCs). As against earlier overall limit of sixteen times of Net Owned Funds (NoF), the HFCs will now be required to reduce their borrowings in a staggered manner i.e. a maximum of fourteen times of NoF for FY 2019-20, thirteen times of NoF for FY 2020-21 and twelve times of NoF for FY 2021-22. Similarly, the overall limit of public deposits has also been reduced from five times of NoF to three times of NoF.

NHB has also tightened prudential norms for HFCs. The HFCs are now required to enhance capital adequacy ratio (CRAR) in a staggered manner over the three years i.e. minimum CRAR of 13% for FY 2019-20, 14% for FY 2020-21 and 15% for FY 2021-22 and thereafter, as against 12% of aggregate risk weighted assets earlier. The requirement of minimum tier I capital has also increased from 6% to 10%. These measures are aimed at strengthening the balance sheets of HFCs in the current tough market conditions.

The Reserve Bank of India vide its press release dated August 13, 2019 has notified that HFCs will be treated as one of the categories of non-banking financial companies (NBFCs) for regulatory purposes. Reserve Bank will carry out a review of the extant regulatory framework applicable to the HFCs and come out with revised regulations in due course.

REGULATORY COMPLIANCE

The Company has complied with the Housing Finance Companies (NHB) Directions, 2010 and other directions/ guidelines prescribed by NHB regarding deposit acceptance, accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, credit rating, corporate governance, information technology framework, fraud monitoring, concentration of investments, capital market exposure norms, know your customer and anti-money laundering.

Capital Adequacy Ratio (CRAR)

The capital adequacy ratio (CRAR) as on March 31, 2020 was 17.98% (comprising Tier I capital of 15.18% and Tier II capital of 2.80%). The NHB has prescribed minimum CRAR of 13% of total risk weighted assets for FY 2019-20.

HUMAN RESOURCE

During the year, the HR continued to timely on-board experienced resources across all locations, imparted functional and system training to develop productive resources for all the functional teams. The Company also gave an opportunity to identify and develop the internal talent pool.

The learning and development (L&D) team has been continuously endeavouring to identify the current and future skills requirements of the organisation and create flexible learning interventions to meet the diverse needs of the workforce. L&D as a function is a critical talent management tool in building and retaining the talent pipeline. This gives a competitive advantage to the organisation.

As on March 31, 2020 the Company had a total of 1,549 full time employees (including 72 management trainees) on its rolls. There were 11 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. 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.

CUSTOMER SERVICE AND TECHNOLOGY

Post announcement of lockdown in the entire country from March 25, 2020 onwards, the Company swiftly shifted all its operations to work from home environment. The robust technology platform and the standard operating procedures ensured smooth transition to the new environment with least disruptions in service operations.

The Company provided all the possible services to its customers in this difficult situation and also extended moratorium to the customers, who have requested for the same. All the year end activities were performed in work from home environment.

ISO 27001:2013 Certification

ISO 27001:2013 is a universally recognised ISMS standard developed by International Organisation for Standardisation ('ISO'). The Information Security Management System (ISMS) has been certified with the standard of ISO/IEC 27001:2013 by United Kingdom Accreditation Service (UKAS).

The ISMS apply to information technology including datacentre at NOIDA & disaster recovery centre at Chennai, centralised operations (COPS), centralised processing centre (CPC), human resources & training, administration and compliance.

SUBSIDIARY COMPANIES

PHFL Home Loans and Services Limited

The Company is a wholly owned subsidiary and is the distribution arm for PNB Housing, offering doorstep services to the prospective customers. In less than 3 years, the Company has fully matured into an independent entity with trained workforce who sources business for the products offered by PNB Housing.

The Company contributes nearly 66% of the retail business for PNB Housing. During the year, the Company has sourced loans worth ₹ 11,326 crores for PNB Housing. The annual accounts of PHFL are enclosed along with the Annual Accounts of PNB Housing.

A report on the performance and financials of PHFL, as per Companies Act, 2013 and rules made thereunder is provided in Form AOC 1 attached to the consolidated financial statements forming an integral part of the Annual Report.

Pehel Foundation

During the year, the Company has formed a wholly owned non-profit subsidiary Company incorporated under Section 8 of the Companies Act, 2013 to carry out various CSR activities of PNB Housing and PHFL.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, the Company's CSR activities were focused on three key sectors – welfare of construction workers, education of children and healthcare.

The Company has worked on skill up-gradation of construction workers by conducting on-site and off-site training programs in partnership with CREDAI CSR Foundation. Daycare centers were operated by Mobile Creches at or near sites for children of construction workers to ensure their holistic development and safety.

To ensure quality education for the poor children, the Company has been supporting the operational cost of running Bal Vihar School. The Company has also partnered with South Delhi Municipal Corporation in a public private partnership project to revamp the entire academic system of their Vidya school having 170 children.

The Company has also focused on improving health infrastructure and services for public welfare by providing critical medical equipment to AIIMS Delhi, Army Base Hospital, Delhi and dialysis facility established in Roorkee and Bilaspur. Other key areas of intervention include sports for development, elderly care and environmental protection. With the COVID-19 pandemic, disaster relief and support for scientific research was also provided.

The Company during these unprecedented times, stood by its nation and solemnly pledged its support towards aiding the ongoing efforts of the Government to control and counter COVID-19 pandemic. The Company has allocated ₹ 2.04 crores and spent ₹ 1.77 crores on COVID-19 relief in the Country.

- Partnered with National Centre for Bio-Sciences for research on developing washable PPE, COVID diagnostic tests and supporting clinical assessment for rapid screening of new drugs
- Contributed to the PM relief fund and PM CARES fund
- Supported provision of 'essentials kit' to migrant worker families
- Undertaken a research & development program (Partner-IIT Delhi) on development of sustainable PPE material

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 ₹ 26.35 crores on various CSR activities. The annual report on CSR activities undertaken during the year forms part of Annexure - II 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.

The Company on a regular basis sensitises its employees including subsidiary employees on the prevention of sexual harassment at the workplace through workshops, group meetings, online training modules and awareness programmes. During the year, two complaints were received by the committee. The cases were reviewed and actioned upon. Hence, there are no pending complaints with the committee as at March 31, 2020.

POLICIES AND CODES

During the year, the Company has revised its statutory policies as required in terms of listing obligation and disclosure requirement and Insider Trading Regulations issued by the SEBI and placed all the statutory policies on its website;

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Since the Company is a housing finance company, the disclosures regarding particulars of the loans given, guarantees given and security provided is exempt under the provisions of Section 186(11) of the Companies Act, 2013. As regards investments made by the Company, the details of the same are provided in notes to the financial statements of the Company for the year ended March 31, 2020.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties as prescribed in Form No. AOC–2 of the Companies (Accounts) Rules, 2014, is annexed to this report. Details of related party transactions are given in the notes to the financial statements. The policy on related party transactions is published elsewhere in the annual report and is also placed on the Company's website.

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. However, the Company understands the importance of energy conservation for the environment and is covered under Environment, Social and Governance (ESG) section.

There were no foreign exchange earnings and the Company has incurred foreign exchange expenditure of ₹ 210.52 crores during the year.

UNCLAIMED DIVIDEND

As at March 31, 2020, dividend amounting to ₹ 7.42 lakhs had not been claimed by shareholders of the Company.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

Presently, stock options granted to the employees operate under the under ESOP 2016 at a grant price of ₹ 338 per option.

During the year 7,17,892 equity shares of ₹ 10 each were allotted to the eligible employees on exercise of ESOP options as per ESOP Policy of the Company.

DIRECTORS

The Board appointed Mr. CH S S Mallikarjuna Rao, Managing Director and CEO of Punjab National Bank as Non-Executive Director with effect from December 20, 2019. He is Chairman of the Board.

The Board appointed Dr. T M Bhasin as an Independent Director with effect from April 2, 2020 for a term of five consecutive years. Dr. Bhasin retired as the Chairman and Managing Director of Indian Bank. He was vigilance commissioner in Central Vigilance Commission.

Their appointments are subject to the approval of the members of the Company at the ensuing AGM.

During the year, Mr. Sunil Mehta resigned as chairman and director on the Board with effect from September 30, 2019 on completion of his tenure as Managing Director and CEO of Punjab National Bank. Your Board wish to place its sincere appreciation for the guidance and direction provided by Mr Mehta as Chairman of the Board.

During the year, Mr. LV Prabhakar resigned as non-executive director (nominee director of PNB) on the Board with effect from January 31, 2020 as he moved from PNB to another bank. Your Board wish to place on record for the guidance provided by Mr. LV Prabhakar.

Mr. Sanjaya Gupta ceased in his role as the Managing Director & CEO of the Company on April 28, 2020 pursuant to the terms of his appointment letter dated October 28, 2015. The Board took into consideration various factors like the changed economic environment and the significant headwinds facing the real estate and housing finance sectors which would require a different strategic approach and skills to navigate through. The Board took note of the immense contribution made by Mr. Sanjaya Gupta during the last ten years.

The Board has appointed Mr. Neeraj Vyas as interim Managing Director and CEO of the Company on April 28, 2020 for a period of eight months. Consequently, Mr Vyas has resigned as an independent director on the Board on the same day. His appointment is subject to the approval of the members of the Company at the ensuing AGM.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Sunil Kaul is liable to retire by rotation at the ensuing AGM. He is eligible for re-appointment.

The necessary resolutions for the appointment/ re-appointment of the directors and their brief profiles have been included in the notice convening the ensuing AGM. All the directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

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

The details on the number of board/ committee meetings held are provided in the Report of the Directors on Corporate Governance, which forms part of this report.

STATUTORY AUDITORS

At the 30th AGM of the Company, the members had appointed Messrs B R Maheshwari & Co LLP having registration no.

001035N as the statutory auditors for a term of 5 consecutive years and to hold office until the conclusion of the 35th AGM.

Messrs B R Maheshwari & Co is one of leading firms of Chartered Accountants, with experienced partners. The report of Statutory Auditors on annual accounts is enclosed along with Directors' Report.

During the year, Messrs B R Maheshwari & Co LLP, received a total remuneration of ₹ 0.63 crores from the Company and its subsidiaries. The remuneration pertains to fees for audit, internal financial control reporting, limited reviews, tax audits and taxation services, certifications and other matters and reimbursement of expenses.

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.

The Secretarial Compliance Report as prescribed by SEBI is provided elsewhere in the Annual 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 31, 2020 and the profit and loss account for the year ended March 31, 2020.

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 as Annexure - 3 and the same is available on the website of the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the year, there were no significant or material orders passed by the regulators or courts or tribunals that would impact the going concern status or operations of the Company in the future.

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. The Company has a subsidiary "PHFL Home Loan and Services Limited", a distribution arm for PNB Housing, offering doorstep services to the prospective customers. 'PEHEL FOUNDATION' is a CSR arm of the Company.

ACKNOWLEDGEMENTS

The Directors place on record their gratitude for the support of various regulatory authorities including the National Housing Bank, Reserve Bank of India, Securities and Exchange Board of India, Ministry of Housing and Urban Affairs, Ministry of Corporate Affairs, Registrar of Companies, Financial Intelligence Unit (India), the stock exchanges and the depositories.

The Company acknowledges the role of all its key stakeholders - shareholders, borrowers, channel partners, depositors, deposit agents and lenders for their continued support.

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: June 13, 2020
Place: New Delhi

Chairman

Annexure to Directors' Report - 1

DISCLOSURES ON MANAGERIAL REMUNERATION:

Details of remuneration 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 is provided below:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the FY 2019-20: 27.95:1

Ratio of remuneration of each Director to the median employees' remuneration for FY 2019-20:

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Sunil Mehta	Chairman & Non-Executive Director (upto 30.09.2019)	-
Mr. CH. S.S. Mallikarjuna Rao	Chairman & Non-Executive Director (from 20.12.2019)	-
Mr. L V Prabhakar	Non-Executive Director (upto 31.01.2020)	-
Mr. Sunil Kaul	Non-Executive Director	-
Mr. Shital Kumar Jain	Independent Director	-
Mr. Chandrasekaran Ramakrishnan	Independent Director	-
Dr. Gourav Vallabh	Independent Director	-
Mr. Nilesh Shivji Vikamsey	Independent Director	-
Mr. Ashwani Kumar Gupta	Independent Director	-
Mrs. Shubhalakshmi Panse	Independent Director	-
Mr. Neeraj Vyas	Independent Director (upto 28.04.2020)	-
Mr. Sanjaya Gupta	Managing Director (upto 28.04.2020)	27:95:1

2. Percentage increase in the remuneration of the Managing Director, Chief Financial Officer and Company Secretary, if any, in the financial year 2019-20;

Name	Designation	Increase in Fixed Remuneration (%)
Mr. Sanjaya Gupta	Managing Director	15.00%
Mr. Kapish Jain	Chief Financial Officer	9.72%
Mr. Sanjay Jain	Company Secretary & Head Compliance	6.00%

The performance linked bonus paid in FY 2019-20 to the Managing Director is ₹ 1,25,00,000/-, CFO is ₹ 52,00,000/-, and to the Company Secretary is ₹ 14,00,000/-.

There was no change in the sitting fees paid to the non-executive directors for attending meetings of board/committees.

3. The percentage increase in the median remuneration of employees in FY 2019-20 stood at 9.03%.

4. The Company had 1,549 permanent employees as on March 31, 2020.

5. Average percentile increase already made in salaries of employees other than managerial personnel in 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 remuneration of managerial personnel stood at 11.82% and non-managerial personnel was 8.92%.

The average increase in the remuneration 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 increasing salary of non-managerial personnel is based on an internal evaluation of key performance indicators (KPIs), while for managerial personnel it is based on the remuneration policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

The remuneration of key managerial personnel is based on the overall performance of the Company. The Company further reiterates that there were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

Annexure to Directors' Report - 2

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

PNB Housing through its corporate social responsibility initiatives aims to be a catalyst that enables the marginalised 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: http://www.pnbhousing.com/pdf/CSR-policy-final.pdf

Our focus areas

A community which contributes significantly towards the mortgage sector and still remains at the bottom of the pyramid is of construction workers. Through our CSR initiatives, we are committed to design and implement projects that work towards socio-economic upliftment of construction workers and their immediate families. In FY 2019-20 we continued strengthening 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. With a commitment to ensure holistic care of the children of construction workers, we have established on-site day care centres. Further, strengthening this commitment, we have entered into partnership with National Real Estate Development Council (NAREDCO) to maximise skills training for construction workers. We have also partnered with Aajeevika Bureau Trust to facilitate social welfare scheme linkages for construction workers and their families.

While we remained committed towards empowerment of construction workers and their immediate families, we have also extended support towards following social issues.

- Ensuring formal education to underprivileged children
- Improving access to health care
- Improving mental wellness
- Caring for the elderly
- Supporting efforts to combat the COVID-19 global pandemic
- Environment conservation.

2. **The Composition of the CSR Committee:**
   1. Mr. R Chandrasekaran
   2. Mr. Ashwani Kumar Gupta
   3. Mr. Neeraj Vyas (with effect from May 6, 2020)

The CSR committee 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 this Executive Committee.

3. **Average net profit of the Company for the last three financial years (Subsidiary for FY 2018-19):**

	FY 2016-17 (₹ Cr)	FY 2017-18 (₹ Cr)	FY 2018-19 (₹ Cr)	Average (₹ Cr)
PNB Housing Finance Limited	804.01	1279.09	1578.05	1220.38
PHFL Home Loans and Services Limited	-	-	97.77	97.77
Total CSR Expenses for FY 2019-20				24.40+1.95
				26.35

4. **Details of CSR spent during the financial year for-**

(A) PNB Housing Finance Limited:

a) Total amount to be spent during the FY 2019-20: ₹ 24.40 crores

b) Total amount spent during FY 2019-20: ₹ 24.40 crores

c) Amount unspent, if any: NIL

(B) PHFL Home Loans and Services Limited-

a) Total amount to be spent during FY 2019-20: ₹ 01.95 crores

b) Total amount spent during FY 2019-20: ₹ 01.95 crores

c) Amount unspent, if any: NIL

Manner in which the amount was spent by PNB Housing during the financial year is detailed below:

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lakhs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lakhs) (2) overhead (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent: direct or through implementing agency
			Project - Skill Training of Construction Workers				
1	Promoting skill development for the construction workers Pan India	Skill development	An onsite/offsite training program for the upskilling of 13,000 construction workers Pan India	1,001.00	Direct Expenditure - 910.00 Overhead - 91.00	1,001.00	Implementing agency- "CREDAI CSR Foundation
2	Promoting skill development for the construction workers Pan India	Skill development	An onsite/offsite training program for the upskilling of 1,000 construction workers Pan India	78.00	Direct Expenditure - 70.20 Overhead - 07.80	78.00	Implementing agency- "NAREDCO"
			Project – Day care centres for the children of Construction Workers				
3	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 twenty day care centres at construction sites in Delhi-NCR, Bangalore and Ahmedabad	152.10	Direct Expenditure - 136.89 Overhead - 15.21	152.10	Implementing agency- "Mobile Creches"
4	do	Promoting education and eradicating malnutrition	Supporting awareness generation and capacity building	08.00	Direct Expenditure - 08.00	08.00	Implementing agency- "Mobile Creches"
5	do	Promoting education and eradicating malnutrition	Supporting five day care centre at construction site in Pune	71.44	Direct Expenditure - 68.04 Overhead - 03.40	71.44	Implementing agency- "Tara Mobile Creches Pune"
6	do	Promoting education and eradicating malnutrition	Supporting five day care centre at construction site in Mumbai	73.19	Direct Expenditure - 65.87 Overhead - 07.32	73.19	Implementing agency- "Mumbai Mobile Creches"
7	do	Promoting education and eradicating malnutrition	Supporting awareness generation and capacity building	0.97	Direct Expenditure - 0.97	0.97	Implementing agency- "Mumbai Mobile Creches"
8	do	Promoting education and eradicating malnutrition	Partly supporting one day care centre at construction site in Faridabad	04.07	Direct Expenditure - 03.76 Overhead - 0.31	04.07	Implementing agency- "Savera Society for Social Welfare"
9	do	Promoting education and eradicating malnutrition	Supporting seven day care centres at construction sites in Hyderabad	53.93	Direct Expenditure - 53.93	53.93	Implementing agency- "Plan International-India Chapter"
10	Social security benefits	Promoting health and eradicating malnutrition	To ensure social security benefits to construction workers	10.88	Direct Expenditure - 10.22 Overhead - 0.66	10.88	Implementing agency- "Aajeevika Bureau Trust"

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lakhs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lakhs) (2) overhead (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent: direct or through implementing agency
			Project - Supporting education of underprivileged children				
11	Ensuring formal education to underprivileged children	Promoting education	Supporting the VIDYA -Bal Vihar and VIDYA-PTS Colony school with their school running cost	130.46	Direct Expenditure - 119.30 Overhead - 11.16	130.46	Through implementing agency-“ VIDYA Integrated Development for Youth and Adults”
12	Ensuring formal education to underprivileged children	Promoting education	Providing scholarship support to students pursuing higher education	34.10	Direct Expenditure - 30.69 Overhead - 03.41	34.10	Through implementing agency-Buddy4Study Foundation”
13	Enabling access to formal education	Promoting education	Supporting the construction of hostel for Tribal Girls in Pune	1.50	Direct Expenditure - 1.50	1.50	Through implementing agency “Vanavasi Kalyan Ashram, Maharashtra”
			Project - Improving access to Health Care				
14	Enabling access to health care	Promoting health	To enhance infrastructure at Department of Neurosurgery AIIMS Hospital	320.00	Direct Expenditure - 320.00	320.00	Through implementing agency-“Carl Zeiss India”
15	Enabling access to health care	Promoting health	To enhance infrastructure by establishing two dialysis facilities in Uttarakhand and Chhattisgarh	38.78	Direct Expenditure - 38.78	38.78	Through implementing agency-“Fairfax India Charitable Foundation”
16	Supporting health care	Promoting health	To support health and hygiene intervention for young adolescent girls in Uttar Pradesh	35.36	Direct Expenditure -33.02 Overhead - 2.34	35.36	Implementing agency- “Progress Alternative”
17	Supporting health care	Promoting health	Supporting Cancer patient helpline and clinic in Delhi	38.85	Direct Expenditure - 38.85	38.85	Implementing agency- CanSupport”
			Project - Environment Conservation and Promoting Play				
18	Swach Bharat Abhiyan	Environment Conservation	To refurbish a park in partnership with Faridabad Municipal Corporation, Haryana	2.57	Direct Expenditure - 2.57	2.57	Direct Implementation
19	Promoting Play	Restoring public spaces	Creating engaging and safe public play area	11.30	Direct Expenditure - 10.17 Overhead - 01.13	11.30	Implementing agency- "End Poverty”
			Project - Elderly Care				
20	Supporting underprivileged elderlies	Elderly Care	Supported operational cost of an old age home in Delhi	21.97	Direct Expenditure - 20.34 Overhead - 1.63	21.97	Implementing agency- "Ayudham Society for Old and Infirm”
21	Supporting underprivileged elderlies	Elderly Care	Supporting operational cost of a Mobile Health Unit for EWS elderly in Mumbai	43.75	Direct Expenditure - 40.51 Overhead - 03.24	43.75	Implementing agency- “Help Age India”
22	Supporting underprivileged elderlies	Elderly Care	Supporting a youth as Geriatric caregivers’ training program	32.40	Direct Expenditure - 30.00 Overhead - 02.40	32.40	Implementing agency- “Help Age India”
			Project - Sports for Development				
23	Promoting sports	Sports for Development	Providing professional badminton training to the students in 20 government schools in Bangalore and Chennai	18.80	Direct Expenditure - 1 6.92 Overhead - 1.88	18.80	Implementing agency- "SRF Foundation”
			Miscellaneous - Combating COVID-19 Pandemic				
24	Scientific Research	Combating COVID-19 Pandemic	Supporting critical scientific research by NCBS to combat COVID-19 pandemic	60.00	Direct Expenditure – 60.00	60.00	Implementing agency- “National Centre for Bio-Sciences”

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lakhs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lakhs) (2) overhead (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent: direct or through implementing agency
25	Disaster Relief	Combating COVID-19 Pandemic	PM CARES Fund for COVID Relief	55.35	Direct Expenditure - 55.35	55.35	Implementing agency- "PM CARES Fund for COVID Relief"
26	Disaster Relief	Combating COVID-19 Pandemic	Delhi CM/LG Relief Fund for COVID Relief	20.00	Direct Expenditure - 20.00	20.00	Implementing Agency- "Delhi CM'LG Relief Fund for COVID Relief"
27	Administrative Overheads	-	-		122.13		
	Total				**2440.80**		

d) PHFL Home Loans and Services Ltd Manner in which the amount was spent during the financial year is detailed below:

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lakhs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lakhs) (2) overhead (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent: direct or through implementing agency
			Project – Day care centres for the children of Construction Workers				
1	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 six day care centres at construction sites in Delhi-NCR, Bangalore and Ahmedabad	42.75	Direct Expenditure - 40.62 Overhead - 02.13	42.75	Implementing agency- "Mobile Creches"
2	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 three day care centres at construction sites in Udaipur, Rajasthan	09.07	Direct Expenditure - 08.16 Overhead - 0.91	09.07	Implementing agency- "Mobile Creches"
3	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	Supporting one day care centre at construction sites in Faridabad	12.60	Direct Expenditure - 11.67 Overhead - 0.93	12.60	Implementing agency- "Savera Society for Social Welfare"
			Project – Improving access to Health Care				
4	Enabling access to health care	Promoting health	Supporting operational cost of rehabilitation centre in Delhi for mental wellbeing of people in need	13.22	Direct Expenditure - 13.22	13.22	Through implementing agency- "Sanjivni Society for Mental Health"
5	Enabling access to health care	Promoting health	To enhance infrastructure at Army Base Hospital Delhi	47.92	Direct Expenditure - 47.92	47.92	Through implementing agency-"Fairfax India Charitable Foundation"
			Project – Supporting Differently Abled				
6	Differently abled	Livelihood development	Tender Hearts Education Society	17.49	Direct Expenditure - 16.20 Overhead - 01.29	17.49	Implementing Agency- "Tender Hearts Education Society"

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lakhs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lakhs) (2) overhead (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent: direct or through implementing agency
			Project- Environmental Conservation				
7	Environmental Conservation	Solar Panels for Environmental Care	Ramakrishna Mission Vivekananda Memorial	01.00	Direct Expenditure - 01.00	01.00	Implementing Agency- "Ramakrishna Mission Vivekananda Memorial"
			Miscellaneous –Combating COVID-19 Pandemic				
8	Disaster Relief	Combating COVID-19 Pandemic	The PM National Relief Fund	21.69	Direct Expenditure - 21.69	21.69	Implementing agency-"The PM National Relief Fund"
9	Disaster Relief	Combating COVID-19 Pandemic	Delhi CM/LG Relief Fund for COVID Relief	20.00	Direct Expenditure-20.00	20.00	Implementing Agency-"Delhi CM'LG Relief Fund for COVID Relief"
10	Administrative Overheads				9.81		
	Total					**195.55**	

(C) Details of Implementing Agencies:

The Company has carried out its CSR initiatives primarily through non-profit organisations. 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 13,000 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 FY 2019-20 we have supported 29 such day care centres in Delhi-NCR, Ahmedabad and Bangalore and ensured holistic development to 3,600 children every quarter.

c) **Mumbai Mobile Creches (MMC):** since 1972, Mumbai Mobile Creches has been one of the few non-profit organisations specifically supporting the health, education and safety of children living at construction sites. MMC and PNB Housing have established five-day care centres catering to 295 children.

d) **Tara Mobile Creches Pune (TMCP):** a non-profit organisation, set up in 2007. It ensures that migrant construction workers' children enjoy the right to safety, healthcare, education, recreation and participation. TMCP operates centres, or crèches on construction sites in and around Pune. In FY 2019-20, 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 organisation. 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 FY 2019-20 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:** is a registered not-for-profit organisation, 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 470 children.

g) **Can Support:** is an 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 are supporting the operational cost of running their helpline and cancer patient clinic and supported 8,700 patients and care givers.

h) **Progress Alterative:** established in 1997 the key goal of the organisation was 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 seven 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) **SRF Foundation:** we have partnered with SRF Foundation to work with the children across 20 government schools adopted by SRF foundation in Chennai and Bangalore, using sports as medium of empowerment.

j) **PM CARES Fund for COVID-19 Relief:** Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund) has been established with the primary objective of dealing with any kind of emergency or distress situation, like posed by the COVID-19 pandemic, and to provide relief to the affected. It is a public charitable trust under the name of 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund)'.

k) **National Centre for Bio-Sciences-Tata Institute of Fundamental Research (NCBS-TIFR):** Is a premier research facility dedicated to fundamental research at all levels of biology. It is an autonomous institution under the Department of Atomic Energy (DAE). Research at NCBS covers a diverse set of subjects spanning from molecules to ecosystems including Biochemistry, Biophysics, Bioinformatics, Genetics and Development, among others. We have partnered with NCBS-TIFR to support critical scientific research to combat COVID-19.

l) **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 utilised 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.

m) **Help Age India:** Help Age India is a leading registered national level NGO, established in 1978, with a mission "to work for the cause and care of disadvantaged aged persons and to improve their quality of life". The organisation works to protect the rights of India's elderly and provide relief to them through various interventions and endeavours to make significant changes in the lives of the disadvantaged older persons, so as to enable them to live better and healthier lives.

n) **Tender Hearts Education Society:** Was founded primarily to educate the underprivileged children in the village Bhatola, Haryana. Since 1995, it has been working tirelessly towards supporting the welfare of people with disabilities. It aims to ensure holistic development of people with special needs with particular emphasis on education. Additionally, to make their intervention for welfare of people with disabilities more sustainable and meaningful, they provide vocational skills training to adolescents and young adults towards enabling them to access opportunities for self-employment in future and be independent.

(D) 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

(E) The CSR Committee hereby confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

Managing Director Chairman of CSR Committee

Annexure to Directors' Report - 3

Form No. MGT- 9
Extract of Annual return
as on the financial year ended on March 31, 2020
(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	November 11, 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	Link Intime India Private Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083 Ph.: +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:

Sl. No.	Name and description of main products/services	NIC code of the product/service	% of the total turnover of the Company
1	Financial Service Activities, Except Insurance and Pension Funding	64192	100%

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. 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 Company	100%	2(87)
2.	PEHEL Foundation Flat No. 311, 3rd Floor, Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi - 110001	U85320DL2019NPL356152	Subsidiary Company	100%	2(87)
3.	Punjab National Bank Plot No. 4, Sector -10, Dwarka New Delhi -110075	-	Promoter Company	32.65%	-

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.	-	-	-	-	-
e) Banks/FI	5,49,14,840	32.79	5,49,14,840	32.65	(0.14)*
f) Any Other	-	-	-	-	-
Sub-total (A)(1):-	**5,49,14,840**	**32.79**	**5,49,14,840**	**32.65**	**(0.14)***

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	
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)	**5,49,14,840**	**32.79**	**5,49,14,840**	**32.65**	**(0.14)**
B. PUBLIC SHAREHOLDING					
1. Institutions					
a) Mutual Funds	1,28,32,055	7.66	63,64,121	3.78	(3.88)
b) Banks/FI	15,11,787	0.90	14,80,456	0.88	(0.02)
c) Central Govt	1,060	0.00	1,060	0.00	0.00
d) State Govt(s)	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-
f) Insurance Companies	-	-	25,13,199	1.49	1.49
g) FIIs/ Foreign Portfolio Investors	3,33,45,828	19.91	3,66,58,764	21.80	1.89
h) Foreign Venture Capital Funds	-	-	-	-	-
I) Others (Alternate Investment Funds)	5,58,903	0.33	3,14,277	0.19	(0.14)
Sub total (B) (1):-	**4,82,49,633**	**28.80**	**4,73,31,877**	**28.14**	**(0.66)**
2 Non- Institutions					
a) Bodies Corp.					
i) Indian	22,73,155	1.36	12,11,477	0.72	(0.64)
ii) Overseas	-	-	-	-	-
b) Individuals					
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	47,22,992 (16 shares in physical)	2.83	67,38,173 (17 shares in physical)	4.01	1.18
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13,85,485	0.84	15,77,014	0.94	0.10
c) Others (specify)					
• Trusts	5,35,874	0.32	7,87,573	0.47	0.15
• Foreign Nationals	0	0.00	0	0.00	0.00
• Hindu Undivided Family	2,55,290	0.15	4,00,432	0.24	0.09
• Foreign Companies	5,41,92,300	32.36	5,41,92,300	32.22	(0.14)
• Non Resident Indians (Non Repat)	87,214	0.05	1,02,145	0.06	0.01
• Non Resident Indians (Repat)	2,23,752	0.13	2,83,619	0.17	0.04
• Clearing Member	5,22,479	0.31	3,57,904	0.21	(0.10)
• NBFCs registered with RBI	1,06,002	0.06	454	0.00	(0.06)
• Trust Employee	0	0.00	2,89,100	0.17	0.17
Sub-total(B) (2):	**6,43,04,543**	**38.41**	**6,59,40,191**	**39.21**	**0.80**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**11,25,54,176**	**67.21**	**11,32,72,068**	**67.35**	**0.14**
(C) SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	-	-	-	-	-
Grand Total (A+B+C)	**16,74,69,016**	**100**	**16,81,86,908**	**100**	**-**

*The percentage of shareholding of Punjab National Bank has reduced pursuant to allotment of 7,17,892 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 (Dmat.)			% change in holding during the year
		No. of shares	% of total shares of the Co.	% of total shares encumbered/ pledged to total shares	No. of shares	% of total shares of the Co.	% of total shares encumbered/ pledged to total shares	
1.	Punjab National Bank	5,49,14,840	32.79	-	5,49,14,840	32.65	-	(0.14)*

* The percentage of shareholding of Punjab National Bank has reduced pursuant to allotment of 7,17,892 equity shares under Employee Stock Option Scheme.

iii. Change in Promoters' shareholding

Sl. 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	5,49,14,840	32.79	-	-
2.	At the end of the year	-	-	5,49,14,840	32.65

* The percentage of shareholding of Punjab National Bank has reduced pursuant to allotment of 7,17,892 equity shares under Employee Stock Option Scheme.

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

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
1.	Quality Investment Holdings	5,41,92,300	32.359	-	-	-		
	Closing Balance						5,41,92,300	32.22
2.	General Atlantic Singapore Fund FII PTE Ltd.	1,65,93,240	9.908					
	Closing Balance						1,65,93,240	9.866
3.	Franklin Templeton Mutual Fund A/C Franklin India Equity Advantage Fund	15,60,762	0.932					
				05.04.2019	1,00,000	Purchase	16,60,762	0.9875
				19.04.2019	30,000	Purchase	16,90,762	1.0053
				26.04.2019	1,00,000	Purchase	17,90,762	1.0647
				03.05.2019	10,000	Purchase	18,00,762	1.0707
				10.05.2019	10,000	Purchase	18,10,762	1.0766
				24.05.2019	8,88,769	Purchase	26,99,531	1.6051
				31.05.2019	4,09,879	Purchase	31,09,410	1.8488
				14.06.2019	1,83,460	Purchase	32,92,870	1.9579
				21.06.2019	2,66,540	Purchase	35,59,410	2.1163
				29.06.2019	1,01,700	Purchase	36,61,110	2.1768
				05.07.2019	66,300	Purchase	37,27,410	2.2162
				12.07.2019	8,494	Purchase	37,35,904	2.2213
				02.08.2019	2,85,000	Purchase	40,20,904	2.3907
				16.08.2019	10,000	Purchase	40,30,904	2.3967
				18.10.2019	2,68,656	Purchase	42,99,560	2.5564
				01.11.2019	2,10,939	Purchase	45,10,499	2.6818
				08.11.2019	66,984	Purchase	45,77,483	2.7217
				15.11.2019	900	Purchase	45,78,383	2.7222
				22.11.2019	80,254	Purchase	46,58,637	2.7699
				29.11.2019	79,868	Purchase	47,38,505	2.8174
				06.12.2019	1,21,994	Purchase	48,60,499	2.8899
				13.12.2019	50,000	Purchase	49,10,499	2.9197
				03.01.2020	20,000	Purchase	49,30,499	2.9316
				10.01.2020	20,000	Purchase	49,50,499	2.9435
				31.01.2020	40,000	Purchase	49,90,499	2.9672
				20.03.2020	(44,290)	Sale	49,46,209	2.9409
				27.03.2020	(45,421)	Sale	49,00,788	2.9139
	Closing Balance						49,00,788	2.9139
4.	Varde Holdings Pte Ltd	0	0.000	26.04.2019	4,56,000	Purchase	4,56,000	0.2711
				03.05.2019	1,00,000	Purchase	5,56,000	0.3306
				24.05.2019	4,00,605	Purchase	9,56,605	0.5688
				31.05.2019	1,72,826	Purchase	11,29,431	0.6715
				14.06.2019	10,75,182	Purchase	22,04,613	1.3108
				21.06.2019	90,000	Purchase	22,94,613	1.3643
				29.06.2019	4,00,000	Purchase	26,94,613	1.6022
				05.07.2019	2,51,055	Purchase	29,45,668	1.7514
				12.07.2019	6,25,000	Purchase	35,70,668	2.1230
				19.07.2019	2,81,000	Purchase	38,51,668	2.2901
				26.07.2019	75,000	Purchase	39,26,668	2.3347
	Closing Balance						39,26,668	2.3347

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
5.	Auburn Limited	10,55,596	0.6276	17.05.2019	3,58,353	Purchase	14,13,949	0.8407
				24.05.2019	1,77,395	Purchase	15,91,344	0.9462
				21.06.2019	70,000	Purchase	16,61,344	0.9878
	Closing Balance						16,61,344	0.9878
6.	Asian Smaller Companies Pool	4,94,382	0.2939					
				10.05.2019	1,14,238	Purchase	6,08,620	0.3619
				17.05.2019	43,769	Purchase	6,52,389	0.3879
				24.05.2019	1,03,500	Purchase	7,55,889	0.4494
				21.06.2019	52,151	Purchase	8,08,040	0.4804
				29.06.2019	78,235	Purchase	8,86,275	0.5270
				02.08.2019	96,458	Purchase	9,82,733	0.5843
				09.08.2019	10,74,549	Purchase	20,57,282	1.2232
				04.10.2019	14,942	Purchase	20,72,224	1.2321
				11.10.2019	93,261	Purchase	21,65,485	1.2875
				18.10.2019	1,35,008	Purchase	23,00,493	1.3678
				31.01.2020	(5,63,100)	Sale	17,37,393	1.0330
				07.02.2020	(24,949)	Sale	17,12,444	1.0182
				28.02.2020	(68,964)	Sale	16,43,480	0.9772
				06.03.2020	(2,17,857)	Sale	14,25,623	0.8476
				13.03.2020	(1,61,410)	Sale	12,64,213	0.7517
	Closing Balance						12,64,213	0.7517
7.	Malabar India Fund Limited	12,31,671	0.7323	20.03.2020	(77,117)	Sale	11,54,554	0.6865
	Closing Balance						11,54,554	0.6865
8.	Franklin Templeton Investment Funds	0	0.000	05.07.2019	73,431	Purchase	73,431	0.0437
				12.07.2019	5,97,257	Purchase	6,70,688	0.3988
				19.07.2019	30,018	Purchase	7,00,706	0.4166
				09.08.2019	1,93,865	Purchase	8,94,571	0.5319
				10.01.2020	81,485	Purchase	9,76,056	0.5803
				17.01.2020	1,71,200	Purchase	11,47,256	0.6821
	Closing Balance						11,47,256	0.6821
9.	HDFC Life Insurance Company Limited	4,12,281	0.2451	12.04.2019	2,084	Purchase	4,14,365	0.2464
				19.04.2019	22,916	Purchase	4,37,281	0.2600
				26.04.2019	25,738	Purchase	4,63,019	0.2753
				03.05.2019	49,262	Purchase	5,12,281	0.3046
				05.07.2019	(78)	Sale	5,12,203	0.3045
				19.07.2019	(1,344)	Sale	5,10,859	0.3037
				26.07.2019	21,615	Purchase	5,32,474	0.3166
				02.08.2019	9,587	Purchase	5,42,061	0.3223
				09.08.2019	(22)	Sale	5,42,039	0.3223
				16.08.2019	(22)	Sale	5,42,017	0.3223
				23.08.2019	18,769	Purchase	5,60,786	0.3334
				30.08.2019	24,979	Purchase	5,85,765	0.3483
				06.09.2019	(53)	Sale	5,85,712	0.3483
				20.09.2019	(2,763)	Sale	5,82,949	0.3466
				27.09.2019	(27,611)	Sale	5,55,338	0.3302
				04.10.2019	2,569	Purchase	5,57,907	0.3317
				11.10.2019	7,558	Purchase	5,65,465	0.3362
				18.10.2019	2,36,891	Purchase	8,02,356	0.4771
				25.10.2019	(20,127)	Sale	7,82,229	0.4651
				01.11.2019	(21,178)	Sale	7,61,051	0.4525
				15.11.2019	(63)	Sale	7,60,988	0.4525
				22.11.2019	(23)	Sale	7,60,965	0.4525
				29.11.2019	(148)	Sale	7,60,817	0.4524
				06.12.2019	(58)	Sale	7,60,759	0.4523
				13.12.2019	46,105	Purchase	8,06,864	0.4797
				20.12.2019	(2,350)	Sale	8,04,514	0.4783

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
				27.12.2019	(2)	Sale	8,04,512	0.4783
				31.12.2019	(2)	Sale	8,04,510	0.4783
				03.01.2020	(1)	Sale	8,04,509	0.4783
				10.01.2020	(18)	Sale	8,04,491	0.4783
				17.01.2020	(25,916)	Sale	7,78,575	0.4629
				31.01.2020	1,75,916	Purchase	9,54,491	0.5675
				07.02.2020	(4,491)	Sale	9,50,000	0.5648
				06.03.2020	50,000	Purchase	10,00,000	0.5946
				13.03.2020	75,000	Purchase	10,75,000	0.6392
				20.03.2020	13,647	Purchase	10,88,647	0.6473
				27.03.2020	36,353	Purchase	11,25,000	0.6689
	Closing Balance						11,25,000	0.6689
10.	Reliance Capital Trustee Co Ltd - A/C Nippon India Banking Fund	21,05,664	1.2520	05.04.2019	483	Purchase	21,06,147	1.2523
				12.04.2019	1,080	Purchase	21,07,227	1.2529
				19.04.2019	420	Purchase	21,07,647	1.2532
				26.04.2019	120	Purchase	21,07,767	1.2532
				03.05.2019	67	Purchase	21,07,834	1.2533
				10.05.2019	(2,875)	Sale	21,04,959	1.2516
				17.05.2019	300	Purchase	21,05,259	1.2517
				24.05.2019	(11,04,347)	Sale	10,00,912	0.5951
				31.05.2019	1,665	Purchase	10,02,577	0.5961
				07.06.2019	360	Purchase	10,02,937	0.5963
				14.06.2019	(75)	Sale	10,02,862	0.5963
				21.06.2019	165	Purchase	10,03,027	0.5964
				29.06.2019	3	Purchase	10,03,030	0.5964
				05.07.2019	440	Purchase	10,03,470	0.5966
				12.07.2019	195	Purchase	10,03,665	0.5968
				19.07.2019	389	Purchase	10,04,054	0.5970
				26.07.2019	180	Purchase	10,04,234	0.5971
				02.08.2019	1	Purchase	10,04,235	0.5971
				09.08.2019	390	Purchase	10,04,625	0.5973
				16.08.2019	75	Purchase	10,04,700	0.5974
				23.08.2019	90	Purchase	10,04,790	0.5974
				30.08.2019	196	Purchase	10,04,986	0.5975
				06.09.2019	45	Purchase	10,05,031	0.5976
				13.09.2019	105	Purchase	10,05,136	0.5976
				20.09.2019	105	Purchase	10,05,241	0.5977
				27.09.2019	3,546	Purchase	10,08,787	0.5998
				04.10.2019	60	Purchase	10,08,847	0.5998
				11.10.2019	360	Purchase	10,09,207	0.6001
				18.10.2019	90	Purchase	10,09,297	0.6001
				01.11.2019	135	Purchase	10,09,432	0.6002
				08.11.2019	79,876	Purchase	10,89,308	0.6477
				15.11.2019	(205)	Sale	10,89,103	0.6476
				22.11.2019	(182)	Sale	10,88,921	0.6474
				29.11.2019	(3,765)	Sale	10,85,156	0.6452
				06.12.2019	(720)	Sale	10,84,436	0.6448
				13.12.2019	100	Purchase	10,84,536	0.6448
				20.12.2019	6	Purchase	10,84,542	0.6448
				27.12.2019	656	Purchase	10,85,198	0.6452
				31.12.2019	14	Purchase	10,85,212	0.6452
				03.01.2020	420	Purchase	10,85,632	0.6455
				10.01.2020	79	Purchase	10,85,711	0.6455
				17.01.2020	714	Purchase	10,86,425	0.6460
				24.01.2020	546	Purchase	10,86,971	0.6463
				31.01.2020	(462)	Sale	10,86,509	0.6460
				07.02.2020	742	Purchase	10,87,251	0.6465

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
				14.02.2020	135	Purchase	10,87,386	0.6465
				21.02.2020	(644)	Sale	10,86,742	0.6462
				28.02.2020	(82)	Sale	10,86,660	0.6461
				06.03.2020	420	Purchase	10,87,080	0.6464
				13.03.2020	2,380	Purchase	10,89,460	0.6478
				20.03.2020	(1,307)	Sale	10,88,153	0.6470
				27.03.2020	(98)	Sale	10,88,055	0.6469
				31.03.2020	546	Purchase	10,88,601	0.6473
	Closing Balance						10,88,601	0.6473
11.	BNP Paribas Arbitrage	9,55,665	0.5682	05.04.2019	1,00,000	Purchase	10,55,665	0.6277
				12.04.2019	7,552	Purchase	10,63,217	0.6322
				19.04.2019	(1,22,938)	Sale	9,40,279	0.5591
				26.04.2019	(2,062)	Sale	9,38,217	0.5578
				20.09.2019	1,387	Purchase	9,39,604	0.5587
				27.09.2019	(1,387)	sale	9,38,217	0.5578
				31.01.2020	40,428	Purchase	9,78,645	0.5819
				13.03.2020	8,600	Purchase	9,87,245	0.5870
				20.03.2020	(25,308)	Sale	9,61,937	0.5719
				27.03.2020	(700)	Sale	9,61,237	0.5715
				31.03.2020	(1,33,574)	Sale	8,27,663	0.4921
	Closing Balance						8,27,663	0.4921
12	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Banking and Financial Services Fund	63,72,101	3.7887	12.04.2019	(35,700)	Sale	63,36,401	3.7675
				19.04.2019	(1,09,800)	Sale	62,26,601	3.7022
				26.04.2019	(1,52,200)	Sale	60,74,401	3.6117
				03.05.2019	(38,600)	Sale	60,35,801	3.5887
				24.05.2019	(1,96,300)	Sale	58,39,501	3.4720
				31.05.2019	(3,000)	Sale	58,36,501	3.4702
				07.06.2019	(5,78,964)	Sale	52,57,537	3.1260
				21.06.2019	(2,40,000)	Sale	50,17,537	2.9833
				29.06.2019	(4,90,000)	Sale	45,27,537	2.6920
				05.07.2019	(1,41,568)	Sale	43,85,969	2.6078
				12.07.2019	(6,50,547)	Sale	37,35,422	2.2210
				02.08.2019	(7,13,000)	Sale	30,22,422	1.7971
				09.08.2019	(11,08,812)	Sale	19,13,610	1.1378
				16.08.2019	(42,200)	Sale	18,71,410	1.1127
				30.08.2019	(1,500)	Sale	18,69,910	1.1118
				13.09.2019	(13,400)	Sale	18,56,510	1.1038
				20.09.2019	(68,365)	Sale	17,88,145	1.0632
				27.09.2019	(67,835)	Sale	17,20,310	1.0229
				04.10.2019	(380)	Sale	17,19,930	1.0226
				11.10.2019	(9,389)	Sale	17,10,541	1.0170
				18.10.2019	(59,200)	Sale	16,51,341	0.9818
				01.11.2019	(5,81,655)	Sale	10,69,686	0.6360
				29.11.2019	(57,042)	Sale	10,12,644	0.6021
				06.12.2019	(35,105)	Sale	9,77,539	0.5812
				13.12.2019	(1,145)	Sale	9,76,394	0.5805
				31.01.2020	(1,91,441)	Sale	7,84,953	0.4667
				07.02.2020	(1,93,454)	Sale	5,91,499	0.3517
				20.03.2020	(6,904)	Sale	5,84,595	0.3476
				27.03.2020	(2,19,172)	Sale	3,65,423	0.2173
	Closing Balance						3,65,423	0.2173
13.	SBI Magnum Midcap Fund	18,17,195	1.0805					
				05.04.2019	(3,35,040)	Sale	14,82,155	0.8813
				31.05.2019	(21,104)	Sale	14,61,051	0.8687
				07.06.2019	(2,85,463)	Sale	11,75,588	0.6990
				18.10.2019	(4,70,987)	Sale	7,04,601	0.4189

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
				08.11.2019	(2,00,000)	Sale	5,04,601	0.3000
				13.12.2019	(4,16,101)	Sale	88,500	0.0526
				20.12.2019	(88,500)	Sale	0	0.0000
	Closing Balance						0	0.0000
14.	Rochdale Emerging Markets (Mauritius)	10,57,758	0.6289					
				12.04.2019	(38,916)	Sale	10,18,842	0.6058
				19.04.2019	(4,37,000)	Sale	5,81,842	0.3459
				26.04.2019	(1,47,000)	Sale	4,34,842	0.2585
				03.05.2019	(1,16,802)	Sale	3,18,040	0.1891
				10.05.2019	(3,18,040)	sale	0	0.0000
	Closing Balance						0	0.0000

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
1.	Sanjaya Gupta, Managing Director	1,33,092	0.07					
				03.05.2019	1,33,269	Allotment under ESOP	2,66,361	0.16
				15.05.2019	(23,882)	Sale	2,42,479	0.14
				16.05.2019	(63,618)	Sale	1,78,861	0.11
	Closing Balance						1,78,861	0.11
2.	Kapish Jain, Chief Financial Officer	19	0.00	-	-	-	19	0.00
3.	Sanjay Jain, Company Secretary & Head Compliance	-	-	03.05.2019	15,421	Allotment under ESOP	15,421	0.00
				14.05.2019	(15,421)	Sale	0	0.00
	Closing Balance						0	0.00

5. INDEBTEDNESS

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

	Secured loans excluding deposits	Unsecured loans	Deposits (including inter corporate deposits)	Total indebtedness
Indebtness at the beginning of the financial year				
1. Principal amount	48,657.84	9,388.70	14,097.61	72,144.15
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	1,099.78	60.82	217.89	1,378.49
Total	**49,757.62**	**9,449.52**	**14,315.50**	**73,522.64**
Change in indebtedness during the financial year	607.65	(7,593.72)	2,153.39	(4,832.68)
At the end of the financial year				
1. Principal amount	49,891.35	1,854.70	16,244.38	67,990.43
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	473.92	1.10	224.51	699.53
Total	**50,365.27**	**1,855.80**	**16,468.89**	**68,689.96**

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 Mr. Sanjaya Gupta	Total amount (₹)
1.	Gross Salary		
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961)		1,67,07,023
	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		1,25,00,000
	Total (A)		**2,92,07,023**
	Ceiling as per Act		**40,55,05,000**

*Exclude value of perquisite on exercise of 1,33,269 stock options received during the year.

B. Remuneration to other directors

(I) Independent Directors	Name of Directors							
Particulars of remuneration	Mr. R Chandrasekaran	Mr. Shital Kumar Jain	Dr. Gourav Vallabh	Mr. Nilesh S Vikamsey	Mr. Ashwani Kumar Gupta	Mrs. Shubhalakshmi Panse	Mr. Neeraj Vyas	Total amount
Fee for attending Board/ Committee Meetings	7,90,000	8,60,000	7,90,000	8,20,000	12,70,000	9,20,000	7,60,000	62,10,000
Commission	20,00,000	20,00,000	20,00,000	20,00,000	20,00,000	20,00,000	-	1,20,00,000
Others	-	-	-	-	-	-	-	-
Total	**27,90,000**	**28,60,000**	**27,90,000**	**28,20,000**	**32,70,000**	**29,20,000**	**7,60,000**	**1,82,10,000**
II) Other Non-executive directors (Paid to PNB for its nominee directors)								
Fee for attending Board/ Committee Meetings							7,10,000	7,10,000
Commission								
Others								
Total (ii)							**7,10,000**	**7,10,000**
Total (B)=(i)+(ii)								**1,89,20,000**
Total Managerial Remuneration								**4,81,27,023**
Overall Ceiling as per Act								**89,21,11,000**

i) Remuneration to key Managerial Personnel other than MD

Sr. No.	Particulars of remuneration	Key Managerial Personnel Mr. Sanjay Jain, Company Secretary	Mr. Kapish Jain, CFO	Total
1.	Gross Salary			
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961	51,79,614	91,77,259	1,43,56,873
	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	14,00,000	52,00,000	66,00,000
	Total	**65,79,614**	**1,43,77,259**	**2,09,56,873**

*Excludes value of perquisite on exercise of 15,421 stock options received during the year.

7. PENALTIES /PUNISHMENT /COMPOUNDING OF OFFENCES

Type	Section of the Companies Act, 2013	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: 9th June, 2020

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 provisions of the Companies Act, 2013 for the Financial Year 2019-20. We would like to inform that our report dated 9th June, 2020 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.

7. To the extent possible, we have done the physical verification of the original signed documents and copies thereof, however, due to Covid-19 outbreak and subsequent lockdowns in the jurisdiction of registered office of the Company, in some cases, we have relied upon the soft copies of documents, shared with us by the Company through emails, supported by necessary management representations in this regard.

For Preeti Pahwa & Associates

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

544, Tower B-2, Spaze i-Tech Park, Sector 49, Gurgaon – 122018
Ph: 0124-4528500, Mobile: 9899020006, email: preeti@emindslegal.com

Preeti Pahwa & Associates

Company Secretaries

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020
[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 31st March, 2020, 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, 2020, according to the provisions of:

(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;

544, Tower B-2, Spaze i-Tech Park, Sector 49, Gurgaon – 122018
Ph: 0124-4528500, Mobile: 9899020006, email: preeti@emindslegal.com

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 (Not applicable as the Company is not a registered Registrars to an Issue and Share Transfer Agents during the period under review); 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 (Delisting of Equity Shares) Regulations, 2009;

b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

c. 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, except that as per the provisions of Section 175 of the Companies Act, 2013, any resolution passed by circulation shall be noted at a subsequent meeting of the Board of Directors and made part of the minutes of such meeting. During the year under review, the Company has taken note of Resolution(s) passed by circulation on 27th March, 2019, 11th April, 2019, 12th April, 2019 and 23rd April, 2019 in the minutes of subsequent meetings of the Board of Directors held on 9th May, 2019, however, the complete text of resolution(s) was not mentioned in the minutes of that meeting. Further, in the meeting of the Board of Directors held on 24th October, 2019, the Board took note of 3 resolutions passed by circulation however date of passing resolutions as well as complete text of resolutions have not been made part of the minutes;

Preeti Pahwa & Associates

Company Secretaries

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 2019-20:

(i) Issuance of Secured Non Convertible Debentures aggregating to INR 3,000 crores on private placement basis;

(ii) Allotment of 717,892 equity shares under Employee Stock Option Scheme.

For Preeti Pahwa & Associates

Sd/-
Preeti Pahwa
Practicing Company Secretary
Certificate of Practice No. 8263
Membership No. F-5846
UDIN: F005846B000326309

Place: Gurugram
Date: 9th June, 2020

544, Tower B-2, Spaze i-Tech Park, Sector 49, Gurgaon – 122018
Ph: 0124-4528500, Mobile: 9899020006, email: preeti@emindslegal.com

Annexure to Directors' Report - 4

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

The Company has always been and 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 maintained long term relationship with its valued customers, viz. depositors, loan customers, business partners and its various other stakeholders financers.
The Company has followed principles of transparency and adequacy in all the disclosures through its public documents; Annual Reports, financial results etc. The Company practices ethical standards in all its dealings. Over the years, it has strengthened its corporate practices and disclosures.

The Company has complied with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended by SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018.

The following is the Board's report on corporate governance.

BOARD OF DIRECTORS

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

LIST OF CORE SKILLS/ EXPERTISE/ COMPETENCIES IDENTIFIED BY THE BOARD OF DIRECTORS AS REQUIRED IN THE CONTEXT OF ITS BUSINESS AND SECTOR WHICH ENABLES IT TO FUNCTION EFFECTIVELY AND THOSE ACTUALLY AVAILABLE WITH THE BOARD

The Board should provide valuable leadership and guidance to the Company. The directors should possess extensive knowledge of the operations of the company and the people involved. The Company deals with mortgages and operates in the financial sector. The Board should possess the wisdom of various lifecycles of the financial sector, the key challenges being faced, the competition, it should have the required experience with credit cycles, workouts and remedial management. The Board with its collective wisdom should provide oversight to the Company during the challenging times.

The Company's board has people with extensive experience in the financial sector, economics, mortgages, banking, credit and information technology. The directors are highly qualified and have held leadership positions in high performing banks and companies. They are fully equipped to provide leadership and guidance to the Company in its quest to achieve growth and quality of business and attain leadership position in the mortgage industry. The brief profiles of directors are given in the Annual Report.

COMPOSITION

As on March 31, 2020, 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 composition of the board is in conformity with Regulation 17 of the LODR and Section 149 of the Companies Act, 2013. Mr. CH S S Mallikarjuna Rao was appointed as an additional director in the category of non-executive Director on December 20, 2019. Mr. Tejendra Mohan Bhasin was appointed as an additional director in the category of Independent Director on April 2, 2020. Mr. Neeraj Vyas was appointed as an Executive Director and the interim Managing Director and CEO of the Company effective April 28, 2020.

Mr. Sunil Mehta resigned from the Board with effect from September 30, 2019 on completion of his tenure as MD and CEO of Punjab National Bank. Mr. L.V. Prabhakar resigned from the Board with effect from January 31, 2020 consequent to his appointment as MD & CEO of Canara Bank. Mr. Sanjaya Gupta was relieved of his responsibilities as MD & CEO effective from close of business hours on April 28, 2020 and completed his tenure as director on the Board with effect from May 4, 2020.

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*	Name of Listed Companies and Designations	Number of Committees**	
						Member	Chairperson
1.	Mr. CH S S Mallikarjuna Rao	Current Chairman and Non-Executive Director (w.e.f. December 20, 2019). Nominee Director of Punjab National Bank as equity shareholder	07667641	4	1. Punjab National Bank – MD and CEO 2. PNB Housing Finance Limited 3. PNB Investment Services Limited - Non-Executive Director 4. PNB Metlife India Insurance Company Limited - Non-Executive Director	1	0
2.	Mr. Sunil Kaul	Non-Executive Director Nominee Director of Quality Investment Holdings as equity shareholder	05102910	2	1. PNB Housing Finance Limited 2. SBI Cards and Payment Services Limited - Non-Executive Director	3	0
3.	Mr. Shital Kumar Jain	Independent Director	00047474	2	1. PNB Housing Finance Limited 2. R S Software (India) Ltd. – Independent Director	2	1
4.	Mr. Nilesh S Vikamsey	Independent Director	00031213	9	1. Navneet Education Limited – Non-Executive Director 2. Thomas Cook (India) Limited – Independent Director 3. SBI Life Insurance Company Limited – Independent Director 4. PNB Housing Finance Limited 5. IIFL Finance Limited – Independent Director 6. IIFL Wealth Management Limited – Independent Director 7. NSEIT Limited – Independent Director 8. SOTC Travel Limited-Independent Director 9. SBI Cards and Payment Services Limited – Independent Director	9	2
5.	Mr. R Chandrasekeran	Independent Director	00580842	1	PNB Housing Finance Limited	0	0
6.	Dr. Gourav Vallabh	Independent Director	02972748	1	PNB Housing Finance Limited	1	0
7.	Mrs. Shubhalakshmi Panse	Independent Director	02599310	5	1. Sudarshan Chemical Industries Limited – Independent Director 2. The Federal Bank Ltd – Independent Director 3. PNB Housing Finance Limited 4. Atul Limited – Independent Director 5. KPIT Technologies Limited – Independent Director	4	3

8.	Mr. Ashwani Kumar Gupta	Independent Director	00108678	2	1. Dhampur Sugar Mills Limited – Independent Director 2. PNB Housing Finance Limited	3	1
9..	Dr. Tejendra Mohan Bhasin	Independent Director (w.e.f. April 2, 2020)	03091429	5	1. Centrum Capital Limited-Independent Director 2. IDBI Intech Limited-Independent Director 3. PNB Gilts Limited-Independent Director 4. SBI Cards and Payment Services Limited-Independent Director 5. PNB Housing Finance Limited	2	0
10.	Mr. Neeraj Vyas	Ceased to be Independent Director (w.e.f. April 28, 2020) and appointed as Interim Managing Director & CEO (w.e.f. April 28, 2020)	07053788	1	PNB Housing Finance Limited-	1	0
11.	Mr. Sanjaya Gupta	Ceased to be the Managing Director (w.e.f. April 28, 2020) and director (w.e.f. May 4, 2020)	02939128	-	-	-	-
12.	Mr. Sunil Mehta	Ceased to be Chairman and director (w.e.f. September 30, 2019)	07430460	-	-	-	-
13.	Mr. L.V. Prabhakar	Ceased to be a director (w.e.f. January 31, 2020)	08110715	-	-	-	-

*Excluding foreign companies, private limited companies and companies under section 8 of the Companies Act, 2013.

**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, which have been assigned various roles and responsibilities. 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 (except Mr. Shital Kumar Jain) as under;

- Mr. Shital Kumar Jain was reappointed for a second term of one year on July 29, 2019.
- Mr. R Chandrasekaran was appointed on October 7, 2015.
- Mr. Nilesh S Vikamsey was appointed on April 22, 2016.
- Dr. Gourav Vallabh was appointed on April 22, 2016.
- Mr. Ashwani Kumar Gupta was appointed on May 12, 2017.
- Mrs. Shubhalakshmi Panse was appointed on July 7, 2017.
- Mr. Neeraj Vyas was appointed on April 15, 2019 and ceased to be independent director w.e.f. April 28, 2020.
- Dr. Tejendra Mohan Bhasin was appointed on April 2, 2020

The independent directors are not liable to retire by rotation.

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 PROGRAMME

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 familiarisation 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. Post Covid-19 pandemic, Company has started holding Board meetings by audio video means. 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 & CEO 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 eight times. The meetings were held on May 9, 2019; May 27, 2019; July 29, 2019; July 30, 2019; October 24, 2019; January 10, 2020; January 23, 2020; and March 3, 2020. The attendance of the directors at the Board meetings and the 31st Annual General Meeting held on July 29, 2019 are listed below:

Directors	Board Meetings	Attendance at the 31st AGM	Sitting fee paid
Mr. Sunil Mehta (resigned with effect from September 30, 2019)	4	Yes	*
Mr. CH SS Mallikarjuna Rao (appointed as Non-executive Director on December 20, 2019)	3	NA	*
Mr. L V Prabhakar (resigned with effect from January 31, 2020)	3	No	*
Mr. Sunil Kaul	8	Yes	0
Mr. Shital Kumar Jain	7	Yes	Paid @ ₹ 50000/- per meeting
Mr. R Chandrasekaran	8	Yes	Paid @ ₹ 50000/- per meeting
Mr. Nilesh S Vikamsey	8	Yes	Paid @ ₹ 50000/- per meeting
Dr. Gourav Vallabh	8	Yes	Paid @ ₹ 50000/- per meeting
Mr. Ashwani Kumar Gupta	8	Yes	Paid @ ₹ 50000/- per meeting
Mrs. Shubhalakshmi Panse	7	Yes	Paid @ ₹ 50000/- per meeting
Mr. Sanjaya Gupta	8	Yes	0
Mr. Neeraj Vyas, Independent Director	8	Yes	Paid @ ₹ 50000/- per meeting

* The sitting fee of Mr. Sunil Mehta, Mr. CH S S Mallikarjuna Rao and Mr. L V Prabhaka 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. The minutes of Committee meetings are also placed before the Board.

The various committees, their roles and their members are;

Audit Committee

The Audit Committee currently has three independent directors; Mrs. Shubhalakshmi Panse, Chairperson, Dr. Gourav Vallabh and Mr. Nilesh S Vikamsey.

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 transactions.
- 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. The Audit Committee discuss with the Statutory Auditors their findings on the working of the Company without the presence of management.

During the year, the Audit Committee had met six times on May 9, 2019; July 30, 2019; August 30, 2019; October 24, 2019; January 22, 2020 and February 15, 2020. The details of attendance at the Audit Committee meetings are as under;

Directors	Number of meetings attended	Sitting fee
Mrs. Shubhalakshmi Panse	5	Paid @ ₹ 30000/- per meeting
Dr. Gourav Vallabh	6	Paid @ ₹ 30000/- per meeting
Mr. Nilesh S Vikamsey	6	Paid @ ₹ 30000/- per meeting

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

Nomination and Remuneration Committee (NRC)

The NRC currently has four directors; Mr. Nilesh S Vikamsey, Chairman, Mr. Sunil Kaul, Mr. CH S.S. Mallikarjuna Rao (w.e.f. February 24, 2020) and Mr. R Chandrasekaran. The Committee has been delegated powers, role and responsibilities as required under section 178 the Companies Act, 2013 and as per Listing Regulations.

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 five times on May 9, 2019; June 26, 2019; November 6, 2019; December 10, 2019; and February 1, 2020. The details of attendance at the NRC meetings are as under;

Directors	Number of meetings attended	Sitting fee
Mr. L.V. Prabhakar (Ceased to be member of committee w.e.f. January 31, 2020)	2	*
Mr. Sunil Kaul	5	0
Mr. Nilesh S Vikamsey	5	Paid @ ₹ 30000/- per meeting
Mr. R Chandrasekaran	5	Paid @ ₹ 30000/- per meeting

* The sitting fee of Mr. L V Prabhakar was paid to the Punjab National Bank.

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

Corporate Social Responsibility Committee (CSR)

The CSR Committee currently has three directors; Mr. R Chandrasekaran, Chairman, Mr. Ashwani Kumar Gupta and Mr. Neeraj Vyas (w.e.f. May 6, 2020). 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 June 25, 2019; December 6, 2019 and March 31, 2020. The details of attendance at the CSR meetings are as under;

Directors	Number of meetings attended	Sitting fee
Mr. R Chandrasekaran	3	Paid @ ₹ 30000/- per meeting
Mr. L V Prabhakar (Ceased to be member of committee w.e.f. January 31, 2020)	1	*
Mr. Ashwani Kumar Gupta	3	Paid @ ₹ 30000/- per meeting
Mr. Sanjaya Gupta	3	0

* The sitting fee of Mr. L V Prabhakar was paid to the Punjab National Bank.

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

Stakeholders Relationship Committee (SRC)

It currently has five directors; Mrs. Shubhalakshmi Panse, Chairperson, Mr. Ashwani Kumar Gupta, Mr. Sunil Kaul, Mr. CH SS Mallikarjuna Rao (w.e.f. February 24, 2020) and Mr. Neeraj Vyas (w.e.f. May 6, 2020).

It oversees the investors' grievances, investor relations, recommend to the Board raising of equity share capital and allotment of equity shares.

During the year, the SRC Committee has met fourteen times on May 27, 2019; June 26, 2019; July 30, 2019, August 17, 2019; October 17, 2019; November 1, 2019; November 8, 2019; November 15, 2019; November 25, 2019; November 30, 2019; December 16, 2019; December 19, 2019; February 6, 2020; February 21, 2020.

Directors	Number of meetings attended	Sitting fee
Mrs. Shubhalakshmi Panse	11	Paid @ ₹ 30000/- per meeting
Mr. Ashwani Kumar Gupta	14	Paid @ ₹ 30000/- per meeting
Mr. Sunil Kaul	14	0
Mr. L.V. Prabhakar (Ceased to be member of committee w.e.f. January 31, 2020)	3	* Paid @ ₹ 30000/- per meeting
Mr. Sanjaya Gupta	9	0

*The sitting fee of Mr. L V Prabhakar was paid to the Punjab National Bank.

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

Risk Management Committee

The Risk Management Committee presently has five directors; Dr. Gourav Vallabh, Chairman, Mr. CH. S.S. Mallikarjuna Rao (w.e.f. February 24, 2020), Mr. Shital Kumar Jain, Mr. Sunil Kaul and Mr. Neeraj Vyas (w.e.f. May 6, 2020). The Board has approved Risk Management Policies of the Company. The Committee oversee and reviews various aspects of risk management and review the major risk exposures of the Company. It assists the Board in determining the nature and extent of the significant risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

The Committee has met five times during the year on June 26, 2019; August 12, 2019; November 18, 2019; January 24, 2020 and March 3, 2020

Directors	Number of meetings attended	Sitting fee
Dr. Gourav Vallabh	4	Paid @ ₹ 30000/- per meeting
Mr. Shital Kumar Jain	5	Paid @ ₹ 30000/- per meeting
Mr. Sunil Kaul	5	0
Mr. L V Prabhakar (Ceased to be member of committee w.e.f. January 31, 2020)	1	*
Mr. Sanjaya Gupta	5	0

* The sitting fee of Mr. L V Prabhakar was paid to the Punjab National Bank.

In two meetings Mr. R Chandrasekaran was a special invitee to the meeting and sitting fee was paid to him.

Credit Committee (CCB)

The Credit Committee has three directors; Mr. Shital Kumar Jain, Chairman, Mr. Ashwani Kumar Gupta and Mr. Neeraj Vyas. 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 maximise 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 eleven times on April 16, 2019; May 17, 2019; June 20, 2019; June 26, 2019; September 9, 2019; September 16, 2019; September 23, 2019; November 18, 2019; February 21, 2020; February 22, 2020 and March 13, 2020. The details of attendance at the CCB meetings are as under;

Directors	Number of meetings attended	Sitting fee
Mr. Shital Kumar Jain	11	Paid @ ₹ 30000/- per meeting
Mr. Ashwani Kumar Gupta	10	Paid @ ₹ 30000/- per meeting
Mr. Neeraj Vyas (w.e.f. May 9, 2019)	10	Paid @ ₹ 30000/- per meeting
Mr. Sanjaya Gupta	11	0

In one meeting, there were 8 other Board members, who were special invitees to the meeting and sitting fee was paid to them.

The status of shareholders' complaints during FY 2019-20, 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.)
3	3	0

MEETING OF INDEPENDENT DIRECTORS

The independent directors met two times on May 27, 2019 and October 24, 2019 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

Only independent directors are paid 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 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 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

Mr. Sanjaya Gupta has ceased to be the Managing Director of the Company with effect from April 28, 2020. His five years tenure expired on May 4, 2020.

On the recommendation of Nomination & Remuneration Committee, the Board at its meeting held on April 28, 2020 has appointed Mr. Neeraj Vyas as interim Managing Director and CEO of the Company for a period of 8 months, effective from April 28, 2020.

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.

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	Grant Date	Options Granted	Vesting Period	No. of options exercised
Sanjaya Gupta	22-April-2016	5,33,077	25% each for 4 years from the date of grant	3,99,807
Sanjaya Gupta	27-July-2018	1,20,000	• 15% at the end of second year from the Grant date • 28% at the end of third year from the Grant date • 28% at the end of fourth year from the Grant date • 29% at the end of fifth year from the Grant date	-

BOARD EVALUATION

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 directors.

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 Chairman 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 Listing Regulations, the Board has appointed Mr. Sanjay Jain, Company Secretary, as the Compliance Officer of the Company.

During the year, the Company has received 3 complaints from the investors. These queries were related to non-receipt of fund pursuant to IPO of the Company and non-receipt of Annual Report. Appropriate replies have been made to the investors and these complaints stands closed now. In addition to this the Company has received few requests for physical copy of Annual Reports and revalidation of dividend warrants. The same has been taken into consideration and closed.

SUBSIDIARY COMPANIES

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

Pehel Foundation is a wholly owned subsidiary of PNB Housing Finance Limited incorporated on October 14, 2019. It is incorporated as a CSR Foundation of the Company with the main objective to implement projects, programmes and such other activities as specified in Schedule VII of Companies Act, 2013, as may be necessary under CSR Policy of PNB Housing Finance Limited and/or its group companies and/or other donors/companies in terms of Section 135 of the Companies Act, 2013.

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

During the year, the Company has raised ₹ 3000 crores of secured NCDs through private placements in 2 series. 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 adopted 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 has been amended in compliance with the provisions of SEBI (Prevention of Insider Trading) Regulations, (Amendments), 2018.

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 maximising 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 maximise 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.

The Company provided all the possible services to its customers in this difficult situation.

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

TOTAL FEES PAID TO STATUTORY AUDITORS BY COMPANY AND ITS SUBSIDIARY FOR ALL THE SERVICES DURING FY 2019-20

During the year, the statutory auditors were paid audit and other fees, including out of pocket expenses of ₹ 63.00 lakhs.

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. During the year, the Company has obtained credit facility viz. term loans, overdraft, and entered into securitation of loans to Punjab National Bank. All the transactions were in the ordinary course of business and at arm's length.

The Company has taken approval from the shareholders for entering into various banking and other transactions with Punjab National Bank in the ordinary course of business. 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 adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 from April 01, 2018 and the effective date of such transition is April 01, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the National Housing Bank ('NHB') (Collectively referred to as 'the Previous GAAP').

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 2, 2017 at 3.00 p.m., July 27, 2018 at 3.00 p.m., and July 29, 2019 at 3.00 p.m. The AGMs were held at India Habitat Centre, Lodhi Road, New Delhi. Nine special resolutions were passed at the previous three annual general meetings.

Postal Ballot

During the year, The Company had issued Postal Ballot Notice dated April 24, 2019 under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 for seeking the consent of shareholders of the Company in respect of the Amendment in Article 86 (b) of the Articles of Association of Company: Special Resolution. As per the Scrutinizer's Report, the resolution was not approved as embodied in the Postal Ballot Notice with the requisite majority as on the last date of e-voting and receipt of postal ballot forms i.e. on May 29, 2019.

As of now, no special resolution is proposed to be passed through postal ballot in the forthcoming year.

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 31, 2020, except 17 shares, remaining equity shares of the Company are held in dematerialized form.

The Company has paid the listing fees for the year 2020-21 as per the listing agreement with the respective stock exchanges.

Investor Relations

The Company has 1,02,837 shareholders as on March 31, 2020. 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.

The Company has an evolved investor relations program. The Company information is available on the website under Investor Relations section. The shareholders are also intimated through the press, email and Company's website, www.pnbhousing.com 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 as amended and uploaded on Company's website. In addition, the Company also publishes quarterly Investor deck, which is placed on the website of the Company.

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 regulations 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 FY 2019-20, notice for AGM etc., are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/ depository participants. As per circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 the Company will not be sending Annual Report 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 Relations 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 newspapers.

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. Neeraj Vyas, 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. The National Housing Bank has imposed a monetary penalty of ₹ 75,000/- on the Company, details are disclosed in the notes to the financial statement.

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 **Managing Director**
Date:13.06.2020

EXTRACTS FROM POLICY ON RELATED PARTY TRANSACTIONS

1. Manner of dealing with Related Party Transaction

1.1. Identification of Related Parties and Related Party Transactions:

1. Every Director and/or Key Managerial Personnel of the Company shall disclose to the Company Secretary of the Company in form MBP-1, at the time of his appointment, in beginning of every financial year and wherever there is any changes in the disclosures so made, about all persons, entities, firms, or other organations in which he/ she is interested, whether directly or indirectly.

2. The Chief Financial Officer will be responsible for providing prior notice to the Company Secretary of any potential Related Party Transaction. He will also

be responsible for providing additional information about the transaction that may be required, for placing before the Audit Committee, the Board or shareholders, as the case may be.

3. The suggested details and list of records and supporting documents which are required to be provided to the Audit Committee or Board of the Company for the proposed Related Party Transaction are provided in Annexure to this Policy.

4. If required, the Company may refer any potential Related Party Transaction to any external legal consultant/ expert for obtaining his/ her opinion on any legal/ regulatory issues involved in the potential Related Party Transaction and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee.

1.2. Approval Mechanism for Related Party Transaction

1.2.1. Approval by the Audit Committee

All Related Party Transactions shall require PRIOR approval of the Audit Committee.

Omnibus approval of Related Party Transactions:
In the case of repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval. While granting omnibus approval, the Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and such approval shall be in the interest of the Company.

Criteria for making the omnibus approval:
The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall inter alia include the following, namely: -

a. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;

b. the maximum value per transaction which can be allowed;

c. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;

d. review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each of the omnibus approval made;

e. transactions which cannot be subject to the omnibus approval by the Audit Committee.

The omnibus approval granted by the Audit Committee shall indicate the following: -

a. name of the Related Party/ parties;

b. nature and duration of the transaction;

c. maximum amount of transaction that can be entered into;

d. the indicative base price or current contracted price and the formula for variation in the price, if any; and

e. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Where need of the Related Party Transaction cannot be foreseen and above details are not available, the Audit Committee may grant omnibus approval subject to the value per transaction shall not exceed by ₹ 1,00,00,000/- (Rupees One crore only).

Provided that in case of transaction, other than Specified Transactions, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.

The omnibus approval provided by the Audit Committee shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of such financial year.

1.2.2. Approval by the Board

The Board shall approve the Related Party Transaction if:

a. it is a Specified Transaction with such Related Party/ parties as defined under Section 2(76) of the Act and aforesaid transaction is not in the ordinary course of business or not at Arm's Length Basis; or

b. the Audit Committee determines that a Related Party Transaction should be brought before the Board; or

c. the Board in any case elects to review any Related Party Transaction suo moto.

Provided that in case of a transaction falling under Point no. (a) above, prior approval of the Board shall be required.

1.2.3. Approval by the Members

A. The prior approval of the shareholders by way of an ordinary resolution shall be required in respect of Specified Transaction(s) with Related Party(ies) as defined under Section 2(76) of the Act and exceeds the following threshold limits;

S. No.	Nature of the Transaction	Threshold Limit
i.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	Amounting to 10% or more of the turnover of the Company or ₹ 100 crores, whichever is lower.
ii.	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	Amounting to 10% or more of the net worth of the Company or ₹ 100 crores, whichever is lower.

S. No.	Nature of the Transaction	Threshold Limit
iii.	Leasing of property of any kind.	Amounting to 10% or more of the turnover or 10% or more of the net worth of the Company, or ₹ 100 crores, whichever is lower.
iv.	Availing or rendering of any services, directly or through appointment of agent.	Amounting to 10% or more of the turnover of the Company or ₹ 50 crores, whichever is lower.
v.	Appointment of any Related Party to any office or place of profit in the Company, its subsidiary company or associate company.	Monthly remuneration exceeding two and half lakh rupees.
vi.	Underwriting the subscription of any securities or derivatives thereof, of the Company.	Remuneration for underwriting exceeding 1% of the net worth of the Company.

The limits specified in point no. (i) to (iv) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The turnover or net worth as mentioned in point no. (i) to (iv) above shall be computed on the basis of audited financial statement of the Company on standalone basis for the preceding financial year.

Provided further that no member of the company shall vote on above stated ordinary resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a related party:

B. All Material Related Party Transactions shall require approval of the shareholders by way of an ordinary resolution. No Related Party(ies) shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

1.3. Consideration by the Audit Committee/ Board in approving the proposed transactions

The Audit Committee/ Board shall take into account all relevant facts and circumstances including the terms of the transaction, purpose of the transaction, benefits to the Company and benefit to the Related Party and any other relevant matters.

The Audit Committee/ Board shall, inter-alia, consider the following factors to the extent relevant to the transaction:

a) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;

b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

c) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction; and

d) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company.

1.4. Related party transactions not previously approved

In the event of any Director, Key Managerial Personnel or any other employee becoming aware of any Related Party Transaction(s) that has been omitted to be approved by the Audit Committee/ Board/ Members, as the case may be or is in deviation of this Policy, such person shall promptly inform to the Company Secretary about such transaction and such transaction shall be placed before the Audit Committee, Board or members, as may be required in accordance with this Policy for review and approval. The Audit Committee, Board or members, as the case may be, shall consider all relevant facts and circumstances and may decide necessary actions as it may consider appropriate including ratification, revision, or termination of such transaction.

2. Disclosures

i. As required under Section 188 of the Act read with the Rules made thereunder, all the Specified Transactions with related party(ies) as defined under the Act, which are not on arm's length basis or are material in nature, shall be disclosed in the Board's Report of the Company.

ii. The Company Secretary shall also make necessary entries in the Register of Contracts or Arrangement required to be maintained under the Act.

iii. Details of all Material Related Party Transactions with its Related Parties shall be disclosed in the quarterly compliance report on corporate governance as per the provisions of SEBI Listing Regulations.

iv. In addition to the above, on and after April 01 2019, Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

3. Non Applicability

Notwithstanding anything contained anywhere else in this policy, following shall be exempted from the purview of this policy:

a) Approval of Audit Committee

Approval of Audit Committee shall not be required for any transaction which have been entered into by the Company with its wholly owned subsidiary of whose accounts are consolidated with Company and placed before the Annual General Meeting for approval. Provided that approval of Audit Committee shall be required in case of Specified Transaction between the Company and its wholly owned subsidiary company.

b) **Approval of Board**

Approval of Board of Directors shall not be required for the transaction entered into by the Company with its wholly owned subsidiary or with any other party, if such transaction is in the ordinary course of business and on an arm's length basis.

Provided that in case of transaction, other than Specified Transactions, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board then the Board shall review and approve such transaction.

c) **Approval of members**

Approval of members shall not be required in following cases:

i. Any transactions entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; or

ii. Any transaction entered into by the Company in its ordinary course of business and on Arm's Length Basis. However, approval of members shall be required in case of Material Related Party Transaction irrespective of the fact that such transactions is in ordinary course of business and on an arm's length basis.

General Shareholder Information

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

32nd Annual General Meeting

Date: August 5, 2020

Time: 03.00 p.m.

Venue: Audio Video Means

Financial Year

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

Dividend Payment

The Board of Directors of Company have not declared any dividend for FY 2019-20.

Listing on Stock Exchange

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

Stock Exchange	National Stock Exchange	BSE Limited (BSE)
Address	National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra(E) Mumbai – 400 051	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

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

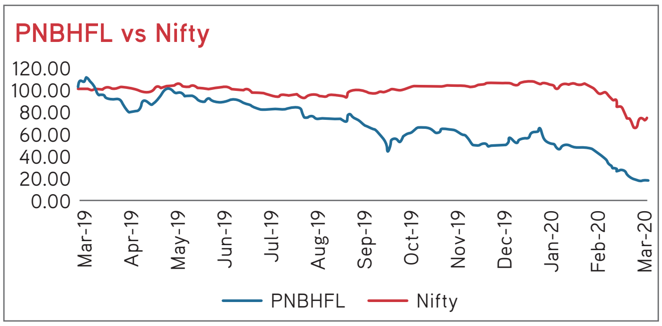
The Company confirms payment of Annual Listing fees of NSE and BSE for FY 2020-21.

Stock Market Price Data

Month	NSE			BSE		
	High	Low	Total Equity Volume	High	Low	Total Equity Volume
Apr-19	982.80	696.90	1,24,07,017	976.45	701.40	9,63,043
May-19	885.65	675	2,06,59,140	885	679	20,69,682
Jun-19	854	717	68,78,729	855	718.85	3,95,291
Jul-19	804	656.05	64,99,815	803	655.1	4,43,112
Aug-19	744	630	42,91,510	744.2	630	1,84,775
Sep-19	714.75	570.2	28,57,344	713.4	571.75	2,83,010
Oct-19	604.8	370.5	2,80,34,411	601.65	371.9	24,37,242
Nov-19	595.2	520	1,31,78,683	599	520.5	11,63,169
Dec-19	538.5	417	1,30,15,914	538.5	417.05	9,46,461
Jan-20	579	433	3,41,19,235	579.25	433	27,06,118
Feb-20	464.4	357	1,44,75,067	464.25	357.05	11,39,151
Mar-20	374.6	145.65	1,16,57,399	374.45	146	9,45,696

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



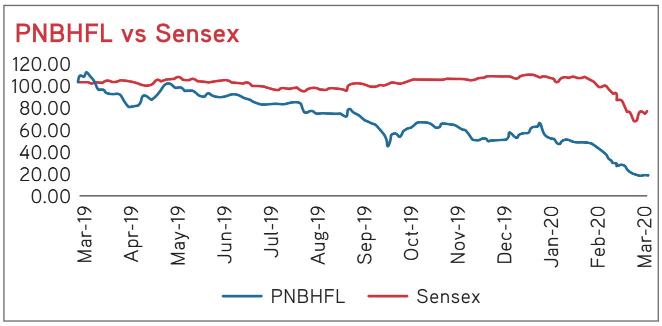


Chart base to 100

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 17 shares which are in held in physical form. 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.

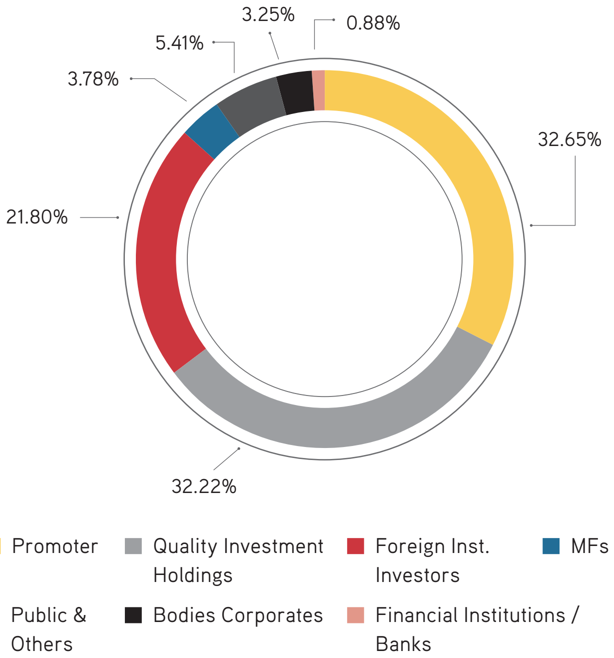
DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31ST, 2020

Sr. No	Shareholding of Nominal Value (₹)			No. of Share Holders	% of Total	Share Amount (₹)	% of Total Share Amount
1	1	to	5,000	100273	97.51	4,34,82,620.00	1.85
2	5001	to	10,000	1236	1.20	93,77,550.00	0.34
3	10001	to	20,000	606	0.59	89,25,710.00	0.39
4	20001	to	30,000	206	0.20	52,10,080.00	0.29
5	30001	to	40,000	99	0.09	35,14,900.00	0.17
6	40001	to	50,000	70	0.07	32,31,350.00	0.13
7	50001	to	1,00,000	136	0.13	96,50,640.00	0.51
8	100001	to	**********	211	0.21	159,84,76,230.00	96.32
Total				**102837**	**100.00**	**168,18,69,080.00**	**100.00**

Face Value (₹) : 10 NSDL Data as of : Mar 31, 2020

CDSL Data as of : Mar 31, 2020

Shareholding Pattern as on March 31, 2020



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 with the share transfer formalities 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

Date of Grant	No. of options granted	No. of options exercised	Exercise Price (in ₹)	No. of options lapsed	Outstanding options as on March 31, 2020
April 22, 2016	3807690	2544599	338.00	474828	788263
August 30, 2017	405700	0	1600.60	153000	252700
February 23, 2018	1,00,000	0	1206.35	0	100000
July 27, 2018	136485	0	1333.35	61800	74685
July 27, 2018	1815000	0	1333.35	423000	1392000
July 27, 2018	235000	0	1333.35	71500	163500
March 19, 2019	181200	0	847.40	31800	149400

No ESOP has been granted to Non-Executive Directors and Independent Directors.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During FY 2019-20, 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,
New Delhi 110001
Phone Number: 1800 120 8800 (011-23555206)
Email Address: loans@pnbhousing.com
(investor.services@pnbhosuing.com)

Preeti Pahwa & Associates
Company Secretaries

Secretarial Compliance Report of PNB Housing Finance Limited
for the Financial Year ended 31st March, 2020

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

I, Preeti Pahwa, Partner of M/s Preeti Pahwa and Associates, have examined:

(a) all the documents and records made available to us and explanation provided by **PNB Housing Finance Limited** ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended **31st March, 2020** ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations");

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(No event took place under these regulations during the Review Period)**

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI SAST Regulations");

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(No event took place under these regulations during the Review Period)**

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) Securities and Exchange Board of India(Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations,2013; **(No event took place under these regulations during the Review Period)**

544, Tower B-2, Spaze i-Tech Park, Sector 49, Gurgaon – 122018
Ph: 0124-4528500, Mobile: 9899020006, email: preeti@emindslegal.com

Preeti Pahwa & Associates
Company Secretaries

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;,and based on the above examination, I/We hereby report that, during the Review Period:-

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
		None	

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
		None		

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended...	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	Regulation 29(1)(d) of SEBI LODR, 2015: The intimation to the stock exchanges were given as a outcome of Board meeting for issuance of secured and unsecured non-convertible debentures, through prior intimation to the stock exchanges about the meeting of Board of Directors should have been given.	2018-19	The Company has taken necessary corrective actions to give prior intimation of any type of issuance of securities within the prescribed time limits for FY 2019-20.	The actions taken by the Company are satisfactory and it has made all the issuance of secured and unsecured non-convertible debentures in FY 2019-20, through prior intimation within the prescribed time limits
2.	Regulation 60(2) of SEBI LODR, 2015: The record date fixed for redemption of Non-convertible debentures of Series-XVII A was January 16, 2019, however the Company has intimated the same to the stock exchanges on January 09, 2019 which should have been intimated to stock exchanges in advance of atleast seven working days from the record date.	2018-19	The Company has taken necessary corrective actions to file the intimation of record date fixed for redemption of Non-convertible debentures within the prescribed time limits for FY 2019-20.	The actions taken by the Company are satisfactory and it has done all the intimation for record dates FY 2019-20, within the prescribed time limits

544, Tower B-2, Spaze i-Tech Park, Sector 49, Gurgaon – 122018
Ph: 0124-4528500, Mobile: 9899020006, email: preeti@emindslegal.com

Sr. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended…	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
3.	Regulation 60(2) of SEBI LODR, 2015: The Company has fixed March 04, 2019 as record date for payment of interest and principal of Non- convertible debentures of series XXXIX and February 28, 2019 as record date for payment of interest and principal of Non-convertible debentures of series XLII and both of record dates were intimated to the stock exchanges on February 22, 2019 which should have been intimated to stock exchanges in advance of atleast seven working days from the record date.	2018-19	The Company has taken necessary corrective actions to file the intimation of record date for payment of interest and principal of Non- convertible debentures within the prescribed time limits for FY 2019-20.	The actions taken by the Company are satisfactory and it has done all the intimation for record dates FY 2019-20, within the prescribed time limits.

Note: To the extent possible, we have done the physical verification of the original signed documents and copies thereof, however, due to Covid-19 outbreak and subsequent lockdown in India, in some cases, we have relied upon the soft copies of documents, shared with us by the Company through emails, supported by necessary management representations in this regard.

For Preeti Pahwa & Associates

Sd/-
Preeti Pahwa
Practicing Company Secretary
Certificate of Practice No. 8263
Membership No. F-5846
UDIN: F005846B000370507

Place: Gurugram
Date: 23th June, 2020

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

544, Tower B-2, Spaze i-Tech Park, Sector 49, Gurgaon – 122018
Ph: 0124-4528500, Mobile: 9899020006, email: preeti@emindslegal.com

Preeti Pahwa & Associates
Company Secretaries

Annexure - A

To,
PNB Housing Finance Limited
9th Floor, Antriksh Bhawan,
22 KG Marg, New-Delhi-110001

Our report of even date is to be read along with this letter.

1) Maintenance of record is the responsibility of the management of the listed entity. Our responsibility is to express an opinion on these records based on our verification of the same;

2) We have followed the practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of 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 listed entity;

4) Wherever required, we have obtained the Management Representation about the compliances of SEBI laws, rules and regulations thereof;

5) The compliance of the provisions of SEBI laws, rules, and regulations is the responsibility of management. Our examination was limited to the verification of compliances done by the listed entity;

6) As regards the books, papers, forms, reports and returns filed by the listed entity under the above mentioned regulations, the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the listed entity under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.

7) This report is neither an assurance as to the future viability of the listed entity nor the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

For Preeti Pahwa & Associates

Sd/-
Preeti Pahwa
Practicing Company Secretary
Certificate of Practice No. 8263
Membership No. F-5846
UDIN: F005846B000370507

Place: Gurugram
Date: 23th June, 2020

544, Tower B-2, Spaze i-Tech Park, Sector 49, Gurgaon – 122018
Ph: 0124-4528500, Mobile: 9899020006, email: preeti@emindslegal.com

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
PNB Housing Finance Limited
9th Floor, Antriksh Bhawan,
22 K G Marg, New Delhi-110001

I have examined the following documents:

i) Intimation of disqualification as required under Section 164 of the Companies Act, 2013 ('the Act') read with Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014; and

ii) Disclosure of concern or interests in other entities as required under Section 184(1) of the Act read with Rule 9 of the Companies (Meetings of Board and its Powers) Rules, 2014;

as submitted by the Directors of **PNB Housing Finance Limited** having CIN L65922DL1988PLC033856 and having registered office situated at 9th Floor, Antriksh Bhawan, 22 K G Marg, New Delhi-110001 (hereinafter referred to as **'the Company'**), and other relevant registers, records, forms and returns as maintained by the Company and as produced before me for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority.

Sr. No	Name of Director	DIN	Date of appointment in Company	Date of cessation, if any
1.	Mr. Nilesh Shivji Vikamsey	00031213	22.04.2016	-
2.	Mr. Shital Kumar Jain*	00047474	09.12.2009	-
3.	Mr. Ashwani Kumar Gupta	00108678	12.05.2017	-
4.	Mr. Chandrasekaran Ramakrishnan	00580842	07.10.2015	-
5.	Mrs. Shubhalakshmi Aamod Panse	02599310	07.07.2017	-
6.	Mr. Gourav Vallabh	02972748	22.04.2016	-
7.	Mr. Sunil Kaul	05102910	05.03.2015	-
8.	Mr. Neeraj Madan Vyas**	07053788	15.04.2019	-
9.	Mr. Sunil Mehta	07430460	12.05.2017	30.09.2019
10.	Mr. Seshabhadrasrinivasa Mallikarjunarao Chamarty	07667641	20.12.2019	-
11.	Mr. L.V. Prabhakar	08110715	09.08.2018	31.01.2020
12.	Mr. Sanjaya Gupta***	02939128	25.06.2010	04.05.2020

* Mr. Shital Kumar Jain was reappointed as Independent Director for second term of one year on 29th July, 2019.

** Mr. Neeraj Madan Vyas ceased to be the Independent Director of the Company w.e.f. 28th April, 2020 and was further appointed as the Interim Managing Director (as an Executive Director) and Chief Executive Officer of the Company w.e.f. 28th April, 2020.

*** Mr. Sanjaya Gupta ceased to be the Managing Director of the Company w.e.f. 28th April, 2020 and ceased as Director w.e.f. 04th May, 2020.

Further, Mr. Tejendra Mohan Bhasin was appointed as an Additional director (in the category of Independent Director) on the Board of the Company w.e.f. 02nd April, 2020.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which management has conducted the affairs of the Company.

For VLA & Associates
(Company Secretaries)

Sd/-
Vishal Lochan Aggarwal
(Proprietor)
Membership No.: F7241
C. P. No.: 7622
UDIN: F007241B000368492

Place: New Delhi
Date: 23th June, 2020

B R MAHESWARI & CO LLP
CHARTERED ACCOUNTANTS

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New Delhi – 110001
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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, 2020, 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

Akshay Maheshwari
Partner
Membership No: 504704
UDIN: 20504704AAAADN5430

Place: New Delhi
Date: 13th June, 2020

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

Annexure- II

Details of Related Party Transactions in Form AOC- 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

1. Details of contracts or arrangements not at Arm's length basis : **NIL**

2. Details of material contracts or arrangements or transactions at Arm's length basis are as under*:

S. No.	Name of the Party with which the contract is entered into	Nature of Contract/Transaction	Duration of Contract	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval at the meeting of the Board	Amount paid as advances, if any,
1.	Punjab National Bank (Promoter)	• Assignment of loans • Principal paid on assignment of loans • Fixed deposit made/ renewed • Fixed deposit mature • Bank deposits • Term loans • External commercial borrowings (The value of transactions are disclosed in notes to accounts)	April 2019 – March 2020	All the transactions are in ordinary course of business and at arms' length. The transactions with Punjab National Bank are in the nature of banking transactions with a large public sector bank.	The Company has taken omnibus approval of the Audit Committee	nil
2	Punjab National Bank (Promoter)	Purchase of 9th Floor, Antriksh Bhawan 22, K G Marg New Delhi 110001 registered office of the Company. The premise was owned by PNB.	Outright purchase	The transaction was entered into pursuant to bids invited by PNB.	Oct. 24, 2019	Full amount paid ₹ 35.00 crore

*All related party transactions are benchmarked for arm's length, approved by Audit Committee and reviewed by Statutory Auditors. The above disclosures on material transactions are based on threshold of 10 percent of consolidated turnover for the purpose of Section 188(1) of the Act.

For and on behalf of the Board

Dated: June 13, 2020
Plaee: New Delhi

Chairman

Annual Business Responsibility Report (2019-20)

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:	2019-20

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: 105 branches, 28 outreach office, 23 hubs, 2 corporate office

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

SECTION B: FINANCIAL DETAILS (CONSOLIDATED)

Paid up Capital (₹)	₹ 168.19 crores
Total Turnover (₹) for the Year ended March 31, 2020	₹ 8,489.54 crores
Total profit after taxes (₹) for the Year ended March 31, 2020	₹ 646.24 crores
Total spending on Corporate Social Responsibility (CSR)	₹ 26.35 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 • Ensuring social security benefits to construction workers • Ensuring formal education to the underprivileged children • Providing scholarships for supporting students pursuing higher education • To enhance infrastructure of government hospitals • Supporting Cancer patient helpline and clinic • Supporting health and hygiene awareness and vocational skills development for adolescent females and young women • Supporting a welfare home for the elderly • Addressing healthcare needs of economically weaker section (EWS) elderly through mobile health van • Imparting skills training to unemployed youth (EWS) facilitating and employment opportunities as geriatric caregivers • Supporting environmental conservation • Promoting holistic development of children through sports • Supporting scientific research to combat COVID-19 pandemic • Supporting COVID-19 relief efforts by donating to PM-CARES fund

SECTION C: OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?

As on March 31, 2020, PNB Housing has two wholly-owned subsidiaries, namely, PHFL Home Loans and Services Limited and PEHEL Foundation.

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 has its own BR intiatives, however, ethos towards CSR are aligned with the PNB Housing which aims to be catalyst to enable the marginalised community to become capable and self-reliant. Further, PEHEL Foundation is a non-profit subsidiary of the Company to carry out various CSR activities of PNB Housing and PHFL.

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 its key stakeholders (e.g. suppliers, employees, lenders, investors, community etc.) and communicates its BR initiatives to the concerned stakeholders.

SECTION D: BR INFORMATION

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

1. DIN Number: 07053788
2. Name: Mr. Neeraj Vyas
3. Designation*: Managing Director & CEO

   * on interim basis

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 is a registered housing finance company with the National Housing Bank. The Company was promoted by Punjab National Bank as a wholly owned subsidiary and commenced its operations on November 11, 1988. The Company came out with an IPO and got listed on the Indian stock exchanges ie NSE and BSE on November 7, 2016. PNB continues to be the promoter of the Company and currently holds 32.65%.

The Company is primarily engaged in the business of providing housing loans. It is the 4th largest housing finance company in terms of loan assets. The Company also provide non-housing loans to individuals and non- individuals against mortgage of property.

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, 2020, the Company has pan India presence through 105 branches, 28 outreach locations, totaling to 133 distribution outlets. The Company has no overseas branch.

The Company sources its loan business through its distribution subsidiary as well as through outside sourcing agents (DSA). The Company publishes a business responsibility report (BRR) on an annual basis. The BR report is a part of the Annual report and is placed on the website of the Company i.e. www.pnbhousing.com

The requisite policies have been developed based on the best practices or as per the regulatory requirements in consultation with relevant stakeholders which may include a combination of internal policies of the Company which are accessible to all internal stakeholders and the policies are placed on the Company's website.

Further, the policies are internally evaluated by various department heads, business heads and the management on a continuous basis and principal wise details are available in Section E of the Report.

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

PRINCIPAL 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 and is published annually. The report is also available at www.pnbhousing.com.

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, Risk Management Committee, Credit Committee of the Board, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. These committees meet periodically to supervise, review and advice on the relevant/ respective matters. All the polices 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. 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 7.5 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 2,267 escalations from loan customers, which were all 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 electronically. 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 investors is also available on the website of the Company.

During the year, the Company has received 3 complaints from the shareholders, which were 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.

The Company has a robust investor outreach programme and the Investor Relations team continue its close connect with market participants across geographies. All the information viz quarterly results, half yearly results, annual results and other material information is intimated to the stock exchanges and uploaded on the website. The information's are also emailed to the market participants and shareholders, along with the press release and a detailed investor presentation.

PRINCIPAL 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 legal and 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.

As a responsible corporate citizen, Company has taken multiple initiatives during the year, towards green & sustainable environment like: adoption of Cloud Computing Technology, promoting Virtualisation, Datacentre energy optimisation, Work from home/Teleworking platform, Paperless processing, replacing physical customer correspondence with e-Communication, etc.

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

The waste generated at the Corporation's offices is managed as per the waste disposal process.

PRINCIPAL 3

Business should promote the wellbeing of all employees:

As on March 31, 2020, the Company had a total of 1,549 full time employees on its rolls. The Company has 284 women employees, which constitute 18.33% of the total workforce. 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. The said policy is in line with relevant Act passed by the Parliament in 2013. The Company, through the policy ensures that all such complaints are resolved within defined timelines. During the year, 2 cases were investigated and disposed off. Further, the Company has not received any complaints relating to child labour, forced labour, and involuntary labour.

The Company always look to attract and retain the best talent available in the industry. The recruitment process of the Company is built at fair and effective procedure, which is consistent with employment legislation and the Company's equal opportunities policies and practices.

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 about colleagues and the latest happenings within the Company.

The gaps in competencies, job specific knowledge gaps, skills and attitudes are identified during the performance appraisal process and also on the basis of dynamic business requirements. 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. These training programmes are based on our philosophy of Organisational Needs, Functional Needs and Individual Needs.

Employees are nominated for various skill development programmes to enhance their effectiveness and for improved productivity levels. Various types of trainings such as On-the-job training, cross-functional training, workshops by industry experts and MDPs at reputed national and international universities are organised for employee capability development. The organisation has also nurtured in-house training expertise in the form of dedicated trainers and subject matter experts from the core functional and business teams.

During FY 19-20, various training programs were conducted on various functional areas including Selling skills, Credit Appraisal techniques, Fraud containment and Loan Lifecycle Management. On the behavioural side, the programs were designed around Talent-pool Development, Succession Planning, Leadership Skills, Customer Centricity and many more.

During the year, the number of classroom trainings increased by 19% to 270 trainings and number of employees trained went up by 35% to 2,558 employees. However, with the focus on more digital form of trainings, the number of training man days reduced to 1.84 man days per employee from 2.6 man days in FY 2018-19. Please note the employee number is not unique.

We have also been leveraging technology, by using our web-based e-learning platform called "eGuru" and its mobile app, which provides our employees with the ease to learn on-the-go. Various e-learning modules are available on the platform to help employees enhance their knowledge on products, policies and processes. Various knowledge enhancing courses were launched during the year on functional areas like Affordable Housing, Loan against Property, Fixed Deposits and Information Security & Awareness which were very well received by the employees.

The online platform is extensively used to conduct compliance based e-learning modules on topics such as Prevention of Sexual Harassment at Workplace for Women, Prohibition of Insider Trading, Employee's Code of Conduct and Anti-money Laundering & KYC.

PNB Housing Finance is committed towards employee well-being and their health and safety is of utmost importance to the organisation. During the year, various workshops were conducted on topics such as Cervical Cancer Awareness Session, Managing Workplace Relationships and Mastering Art of Good Parenting amongst others. During these COVID-19 times, regular health and hygiene tips were being shared with employees to educate them about the safety and preventive measures.

S. No	Category	Coverage details
1	Permanent employees to whom training has been imparted	2,558
2	Permanent women employees to whom training has been imparted	432
3	Total training man days	4,710

PRINCIPAL 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), lenders, suppliers, regulatory agencies, CSR implementing 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 fully endorses and supports the government's endeavour towards its flagship scheme, Pradhan Mantri Awas Yojana. The Company during the year, got a funding of USD 175 million from IFC (International Finance Corporation) and SMBC (Sumitomo Mitsui Banking Corporation) with focus on affordable housing projects.

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 towards 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?

Protection of human rights and prevention of violations are fundamental under all circumstances, and the Company remains committed in its efforts in this direction. The Company respects and adheres to all the human rights laws framed under the Constitution of India and all other statutes which embodies the principles of human rights such as prevention of child labour, forced labour, woman empowerment etc. The Company maintains cordial and transparent relations with all its stakeholders including its employees.

Every customer, employee and other stakeholders are treated with dignity irrespective of his/ her position. It advocates as well as practices fair and transparent business conduct which is clearly embodied in its systems and policies 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 pertaining to violation of human rights 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 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 under the project environment conservation. The Company has developed and maintained green areas as part of CSR initiative. The Company will continue to work in this direction.

The Company believes that ‘Nature’ is the most important customer today. It is our responsibility to conserve the rapidly depleting natural wealth of planet Earth and hence the Company makes all the efforts to restore the environment. The Company has developed and maintained a green belt in the National Capital Region (Faridabad) as part of the CSR initiative. In Bangalore city, two public spaces-Gayathridevi Park and Agara Lake, have been selected to create green, sustainable playscapes by using eco-friendly and recycled material. 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.?

The Company recognises the risks associated with the climate change and global warming. The Company as a part of its CSR activities does activities directly related to the environment.

In light of the increasing number of cases of COVID-19, the World Health Organisation (WHO) on March 11, 2020 declared novel coronavirus as a pandemic. The Government of India decided to treat COVID-19 as a notified disaster and clarified that funds spent by the corporate houses towards providing aid and succor for combating COVID–19 shall be eligible to be considered as funds spent for CSR activities.

Amidst many priorities, as a socially responsible corporate, the Company came forward to support the nation. The Company allocated around ₹ 2.04 crores towards COVID-19 relief in the Country. The support was on the following:

- Partnered with National Centre for Bio-Sciences for research on developing washable PPE, COVID diagnostic tests and supporting clinical assessment for rapid screening of new drugs
- Contributed to the PM relief fund and PM CARES fund
- Supported provision of ‘essentials kit’ to migrant worker families
- Undertaken a research & development program (Partner-IIT Delhi) on development of sustainable PPE material.

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.

Further, the recent rapid spread of the COVID-19 virus has taken its economic toll due to shut down in most parts of the world from quarter 4 onward which had a huge impact on people and communities around the world. The organisations are also facing significant disruptions and challenges in the times of crisis.

PNB Housing as advised by the Government, complied with all the advisories issued in this regard. To mitigate the said crisis risk, the Company immediately activated its well-defined Business Continuity Plan (BCP) which inter alia deals with processes, transactions, reporting and customer services. The Company has also constituted BCP Committee comprising of members of Senior Management and support groups to regularly monitor the situation arising out of COVID-19 on a real time basis. The Company also adopted work from home policy during the lockdown period.

The Company ensured adequate hygiene and safe distancing protocols are met. The offices are regularly sanitised, thermal screening is done for all the employees and visitors, masks, and sanitisers have been made available for employees at each office. The teams are working on rotation basis to ensure business continuity. The Company has put in place strict monitoring mechanism for safety and precautions in terms of the guidelines issued by the Government.

Further, the Company leveraged on its robust technology to ensure that there is no disruption in its business operations and able to remain customer centric in the time of crisis as well. The Company will continue to navigate through this challenging environment with a focus on the wellbeing of its employees and business continuity, while ensuring least impact on the business-related routine activities.

The Company will keep all its stakeholders updated on significant developments pertaining to impact of COVID-19 on its business.

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. The Company has taken multiple initiatives during the year, towards green & sustainable environment like: adoption of Cloud Computing Technology, promoting Virtualisation, Datacentre energy optimisation, Work from home/Teleworking platform, Paperless processing, replacing physical customer correspondence with e-Communication, etc. The Company also encourages paperless process not only internally but also among the customers. With the use of technology, the Company has empowered its customers to use self service features on the customer portal mobile app which has seen a 70% penetration amongst the asset customers. Further, the Company encourages its customers to use digital services through app and web-based applications for loans.

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

The Company recognises that the housing and real estate industry play an important role in the Indian economy. The Company will continue to support and advocate for the development of housing and work towards promoting home ownership. The Company continues to make recommendations/ representations before various regulators, forums and associations relevant to further promote the housing industry.

Is your Company a member of any trade and chamber or association?
The Company is a member of Confederation of Real Estate Developers' Associations of India (CREDAI). CREDAI is the apex body representing private Real Estate developers. CREDAI is a not-for-profit company which seeks to create a favourable policy climate to ensure housing for all.

2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good?
Yes, the Company, through its association with CREDAI has promoted above objectives. CREDAI is one of the CSR arm for Skill Development, Education Scholarships and Swachh Bharat as its thematic areas.

Further, highly experienced members of the Board, Senior Management and Executives of the Company are associated with various committees constituted by the government, regulators and industry bodies from time to time for constructive discussions to strengthen the development of the housing industry and other related areas.

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 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).

Through its CSR activities, the Company is changing the life of thousands of construction workers and their families. In association with CREDAI CSR Foundation and NAREDCO, 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 over 13,400 construction workers pan India. In association with Mobile Creches, the Company has supported holistic development of thousands of children of construction workers. In partnership with Aajeevika Bureau Trust, the Company has also undertaken the initiative to facilitate social welfare linkages for wellbeing of construction workers at two sites in Gujarat, by means of supporting worker registrations and enrollment under key government schemes (Ujwala-LPG subsidy scheme, Pradhan Mantri Awas Yojna, Pradhan Mantri Suraksha Bima Yojna, others). Regular health check-ups and referrals for advanced disease amelioration are also supported under this program for construction workers and families.

The Company is also supporting two primary schools for under privileged children. Further, under the flagship scholarship program- Protsahan, 49 students have been awarded merit-cum-need based financial support for higher education. Healthcare is another important area of support. The Company has provided critical life-saving equipment to government hospitals- AIIMS Delhi, ensured well-being of Cancer patients and their families through helpline and OPD services and promoted female health and hygiene across select villages in Uttar Pradesh.

In the current COVID-19 pandemic situation, the Company has also stepped up efforts by contributing significantly towards combating the disease by means of supporting national scientific level research and development and relief efforts. Other areas of inclusive growth and equitable development include-elderly care, environmental conservation and promotion of sports.

2. 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, NAREDCO, Mobile Creches, Mumbai Mobile Creches, Tara Mobile Creches Pune, Vidya-Integrated Society for Youth and Adults, CanSupport, National Centre for Bio-Sciences, 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, COVID-19 relief work, etc.

We have also implemented a few projects directly as well such as; Swachh Bharat Abhiyan and this year we have contributed significantly towards the PM-CARES central government fund for COVID-19 emergency response and relief work in the country.

3. 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 20, we partnered with various external agencies and consultants as well to strengthen implementing agencies' reporting and monitoring capabilities for the larger goal of improving the program.

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. In FY 20, we expanded the scope of this intervention by also partnering with NAREDCO to address skilling needs of more construction sector workers.
- **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 40+ 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.
- **Ensuring health care (Supporting cancer patients)** - In partnership with a NGO "Can Support", in FY 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 8,000+ cancer patients and caregivers.

Besides the interventions listed above, we have also invested in sports for development, elderly care, developing infrastructure in government hospitals and environment conservation. The Company on a consolidated basis has spent nearly ₹ 26.36 crores on these programmes during FY 20.

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:

Customer centric is one of the core values of the Company. In this direction, the Company has taken a number of initiatives with a promise of providing omni channel experience to the customers which integrates various modes of communication with the customers for better experience and faster resolution. 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 been constantly investing in upgrading technology and in acquiring new technology.

The Company has started digitisation of documents. Customers can get their loan documents images on various digital interfaces i.e. mobile app and the web portal. PNB Housing is aggressively strengthening its footprint to reach out to more customers through pan India presence. 3 branches were made operational during the year, totalling 105 branches across 64 cities. The hub-and-spoke operating model is the backbone of operations and we are strengthening it through continuous investments in analytics, technology enhancements and digitalisation.

We are dedicated to enriching the customer experience at every touchpoint. We empathise with our customers and want to make their journey of owning a home as seamless as possible with value addition. Our policies are fair and transparent at every step for the customers. The CRM system even allows on-the-job training and improvement for the relationship management team, incorporating the suggestions and feedback received from customers.

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

The Company has various modes to communicate with the customers at any point of time. At the end of the year, there are 13 customer complaints pending in the system. Due to COVID-19, the last few days of the financial year the teams were working from home. Inspite of that the teams were able to resolve almost all the customer complaints.

2. 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 displays the information pertaining to its products at each of its branch offices across India. The details of the product attributes, relevant information on the products and services offered, fees and charges, benchmark interest rates, and other important notifications like 'Most Important Terms and Conditions', grievance redressal mechanism is available in all the offices and also available on the website of the Company.

The Company has formulated the Fair Practice Code which applies to all the Products & Services offered with an objective to promote good and fair practice by setting reasonable standards in dealing with the customers. The performance and financial highlights of the Company, which are disclosed to the stock exchange, are also available on the website of the Company.

The Company strives to ensure that transparent, correct and relevant information, pertaining to its products and services, is disseminated through its advertising material and the information displayed on the digital platforms owned by the Company. The Company encourages responsible and responsive communication towards all its stakeholders be it customers, media, investors, analysts, regulatory authorities, vendors and other stakeholders. The Company is a strong proponent of true and fair advertising and as such, discourages all kinds of means and activities that are unethical.

3. 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.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company on a continuous basis measures the advocacy and satisfaction levels of customers across various products and digital touch points. As part of this exercise, the customer's recommendation and satisfaction levels with the product and transaction experience are measured. This feedback is then analyzed and the insights from the same are implemented to improve products and processes and enhance the service quality to the customers. In addition, extensive diagnostic research in specific areas is conducted on a regular basis. The focus of the research is to identify areas of improvement in the products and services offered to the customers and define appropriate action points for improvement.

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Financial Statements

Independent Auditors' Report

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

We have audited the standalone financial statements of PNB Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, changes in equity and its cash flow for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

EMPHASIS OF MATTER

We draw your attention to Note 45 to the standalone financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the Covid-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, pursuant to the Reserve Bank of India ('RBI') Covid-19 Regulatory Package, the Company has offered a moratorium on the payment of instalments to all eligible borrowers classified as standard as on February 29, 2020. As a result, ageing of the accounts which have opted for moratorium, has been determined with reference to days past due status as of February 29, 2020.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Our response to the Key Audit Matter
Impairment of loans to customers The Company reported total gross loans of ₹ 68,434.30 crore and ₹ 1765.62 crore of expected credit loss provisions as on March 31, 2020 (Refer Note 6). Key judgements and estimates (Refer Note 2.20) in respect of the timing and measurement of expected credit losses (ECL) include: • Allocation of assets to stage 1, 2, or 3 using criteria in accordance with the Indian Accounting Standard 109; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL; • Completeness and accuracy of data used to calculate the ECL; • Inputs and assumptions used to estimate the impact of multiple economic scenarios; • Completeness and valuation of post model adjustments; • Measurements of individually assessed provisions including the assessment of multiple scenarios; and • Accuracy and adequacy of the financial statement disclosures.	Our audit procedures included testing the design and operating effectiveness of key controls across the processes relevant to the ascertainment and measurement of ECL. These controls/ processes included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and disclosures and accounting thereof. The criteria used to allocate an asset to stage 1, 2 or 3 in accordance with Ind AS 109 was evaluated. Assets in stage 1, 2 and 3 were reviewed to verify that they were allocated to the appropriate stage. With the support of the team of modelling specialists employed by the Company to make the models, we tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default', 'Exposure at Default', historical loss rates used and the valuation of collateral. To verify data quality, calculation of the data used in the ECL was tested by reconciling to source systems. To test credit monitoring, risk ratings were checked for a sample of performing loans. Appropriateness of forecasted macroeconomic variables, such as GDP, Money supply and House Price Index, were evaluated. The completeness and appropriateness of post model adjustments was assessed. The adequacy and appropriateness of disclosures for compliance with the Ind AS including disclosure of Ind AS 107 was ascertained.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, for example, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

The other information is expected to be made available to us after the date of this auditors' report. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, to the extent applicable.

2. As required by section 143(3) of the Act, based on our audit 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.

   (b) In our opinion, proper books of account as required by law 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 (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow 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 Ind AS 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 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   (h) 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 standalone financial statements – Refer Note 37(i) to the standalone 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

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 20504704AAAADI3962

Place: New Delhi
Date: June 13, 2020

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 2019-2020, 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) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Act, in respect of the activities carried on by 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, Goods and Service Tax, Custom 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 31, 2020 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 not deposited by the Company are as follows:

Name of the statute	Nature of the dues	Amount under dispute (₹ in crore)	Period to which the amount relates (Assessment Year)	Forum where dispute is pending
Income tax Act	Income tax	3.36	2018-19	CIT (A), Delhi
Income tax Act	Income tax	2.51	2017-18	CIT (A), Delhi
Income tax Act	Income tax	1.84	2016-17	ITAT, Delhi
Income tax Act	Income tax	0.23	2015-16	CIT (A), Delhi
Income tax Act	Income tax	1.06	2015-16	ITAT, Delhi
Income tax Act	Income tax	1.96	2014-15	ITAT, Delhi
Total		**10.96**		

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) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company.

10) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on the Company by its officers or employees 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 adequately 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 standalone 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 is 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 non- cash 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

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 20504704AAAADI3962

Place: New Delhi
Date: June13, 2020

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, 2020 in conjunction with our audit of the standalone 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 standalone 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 standalone 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 standalone 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 standalone 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, 2020 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

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 20504704AAAADI3962

Place: New Delhi
Date: June13, 2020

Standalone Balance Sheet

as at March 31, 2020

(₹ in crore)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	3	8,512.46	4,025.97
Bank balance other than cash and cash equivalents	4	0.07	0.11
Derivative financial instruments	15	125.66	-
Receivable	5	5.84	26.74
Loans	6	66,668.68	74,327.47
Investments	7	2,048.32	4,457.43
Other financial assets	8	701.69	512.96
		78,062.72	**83,350.68**
Non- financial assets			
Current tax assets (net)	9	43.44	98.82
Deferred tax assets (net)	10	275.45	51.21
Investment property	11	0.55	0.56
Property, plant and equipment	12	105.21	78.23
Right of use assets	12	119.69	-
Other Intangible assets	13	24.80	23.52
Capital work-in-progress		1.23	3.81
Intangible assets under development		2.83	1.36
Other non- financial assets	14	31.70	10.94
Assets held for sale		206.56	131.11
		811.46	**399.56**
Total		**78,874.18**	**83,750.24**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	15	-	210.80
Payables			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		83.54	132.16
Debt securities	16	17,836.46	29,604.94
Borrowings (other than debt securities)	17	32,328.12	26,793.19
Deposits	18	16,132.68	14,023.04
Subordinated liabilities	19	1,438.58	1,437.68
Other financial liabilities	20	1,689.55	2,081.31
		69,508.93	**74,283.12**
Non financial liabilities			
Provisions	21	18.43	23.73
Other non-financial liabilities	22	1,399.66	2,008.38
		1,418.09	**2,032.11**
Equity			
Equity share capital	23	168.19	167.47
Other equity		7,778.97	7,267.54
Total equity		**7,947.16**	**7,435.01**
Total		**78,874.18**	**83,750.24**
Overview and significant accounting policies	1 & 2		

The accompanying notes are an integral part of the standalone 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

Akshay Maheshwari
Partner
M. No.: 504704

CH. S.S. Mallikarjuna Rao
Chairman
DIN: 07667641

Neeraj Vyas
Managing Director
DIN: 07053788

Place: New Delhi
Date: June 13, 2020

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Standalone Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in crore)

Particulars	Note No.	Current Year	Previous Year
Revenue from operations			
Interest income	24	7,689.46	6,788.32
Dividend Income		110.00	-
Fees and commission income	25	185.90	258.69
Income on derecognised (assigned) loans		336.15	308.09
Net gain on fair value changes	26	156.81	125.76
Total revenue from operations		**8,478.32**	**7,480.86**
Other income		7.60	3.74
Total income		**8,485.92**	**7,484.60**
Expenses			
Finance costs	27	5,875.30	5,166.46
Impairment on financial instruments	28	1,250.51	188.95
Employee benefits expense	29	195.28	211.33
Fees and commission expense		8.03	82.75
Depreciation, amortisation and impairment		65.64	31.29
Other expenses	30	266.16	225.77
Total expenses		**7,660.92**	**5,906.55**
Profit before tax		**825.00**	**1,578.05**
Tax expense/(credit)			
Current tax	31	366.32	447.49
Deferred tax	31	(223.63)	49.18
Profit for the year		**682.31**	**1,081.38**
Other comprehensive (loss) / income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan		0.27	(0.69)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.07)	0.24
Subtotal (A)		**0.20**	**(0.45)**
B (i) Items that will be reclassified to profit or loss Cash flow hedge		(46.91)	(156.19)
(ii) Income tax relating to items that will be reclassified to profit or loss		(8.98)	54.55
Subtotal (B)		**(55.89)**	**(101.64)**
Other comprehensive (loss) / income (A + B)		**(55.69)**	**(102.09)**
Total comprehensive income for the year		**626.62**	**979.29**
Earnings per equity share (Face value of ₹ 10/- each fully paid up)			
Basic (₹)	32	40.60	64.61
Diluted (₹)	32	40.55	64.22
Overview and significant accounting policies	1 & 2		

The accompanying notes are an integral part of the standalone 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

Akshay Maheshwari
Partner
M. No.: 504704

CH. S.S. Mallikarjuna Rao
Chairman
DIN: 07667641

Neeraj Vyas
Managing Director
DIN: 07053788

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: June 13, 2020

Standalone Statement of Changes in Equity

for the year ended March 31, 2020

(₹ in crore)

Particular	Equity share	Other equity*							Total equity
		Reserves and surplus					Other comprehensive income	Total other equity	
		Share premium reserve	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
Balances as at March 31, 2018	**166.59**	**3,973.94**	**484.76**	**56.97**	**27.34**	**1,895.42**	**(36.67)**	**6,401.76**	**6,568.35**
Equity shares issued during the year	0.88	28.95	-	-	-	-	-	28.95	29.83
Employee stock option excised during the year (Refer note 23.8)	-	9.86	-	-	(9.86)	-	-	-	-
Transfer to special reserve#	-	-	147.00	-	-	(147.00)	-	-	-
Transfer to statutory reserve##	-	-	-	70.00	-	(70.00)	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	39.25	-	-	39.25	39.25
Transfer on account of stock option lapsed/ expired	-	-	-	-	(0.62)	0.62	-	-	-
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(181.70)	-	(181.70)	(181.70)
Profit for the year	-	-	-	-	-	1081.38	-	1,081.38	1,081.38
Fair value changes on derivatives	-	-	-	-	-	-	(101.64)	(101.64)	(101.64)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	(0.45)	-	(0.45)	(0.45)
Others	-	-	-	-	-	(0.01)	-	(0.01)	(0.01)
Balances as at March 31, 2019	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,578.26**	**(138.31)**	**7,267.54**	**7,435.01**
Equity shares issued during the year	0.72	23.55	-	-	-	-	-	23.55	24.27
Employee stock option exercised during the year (Refer note 23.8)	-	8.03	-	-	(8.03)	-	-	-	-
Transfer to special reserve#	-	-	182.00	-	-	(182.00)	-	-	-
Transfer to statutory reserve##	-	-	-	-	-	-	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	21.06	-	-	21.06	21.06
Transfer on account of stock option lapsed/ expired	-	-	-	-	(1.82)	1.82	-	-	-
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(159.75)	-	(159.75)	(159.75)
Profit for the year	-	-	-	-	-	682.31	-	682.31	682.31
Fair value changes on derivatives	-	-	-	-	-	-	(55.89)	(55.89)	(55.89)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.20	-	0.20	0.20
Others	-	-	-	-	-	(0.05)	-	(0.05)	(0.05)
Balances as at March 31, 2020	**168.19**	**4,044.33**	**813.76**	**126.97**	**67.32**	**2,920.79**	**(194.20)**	**7,778.97**	**7,947.16**

*Refer notes 23.6 for nature and the purpose of reserves.

#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 ₹ 182.00 crore (Previous year ₹ 147.00 crore) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹ Nil (Previous year ₹ 70.00 crore) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

The accompanying notes are an integral part of the standalone 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

Akshay Maheshwari
Partner
M. No.: 504704

CH. S.S. Mallikarjuna Rao
Chairman
DIN: 07667641

Neeraj Vyas
Managing Director
DIN: 07053788

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: June 13, 2020

Standalone Statement of Cash Flow

for the year ended March 31, 2020
(Indirect Method)

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	825.00	1,578.05
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	65.64	31.29
Loss on sale of property, plant and equipment	0.61	0.12
Impairment on financial instruments	1,173.15	162.15
Impairment/ (reversal of impairment) on assets held for sale	55.80	(0.81)
Net loss on financial asset at fair value through profit and loss	(0.22)	(3.60)
Share based payment expense	21.06	39.25
Effective interest rate on financial assets	(34.78)	(2.16)
Effective interest rate on financial liabilities	68.75	41.99
Income on derecognised (assigned) loans	(181.48)	(268.61)
Derivative impact of external commercial borrowings	(383.37)	16.05
Interest on lease	11.02	-
Re-measurement on defined benefit plan	0.27	-
Bad debts Written-off	77.36	26.80
	873.81	**42.47**
Operating profits before changes in working capital	**1,698.81**	**1,620.52**
Working Capital changes		
Trade payables	(48.62)	8.50
Provision	(6.96)	4.70
Financial liabilities	(530.12)	1,228.25
Non financial liabilities	(597.04)	369.05
Loans at amortised cost	6,443.66	(17,346.27)
Trade receivable	20.90	(26.41)
Other financial asset	(6.48)	(3.53)
Other non financial asset	(21.62)	9.69
Investments (Net)	2,410.40	(2,041.06)
Asset held for sale	(131.25)	48.40
Other bank balances	0.04	(0.08)
	7,532.91	**(17,748.76)**
Cash generated / (used) in operations	**9,231.72**	**(16,128.24)**
Taxes paid (net of refunds)	(320.58)	(497.50)
Net cash generated / (used) in operating activities	**8,911.14**	**(16,625.74)**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(63.63)	(57.95)
Capital work-in-progress and intangible assets under development (net)	1.11	4.52
Sale of property, plant and equipment and other intangible assets	0.11	0.18
	(62.41)	**(53.25)**
Net cash used in investing activities	**(62.41)**	**(53.25)**

Standalone Statement of Cash Flow

for the year ended March 31, 2020
(Indirect Method)

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from financing activities		
Proceeds from borrowings		
Debt securities & subordinated liabilities	3,000.00	1,440.70
Borrowings from bank	15,989.83	24,338.50
Deposits (net)	2,108.71	2,675.64
Commercial paper	-	33,575.00
Repayment of borrowings		
Commercial paper	(7,534.00)	(36,025.00)
Debt securities & subordinated liabilities	(7,308.00)	(530.00)
Borrowings from bank	(10,448.29)	(7,434.91)
Lease Liability	(35.01)	-
Proceeds from issue of share capital	0.72	0.88
Share premium received	23.55	28.95
Dividend paid (including dividend distribution tax)	(159.75)	(181.70)
Net cash (used) / generated from financing activities	**(4,362.24)**	**17,888.06**
Net changes in cash & cash equivalents	**4,486.49**	**1,209.07**
Cash or cash equivalents at the beginning of the year	4,025.97	2,816.90
Cash or cash equivalents at the end the of the year	8,512.46	4,025.97
Net increase / (decrease) of cash & cash equivalents during the year	**4,486.49**	**1,209.07**

Note: Figures in bracket denotes application of cash

The accompanying notes are an integral part of the standalone financial statements.

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

Akshay Maheshwari
Partner
M. No.: 504704

Place: New Delhi
Date: June 13, 2020

For and on behalf of the Board of Directors

CH. S.S. Mallikarjuna Rao
Chairman
DIN: 07667641

Neeraj Vyas
Managing Director
DIN: 07053788

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Notes to Standalone Financial Statements
for the year ended March 31, 2020

1. OVERVIEW

1.1. Overview

PNB Housing Finance Limited ('PNBHFL'), 'the Company' was incorporated on November 11, 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. The Company is listed on BSE Limited and National Stock Exchange of India Limited. The Company's registered office is at 9th floor, Antriksh Bhawan, 22, K.G.Marg, New Delhi -110001.

These standalone financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on June 13, 2020.

1.2. Basis of preparation / Statement of Compliance

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial assets held for trading, all of which have been measured at fair value.

The standalone financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the National Housing Bank Act, 1987 and the Housing Finance Companies Directions, 2010 as amended from time to time.

The standalone financial statements are prepared in accordance with provision contained in section 129 of the Companies Act 2013, read with Division III of Schedule III.

The Finance (No.2) Act, 2019 has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI). The Central Government has since issued notification appointing August 09, 2019 as the date on which the relevant part of that Act shall come into effect. HFCs will henceforth be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. RBI shall review the extant regulatory framework applicable to HFCs and issue revised regulations in due course, and till such time HFCs shall continue to comply with the directions and instructions of National Housing Bank.

The standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores, except when otherwise indicated.

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note no. 42.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of the assets.

b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer of a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these

Notes to Standalone Financial Statements

for the year ended March 31, 2020

models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c) **Effective Interest Rate (EIR) method**
EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

d) **Impairment of financial asset**
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. (refer note 2.20).

e) **Provisions and other contingent liabilities**
The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above.

2.3 Revenue Recognition

a) **Interest and related income**
Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate on net amount and restricting to the extent of the fair valuation of underlying asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at Fair value through profit and loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

b) **Dividend income**
Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

c) **Profit on derecognition of financial assets**
When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

Notes to Standalone Financial Statements

for the year ended March 31, 2020

d) **Other income**

Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) **PPE**

PPE are stated at cost (including incidental expenses) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

b) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

2.5 Depreciation and amortisation

a) **Depreciation**

Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively. Leasehold improvements are amortised over the period of five years.

All fixed assets individually costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of fixed assets is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and changes (if any) are then treated as changes in accounting estimates.

b) **Amortisation**

Intangible assets are amortised over a period of five years on straight-line method except website development costs which are amortised over a period of three years on a straight-line basis from the date when the assets are available for use.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

2.6 Investment Property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Part C of Schedule II of the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Notes to Standalone Financial Statements

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Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.7 Foreign Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss except for differences arising on cash flow hedges.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

2.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee - The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Right-of-use assets - The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liability - At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets - The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Subleases - The Company as an intermediate lessor, accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Notes to Standalone Financial Statements

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If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.11 Contingent liabilities and assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

a) Contingent liability is disclosed in case of –

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

b) Contingent assets are not recognised in the financial statements.

2.12 Employee Benefits

a) Retirement and other employee benefits

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to reduction in future payment or a cash refund.

Defined Benefit Plan

The Company has defined benefit plans as Compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

b) 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:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

Notes to Standalone Financial Statements
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- In case of non-accumulating compensated absences, when the absences occur

c) Share based payments
The Company operates a number of 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. These Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account) . The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 Taxes
Tax expense comprises current and deferred tax.

a) Current income tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

2.14 Earnings per Share
Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

✓ Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

✓ Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial asset at amortised cost
- Financial asset (debt instruments) at FVTOCI
- Financial asset at FVTPL

Financial asset at amortised costs

Financial asset is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees / costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets (debt instruments) at FVOCI

Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii) The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

b) Financial Liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees, commission / brokerage and ancillary costs incurred in relation to the financial liability. The EIR amortisation is included in interest expense in the statement of profit and loss.

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2.16 Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

2.17 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for as Cash flow hedges.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.19 Derecognition of financial assets and liabilities

a) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if and only if, either:

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- It has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

2.20 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL or FVOCI together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

Default

Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. National Housing Bank defines NPA in its Paragraph 2 sub-paragraph (1), clause (v) in its Housing Finance Companies (NHB) Directions, 2010 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

Staging

The Company while assessing whether there has been a SICR of an exposure since origination, it compares the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition. The Company classifies the accounts into three stages based on comparisons made between an account's credit risk at origination and its credit risk on the reporting date.

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The mechanics and key inputs for classifying the stages and computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired and for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance based on the probability of default.
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having SICR since initial recognition (origination of facilities) are classified under (if not impaired) stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	DPD 90+	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses 90+ DPD as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components for computation of Expected Credit Loss are:

- **Probability of Default (PD)**

Probability of Default (PD) is one of the three risk components needed to estimate ECL under INDAS 109. PD is defined as the probability that a borrower will be unable to meet his/her debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

The Company uses 12-month PD for stage 1 borrowers and lifetime PD for stage 2 and Stage 3 assets.

- **Loss Given Default (LGD)**

The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral. It is expressed as a percentage of EAD.

- **Exposure at default (EAD)**

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	FIRB + Asset coverage based

Broadly, the Company has grouped the portfolio into retail and corporate category basis risk, product and behavioural characteristics. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on Expected Collateral Realisation Method (ECR). Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

The retail portfolio is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Previous year(s) portfolio behaviour of homogenous pools is considered for PD estimation.

Loss Given Default

The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last few years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/ expected recoveries, depending on resolution strategies already materialised or in the process of materialisation. Further, LGD pools have been aligned with the PD pools.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Corporate Loans

Probability of Default:

Historically, the Company has observed low instance of default for the corporate portfolio. PDs for the corporate portfolio are determined by using external ratings as cohorts along with ever default behavior of an account in last 12 months (basis statistical technique of Pluto-Tasche methodology). For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

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Loss Given Default
Given a very low instance of loss experience, the Company has referred Foundation internal rating based (FIRB) estimates. Further, the Company has applied business logic based on security coverage ratio of existing portfolio and ECR of stage 3 accounts to normalise the LGD estimates. For stage 2 and stage 3 accounts, Probability weighted scenarios were created to compute loss given default.

Exposure at Default
EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Significant increase in credit risk (SICR)
The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans:
Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is those stage 1 loan assets where underlying property is under construction and construction progress in last one year is slow.

Corporate Loans:
The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward looking information
Ind AS 109 requires entities to model their ECL and apply forward-looking macroeconomic scenarios taking into consideration possibility of stressed and favourable economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL considering the impact of COVID-19 several macroeconomic variables such as growth rates of GDP, Housing Price Index (HPI) inflation, money supply, unemployment rate , Consumer Price Index (CPI) ,Private Final Consumption Expenditure (PFCE) and Company's historical data were analysed.

The forward-looking scenario-based shock factors were computed basis statistical measures such as Time Series (ARIMA Model) & GLM (Generalized Linear Model) and finalised based on business logic / correlation analysis.

The trend plot of the GNPA% against the selected macroeconomic indicators was showing an inverse relationship between GNPA and GDP y-o-y growth rate, PFCE y-o-y growth rate with time lag1 and HPI y-o-y growth rate with time lag 1.

Worst, Base and Best scenarios were created for all the portfolios and default rates were estimated for all the three scenarios. The differential default rates between the Base and the Best, Worst and Weighted average of these three outcomes were created to compute the shock factors. By this method, PD value will constitute both idiosyncratic risk of the portfolio as well as the influence of macroeconomic risk factors. The weights were assigned based on the future macroeconomic growth expectations in medium to long term. ECL for all portfolios is computed for these different scenarios and a probability weighted ECL is computed using the likelihood (weights) as calculated.

COVID -19 Implications
Retail Loans
The Company has identified the homogenous pool of customers (basis their residential status, occupation, employer category, EMI servicing ratio etc.) who are at relatively higher risk (by applying multiple factors including CRISIL study on Industry Credit Risk Matrix that estimates and identified the industries which will have low revenue and high credit risk due to COVID) and believes that on account of stress on their cash flows (either on account of salary loss or lower business income) there servicing capabilities might be below the current levels and hence there PD's has been marked up accordingly.

The Company has further stressed the PDs if such customers have had delinquency in the past with other financial institutions but remained good with us, customers who have opted COVID moratorium as per RBI etc.

For LGD prospective collaterals having higher risk of being impacted are identified and mark ups have been applied basis the management judgement. Multiple factors has been considered for determining the impact on LGD including time taken for resolutions, expected delay in regulatory and legal procedures, under construction properties etc. LTVs were also stressed and LGD mark ups were applied on tightened policy norms.

Corporate Loans
The Company has identified the customers (basis principal repayment, customers opted for COVID moratorium as per RBI, saleability of premium or high value units, delay in delivery of project etc.) who are at the relatively higher risk and believes that on account of stress on their cash flows and other factors there

Notes to Standalone Financial Statements

for the year ended March 31, 2020

servicing capabilities might be below the current levels and hence there PD's has been marked up accordingly.

2.21 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note no 2.20.

2.22 Write offs

The company undertakes write off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of senior officials of the Company. In case the company writes off an asset, the recoveries resulting from the write off activity may result in impairment gains. For LGD computation, the Company considers contractual amount written off i.e. principal as well as interest overdue.

2.23 Collateral

The Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody and settlement. The Company complies with local by-laws and relevant jurisdictions to ensure that the collaterals are free from all encumbrances. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

On case-to-case basis, the Company may ask for additional security, which may in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

2.24 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.25 Unclaimed Deposits

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

2.26 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.

2.27 Assets held for sale

The Company repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets acquired by the company under SARFASI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the company is committed to sell these asset and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decision.

Notes to Standalone Financial Statements

for the year ended March 31, 2020

NOTE 3: CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks in current accounts	4,801.79	3,511.41
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	3,710.49	513.27
Cash on hand	0.17	1.27
Stamps on hand	0.01	0.02
Total	**8,512.46**	**4,025.97**

Note: 3.1 Short-term deposits earn interest at the respective short-term deposit rates.

NOTE 4: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked balances with bank (Refer Note 4.1)	0.07	0.11
Total	**0.07**	**0.11**

Note: 4.1 Earmarked balances with bank include unclaimed dividend on equity shares.

NOTE 5: RECEIVABLES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Unsecured considered good (Refer note 5.1)	0.00	0.12
Receivables from related parties	5.84	26.62
Receivables which have significant increase in credit risk	-	-
Receivables – credit impaired	-	-
	5.84	**26.74**
Less: Provision for impairment	-	-
	5.84	**26.74**
Other receivables	-	-
Total	**5.84**	**26.74**

Note 5.1: No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, director or member.

NOTE 6: LOANS (AT AMORTISED COST)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Term Loans	68,434.30	74,921.60
Total Gross	**68,434.30**	**74,921.60**
Less: Impairment loss allowance	1,765.62	594.13
Total Net	**66,668.68**	**74,327.47**
Secured by tangible assets	68,434.30	74,921.60
Total Gross	**68,434.30**	**74,921.60**
Less: Impairment loss allowance	1,765.62	594.13
Total Net	**66,668.68**	**74,327.47**
Public Sector	-	-
Others	68,434.30	74,921.60
Total Gross	**68,434.30**	**74,921.60**
Less: Impairment loss allowance	1,765.62	594.13
Total Net	**66,668.68**	**74,327.47**

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Note 6.1: Loans - Staging analysis

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans*	50,729.97	1,566.45	660.88	52,957.30	54,508.64	1,303.44	325.00	56,137.08
Total	**50,729.97**	**1,566.45**	**660.88**	**52,957.30**	**54,508.64**	**1,303.44**	**325.00**	**56,137.08**

As on March 31, 2019, the Company had loan assets of ₹ 56,137.08 crore of which 97.10% were in stage 1, 2.32% were in stage 2 and 0.58% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:
   - i) 16.05% of loan assets moved out of books by year end
   - ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:
   - i) 16.09% of loan assets moved out of books by year end
   - ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:
   - i) 33.09% of loan assets moved out of books by year end
   - ii) Residual portfolio either remained in stage 3 or had backward flows

As on March 31, 2018, the Company had loan assets of ₹ 44,823.90 crore of which 98.13% were in stage 1, 1.50% were in stage 2 and 0.37% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:
   - i) 11.42% of loan assets moved out of books by year end
   - ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:
   - i) 15.56% of loan assets moved out of books by year end
   - ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:
   - i) 12.02% of loan assets moved out of books by year end
   - ii) Residual portfolio either remained in stage 3 or had backward flows

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans*	12,504.54	913.78	1,195.35	14,613.67	16,903.67	1,119.85	29.87	18,053.39
Total	**12,504.54**	**913.78**	**1,195.35**	**14,613.67**	**16,903.67**	**1,119.85**	**29.87**	**18,053.39**

As on March 31, 2019, the Company had loan assets of ₹ 18,053.39 crore of which 93.63% were in stage 1, 6.20% were in stage 2 and 0.17% were in stage 3.

a) Movement of Stage 1:
   - i) 16.03% of loan assets moved out of books by year end
   - ii) Residual portfolio either remained in stage 1 or had forward flows

Notes to Standalone Financial Statements
for the year ended March 31, 2020

b) Movement of Stage 2:

   i) 2.03% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

   i) 0% of loan assets moved out of books by year end

As on March 31, 2018, the Company had loan assets of ₹ 12,254.36 crore of which 97.44% were in stage 1, 2.39% were in stage 2 and 0.17% were in stage 3.

a) Movement of Stage 1:

   i) 19.46% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

   i) 50.78% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

   i) 100% of loan assets moved out of books by year end

Analysis of change in gross carrying amount of loans* is as follows:

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening gross carrying amount	71,412.31	2,423.29	354.87	74,190.47	55,925.33	966.82	186.11	57,078.26
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	18,490.78	94.44	40.31	18,625.53	35,911.88	160.88	6.61	36,079.37
Asset paid in part or full (excluding write off) (net)	(15,287.70)	(472.79)	(102.69)	(15,863.18)	(11,206.47)	(366.72)	(40.62)	11,613.81
Asset derecognised (loan assigned)	(9,310.63)	0.00	0.00	(9,310.63)	(7,336.89)	0.00	0.00	(7,336.89)
Asset written off	(10.07)	(20.58)	(40.57)	(71.22)	(2.25)	(7.29)	(6.92)	(16.46)
Transfer to stage 1	399.94	(393.51)	(6.43)	0.00	173.16	(163.29)	(9.87)	0.00
Transfer to stage 2	(1,861.69)	1,873.18	(11.49)	0.00	(1,946.12)	1,963.34	(17.22)	0.00
Transfer to stage 3	(598.43)	(1,023.80)	1,622.23	0.00	(106.33)	(130.45)	236.78	0.00
Closing gross carrying amount	**63,234.51**	**2,480.23**	**1,856.23**	**67,570.97**	**71,412.31**	**2,423.29**	**354.87**	**74,190.47**

* Loans represents principal outstanding (Including principal overdue) as on the date of reporting.

Note 6.2: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	233.57	173.10	167.94	574.61	27.89	52.57	64.48	144.94
Total	**233.57**	**173.10**	**167.94**	**574.61**	**27.89**	**52.57**	**64.48**	**144.94**

<u>ECL movement as on March 31, 2019 and March 31, 2020</u>

a) The loan assets in stage 2 were 2.96% as on March 31, 2020 as against 2.32% as on March 31,2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 720 crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2020 would be 1.59%.

b) Increase in stage 2 ECL % POS is attributed to incorporation of pre-emptive measures in PD models, higher LGD's on account of COVID senario.

c) Overall ECL % POS have increased by 83 bps on account of conservatism build upon by the above mentioned reasons as well as incorporation of PD markup's and macro economic shocks.

Notes to Standalone Financial Statements

for the year ended March 31, 2020

ECL movement as on March 31, 2018 and March 31, 2019

a) The loan assets in stage 2 were 2.32% as on March 31, 2019 as against 1.50% as on March 31,2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 370 crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.66%.

b) Despite the applicability of SICR, the improvement in stage 2 ECL % POS is attributed to low forward flows from stage 2 to stage 3 for the Company's non-housing portfolio. In addition, lower loan to value ratios for non-housing loan have resulted in improved LGDs.

c) Overall ECL % POS have increased by 26 bps but stage 3 ECL as % POS have reduced because of improvement in trend of resolution of stage 3 assets and applicability of behaviour LGDs.

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	432.13	254.37	504.51	1,191.01	112.45	170.34	9.86	292.65
Total	**432.13**	**254.37**	**504.51**	**1,191.01**	**112.45**	**170.34**	**9.86**	**292.65**

ECL movement as on March 31, 2019 and March 31, 2020

a) Stage 1 ECL % of POS increased from 0.67% to 3.46% on account of conservatism build upon the incorporation of PD markup's, application of stressed LGD's of the NPA ECR accounts and macro economic shocks.

b) The loan assets in stage 2 were 6.25% as on March 31, 2020 as against 6.20% as on March 31,2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 389 crore has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 15.22% to 27.84%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2020 would be 3.59% as against 1.52% as on March 31, 2019.

d) The Company's stage 3 asset ratio has increased from 0.17% as on March 31, 2019 to 8.18% as on March 31, 2020 owing to this ECL has also increased.

ECL movement as on March 31, 2018 and March 31, 2019

a) Despite the growth in loan book, stage 1 ECL % of POS reduced from 1.45% to 0.67%. This is attributed to application of SICR and movement of frequent delinquent accounts from stage 1 to stage 2.

b) The loan assets in stage 2 were 6.20% as on March 31, 2019 as against 2.40% as on March 31,2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 845 crore has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 5.23% to 15.22%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.52% as against 2.40% as on March 31, 2018.

d) The Company's stage 3 asset ratio remains consistent. However, ECL as % POS has reduced due to higher asset coverage ratio, hence, higher expected recovery from defaulted assets.

The Company in addition to ECL provision was maintaining an additional provision for unforeseen macro-economic factors of ₹ 156.54 crore till March 31, 2019. During the current financial year the Company has embedded the provision for unforeseen macro-economic factors under ECL hence there is no separate provision on this account as at March 31, 2020.

#Refer note no. 2.20, 43.1 and 45.

Note 6.3: Loans due from borrowers 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;

Notes to Standalone Financial Statements

for the year ended March 31, 2020

vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;

vii) Undertaking to create a security;

viii) Letter of comfort.

NOTE 7: INVESTMENTS

(₹ in crore)

Particulars	As at March 31, 2020			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Government securities	1,952.74	-	-	1,952.74
Debt securities	-	95.28	-	95.28
Subsidiaries	-	-	0.30	0.30
Total gross	**1,952.74**	**95.28**	**0.30**	**2,048.32**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**1,952.74**	**95.28**	**0.30**	**2,048.32**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,952.74**	**95.28**	**0.30**	**2,048.32**

(₹ in crore)

Particulars	As at March 31, 2019			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Government securities	1,386.07	-	-	1,386.07
Debt securities	-	166.73	-	166.73
Subsidiaries	-	-	0.25	0.25
Certificate of deposits	-	2,904.38	-	2,904.38
Total gross	**1,386.07**	**3,071.11**	**0.25**	**4,457.43**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**1,386.07**	**3,071.11**	**0.25**	**4,457.43**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,386.07**	**3,071.11**	**0.25**	**4,457.43**

*Others include investment in subsidiaries which have been carried at cost.

NOTE 8: OTHER FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables on assignment of loans (Refer note 8.1)	676.53	492.99
Security deposits	18.73	18.75
Other Receivables	6.43	1.22
Total	**701.69**	**512.96**

Note 8.1: During the year ended March 31 2020, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, the de-recognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

Notes to Standalone Financial Statements
for the year ended March 31, 2020

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crore)

Loans and advances measured at amortised cost	As at March 31, 2020	As at March 31, 2019
Carrying amount of derecognised financial assets	15,775.38	10,699.00

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial asset.

NOTE 9: CURRENT TAX ASSETS (NET)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance tax (net of provision)	43.44	98.82
Total	**43.44**	**98.82**

NOTE 10: DEFERRED TAX ASSETS (NET)
As at March 31, 2020

(₹ in crore)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	7.33	-	1.11	-
Provision for employee benefits	4.14	-	(17.75)	-
Impairment allowance for financial assets	424.24	-	217.72	-
Derivative instruments in cash flow hedge	65.31	-	-	(8.98)
Expenses paid in advance (net of income received in advance)	-	68.17	17.12	-
Interest spread on assigned loans	-	168.69	1.67	-
Fair valuation of financial instruments held for trading	-	0.06	(0.10)	-
Remeasurement gain/(loss) on defined benefit plan	0.12	-	-	(0.07)
Others temporary differences	11.23	-	3.86	-
Total	**512.37**	**236.92**	**223.63**	**(9.05)**

As at March 31, 2019

(₹ in crore)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	6.22	-	3.39	-
Provision for employee benefits	21.89	-	15.42	-
Impairment allowance for financial assets	196.86	-	38.75	-
Derivative instruments in cash flow hedge	74.29	-	-	54.55
Expenses paid in advance (net of income received in advance)	-	85.29	(23.89)	-
Interest spread on assigned loans	-	170.36	(93.86)	-
Fair valuation of financial instruments held for trading	0.04	-	1.26	-
Remeasurement gain/(loss) on defined benefit plan	0.19	-	-	0.24
Others temporary differences	7.37	-	9.75	-
Total	**306.86**	**255.65**	**(49.18)**	**54.79**

Note 10.1 Pursuant to Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019, the Company has exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.168%) from current financial year. The impact of revised tax rates on the opening net deferred tax asset has been adjusted in current year tax expense.

Notes to Standalone Financial Statements
for the year ended March 31, 2020

NOTE 11: INVESTMENT PROPERTY

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.58	-	-	0.58	0.02	0.01	-	0.03	0.55	0.56
Total	**0.58**	**-**	**-**	**0.58**	**0.02**	**0.01**	**-**	**0.03**	**0.55**	**0.56**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.58	-	-	0.58	0.01	0.01	-	0.02	0.56	0.57
Total	**0.58**	**-**	**-**	**0.58**	**0.01**	**0.01**	**-**	**0.02**	**0.56**	**0.57**

*Refer note 16.1 (a)

Note 11.1: Amount recognised in profit or loss for investment properties are as follows:

(₹ in crore)

Particulars	Current Year	Previous Year
Rental Income	0.09	0.11
Profit from investment properties before depreciation	**0.09**	**0.11**
Depreciation	(0.01)	(0.01)
Profit from investment properties	0.08	0.10

Note 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum lease payments receivable under non-cancellable leases of investment properties are as follows:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Within one year	0.05	0.11
Later than one year but not later than five year	-	0.14
Later than five years	-	-

Note 11.3: The Company obtains independent valuations for its investment properties by a specialist in valuing these type of investment property. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties	5.55	5.88

Notes to Standalone Financial Statements

for the year ended March 31, 2020

NOTE 12: PROPERTY PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.27	37.45	-	37.72	0.02	0.40	-	0.42	37.30	0.25
Furniture & Fixtures	22.70	1.76	1.13	23.33	5.89	2.58	0.67	7.80	15.53	16.81
Vehicles	0.10	-	-	0.10	0.02	0.01	-	0.03	0.07	0.08
Computers	23.45	0.88	-	24.33	9.77	5.11	-	14.88	9.45	13.68
Office Equipment & Others	27.60	4.04	0.80	30.84	8.63	6.22	0.70	14.15	16.69	18.97
Leasehold Improvements	45.42	8.58	2.56	51.44	16.98	10.70	2.41	25.27	26.17	28.44
Total	**119.54**	**52.71**	**4.49**	**167.76**	**41.31**	**25.02**	**3.78**	**62.55**	**105.21**	**78.23**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.27	-	-	0.27	0.01	0.01	-	0.02	0.25	0.26
Furniture & Fixtures	17.94	5.02	0.26	22.70	3.04	3.08	0.23	5.89	16.81	14.90
Vehicles	0.10	-	-	0.10	0.01	0.01	-	0.02	0.08	0.09
Computers	15.54	8.31	0.40	23.45	4.92	5.19	0.34	9.77	13.68	10.62
Office Equipment & Others	16.74	11.80	0.94	27.60	3.85	5.62	0.84	8.63	18.97	12.89
Leasehold Improvements	26.90	18.92	0.40	45.42	7.25	10.01	0.28	16.98	28.44	19.65
Total	**77.49**	**44.05**	**2.00**	**119.54**	**19.08**	**23.92**	**1.69**	**41.31**	**78.23**	**58.41**

*Refer note 16.1 (a)

Right of use

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019*	Addition during the year	Disposal / modification during the year	As at March 31, 2020	As at April 01, 2019	For the year	Disposal / modification during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Building	143.39	8.63	1.90	150.12	-	30.97	0.54	30.43	119.69	-
Total	**143.39**	**8.63**	**1.90**	**150.12**	**-**	**30.97**	**0.54**	**30.43**	**119.69**	**-**

*On adoption of Ind AS 116.

Notes to Standalone Financial Statements
for the year ended March 31, 2020

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Software	35.36	10.92	-	46.28	11.84	9.64	-	21.48	24.80	23.52
Total	**35.36**	**10.92**	**-**	**46.28**	**11.84**	**9.64**	**-**	**21.48**	**24.80**	**23.52**

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	21.46	13.90	-	35.36	4.48	7.36	-	11.84	23.52	16.98
Total	**21.46**	**13.90**	**-**	**35.36**	**4.48**	**7.36**	**-**	**11.84**	**23.52**	**16.98**

Notes to Standalone Financial Statements
for the year ended March 31, 2020

NOTE 14: OTHER NON FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	4.37	1.31
Statutory receivables (net)	24.23	5.64
Others	3.10	3.99
Total	**31.70**	**10.94**

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:						
Spot forwards	306.88	12.45	-	375.89	-	27.00
Currency swaps	5,658.66	421.17	-	5,345.99	1.81	100.00
(i)	**5,965.54**	**433.62**	-	**5,721.88**	**1.81**	**127.00**
Interest rate derivatives:						
Forward rate agreements and interest rate swaps	3,505.44	-	307.96	3,216.47	-	85.61
(ii)	**3,505.44**	-	**307.96**	**3,216.47**	-	**85.61**
Total derivative financial instruments (i)+(ii)	**9,470.98**	**433.62**	**307.96**	**8,938.35**	**1.81**	**212.61**
Included in above are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
Currency derivatives	5,965.54	433.62	-	5,721.88	1.81	127.00
Interest rate derivatives	3,505.44	-	307.96	3,216.47	-	85.61
Total derivative financial instruments	**9,470.98**	**433.62**	**307.96**	**8,938.35**	**1.81**	**212.61**

* Refer note no. 17.3 , 40 and 43.2.

NOTE 16: DEBT SECURITIES

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Redeemable non convertible debentures	17,430.40	-	-	17,430.40	21,750.93	-	-	21,750.93
Unsecured								
Commercial papers	406.06	-	-	406.06	7,854.01	-	-	7,854.01
Total	**17,836.46**	-	-	**17,836.46**	**29,604.94**	-	-	**29,604.94**
Debt securities in India	17,836.46	-	-	17,836.46	29,604.94	-	-	29,604.94
Debt securities outside India	-	-	-	-	-	-	-	-
Total	**17,836.46**	-	-	**17,836.46**	**29,604.94**	-	-	**29,604.94**

Note:16.1 Nature of security and terms of repayment:

a) **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, Initial few series of redeemable non-convertible debentures are also secured by mortgage of buildings of ₹ 0.77 Crore (Refer Note 11 & 12).

Notes to Standalone Financial Statements
for the year ended March 31, 2020

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
7.01% - 8.00%	5,500.00	1,270.00	-	-	3,870.00	5,570.00	700.00	-
8.01% - 9.00%	3,216.00	3,113.00	600.00	2,500.00	3,813.00	5,369.00	1,155.00	-
9.01% - 10.00%	30.00	960.00	300.00	-	30.00	460.00	830.00	-
	8,746.00	**5,343.00**	**900.00**	**2,500.00**	**7,713.00**	**11,399.00**	**2,685.00**	-

Note: 16.2
The rate of interest and amount of repayment appearing in note 16.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

NOTE 17: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Term loans								
National housing bank	6,235.28	-	-	6,235.28	7,021.58	-	-	7,021.58
Banks	18,270.29	-	-	18,270.29	11,212.81	-	-	11,212.81
External commercial borrowing	3,595.62	-	-	3,595.62	2,868.78	-	-	2,868.78
Bank overdraft	695.90	-	-	695.90	2,417.88	-	-	2,417.88
Loans from related party	3,531.03	-	-	3,531.03	3,272.14	-	-	3,272.14
Total	**32,328.12**	-	-	**32,328.12**	**26,793.19**	-	-	**26,793.19**
Borrowings in India	26,734.77	-	-	26,734.77	22,135.56	-	-	22,135.56
Borrowings outside India	5,593.35	-	-	5,593.35	4,657.63	-	-	4,657.63
Total	**32,328.12**	-	-	**32,328.12**	**26,793.19**	-	-	**26,793.19**

Note 17.1: Refinance from National Housing Bank (NHB):

a) Nature of security

During FY 20, the Company has been sanctioned refinance facility aggregating to ₹ 1500 crore to provide refinance assistance in respect of eligible individual housing loans. All the present and outstanding refinancing from NHB are secured by hypothecation of specific loans/ book debts to the extent of 1.0 to 1.20 times of outstanding amount.

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	176.60	353.20	353.20	134.55	132.45	353.20	353.20	311.15
6.01% - 8.00%	488.84	970.10	920.26	2,030.53	-	-	-	-
8.01% - 10.00%	162.01	313.19	216.80	116.00	644.68	1,303.03	1,215.63	2,708.24
	827.45	**1,636.49**	**1,490.26**	**2,281.08**	**777.13**	**1,656.23**	**1,568.83**	**3,019.39**

Note 17.2: Term loan from Banks:

a) Nature of security

i) Term loan from Punjab National Bank (related party) are secured by hypothecation of specific book debts and negative lien on assets created out of finance availed from Punjab National Bank.

ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.25 times of outstanding amount

Notes to Standalone Financial Statements
for the year ended March 31, 2020

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
7.00% - 9.00%	866.67	541.63	125.00	-	800.00	558.29	125.00	-
from others:								
7.00% - 9.00%	6,701.81	7,230.93	1,513.22	-	4,087.20	5,181.51	919.34	-
9.01% - 11.00%	1,441.79	1,266.88	124.58	-	558.33	466.43	-	-
	9,010.27	**9,039.44**	**1,762.80**	-	**5,445.53**	**6,206.23**	**1,044.34**	-

Note 17.3: External commercial borrowing:

a) Nature of security

i) During FY 20, the Company has raised ECB of USD 175 million from various lenders under the automatic route. Previous year pursuant to the Reserve bank of India (RBI) circular dated 27th April 2018, whereby RBI allowed Housing finance companies (HFC) to borrow through ECB under the "Automatic Route", the company borrowed USD 465 million through ECBs. Earlier the company has availed ECB of USD 150 million in FY17 and USD 100 million in FY15 for financing eligible housing units under "approval route" in terms of the erstwhile RBI guidelines. All the ECB borrowings are secured against eligible housing loans/book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.

ii) 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 subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance (if any) on the 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.

iii) As at March 31, 2020, the company has outstanding ECB of USD 750.63 million (March 31, 2019 USD 683.13 million). The Company has undertaken cross currency swaps and principal only swaps to hedge the foreign currency risk of the ECB principals .Whereas the company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments respectively. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
USD LIBOR + 120 - 200 bps	-	-	1,997.73	-	-	-	1,833.04	-
from others:								
USD LIBOR + 120 - 200 bps	98.94	1,074.24	2,487.74	-	743.59	204.92	1,943.72	-
	98.94	**1,074.24**	**4,485.47**	-	**743.59**	**204.92**	**3,776.76**	-

Note 17.4: Bank overdraft:

a) Nature of security

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.15 times of outstanding amount.

b) Terms of Repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
8.00% - 9.95%	695.90	-	-	-	2417.88	-	-	-

Notes to Standalone Financial Statements

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Note: 17.5

The rate of interest and amount of repayment appearing in note 17.1(b), 17.2(b) and 17.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate)

NOTE 18: DEPOSITS

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured								
Deposits								
(i) From public	13,573.02	-	-	13,573.02	11,781.99	-	-	11,781.99
(ii) From banks	539.58	-	-	539.58	528.94	-	-	528.94
(iii) From others	2,020.08	-	-	2,020.08	1,712.11	-	-	1,712.11
Total	**16,132.68**	**-**	**-**	**16,132.68**	**14,023.04**	**-**	**-**	**14,023.04**

* Refer note 34.27

NOTE 19: SUBORDINATED LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured								
Redeemable non convertible debentures	1,438.58	-	-	1,438.58	1,437.68	-	-	1,437.68
Total	**1,438.58**	**-**	**-**	**1,438.58**	**1,437.68**	**-**	**-**	**1,437.68**
Subordinated liabilities in India	1,438.58	-	-	1,438.58	1,437.68	-	-	1,437.68
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
Total	**1,438.58**	**-**	**-**	**1,438.58**	**1,437.68**	**-**	**-**	**1,437.68**

Note:19.1 Nature of security and terms of repayment:

a) **Nature of security**

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2020, ₹ 1,079.10 crore (March 31, 2019 ₹ 1,258.90 crore) qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy.

b) **Terms of repayment**

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
8.01% - 9.00%	-	-	699.00	500.00	-	-	499.00	700.00
9.01% - 10.00%	-	200.00	-	39.70	-	-	200.00	39.70
	-	**200.00**	**699.00**	**539.70**	**-**	**-**	**699.00**	**739.70**

Note: 19.2

The rate of interest and amount of repayment appearing in note 19.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

Notes to Standalone Financial Statements
for the year ended March 31, 2020

NOTE 20: OTHER FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on deposits	224.51	217.89
Interest accrued but not due on borrowings	585.94	1,271.97
Amount payable under assignments (Refer Note 20.1)	516.27	267.99
Other liabilities (Refer Note 20.2 and Note 35)	362.83	323.46
Total	**1,689.55**	**2,081.31**

Note 20.1: Includes amount payable to related party of ₹ 182.49 crore (previous year ₹ 87.56 crore).

Note 20.2: Includes lease liabilities as per Ind AS 116.

NOTE 21: PROVISIONS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Retirement benefits	16.43	23.39
Letter of comforts	2.00	0.34
Total	**18.43**	**23.73**

NOTE 22: OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Book overdraft	882.36	1,805.17
Advance received from customers	436.55	135.62
Statutory dues Payable	53.99	40.55
Other liabilities	26.76	27.04
Total	**1,399.66**	**2,008.38**

NOTE 23: EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
50,00,00,000 equity shares of ₹ 10/- each	500.00	500.00
	500.00	**500.00**
Issued, subscribed and paid-up		
16,81,86,908 equity shares of ₹ 10/- each fully paid up (March 31, 2019: 16,74,69,016)	168.19	167.47
Total	**168.19**	**167.47**

Note 23.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	16,74,69,016	167.47	16,65,86,482	166.59
Add: Share allotted pursuant to exercise of stock option	7,17,892	0.72	8,82,534	0.88
Outstanding at the end of the year	**16,81,86,908**	**168.19**	**16,74,69,016**	**167.47**

Note 23.2: Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.65	5,49,14,840	32.79
Quality Investments Holdings	5,41,92,300	32.22	5,41,92,300	32.36
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.87	1,65,93,240	9.91

Notes to Standalone Financial Statements
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Note 23.3: Terms / Rights attached to equity shares
The company has only one class of shares referred to as equity shares having a par value of ₹ 10/ - per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 23.4: The Company has not allotted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note 23.5: The Company has not:
i. Issued any securities convertible into equity / preference shares.

ii. Issued any shares where calls are unpaid.

iii. Forfeited any shares.

Note 23.6 Nature and purpose of reserves
Share premium reserve
Share premium reserve includes:

- amount of premium received on issue of equity shares and;
- fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme.

The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve and Special reserve
In accordance with 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 fund (statutory reserve) before any dividend is declared.
The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29(C(i).

Share option outstanding accounts
The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity settled transaction is credited to share option outstanding account in equity. (Refer Note 23.8)

Cash flow hedging reserve
The company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the company uses foreign currency forward contracts, cross currency swaps and interest rate swaps.
To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedge reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

Note 23.7: Capital Management:
The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as per National Housing Bank ("NHB") the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB from time to time.

Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder's value.

The Company manages its capital structure after taking in to consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve, deferred revenue expenditure and other intangible assets. The book value of Investment in equity, bonds, debentures and loan & advances to subsidiaries and group companies exceeding 10% of owned funds will be reduced while arriving the Tier I capital.

The other component of regulatory capital is Tier II Capital Instruments, which includes non convertible preference shares, revaluation reserve, general provision and loss reserves, hybrid capital instruments and subordinated debts. (Refer note no. 34.1)

Notes to Standalone Financial Statements

for the year ended March 31, 2020

Note 23.8: Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details as at March 31, 2020 and March 31, 2019 are as follows:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹ 338.00	₹ 1600.60	₹ 1206.35	₹ 1333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 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			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019
Number of options granted	18,15,000	2,35,000	1,81,200
Exercise price per option	₹ 1333.35	₹ 1333.35	₹ 847.40
Date of vesting	The vesting will be as under:		
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 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		
Vesting conditions	Employee to remain in service on the date of vesting		

(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2020			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the beginning of the year	(b)	3,500	75,675	20,000	-
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	-	24,500	-	3,875
Options vested during the year	(e)	8,34,650	75,175	20,000	22,546
Options exercised during the year*	(f)	7,18,892	-	-	-
Options forfeited during the year	(g)	1,74,146	25,500	-	28,625
Options outstanding at end of the year	(h) = (a+c-e-g)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,19,258	1,26,350	40,000	18,671
Weighted Average Exercise Price per option (₹)		338.00	1,600.60	1206.35	1,333.35

Particulars		As at March 31, 2020		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	17,03,800	1,99,000	1,71,400
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	-	-	-
Options lapsed / expired during the year	(d)	-	5,625	-
Options vested during the year	(e)	-	46,500	37,350
Options exercised during the year*	(f)	-	-	-
Options forfeited during the year	(g)	3,11,800	29,875	22,000
Options outstanding at end of the year	(h) = (a+c-e-g)	13,92,000	1,22,625	1,12,050
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	40,875	37,350
Weighted Average Exercise Price per option (₹)		1,333.35	1,333.35	847.40

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Particulars		As at March 31, 2019			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	26,70,101	3,57,700	1,00,000	-
Options exercisable at the beginning of the year	(b)	1,500	-	-	-
Options granted during the year	(c)	-	-	-	1,36,485
Options lapsed / expired during the year	(d)	5,500	10,125	-	-
Options vested during the year	(e)	8,90,034	85,800	20,000	-
Options exercised during the year**	(f)	8,82,534	-	-	-
Options forfeited during the year	(g)	1,03,267	44,875	-	29,300
Options outstanding at end of the year	(h) = (a+c-e-g)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,500	75,675	20,000	-
Weighted Average Exercise Price per option (₹)		338.00	1,600.60	1206.35	1,333.35

Particulars		As at March 31, 2019		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	18,15,000	2,35,000	1,81,200
Options lapsed / expired during the year	(d)	-	-	-
Options vested during the year	(e)	-	-	-
Options exercised during the year**	(f)	-	-	-
Options forfeited during the year	(g)	1,11,200	36,000	9,800
Options outstanding at end of the year	(h) = (a+c-e-g)	17,03,800	1,99,000	1,71,400
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-
Weighted Average Exercise Price per option (₹)		1,333.35	1,333.35	847.40

* Weighted average share price at the date of the exercise of the stock option is ₹ 420.79

** Weighted average share price at the date of the exercise of the stock option is ₹ 1008.31

(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Estimated Value of Stock Option (₹)	593.17	511.64	321.87
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40
Exercise Price (₹)	1,333.35	1,333.35	847.40
Expected Volatility (%)*	0.3560	0.3560	0.4102
Dividend Yield Rate (%)	0.53	0.55	1.06
Expected Life of Options** (year)	5.21	4.00	4.00
Risk Free Rate of Interest (%)	7.90	7.79	6.97

*Expected volatility has been computed from the date of the listing of the share to the grant date.

**Expected life of the share option is based on the historical data and the current expectation and is not necessarily indicative of exercise pattern that may occur.

Notes to Standalone Financial Statements
for the year ended March 31, 2020

(iv) The expense recognised for the employee services received during the year are as follows:

(₹ in crore)

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	21.06	39.25
Expense arising from cash settled share based payment transaction	-	-
Total	**21.06**	**39.25**

Note 23.9: Dividend paid and proposed
The final dividend on shares is recorded as a liability on the date of the approval by the shareholders.

(₹ in crore)

Particulars	Current Year	Previous Year
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2019: ₹ 9/- per share*	182.37	-
Final dividend for 2018: ₹ 9/- per share	-	181.70
Total dividend paid	**182.37**	**181.70**
Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31)		
Dividend on ordinary shares:		
Final dividend for 2020: ₹ Nil per share	-	-
Final dividend for 2019: ₹ 9/- per share	-	182.62

*Dividend includes dividend distribution tax (DDT) paid by the Company as well as the subsidiary Company (amount paid by subsidiary is ₹ 22.62 crore).

NOTE 24: INTEREST INCOME

(₹ in crore)

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	7,487.68	-	7,487.68	6,632.90	-	6,632.90
Investments						
Financial investments - Debt	135.03	-	135.03	101.65	-	101.65
Financial asset valued at fair value through profit and loss	-	9.53	9.53	-	23.86	23.86
Deposits with banks	55.00	-	55.00	25.97	-	25.97
Other Interest income						
Corporate deposits	-	-	-	2.35	-	2.35
Loan against deposits	2.22	-	2.22	1.59	-	1.59
Total	**7,679.93**	**9.53**	**7,689.46**	**6,764.46**	**23.86**	**6,788.32**

NOTE 25: FEES AND COMMISSION INCOME

(₹ in crore)

Particulars	Current Year	Previous Year
Fees Income	133.91	201.95
Other charges recovered	51.99	56.74
Total	**185.90**	**258.69**

Notes to Standalone Financial Statements
for the year ended March 31, 2020

NOTE 26: NET GAIN ON FAIR VALUE CHANGES

(₹ in crore)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	156.81	125.76
Total	**156.81**	**125.76**
Fair value changes:		
-Realised	156.59	130.53
-Unrealised	0.22	(4.77)
Total	**156.81**	**125.76**

NOTE 27: FINANCE COSTS

(₹ in crore)

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Interest on debt securities	-	1,841.54	1,841.54	-	2,482.59	2,482.59
Interest on borrowings	-	2,568.54	2,568.54	-	1,491.64	1,491.64
Interest on deposits	-	1,304.04	1,304.04	-	1,034.71	1,034.71
Interest on subordinated liabilities	-	124.48	124.48	-	121.12	121.12
Fee and other charges	-	36.70	36.70	-	36.40	36.40
Total	**-**	**5,875.30**	**5,875.30**	**-**	**5,166.46**	**5,166.46**

Note 27.1 Fee and other charges includes notional interest on lease liabilities in accordance with Ind AS 116.

NOTE 28: IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

Particulars	Current Year			Previous Year		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
Loans	-	1,171.49	1,171.49	-	161.81	161.81
Bad debts written off	-	77.36	77.36	-	26.80	26.80
Letter of comforts	-	1.66	1.66	-	0.34	0.34
Total	**-**	**1,250.51**	**1,250.51**	**-**	**188.95**	**188.95**

NOTE 29: EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	162.63	160.93
Contribution to provident and other funds	9.42	8.04
Share based payments to employees	21.06	39.25
Staff welfare expenses	2.17	3.11
Total	**195.28**	**211.33**

Notes to Standalone Financial Statements
for the year ended March 31, 2020

NOTE 30: OTHER EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Rent, taxes and energy costs	16.14	48.95
Repairs and maintenance	12.81	12.70
General office expenses	63.13	60.74
Legal and professional charges	43.32	33.29
Advertisement and publicity	23.09	23.91
Corporate social responsibility expenses (Refer note 30.1)	24.41	17.24
Communication costs	6.38	6.93
Travelling and conveyance	7.49	6.68
Printing and stationery	5.93	8.34
Training and recruitment expenses	4.57	3.66
Director's fees, allowances and expenses	1.13	1.62
Auditor's fees and expenses (Refer note 30.2)	0.54	0.55
Insurance	0.29	0.11
Bank charges	0.52	0.83
Net loss on derecognition of property, plant and equipment	0.61	0.12
Impairment on assets held for sale	55.80	-
Other expenditure	-	0.10
Total	**266.16**	**225.77**

Note 30.1 Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014, the company is required to spent for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

(₹ in crore)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	24.41	17.24
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above*		
-Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	23.19	16.38
-Expenditure on administrative overheads for CSR**	1.22	0.86
Total	**24.41**	**17.24**

*The Company on the basis of Circular no. 05/01/2019-CSR dated March 23, 2020, issued by Ministry of Corporate Affairs (MCA) had contributed ₹ 0.20 crore to Lieutenant Governor/Chief Minister Relief Fund to support the Government of Delhi in providing relief and assistance to migrant construction workers in Delhi during the pandemic (COVID-19).

The MCA has issued another circular no. F. No. CSR-01/4/2020-CSR-MCA on April 10, 2020 whereby while responding to the FAQ's they have clarified that contribution made to Chief Minister Relief Fund will not qualify as admissible CSR expenditure.

Since the contribution to Lieutenant Governor/Chief Minister Relief Fund was made by the Company prior to the date of issue of FAQ's and basis the earlier circular dated March 23, 2020, the Company on May 06, 2020 has filed a request to MCA to consider the same as admissible CSR expenditure. The Company has not received the reply from MCA till the date of signing of the financial statement.

**Includes directors sitting fees for CSR committee meetings and ₹ 0.20 crore provisioned to be paid subsequently.

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Note: 30.2 Auditor's fees and expenses

(₹ in crore)

Particulars	Current Year	Previous Year
Statutory audit fee	0.18	0.16
Tax audit fee	0.06	0.05
Limited review fee	0.12	0.11
Other certification fee	0.18	0.23
Total	**0.54**	**0.55**

NOTE 31: INCOME TAXES
The components of income tax expense are:

(₹ in crore)

Particulars	Current Year	Previous Year
Current tax	378.17	452.66
Adjustments in respect of current income tax of prior years	(11.85)	(5.17)
Deferred tax relating to origination and reversal of temporary differences (including impact of change in tax rate)	(223.63)	49.18
Total	**142.68**	**496.67**
Current tax	366.32	447.49
Deferred tax (Refer note 10)	(223.63)	49.18

Note 31.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2020 and March 31, 2019 is as follows:

(₹ in crore)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	825.00	1,578.05
Statutory income tax rate (%)	(b)	25.168	34.944
Tax at statutory income tax rate	(c) = (a*b)	207.63	551.43
Adjustments in respect of current income tax of prior years	(d)	(11.85)	(5.17)
Impact of:			
-Income not subject to tax	(e)	(29.46)	(92.60)
-Non deductible expenses	(f)	251.99	52.99
-Deduction under section 35 D	(g)	(3.77)	(5.23)
-Deduction under section 36 (1) (viii)	(h)	(45.71)	(51.21)
-Deduction under section 80G	(i)	(2.51)	(2.72)
Income tax expense	**(c+d+e+f+g+h+i)**	**366.32**	**447.49**

NOTE 32: EARNING PER SHARE
i) The Earnings Per Share (EPS) is calculated as follows:

(₹ in crore)

Particulars	Unit	Year ended March 31, 2020	Year ended March 31, 2019
a) Amount used as the numerator for basic EPS profit after tax	(₹ in crore)	682.31	1,081.38
b) Weighted average number of equity shares for basic EPS	Number	16,80,63,445	16,73,78,194
c) Weighted average number of equity shares for diluted EPS	Number	16,82,55,680	16,83,96,661
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
-Basic (a/b)	(in ₹)	40.60	64.61
-Diluted (a/c)	(in ₹)	40.55	64.22

Notes to Standalone Financial Statements
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ii) The basic earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceed receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented.

Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows:-

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of equity shares for computation of basic earnings per share	16,80,63,445	16,73,78,194
Effect of dilutive equity shares - share option outstanding	1,92,235	10,18,467
Weighted average number of equity shares for computation of dilutive earnings per share	**16,82,55,680**	**16,83,96,661**

NOTE 33: ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of selling the same. These properties are classified as assets held for sale.

NOTE 34: DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

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

Note 34.1: Capital to Risk Assets Ratio (CRAR)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
i) CRAR (%)	17.98	13.98
ii) CRAR – Tier I Capital (%)	15.18	11.00
iii) CRAR – Tier II Capital (%)	2.80	2.98
(iv) Amount of subordinated debt raised as Tier-II Capital	-	39.70

Note 34.2: Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crore)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	56.97
(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	631.76	484.76
(c) Total	**758.73**	**541.73**
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	-	70.00
(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	182.00	147.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-

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(₹ in crore)

Particulars	Current Year	Previous Year
(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	126.97	126.97
(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	813.76	631.76
(c) Total	**940.73**	**758.73**

Note 34.3: Investments

(₹ in crore)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	1,946.95	4,447.28
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	21.47
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	1,946.95	4,425.81
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	21.47	14.47
(ii) Add: Provisions made during the year	-	7.00
(iii) Less: Write-off / Written-back of excess provisions	21.47	-
(iv) Closing balance	-	21.47

Note 34.4: Derivatives

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

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) The notional principal of swap agreements	9,470.98	8,938.35
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	433.62	77.27
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	9,470.98	8,938.35
(v) The fair value of the swap book	125.66	(210.80)

@ The Company has entered into swap and forward agreements with various 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.

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March	-	-

Notes to Standalone Financial Statements
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(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

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. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "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 / mitigates, and	The Company has not entered into any speculative derivative transaction except as required under RBI guidelines for its ECB borrowing for financing prospective buyers of eligible housing units. The derivate transactions entered into for hedging the ECB borrowings are all 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. All the derivatives transaction are executed under specific approval of Board.
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. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance 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 crore)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	5,965.54	3,505.44	4,735.30	4,203.05
(ii) Marked to Market Positions				
(a) Assets (+)	433.62	-	1.81	-
(b) Liability (-)	-	(307.96)	(127.00)	(85.61)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	229.39	16.32	262.27	77.29

Note 34.5: Assignment / 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 crore)

Particulars	Current Year	Previous Year
(i) No. of accounts	31,093	35,004
(ii) Aggregate value (net of provisions) of accounts assigned	9,310.63	7,336.89

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(iii) Aggregate consideration	9,310.63	7,336.89
(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)

Note 34.6: 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 31, 2020

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	302.49	290.21	1,025.00	-	679.54	89.95	-
Over 1 month to 2 months	414.86	444.82	235.00	-	1,407.70	-	-
Over 2 months to 3 months	333.77	1,277.10	1,300.00	14.13	681.98	-	-
Over 3 months to 6 months	1,347.12	2,012.93	3,952.00	28.27	3,571.96	-	-
Over 6 months to 1 year	2,105.53	3,342.66	2,650.00	56.54	7,288.83	0.25	-
Over 1 year to 3 years	3,142.58	10,675.95	5,543.00	1,074.25	18,026.29	114.76	-
Over 3 years to 5 years	3,542.64	6,418.96	1,599.00	4,485.46	13,136.42	844.30	-
Over 5 years to 7 years	2,027.52	965.93	1,500.00	-	7,832.00	320.00	-
Over 7 years to 10 years	3,253.49	750.49	1,539.70	-	6,825.09	576.01	-
Over 10 years	-	564.66	-	-	7,938.81	1.68	-
Total	**16,470.00**	**26,743.71**	**19,343.70**	**5,658.65**	**67,388.62**	**1,946.95**	**-**

* Includes Instalments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

As at March 31, 2019

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	277.75	1,398.33	2,400.00	-	1,588.02	89.96	-
Over 1 month to 2 months	242.58	17.73	1,000.00	-	1,392.89	519.73	-
Over 2 months to 3 months	197.95	856.25	2,613.00	12.98	1,812.07	1,606.74	-
Over 3 months to 6 months	885.31	1,212.26	2,990.00	704.68	3,875.78	849.19	-
Over 6 months to 1 year	2,704.73	2,698.30	2,570.00	25.94	6,969.84	0.50	-
Over 1 year to 3 years	3,225.62	9,111.21	11,399.00	204.92	20,057.02	11.15	-
Over 3 years to 5 years	2,152.25	3,822.10	7,474.00	3,776.75	12,413.89	482.79	-
Over 5 years to 7 years	1,867.02	1,338.40	410.00	-	8,094.21	652.17	-
Over 7 years to 10 years	2,762.29	916.55	329.70	-	7,443.02	212.12	-

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for the year ended March 31, 2020

Over 10 years	-	764.44	-	-	10,575.20	1.46	-
Total	**14,315.50**	**22,135.57**	**31,185.70**	**4,725.27**	**74,221.94**	**4,425.81**	**-**

* Includes Instalments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

Note 34.7: Exposure:
i) Exposure to Real Estate Sector

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
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 – ₹ 4,232.21 crore, Previous year ₹ 3,935.10 crore)	44,451.40	47,858.06
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	23,557.69	26,797.32
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 31, 2020, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2020, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2020, 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, 2020, the Company has not given any unsecured advances (Previous year ₹ Nil).

Note 34.8: Registration obtained from financial sector regulators
From NHB: vide registration number 01.0018.01

Ministry of Corporate Affairs: L65922DL1988PLC033856

Note 34.9: Disclosure of Penalties imposed by National Housing Bank and other regulators:
During the financial year ended March 31, 2020:

i) NHB has carried out inspection for FY 2018-19 and has not reported any adverse comment having material impact on the financials.

Notes to Standalone Financial Statements
for the year ended March 31, 2020

ii) Penalty of ₹ 0.01 crore (Previous year ₹ Nil) has been imposed on the Company by National Housing Bank.

Note 34.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Pehel Foundation (Incorporated on October 14, 2019)	Wholly owned Subsidiary
ii) PHFL Home Loan and Services Limited	Wholly owned Subsidiary
iii) Punjab National Bank	Enterprise having Significant Influence
iv) PNB Investment Services Limited	Enterprise having Significant Influence
v) Quality Investment Holdings Limited	Enterprise having Significant Influence
vi) Mr. CH. S. S. Mallikarjuna Rao (Chairman-Non Executive Director) (w.e.f. December 20, 2019)	Key Managerial Personnel
vii) Mr. Sunil Mehta (Chairman-Non Executive Director)*	Key Managerial Personnel
viii) Mr. L. V. Prabhakar (Non-Executive Director)**	Key Managerial Personnel
ix) Mr. Shital Kumar Jain (Independent Director)	Key Managerial Personnel
x) Mr. Sunil Kaul (Non-Executive Director)	Key Managerial Personnel
xi) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Managerial Personnel
xii) Dr Gourav Vallabh (Independent Director)	Key Managerial Personnel
xiii) Mr. Nilesh S Vikamsey (Independent Director)	Key Managerial Personnel
xiv) Mr. Ashwani Kumar Gupta (Independent Director)	Key Managerial Personnel
xv) Mrs. Shubhalakshmi Panse (Independent Director)	Key Managerial Personnel
xvi) Mr. Neeraj Vyas (Managing Director)***	Key Managerial Personnel
xvii) Mr. Sanjaya Gupta (Managing Director)****	Key Managerial Personnel
xviii) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xix) Mr. Kapish Jain (Chief Financial Officer)	Key Managerial Personnel

*Ceases to be the Chairman of the Company w.e.f. September 30, 2019

**Ceases to be the Director of the Company w.e.f. January 31, 2020.

***Appointed as an Independent director w.e.f. April 15, 2019 and ceases to be Independent Director and appointed as an Executive Director and Interim Managing Director and CEO of the Company w.e.f. April 28, 2020.

****Ceases to be the Managing Director of the Company w.e.f. April 28, 2020

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 crore)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries		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						
- Sale of Assets	-	-	-	0.12	-	-
- Dividend income	-	-	110.00	-	-	-
- Fee and Commission Income	-	-	94.06	68.80	-	-
- Lease Rental Income	-	-	0.22	0.23	-	-
- Reimbursement of Expenses	-	-	-	0.02	-	-
- Commission and support service expenses	-	-	110.56	141.53	-	-
Pehel Foundation						
- Investment in Equity Share	-	-	0.05	-	-	-
Punjab National Bank						
- Purchase of property	35.00	-	-	-	-	-
- Assignment of loan	3,836.64	3,966.83	-	-	-	-
- Principal paid on assignment of loans	1,593.01	346.59	-	-	-	-
- Fixed deposit made/renewed	8,651.41	2,528.60	-	-	-	-
- Fixed deposit matured	6,961.68	2,340.00	-	-	-	-
- Term Loan Instalment / ECB / OD (Net)	710.18	2,763.49	-	-	-	-
- Interest received on Fixed Deposits	49.12	19.15	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	8.64	4.00	-	-	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
- Interest Paid on Term Loan Instalment / ECB / OD	188.64	175.00	-	-	-	-
- Processing Fees paid	-	46.31	-	-	-	-
- Rent & Maintenance Charges	1.05	1.34	-	-	-	-
- Bank Charges	0.25	0.29	-	-	-	-
- Interest & other charges paid on assignment of loans	490.24	120.99	-	-	-	-
- Dividend Paid	49.42	49.42	-	-	-	-
Quality Investments Holdings						
- Dividend Paid	48.77	48.77	-	-	-	-
PNB Metlife India Insurance Company Limited						
- Insurance Premium Paid	-	0.52	-	-	-	-
PNB Investment Service Private Limited						
- Fees paid	0.05	-	-	-	-	-
Sitting Fee and Commission paid to Directors						
- Punjab National Bank	-	-	-	-	0.07	0.06
- Mr. Shital Kumar Jain	-	-	-	-	0.09	0.24
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	0.08	0.21
- Dr Gourav Vallabh	-	-	-	-	0.08	0.22
- Mr. Nilesh S Vikamsey	-	-	-	-	0.08	0.21
- Mr. Ashwani Kumar Gupta	-	-	-	-	0.13	0.24
- Mrs. Shubhalakshmi Panse	-	-	-	-	0.09	0.20
- Mr. Jayant Dang	-	-	-	-	-	0.03
- Mr. Neeraj Vyas	-	-	-	-	0.08	-
Remuneration paid to KMPs:						
Transactions with KMPs:$						
- Mr. Sanjaya Gupta						
- Remuneration paid#	-	-	-	-	2.92	2.30
- Dividend Paid	-	-	-	-	0.12	0.12
- Mr. Sanjay Jain						
- Remuneration paid#	-	-	-	-	0.66	0.56
- Mr. Kapish Jain						
- Remuneration paid	-	-	-	-	1.44	0.80

$ As the liabilities for gratuity are provided on actuarial basis for the Company as a whole, amount accrued pertaining to key management personnel are not included above.

Excluding perquisites on exercise of stock options during the year.

(₹ in crore)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Outstanding balances#				
Punjab National Bank				
Receivables				
- Bank Deposits	2,200.00	510.26	-	-
- Interest accrued on bank deposits	9.18	3.01	-	-
- Servicing fees receivable on assignment on loans	2.55	0.52	-	-
Payables				
- Term loans	1,533.31	1,483.29	-	-
- External Commercial Borrowings##	1,997.73	1,833.04	-	-
- Interest accrued on term loans and external commercial borrowings	10.88	12.05	-	-
- Payable on assignment on loans	182.49	87.56	-	-
PHFL Home Loan and Services Limited				
Receivables				
Others (net)	-	-	3.58	10.78

#Excluding running current / overdraft account balances.

Notes to Standalone Financial Statements

for the year ended March 31, 2020

##Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note 34.11: During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

Note 34.12: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

Note 34.13: Rating assigned by Credit Rating Agencies and migration of rating during the year

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

Note 34.14: Provisions and Contingencies:

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

(₹ in crore)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	-	7.00
2. Provision made towards Income tax	366.32	447.49
3. Provision towards NPA	245.05	34.13
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	(31.47)	30.23
iii) CRE – RH	(13.82)	26.76
iv) Other Loans	(12.71)	19.01
Total (i + ii + iii + iv)	**(58.00)**	**76.00**
5. Other Provision and Contingencies (Refer Note 2.20)	(112.98)	11.00
6. Provision for Stock of Acquired Properties	55.80	(0.81)

Note 34.15: 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 crore)

Particulars	Housing		Non-Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Standard Assets				
a) Total Outstanding Amount	45,950.53	52,249.91	20,202.33	22,050.60
b) Provision made	177.99	209.68	121.01	147.32
Sub-Standard Assets				
a) Total Outstanding Amount	1,211.15	180.01	419.26	62.15
b) Provision made	181.67	27.65	62.89	9.36

Notes to Standalone Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Particulars	Housing		Non-Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Doubtful Assets - Category-I				
a) Total Outstanding Amount	123.56	66.53	31.46	17.21
b) Provision made	33.96	18.73	8.21	4.61
Doubtful Assets - Category-II				
a) Total Outstanding Amount	51.43	19.98	13.47	3.32
b) Provision made	23.17	9.06	5.67	1.36
Doubtful Assets - Category-III				
a) Total Outstanding Amount	4.62	3.42	1.28	2.24
b) Provision made	4.62	3.42	1.28	2.24
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**47,341.29**	**52,519.85**	**20,667.80**	**22,135.52**
b) Provision made	**421.41**	**268.54**	**199.06**	**164.89**

Note 34.16: Concentration of Public Deposits

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Deposits of twenty largest depositors	2,487.29	3,858.17
Percentage of Deposits of twenty largest depositors to Total Deposits	17.90%	31.99%

Note 34.17: Concentration of Loans & Advances

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Loans & Advances to twenty largest borrowers	9,366.02	10,831.75
Percentage of Loans & Advances to twenty largest borrowers to Total Advances	13.77%	14.51%

Note 34.18: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers /customers	11,585.01	13,381.38
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	15.25%	15.83%

Note 34.19: Concentration of NPAs

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Total Exposure to top ten NPA accounts	1,207.26	71.02

Note 34.20: Sector-wise NPAs

(₹ in crore)

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2020	As at March 31, 2019
A. Housing Loans:	2.94	0.51
1. Individuals	1.13	0.57
2. Builders/Project Loans	9.21	0.26
3. Corporates	3.88	1.20
4. Others (specify)	-	-
B. Non-Housing Loans:	2.25	0.38
1. Individuals	1.07	0.57
2. Builders/Project Loans	7.66	-
3. Corporates	1.53	0.39
4. Others (specify)	-	-

Note 34.21: Movement of NPAs

(₹ in crore)

Particulars	Percentage of NPAs to Total Advances in that sector	
	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	2.28%	0.38%
(II) Movement of NPAs (Gross)		
a) Opening balance	354.87	186.11
b) Additions during the year	2,834.66	1,054.54
c) Reductions during the year	1,333.30	885.78
d) Closing balance	1,856.23	354.87
(III) Movement of Net NPAs		
a) Opening balance	278.44	143.81
b) Additions during the year	2,517.65	1,004.08
c) Reductions during the year	1,261.33	869.45
d) Closing balance	1,534.76	278.44
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	76.43	42.30
b) Provisions made during the year	317.01	50.46
c) Write-off/write-back of excess provisions	71.97	16.33
d) Closing balance	321.47	76.43

Note 34.22: As on March 31, 2020, the Company does not have any Assets outside the country (Previous year ₹ Nil).

Note 34.23: As on March 31, 2020, the Company does not have any Off-Balance Sheet SPVs sponsored (Previous year Nil).

Note 34.24: As on March 31, 2020, the Company has not granted any loans and has no outstanding loans against collateral gold jewellary (Previous year Nil).

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Note 34.25: Disclosure of Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	28	22
b) No. of complaints received during the year	2,267	3,265
c) No. of complaints redressed during the year	2,282	3,259
d) No. of complaints pending at the end of the year	13	28

(ii) In addition to the disclosures under 34.1 to 34. 25 following additional disclosures have been given as per NHB directions, 2010.

Note 34.26: Movement of de-recognised interest as at the balance sheet date is summarised as under:-

(₹ in crore)

Particulars	Current Year	Previous Year
Cumulative Derecognised Interest at the beginning of the year	45.55	24.68
Add: Interest derecognised during the year:		
- Sub-Standard Assets	269.39	52.83
- Doubtful/ Loss Assets	20.79	8.47
Less: Recovered/Write-off during the year	148.76	40.43
Cumulative Derecognised Interest at the end of the year	186.97	45.55

Note 34.27: 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 31, 2020, the public deposits (including accrued interest) outstanding amounts to ₹ 13,894.90 crore (Previous year ₹ 12,060.45 crore).

The Company is carrying Statutory Liquid Assets amounting to ₹ 1,916.23 crore (Previous year ₹ 1,360.31 crore).

Note 34.28: Disclosure given under Note 34.1 to Note 34.27 are primarily based on the erstwhile accounting standard notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies Accounts Rules, 2014 (Indian GAAP or previous GAAP) with the comparative year data as at end and for the year ended March 31, 2019.
Further, above reported figures / narratives would be different had the same being reported as per Ind AS notified under "Companies (Indian Accounting Standard) Rules, 2015".

NOTE 35: LEASES

Note 35.1 Adoption of new accounting standard on Leases (Ind AS 116)

The Company has adopted Ind AS 116 using the modified retrospective method with the initial application date as April 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard is recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets.The right-of-use asset were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

In the statement of profit and loss for the current year, the nature of expenses in respect of operating leases has been changed from lease rent to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Following practical expedients have been applied by the Company:

- using single discount rate to a portfolio of leases with reasonably similar characteristics
- short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application and leases of low-value asset.
- excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The lease liabilities as at April 01, 2019 can be reconciled to the operating lease commitments as of March 31, 2019, as follows:

Particulars	(₹ in crore)
Operating lease commitments as at March 31, 2019	41.83
Weighted average incremental borrowing rate as at April 01, 2019 (%)	8
Discounted operating lease commitments as at 1 April 2019	33.25
Add:	
Commitments relating to leases previously classified as finance leases	-
Lease payments relating to renewal periods not included in operating lease commitments as at 31 March 2019	110.14
Lease liabilities as at 1 April 2019	**143.39**

Note 35.2 Movement of lease liability

Particulars	(₹ in crore)
Lease liability as at April 01, 2019 (a)	143.39
Additions (b)	8.64
Accretion of interest (c)	11.05
Payments (d)	35.01
Modification (e)	1.39
Lease liability as at March 31, 2020 (a+b+c-d-e)	**126.68**

NOTE 36: 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 Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015. The Company operates within India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

NOTE 37: CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities in respect of Income-tax of ₹ 11.94 crore (Previous year ₹ 21.50 crore) is disputed and are under appeals. These includes contingent liability of ₹ 4.87 crore (Previous year ₹ 19.54 crore) 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) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 6.86 crore (Previous year ₹ 20.29 crore).

iii) Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)

iv) Letter of comfort and bank guarantee issued on behalf of the clients ₹ 65.25 crore (Previous year ₹ 80.25 crore)

NOTE 38: DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS:

In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

Note 38.1: The company has made contribution to Provident Fund of ₹ 7.33 crore (Previous year ₹ 6.20 crore) which has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 29.

Notes to Standalone Financial Statements
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Note 38.2: Defined Benefit Plans
GRATUITY LIABILITY
Change in present value of obligation

(₹ in crore)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	9.68	7.30
Interest cost	0.74	0.65
Current service cost	2.14	1.71
Past Service Cost including curtailment Gains/Losses	-	-
Benefits paid	(0.69)	(0.46)
Actuarial (gain) / loss on obligation	(0.27)	0.48
Present value of obligation as at the end of year	11.60	9.68

Change in fair value of plan assets*

(₹ in crore)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	9.73	7.07
Actual return on plan assets	0.75	0.35
Contributions	2.44	2.76
Benefits paid	(0.69)	(0.45)
Fair Value of plan assets as at the end of year	12.23	9.73
Funded status	0.63	0.05

Expense recognised in the statement of Profit and Loss

(₹ in crore)

Particulars	Current Year	Previous Year
Current service cost	2.14	1.71
Interest cost	0.74	0.65
Actual return on plan assets	(0.75)	(0.35)
Net actuarial (gain) / loss recognised in the year	(0.27)	0.48
Expenses recognised in the statement of profit & losses	1.86	2.49
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	0.27	0.69

Expected contribution for the next financial year is ₹ 2.42 crore.

Assumptions

(₹ in crore)

Particulars	Current Year	Previous Year
a) Discounting Rate	6.65%	7.65%
b) Future salary Increase	7.00%	7.75%
c) Retirement Age (Years)	60	60
d) Mortality Table	IALM (2012-14)	IALM (2006-08)

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Maturity profile of defined benefits obligation

(₹ in crore)

Particulars	Current Year	Previous Year
With in the next 12 months	0.91	0.80
above 1 year and upto 5 years	3.97	3.14
above 5 year	6.72	5.74

Sensitivity analysis of the defined benefit obligation**

(₹ in crore)

Particulars	Current Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.42)	0.45	0.42	(0.41)

(₹ in crore)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.34)	0.36	0.36	(0.34)

*100% of the plan assets are managed by the insurer for current as well as previous year.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated.

NOTE 39: EXPENDITURE IN FOREIGN CURRENCY:

(₹ in crore)

Particulars	Current Year	Previous Year
Interest expenses	195.31	98.18
Other Expenses	15.21	71.22

Notes to Standalone Financial Statements
for the year ended March 31, 2020

NOTE 40: DERIVATIVE FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING, NETTING ARRANGEMENTS

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crore)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet`	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
At 31 March, 2020	433.62	(307.96)	125.66	-	-	125.66	-	125.66	125.66
At 31 March, 2019	1.81	1.81	-	-	-	-	-	-	-

Derivative financial liabilities subject to offsetting, netting arrangements

(₹ in crore)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
At 31 March, 2020	(307.96)	307.96	-	-	-	-	-	-	-
At 31 March, 2019	(212.61)	1.81	(210.80)	-	-	(210.80)	-	(210.80)	(210.80)

NOTE 41: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crore)

Particulars	As at April 01, 2019	Cash flows (net)	Exchange difference	Others	As at March 31, 2020
Debt securities & subordinated liabilities	23,188.61	(4,308.00)	-	(11.63)	18,868.98
Borrowings from bank	26,793.19	5,156.36	385.18	(6.61)	32,328.12
Deposits	14,023.04	2,108.71	-	0.93	16,132.68
Commercial paper	7,854.01	(7,534.00)	-	86.05	406.06

(₹ in crore)

Particulars	As at April 01, 2018	Cash flows (net)	Exchange difference	Others	As at March 31, 2019
Debt securities & subordinated liabilities	22,275.01	910.70	-	2.90	23,188.61
Borrowings from bank	9,950.72	16,901.78	1.81	(61.22)	26,793.19
Deposits	11,339.75	2,675.64	-	7.65	14,023.04
Commercial paper	10,211.22	(2,450.00)	-	92.79	7,854.01

Notes to Standalone Financial Statements

for the year ended March 31, 2020

NOTE 42: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However with regard to loans and advances to customers the Company has used the contractual maturities for recovery/ settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	8,512.46	-	8,512.46	4,025.97	-	4,025.97
Bank balance other than cash and cash equivalents	0.07	-	0.07	0.11	-	0.11
Derivative financial instruments	31.79	93.87	125.66			
Trade receivables	5.84	-	5.84	26.74	-	26.74
Loans	2,885.85	63,782.83	66,668.68	4,028.54	70,298.93	74,327.47
Investments	137.16	1,911.16	2,048.32	3,101.34	1,356.09	4,457.43
Other financial assets	190.54	511.15	701.69	129.68	383.28	512.96
Total (a)	**11,763.71**	**66,299.01**	**78,062.72**	**11,312.38**	**72,038.30**	**83,350.68**
Non- financial assets						
Current tax assets (net)	-	43.44	43.44	-	98.82	98.82
Deferred tax assets (net)	-	275.45	275.45	-	51.21	51.21
Investment property	-	0.55	0.55	-	0.56	0.56
Property, plant and equipment	-	105.21	105.21	-	78.23	78.23
Right of use assets	-	119.69	119.69	-	-	-
Other Intangible assets	-	24.80	24.80	-	23.52	23.52
Capital work-in-progress	-	1.23	1.23	-	3.81	3.81
Intangible assets under development	-	2.83	2.83	-	1.36	1.36
Other non- financial assets	3.22	28.48	31.70	10.89	0.05	10.94
Assets held for sale	206.56	-	206.56	131.11	-	131.11
Total (b)	**209.78**	**601.68**	**811.46**	**142.00**	**257.56**	**399.56**
Total asset c = (a+b)	**11,973.49**	**66,900.69**	**78,874.18**	**11,454.38**	**72,295.86**	**83,750.24**
LIABILITIES						
Financial liabilities						
Derivative financial instruments	-	-	-	27.31	183.49	210.80
Trade Payables	83.54	-	83.54	132.16	-	132.16
Debt Securities	9,152.06	8,684.40	17,836.46	14,520.25	15,084.69	29,604.94
Borrowings (other than debt securities)	10,632.56	21,695.56	32,328.12	9,381.13	17,412.06	26,793.19
Deposits	6,589.09	9,543.59	16,132.68	6,291.95	7,731.09	14,023.04
Subordinated liabilities	-	1,438.58	1,438.58	-	1,437.68	1,437.68
Other financial liabilities	1,372.01	317.54	1,689.55	1,755.39	325.92	2,081.31
Total (d)	**27,829.26**	**41,679.67**	**69,508.93**	**32,108.19**	**42,174.93**	**74,283.12**
Non financial liabilities						
Provisions	1.40	17.03	18.43	2.22	21.51	23.73
Other Non-financial Liabilities	1,372.90	26.76	1,399.66	2,008.38	-	2,008.38
Total (e)	**1,374.30**	**43.79**	**1,418.09**	**2,010.60**	**21.51**	**2,032.11**
Total liabilities f = (d+e)	**29,203.56**	**41,723.46**	**70,927.02**	**34,118.79**	**42,196.44**	**76,315.23**
Net (c-f)			**7,947.16**			**7,435.01**

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NOTE 43: RISK MANAGEMENT
The Company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the board. The 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, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The 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 laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

Note 43.1: Credit Risk
The Company's asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company's pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

Credit Risk Management
Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company's line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and functional heads, in implementing the risk management framework and policy.

The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company's Risk Framework for credit risk management is mentioned below:

1) **Established an appropriate credit risk environment**
   The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

2) **Ensure sound credit approval process**
   The Company's Target Operating Model (TOM) comprises Hub and Spoke structure, advanced technology platform, experienced and specialized professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

   The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoke or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

   The credit sanction is done through a well-defined delegation matrix under four eye principal. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

   Hubs and Spokes are supported by central support office (CSO), centralised operations (COPS) and central processing centre (CPC).

3) **Maintains an appropriate credit administration, measurement, and monitoring process**
   Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company's credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable.

   Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

Notes to Standalone Financial Statements

for the year ended March 31, 2020

Note 43.2: Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

Note 43.3: Analysis of risk concentration

(i) Risk concentrations on loans*

An analysis of the Company's credit risk concentrations per product / sub product is provided in the below mentioned table:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Concentration by sector - Retail		
Housing loans	36,701.15	41,018.91
Non housing loans	16,256.15	15,118.17
Total (a)	**52,957.30**	**56,137.08**
Concentration by sector - Corporate		
Construction finance	10,356.04	11,187.52
Corporate term loan	3,051.88	3,773.19
Lease rental discounting	1,205.75	3,092.68
Total (b)	**14,613.67**	**18,053.39**
Total (a+b)	**67,570.97**	**74,190.47**

* Loans represents principal outstanding(Including principal overdue) as on the date of reporting.

As of March 31,2020, top 20 exposure covers 14% of total portfolio, of which 6.56% are in NPA.

(ii) Risk concentrations on financial assets other than loans

(₹ in crore)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2020					
Cash and cash equivalents	-	8,512.46	-	-	8,512.46
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Derivative financial instruments	-	125.66	-	-	125.66
Trade receivables	-	-	5.84	-	5.84
Investments	1,713.77	-	334.55	-	2,048.32
Other financial assets	3.36	676.53	6.57	15.23	701.69
Total	**1,717.13**	**9,314.72**	**346.96**	**15.23**	**11,394.04**
As at March 31, 2019					
Cash and cash equivalents	-	4,025.97	-	-	4,025.97
Bank balance other than cash and cash equivalents	-	0.11	-	-	0.11
Trade receivables	-	0.02	26.72	-	26.74
Investments	1,315.33	2,904.37	237.73	-	4,457.43
Other financial assets	-	492.99	-	19.97	512.96
Total	**1,315.33**	**7,423.46**	**264.45**	**19.97**	**9,023.21**

Note 43.4: Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Note 43.4.1 Total market risk exposure

(₹ in crore)

Particular	As at March 31, 2020	As at March 31, 2019	Primary risk sensitivity
	Carrying amount		
ASSETS			
Financial assets			
Cash and cash equivalents	8,512.46	4,025.97	-
Bank balance other than cash and cash equivalents	0.07	0.11	-
Derivative financial instruments	125.66	-	Interest rate/ Currency risk
Trade receivables	5.84	26.74	-
Loans	66,668.68	74,327.47	Interest rate
Investments	2,048.32	4,457.43	Interest rate
Other financial assets	701.69	512.96	Interest rate
Total	**78,062.72**	**83,350.68**	
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	210.80	Interest rate/ Currency risk
Trade payables	83.54	132.16	-
Debt securities	17,836.46	29,604.94	Interest rate
Borrowings (other than debt securities)	32,328.12	26,793.19	
Deposits	16,132.68	14,023.04	
Subordinated liabilities	1,438.58	1,437.68	
Other financial liabilities	1,689.55	2,081.31	-
Total	**69,508.93**	**74,283.12**	

43.4.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables asses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates.

(₹ in crore)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit & (loss)
Loans	2018-19	50 bps / (50) bps	298.58 / (298.58)
	2019-20	50 bps / (50) bps	315.82 / (315.82)
Investments	2018-19	25 bps / (25) bps	(3.54) / 3.54
	2019-20	25 bps / (25) bps	(1.23) / 1.23
Other financial assets	2018-19	25 bps / (25) bps	81.01 / (81.01)
	2019-20	25 bps / (25) bps	108.90 / (108.90)
Derivative financial instruments	2018-19	20 bps / (20) bps	(5.35) / 5.35
	2019-20	20 bps / (20) bps	(11.49) / 11.49
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2018-19	50 bps / (50) bps	(128.55) / 128.55
	2019-20	50 bps / (50) bps	(229.05) / 229.05

43.4.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings which are primarily in US dolllar ($). The Company manages its foreign currency risk by entering in to cross currency swaps and forward contracts. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Notes to Standalone Financial Statements
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Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table asses the sensitivity of the assets and liabilities over the profit and loss with change in currency rates.

(₹ in crore)

Areas	Financial year	Increase / (decrease) in %	Sensitivity of profit & (loss)
Derivative financial instruments	2018-19	10 % / (10) %	(11.19) / 11.19
	2019-20	10 % / (10) %	(15.34) / 15.34

Note 43.5: Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds ,fixed deposits,liquid bonds, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and asses the liquidity position. Moreover, the Compnay keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

Note 43.5.1: Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company's financial liabilities.

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities						
Derivative financial instruments	-	-	-	27.31	183.49	210.80
Trade payables	83.54	-	83.54	132.16	-	132.16
Debt securities	9,152.06	8,684.40	17,836.46	14,520.25	15,084.69	29,604.94
Borrowings (other than debt securities)	10,632.56	21,695.56	32,328.12	9,381.13	17,412.06	26,793.19
Deposits	6,589.09	9,543.59	16,132.68	6,291.95	7,731.09	14,023.04
Subordinated liabilities	-	1,438.58	1,438.58	-	1,437.68	1,437.68
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	4,787.92	9,050.30	13,838.22	3,237.82	11,362.69	14,600.51
Other financial liabilities	1,372.01	317.54	1,689.55	1,755.39	325.92	2,081.31
Total	**32,617.18**	**50,729.97**	**83,347.15**	**35,346.01**	**53,537.62**	**88,883.63**

Notes to Standalone Financial Statements

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The table below shows the contractual expiry by maturity of the Company's contingent assets, liabilities and commitments.

(₹ in crore)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2020			
Undrawn commitments relating to advances	2,725.49	2,878.72	5,604.21
Undrawn commitments relating to Letter of comfort	-	65.00	65.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	4,019.07	-	4,019.07
As at March 31, 2019			
Undrawn commitments relating to advances	4,942.00	4,942.00	9,884.00
Undrawn commitments relating to Letter of comfort	-	80.00	80.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	3,787.43	-	3,787.43

Note 43.6: Equity price risk:

The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

NOTE 44: FAIR VALUE MEASUREMENT

The principles and techniques of fair valuation measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

Level 3: Those that include one or more unobservable input that is significant to the measurement as whole.

(b) Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

(c) Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in crore)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Debt securities	-	95.28	-	95.28
Forward contracts and currency swaps	-	433.62	-	433.62
Total assets measured at fair value on a recurring basis (a)	-	**528.90**	-	**528.90**

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(₹ in crore)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	206.56	-	206.56
Total assets measured at fair value on a non recurring basis (b)	-	**206.56**	-	**206.56**
Total assets measured at fair value (a)+(b)	-	**735.46**	-	**735.46**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Interest rate swaps	-	307.96	-	307.96
Total liabilities measured at fair value through profit or loss	-	**307.96**	-	**307.96**

(₹ in crore)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Debt securities	-	166.73	-	166.73
Certificate of deposits	-	2,904.38	-	2,904.38
Total assets measured at fair value on a recurring basis (a)	-	**3,071.11**	-	**3,071.11**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	131.11	-	131.11
Total assets measured at fair value on a non recurring basis (b)	-	**131.11**	-	**131.11**
Total assets measured at fair value (a)+(b)	-	**3,202.22**	-	**3,202.22**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	125.19	-	125.19
Interest rate swaps	-	85.61	-	85.61
Total liabilities measured at fair value through profit or loss	-	**210.80**	-	**210.80**

Valuation methodologies of financial instruments measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are recorded and measured at fair value in the Company's financial statements.

1. **Mutual funds**
   Units held in mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.

2. **Debt securities**
   The Company's debt instruments are standard fixed rate securities, some with zero coupon feature.The Company uses market prices whenever available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

3. **Commercial papers/ Certificate of deposit**
   Commercial paper / Certificate of deposit have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

4. **Assets held for sale**
   Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

5. **Derivative financial instruments**
   Interest rate derivatives
   For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options.

However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

(d) Fair Value of financial instruments not measured at fair value

(₹ in crore)

As at March 31, 2020	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans	66,668.68	-	66,673.99	-	66,673.99
Investment					
Government securities	1,952.74	-	2,058.56	-	2,058.56
Total financial assets	**68,621.42**	**-**	**68,732.55**	**-**	**68,732.55**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	17,430.40	-	17,745.84	-	17,745.84
Deposits (including interest accrued)	16,357.19	-	-	16,441.48	16,441.48
Subordinated liabilities	1,438.58	-	1,467.12	-	1,467.12
Total financial liabilities	**35,226.17**	**-**	**19,212.96**	**16,441.48**	**35,654.44**

(₹ in crore)

As at March 31, 2019	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	74,327.47	-	74,310.85	-	74,310.85
Investment					
Government Securities	1,386.07	-	1,436.43	-	1,436.43
Total financial assets	**75,713.54**	**-**	**75,747.28**	**-**	**75,747.28**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	21,750.93	-	21,724.30	-	21,724.30
Deposits (including interest accrued)	14,240.93	-	-	14,345.09	14,345.09
Subordinated liabilities	1,437.68	-	1,448.00	-	1,448.00
Total financial liabilities	**37,429.54**	**-**	**23,172.30**	**14,345.09**	**37,517.39**

Notes to Standalone Financial Statements
for the year ended March 31, 2020

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements.

1. **Financial assets and liabilities (Short term)**
   In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not be disclosed.

2. **Loans**
   The fair values of loans are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

3. **Government debt securities**
   Government debt securities are financial instruments issued by sovereign governments and include both long- term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

4. **Financial liabilities**
   Debt securities and Subordinated liabilities
   The fair values of loans are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

   Debt securities and subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification.When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

   Deposits
   The fair values of deposits are computed by discounted cash flow models that incorporates prevailing interest rate. The Company classifies these assets as Level 3.

   Financial assets or liabilities other than those mentioned above resembles the value approximate to their fair value.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended 31st March 2020, and 31st March 2019.

(f) There is no valuation adjustment relating to Credit Valuation Adjustment/ Debit Valuation Adjustment.

NOTE 45: COVID IMPACT

The outbreak of COVID-19 pandemic across the globe and India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. On March 11, 2020, the World Health Organisation declared that novel coronavirus (COVID-19) as a pandemic. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world.

In India, from March 25, 2020 to May 31, 2020, Government of India has declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19. Following the lockdown directives, the Company closed its pan India offices and activated its Business Continuity Plan (BCP) and seamlessly shifted to Work from Home (WFH). The Company leveraged on its robust technology to ensure the business activities viz. customer service, recovery, liquidity management, treasury, EMI collection etc. are carried out from home and thus minimising the overall impact of pandemic on Company's operations. While doing so, the Company ensured to safeguard its systems from any data leakage and data security.

Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and Apr 17, 2020 and in accordance therewith, the Company has offered a moratorium on the payment of instalments falling due between March 01, 2020 and May 31, 2020 to all eligible borrowers classified as standard as on February 29, 2020. On May 22, 2020, The RBI announced an extension of the moratorium on loan EMIs by three months, i.e. till August 31, 2020.

Loan disbursements during the lockdown period of March 2020 was lower by around ₹ 900 crore (approx.) Further, the Company has maintained an incremental ECL provision of ₹

Notes to Standalone Financial Statements
for the year ended March 31, 2020

471 crore for COVID-19 in addition to the normal ECL provision. Based on the current indicators of future economic conditions the Company believes ECL provision to be adequate.

The Company is well capitalised and has maintained adequate liquidity. The Company also continue to raise funds from banks, refinancing from NHB and fixed deposits. The Company did not opt for moratorium from its lenders and serviced its financial obligations in a timely manner. Further, there is no material impact on internal financial controls of the Company.

Being a socially responsible corporate the Company allocated ₹ 2.04 crore (approx.) towards Covid-19 for providing 'essentials kit' to migrant worker families , partnering with National Centre for Bio-Sciences for research on developing washable PPE, COVID diagnostic tests etc. and contribution to PM relief fund / PM CARES fund.

The Company started opening up its offices in phase manner and presently majority of the offices are operational.

The extent to which the COVID-19 pandemic will impact the company's future results will depend on developments, which are highly uncertain, including among other thing, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company.

The Company will continue to closely monitor any material changes to future economic conditions. However, operating in the secured mortgage asset business we believe we hold a much stable asset class which can withstand the pandemic relatively better compared other asset classes.

NOTE 46: 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 crore)
1	Name of the subsidiary	PHFL Home Loans and Services Limited
2	Date since when subsidiary was acquired/ incorporated	August 22, 2017
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	From April 01, 2019 to March 31, 2020
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	80.03
7	Total assets	97.52
8	Total Liabilities	17.24
9	Investments	27.67
10	Turnover	319.75
11	Profit before taxation	96.65
12	Provision for taxation	22.77
13	Profit after taxation	73.88
14	Proposed Dividend (including Dividend Distribution Tax)	-
15	Extent of shareholding (in percentage)	100

Sr. No.	Particulars	Details/ Amount (₹ in crore)
1	Name of the subsidiary	PEHEL Foundation
2	Date since when subsidiary was acquired/ incorporated	October 14, 2019
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	From April 01, 2019 to March 31, 2020
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	0.05
6	Reserves and surplus	-
7	Total assets	0.05
8	Total Liabilities	-
9	Investments	-
10	Turnover	-
11	Profit before taxation	-
12	Provision for taxation	-
13	Profit after taxation	-
14	Proposed Dividend (including Dividend Distribution Tax)	-
15	Extent of shareholding (in percentage)	100

Notes:

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

PART B ASSOCIATES AND JOINT VENTURES

The Company has no associate company or joint venture.

For and on behalf of the Board of Directors

CH.S.S. Mallikarjuna Rao
Chairman
DIN: 07667641

Neeraj Vyas
Managing Director
DIN: 07053788

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: June 13, 2020

Independent Auditors' Report

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of PNB Housing Finance Limited ("the Holding Company"), and its Subsidiary (the Holding Company and its Subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2020, and its Consolidated profit, Consolidated changes in equity and its Consolidated cash flow for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

EMPHASIS OF MATTER

We draw your attention to Note 46 to the consolidated financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the Covid-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, pursuant to the Reserve Bank of India ('RBI') Covid-19 Regulatory Package, the Company has offered a moratorium on the payment of instalments to all eligible borrowers classified as standard as on February 29, 2020. As a result, ageing of the accounts which have opted for moratorium, has been determined with reference to days past due status as of February 29, 2020.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Our response to the Key Audit Matter
Impairment of loans to customers The Company reported total gross loans of ₹ 68,393.64 crore and ₹ 1,765.62 crore of expected credit loss provisions as on March 31, 2020 (Refer Note 6). Key judgements and estimates (Refer Note 2.20) in respect of the timing and measurement of expected credit losses (ECL) include: • Allocation of assets to stage 1, 2, or 3 using criteria in accordance with the Indian Accounting Standard 109; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL; • Completeness and accuracy of data used to calculate the ECL; • Inputs and assumptions used to estimate the impact of multiple economic scenarios; • Completeness and valuation of post model adjustments; • Measurements of individually assessed provisions including the assessment of multiple scenarios; and	Our audit procedures included testing the design and operating effectiveness of key controls across the processes relevant to the ascertainment and measurement of ECL. These controls/ processes included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and disclosures and accounting thereof. The criteria used to allocate an asset to stage 1, 2 or 3 in accordance with Ind AS 109 was evaluated. Assets in stage 1, 2 and 3 were reviewed to verify that they were allocated to the appropriate stage. With the support of the team of modelling specialists employed by the Company to make the models, we tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default','Exposure at Default', historical loss rates used, and the valuation of collateral.

Key Audit Matter	Our response to the Key Audit Matter
• Accuracy and adequacy of the financial statement disclosures.	To verify data quality, calculation of the data used in the ECL was tested by reconciling to source systems. To test credit monitoring, risk ratings were checked for a sample of performing loans. Appropriateness of forecasted macroeconomic variables, such as GDP, Money supply and House Price Index were evaluated. The completeness and appropriateness of post model adjustments was assessed. The adequacy and appropriateness of disclosures for compliance with the Ind AS including disclosure of Ind AS 107 was ascertained.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, for example, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, Key Highlights etc., but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

The other information is expected to be made available to us after the date of this auditors' report. When we read this other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, Consolidated changes in equity and Consolidated cash flow of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the Companies included in a 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.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, based on our audit 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.

    (b) In our opinion, proper books of account as required by law 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 (including Consolidated Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS 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 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 Group 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 the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) 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 its financial position in its consolidated financial statements – Refer Note 37(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

Akshay Maheshwari
Partner
Membership No. 504704
UDIN: 20504704AAAADJ9713

Place: New Delhi
Date: June 13, 2020

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 as of March 31, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Group are 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 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 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 consolidated 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 consolidated 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 consolidated 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 Holding Company and 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 31, 2020 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

Akshay Maheshwari
Partner
Membership No. 504704
UDIN: 20504704AAAADJ9713

Place: New Delhi
Date: June 13, 2020

Consolidated Balance Sheet

as at March 31, 2020

(₹ in crore)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	3	8,514.32	4,033.96
Bank balance other than cash and cash equivalents	4	0.07	0.11
Derivative financial instruments	15	125.66	-
Receivables	5	44.90	38.88
Loans	6	66,628.02	74,287.88
Investments	7	2,075.74	4,560.67
Other financial assets	8	701.70	512.99
		78,090.41	**83,434.49**
Non- financial assets			
Current tax assets (net)	9	61.01	115.60
Deferred tax assets (net)	10	285.94	60.99
Investment property	11	0.55	0.56
Property, plant and equipment	12	105.31	78.34
Right of use assets	12	119.80	-
Other Intangible assets	13	25.42	24.21
Capital work-in-progress		1.23	3.81
Intangible assets under development		2.83	1.36
Other non- financial assets	14	30.67	18.52
Assets held for sale		206.56	131.11
		839.32	**434.50**
Total		**78,929.73**	**83,868.99**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	15	-	210.80
Payables			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		86.92	127.16
Debt securities	16	17,836.46	29,604.94
Borrowings (other than debt securities)	17	32,328.12	26,793.19
Deposits	18	16,131.94	14,023.04
Subordinated liabilities	19	1,438.58	1,437.68
Other financial liabilities	20	1,689.95	2,091.26
		69,511.97	**74,288.07**
Non financial liabilities			
Provisions	21	18.94	25.26
Other non-financial liabilities	22	1,401.05	2,011.76
		1,419.99	**2,037.02**
Equity			
Equity share capital	23	168.19	167.47
Other equity		7,829.58	7,376.43
Total equity		**7,997.77**	**7,543.90**
Total		**78,929.73**	**83,868.99**
Overview, principles of consolidation and significant accounting policies	1 & 2		

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

Akshay Maheshwari
Partner
M. No.: 504704

CH. S.S. Mallikarjuna Rao
Chairman
DIN: 07667641

Neeraj Vyas
Managing Director
DIN: 07053788

Place: New Delhi
Date: June 13, 2020

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in crore)

Particulars	Note No.	Current Year	Previous Year
Revenue from operations			
Interest income	24	7,688.21	6,792.86
Fees and commission income	25	298.84	449.44
Income on derecognised (assigned) loans		336.15	308.09
Net gain on fair value changes	26	158.64	128.93
Total revenue from operations		**8,481.84**	**7,679.32**
Other income		7.71	3.90
Total income		**8,489.55**	**7,683.22**
Expenses			
Finance costs	27	5,874.95	5,166.37
Impairment on financial instruments	28	1,251.37	188.95
Employee benefits expense	29	233.06	303.88
Fees and commission expense		8.92	54.62
Depreciation, amortisation and impairment		65.85	31.37
Other expenses	30	244.39	203.64
Total expenses		**7,678.54**	**5,948.83**
Profit before tax		**811.01**	**1,734.39**
Tax expense/(credit)			
Current tax	31	389.24	503.48
Deferred tax	31	(224.47)	39.39
Profit for the year		**646.24**	**1,191.52**
Other comprehensive (loss) / income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan		0.79	(1.06)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.20)	0.37
Subtotal (A)		**0.59**	**(0.69)**
B (i) Items that will be reclassified to profit or loss Cash flow hedge		(46.91)	(156.19)
(ii) Income tax relating to items that will be reclassified to profit or loss		(8.98)	54.55
Subtotal (B)		**(55.89)**	**(101.64)**
Other comprehensive (loss) / income (A + B)		**(55.30)**	**(102.33)**
Total comprehensive income for the year		**590.94**	**1,089.19**
Profit for the year, net of tax attributable to			
Owners of the parent		646.24	1,191.52
Non-controlling interest		-	-
Other comprehensive loss for the year, net of tax attributable to			
Owners of the parent		(55.30)	(102.33)
Non-controlling interest		-	-
Total comprehensive income for the year, net of tax attributable to			
Owners of the parent		590.94	1,089.19
Non-controlling interest		-	-
Earnings per equity share (Face value of ₹ 10/- each fully paid up)			
Basic (₹)	32	38.45	71.19
Diluted (₹)	32	38.41	70.76
Overview, principles of consolidation and significant accounting policies	1 & 2		

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

Akshay Maheshwari
Partner
M. No.: 504704

CH. S.S. Mallikarjuna Rao
Chairman
DIN: 07667641

Neeraj Vyas
Managing Director
DIN: 07053788

Place: New Delhi
Date: June 13, 2020

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

(₹ in crore)

Particular	Equity share	Other equity*							Total equity
		Reserves and surplus					Other comprehensive income	Total other equity	
		Share premium reserve	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
Balances as at March 31, 2018	**166.59**	**3,973.94**	**484.76**	**56.97**	**27.34**	**1,894.41**	**(36.67)**	**6,400.75**	**6,567.34**
Equity shares issued during the year	0.88	28.95	-	-	-	-	-	28.95	29.83
Employee stock option excised during the year (Refer note 23.8)	-	9.86	-	-	(9.86)	-	-	-	-
Transfer to special reserve#	-	-	147.00	-	-	(147.00)	-	-	-
Transfer to statutory reserve##	-	-	-	70.00	-	(70.00)	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	39.25	-	-	39.25	39.25
Transfer on account of stock option lapsed/ expired	-	-	-	-	(0.62)	0.62	-	-	-
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(181.70)	-	(181.70)	(181.70)
Profit for the year	-	-	-	-	-	1191.52	-	1,191.52	1,191.52
Fair value changes on derivatives	-	-	-	-	-	-	(101.64)	(101.64)	(101.64)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	(0.69)	-	(0.69)	(0.69)
Others	-	-	-	-	-	(0.01)	-	(0.01)	(0.01)
Balances as at March 31, 2019	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,687.15**	**(138.31)**	**7,376.43**	**7,543.90**
Equity shares issued during the year	0.72	23.55	-	-	-	-	-	23.55	24.27
Employee stock option exercised during the year (Refer note 23.8)	-	8.03	-	-	(8.03)	-	-	-	-
Transfer to special reserve#	-	-	182.00	-	-	(182.00)	-	-	-
Transfer to statutory reserve##	-	-	-	-	-	-	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	21.06	-	-	21.06	21.06
Transfer on account of stock option lapsed/ expired	-	-	-	-	(1.82)	1.82	-	-	-
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(182.37)	-	(182.37)	(182.37)
Profit for the year	-	-	-	-	-	646.24	-	646.24	646.24
Fair value changes on derivatives	-	-	-	-	-	-	(55.89)	(55.89)	(55.89)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.59	-	0.59	0.59
Others	-	-	-	-	-	(0.03)	-	(0.03)	(0.03)
Balances as at March 31, 2020	**168.19**	**4,044.33**	**813.76**	**126.97**	**67.32**	**2,971.40**	**(194.20)**	**7,829.58**	**7,997.77**

*Refer notes 23.6 for nature and the purpose of reserves.

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 ₹ 182.00 crore (Previous year ₹ 147.00 crore) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹ Nil (Previous year ₹ 70.00 crore) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

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

Akshay Maheshwari
Partner
M. No.: 504704

CH. S.S. Mallikarjuna Rao
Chairman
DIN: 07667641

Neeraj Vyas
Managing Director
DIN: 07053788

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: June 13, 2020

Consolidated Statement of Cash Flow

for the year ended March 31, 2020

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	811.01	1,734.39
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	65.85	31.37
Loss on sale of property, plant and equipment	0.61	0.12
Impairment on financial instruments	1,173.15	162.15
Impairment/ (reversal of impairment) on assets held for sale	55.80	(0.81)
Net loss on financial asset at fair value through profit and loss	0.47	(3.80)
Share based payment expense	21.06	39.25
Effective interest rate on financial assets	(21.83)	(31.13)
Effective interest rate on financial liabilities	68.75	41.99
Income on derecognised (assigned) loans	(181.48)	(268.61)
Derivative impact of external commercial borrowings	(383.37)	16.05
Interest on lease	11.03	-
Re-measurement on defined benefit plan	0.79	-
Bad debts Written-off	78.22	26.80
	889.05	**13.38**
Operating profits before changes in working capital	**1,700.06**	**1,747.77**
Working Capital changes		
Trade payables	(40.24)	7.56
Provision	(7.98)	6.18
Financial liabilities	(539.78)	1,236.80
Non financial liabilities	(599.03)	371.86
Loans at amortised cost	6,430.92	(17,280.18)
Trade receivable	(6.02)	(38.55)
Other financial asset	(6.46)	(3.56)
Other non financial asset	(12.99)	1.64
Investments (Net)	2,485.53	(2,144.30)
Asset held for sale	(131.25)	48.40
Other bank balances	0.04	(0.08)
	7,572.74	**(17,794.23)**
Cash generated / (used) in operations	**9,272.80**	**(16,046.46)**
Taxes paid (net of refunds)	**(344.30)**	**(570.62)**
Net cash generated / (used) in operating activities	**8,928.50**	**(16,617.08)**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(63.75)	(58.67)
Capital work-in-progress and intangible assets under development (net)	1.11	4.52
Sale of property, plant and equipment and other intangible assets	0.11	0.18
	(62.53)	**(53.97)**
Net cash used in investing activities	**(62.53)**	**(53.97)**

Consolidated Statement of Cash Flow

for the year ended March 31, 2020

(Indirect Method)

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from financing activities		
Proceeds from borrowings		
Debt securities & subordinated liabilities	3,000.00	1,440.70
Borrowings from bank	15,989.83	24,338.50
Deposits (net)	2,107.97	2,675.64
Commercial paper	-	33,575.00
Repayment of borrowings		
Commercial paper	(7,534.00)	(36,025.00)
Debt securities & subordinated liabilities	(7,308.00)	(530.00)
Borrowings from bank	(10,448.29)	(7,434.91)
Lease Liability	(35.02)	-
Proceeds from issue of share capital	0.72	0.88
Share premium received	23.55	28.95
Dividend paid (including dividend distribution tax)	(182.37)	(181.70)
Net cash (used) / generated from financing activities	**(4,385.61)**	**17,888.06**
Net changes in cash & cash equivalents	**4,480.36**	**1,217.01**
Cash or cash equivalents at the beginning of the year	4,033.96	2,816.95
Cash or cash equivalents at the end the of the year	8,514.32	4,033.96
Net increase / (decrease) of cash & cash equivalents during the year	**4,480.36**	**1,217.01**

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

Akshay Maheshwari
Partner
M. No.: 504704

Place: New Delhi
Date: June 13, 2020

For and on behalf of the Board of Directors

CH. S.S. Mallikarjuna Rao
Chairman
DIN: 07667641

Neeraj Vyas
Managing Director
DIN: 07053788

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

1. OVERVIEW AND PRINCIPLES OF CONSOLIDATION

1.1. Overview

PNB Housing Finance Limited ('PNBHFL'), 'the Company' was incorporated on November 11, 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. The Company is listed on BSE Limited and National Stock Exchange of India Limited. The Company's registered office is at 9th floor, Antriksh Bhawan, 22, K.G.Marg, New Delhi -110001.

These consolidated financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on June 13, 2020.

1.2. Basis of preparation / Statement of Compliance

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial assets held for trading, all of which have been measured at fair value.

The consolidated financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the National Housing Bank Act, 1987 and the Housing Finance Companies Directions, 2010 as amended from time to time.

The consolidated financial statements are prepared in accordance with provision contained in section 129 of the Companies Act 2013, read with Division III of Schedule III.

The Finance (No.2) Act, 2019 has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI). The Central Government has since issued notification appointing August 09, 2019 as the date on which the relevant part of that Act shall come into effect. HFCs will henceforth be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. RBI shall review the extant regulatory framework applicable to HFCs and issue revised regulations in due course, and till such time HFCs shall continue to comply with the directions and instructions of National Housing Bank.

The consolidated financial statements relate to the Company and its wholly owned subsidiary Companies (herewith referred to as "Company") incorporated in India.

The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores, except when otherwise indicated.

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note no. 43.

1.3. Principles of consolidation

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statement of the Company and its subsidiary are consolidated on line-by-line basis, by combining the like items of assets, liabilities, income, expense and cash flow after as far as possible eliminating the intra company balances and transactions resulting in unrealised profits or losses.

The financial statements of all Companies used for the purpose of consolidation are drawn up to same reporting date as that of the holding Company. (i.e. year ended and as at March 31st).

The subsidiary considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership*	Country of incorporation	Date of incorporation	Principal activities
PHFL Home Loans and Services Limited	100%	India	August 22, 2017	Professional, consultancy and advisory services

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

The subsidiary not considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership*	Country of incorporation	Date of incorporation	Principal activities
Pehel Foundation	100%	India	October 14, 2019	Charitable activities

Pehel foundation is registered as a charitable organisation under Section 8 of the Companies Act, 2013 and it is prohibited to give any right over its profits to any of its members. Since PNBHFL does not have any right over any kind of returns from Pehel Foundation hence it does not meet the criteria of consolidation of financial statements laid down under Ind AS 110.

*Including nominee shareholders

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of the assets.

b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer of a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c) Effective Interest Rate (EIR) method

EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

d) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. (refer note 2.20).

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

e) **Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above.

2.3 Revenue Recognition

a) **Interest and related income**

Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate on net amount and restricting to the extent of the fair valuation of underlying asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at Fair value through profit and loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

b) **Dividend income**

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

c) **Profit on derecognition of financial assets**

When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

d) **Other income**

Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) **PPE**

PPE are stated at cost (including incidental expenses less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

b) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

2.5 Depreciation and amortisation

a) **Depreciation**

Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively. Leasehold improvements are amortised over the period of five years.

All fixed assets individually costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of fixed assets is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and changes (if any) are then treated as changes in accounting estimates.

b) **Amortisation**

Intangible assets are amortised over a period of five years on straight-line method except website development costs which are amortised over a period of three years on a straight-line basis from the date when the assets are available for use.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

2.6 Investment Property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Part C of Schedule II of the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.7 Foreign Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

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for the year ended March 31, 2020

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss except for differences arising on cash flow hedges.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

2.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee - The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Right-of-use assets - The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liability - At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets - The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Subleases- The Company as an intermediate lessor, accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.11 Contingent liabilities and assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Notes to Consolidated Financial Statements

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a) Contingent liability is disclosed in case of –

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

b) Contingent assets are not recognised in the financial statements.

2.12 Employee Benefits

a) Retirement and other employee benefits

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to reduction in future payment or a cash refund.

Defined Benefit Plan

The Company has defined benefit plans as Compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

b) 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:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- In case of non-accumulating compensated absences, when the absences occur

c) Share based payments

The Company operates a number of 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. These Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based

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on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account). The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 Taxes

Tax expense comprises current and deferred tax.

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

2.14 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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a) **Financial Assets**

✓ **Initial recognition and measurement**

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

✓ **Classification and Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial asset at amortised cost
- Financial asset (debt instruments) at FVTOCI
- Financial asset at FVTPL

Financial asset at amortised costs

Financial asset is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees / costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets (debt instruments) at FVOCI

Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii) The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

b) **Financial Liabilities**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees, commission / brokerage and ancillary costs incurred in relation to the financial liability. The EIR amortisation is included in interest expense in the statement of profit and loss.

2.16 Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').

Notes to Consolidated Financial Statements
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- It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

2.17 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for as Cash flow hedges.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.19 Derecognition of financial assets and liabilities

a) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement

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Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

2.20 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL or FVOCI together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

Default

Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. National Housing Bank defines NPA in its Paragraph 2 sub-paragraph (1), clause (v) in its Housing Finance Companies (NHB) Directions, 2010 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

Staging

The Company while assessing whether there has been a SICR of an exposure since origination, it compares the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition. The Company classifies the accounts into three stages based on comparisons made between an account's credit risk at origination and its credit risk on the reporting date.

The mechanics and key inputs for classifying the stages and computing the ECL are defined below:

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Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired and for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance based on the probability of default.
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having SICR since initial recognition (origination of facilities) are classified under (if not impaired) stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	DPD 90+	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses 90+ DPD as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components of Expected Credit Loss are:

- **Probability of Default (PD)**
  Probability of Default (PD) is one of the three risk components needed to estimate ECL under INDAS 109. PD is defined as the probability that a borrower will be unable to meet his/her debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

  The Company uses 12-month PD for stage 1 borrowers and lifetime PD for stage 2 and Stage 3 assets.

- **Loss Given Default (LGD)**
  The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral. It is expressed as a percentage of EAD.

- **Exposure at default (EAD)**
  Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

  The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	FIRB + Asset coverage based

Broadly, the Company has grouped the portfolio into retail and corporate category basis risk, product and behavioural characteristics. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on Expected Collateral Realization Method (ECR). Further, given the characteristics and inherent risks of the various sub-categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

The retail portfolio is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For lifetime PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Previous year(s) portfolio behaviour of homogenous pools is considered for PD estimation.

Loss Given Default

The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last few years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/expected recoveries, depending on resolution strategies already materialised or in the process of materialisation. Further, LGD pools have been aligned with the PD pools.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Corporate Loans

Probability of Default:

Historically, the Company has observed low instance of default for the corporate portfolio. PDs for the

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corporate portfolio are determined by using external ratings as cohorts along with ever default behavior of an account in last 12 months (basis statistical technique of Pluto-Tasche methodology). For lifetime PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Loss Given Default

Given a very low instance of loss experience, the Company has referred Foundation internal rating based (FIRB) estimates. Further, the Company has applied business logic based on security coverage ratio of existing portfolio and ECR of stage 3 accounts to normalise the LGD estimates. For stage 2 and stage 3 accounts, Probability weighted scenarios were created to compute loss given default.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Significant increase in credit risk (SICR)

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans:

Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is those stage 1 loan assets where underlying property is under construction and construction progress in last one year is slow.

Corporate Loans:

The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward-looking information

Ind AS 109 requires entities to model their ECL and apply forward-looking macroeconomic scenarios taking into consideration possibility of stressed and favourable economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL considering the impact of COVID-19 several macroeconomic variables such as growth rates of GDP, Housing Price Index (HPI) inflation, money supply, unemployment rate, Consumer Price Index (CPI), Private Final Consumption Expenditure (PFCE) and Company's historical data were analysed.

The forward-looking scenario-based shock factors were computed basis statistical measures such as Time Series (ARIMA Model) & GLM (Generalized Linear Model) and finalised based on business logic / correlation analysis. The trend plot of the GNPA% against the selected macroeconomic indicators was showing an inverse relationship between GNPA and GDP y-o-y growth rate, PFCE y-o-y growth rate with time lag1 and HPI y-o-y growth rate with time lag 1.

Worst, Base and Best scenarios were created for all the portfolios and default rates were estimated for all the three scenarios. The differential default rates between the Base and the Best, Worst and Weighted average of these three outcomes were created to compute the shock factors. By this method, PD value will constitute both idiosyncratic risk of the portfolio as well as the influence of macroeconomic risk factors. The weights were assigned based on the future macroeconomic growth expectations in medium to long term. ECL for all portfolios is computed for these different scenarios and a probability weighted ECL is computed using the likelihood (weights) as calculated.

COVID -19 Implications

Retail Loans

The Company has identified the homogenous pool of customers (basis their residential status, occupation, employer category, EMI servicing ratio etc.) who are at relatively higher risk (by applying multiple factors including CRISIL study on Industry Credit Risk Matrix that estimates and identified the industries which will have low revenue and high credit risk due to COVID) and believes that on account of stress on their cash flows (either on account of salary loss or lower business income) there servicing capabilities might be below the current levels and hence there PD's has been marked up accordingly.

The Company has further stressed the PDs if such customers have had delinquency in the past with other financial institutions but remained good with us, customers who have opted COVID moratorium as per RBI etc.

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For LGD prospective collaterals having higher risk of being impacted are identified and mark ups have been applied basis the management judgement. Multiple factors has been considered for determining the impact on LGD including time taken for resolutions, expected delay in regulatory and legal procedures, under construction properties etc. LTVs were also stressed and LGD mark ups were applied on tightened policy norms.

Corporate Loans

The Company has identified the customers (basis principal repayment, customers opted for COVID moratorium as per RBI, saleability of premium or high value units, delay in delivery of project etc.) who are at the relatively higher risk and believes that on account of stress on their cash flows and other factors there servicing capabilities might be below the current levels and hence there PD's has been marked up accordingly.

2.21 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note no 2.20.

2.22 Write offs

The company undertakes write off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of senior officials of the Company. In case the company writes off an asset, the recoveries resulting from the write off activity may result in impairment gains. For LGD computation, the Company considers contractual amount written off i.e. principal as well as interest overdue.

2.23 Collateral

The Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody and settlement. The Company complies with local by-laws and relevant jurisdictions to ensure that the collaterals are free from all encumbrances. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

On case-to-case basis, the Company may ask for additional security, which may in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

2.24 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.25 Unclaimed Deposits

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

2.26 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.

2.27 Assets held for sale

The Company repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets acquired by the company under SARFASI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the company is committed to sell these asset and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decision.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

NOTE 3: CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks in current accounts	4,803.65	3,519.40
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	3,710.49	513.27
Cash on hand	0.17	1.27
Stamps on hand	0.01	0.02
Total	**8,514.32**	**4,033.96**

Note: 3.1 Short-term deposits earn interest at the respective short-term deposit rates.

NOTE 4: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked balances with bank (Refer Note 4.1)	0.07	0.11
Total	**0.07**	**0.11**

Note: 4.1 Earmarked balances with bank include unclaimed dividend on equity shares.

NOTE 5: RECEIVABLES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Unsecured considered good (Refer note 5.1)	44.90	38.88
Receivables from related parties	-	-
Receivables which have significant increase in credit risk	-	-
Receivables – credit impaired	-	-
	44.90	**38.88**
Less: Provision for impairment	-	-
	44.90	**38.88**
Other receivables	-	-
Total	**44.90**	**38.88**

Note 5.1: No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, director or member.

NOTE 6: LOANS (AT AMORTISED COST)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Term Loans	68,393.64	74,882.01
Total Gross	**68,393.64**	**74,882.01**
Less: Impairment loss allowance	1,765.62	594.13
Total Net	**66,628.02**	**74,287.88**
Secured by tangible assets	68,393.64	74,882.01
Total Gross	**68,393.64**	**74,882.01**
Less: Impairment loss allowance	1,765.62	594.13
Total Net	**66,628.02**	**74,287.88**
Public Sector	-	-
Others	68,393.64	74,882.01
Total Gross	**68,393.64**	**74,882.01**
Less: Impairment loss allowance	1,765.62	594.13
Total Net	**66,628.03**	**74,287.88**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 6.1: Loans - Staging analysis

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans*	50,729.97	1,566.45	660.88	52,957.30	54,508.64	1,303.44	325.00	56,137.08
Total	**50,729.97**	**1,566.45**	**660.88**	**52,957.30**	**54,508.64**	**1,303.44**	**325.00**	**56,137.08**

As on March 31, 2019, the Company had loan assets of ₹ 56,137.08 crore of which 97.10% were in stage 1, 2.32% were in stage 2 and 0.58% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

- i) 16.05% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

- i) 16.09% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

- i) 33.09% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 3 or had backward flows

As on March 31, 2018, the Company had loan assets of ₹ 44,823.90 crore of which 98.13% were in stage 1, 1.50% were in stage 2 and 0.37% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

- i) 11.42% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

- i) 15.56% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

- i) 12.02% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 3 or had backward flows

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans*	12,504.54	913.78	1,195.35	14,613.67	16,903.67	1,119.85	29.87	18,053.39
Total	**12,504.54**	**913.78**	**1,195.35**	**14,613.67**	**16,903.67**	**1,119.85**	**29.87**	**18,053.39**

As on March 31, 2019, the Company had loan assets of ₹ 18,053.39 crore of which 93.63% were in stage 1, 6.20% were in stage 2 and 0.17% were in stage 3.

a) Movement of Stage 1:

- i) 16.03% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 1 or had forward flows

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

b) Movement of Stage 2:
   i) 2.03% of loan assets moved out of books by year end
   ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:
   i) 0% of loan assets moved out of books by year end

As on March 31, 2018, the Company had loan assets of ₹ 12,254.36 crore of which 97.44% were in stage 1, 2.39% were in stage 2 and 0.17% were in stage 3.

a) Movement of Stage 1:
   i) 19.46% of loan assets moved out of books by year end
   ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:
   i) 50.78% of loan assets moved out of books by year end
   ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:
   i) 100% of loan assets moved out of books by year end

Analysis of change in gross carrying amount of loans* is as follows:

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening gross carrying amount	71,412.31	2,423.29	354.87	74,190.47	55,925.33	966.82	186.11	57,078.26
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	18,490.78	94.44	40.31	18,625.53	35,911.88	160.88	6.61	36,079.37
Asset paid in part or full (excluding write off) (net)	(15,287.70)	(472.79)	(102.69)	(15,863.18)	(11,206.47)	(366.72)	(40.62)	(11,613.81)
Asset derecognised (loan assigned)	(9,310.63)	-	-	(9,310.63)	(7,336.89)	-	-	(7,336.89)
Asset written off	(10.07)	(20.58)	(40.57)	(71.22)	(2.25)	(7.29)	(6.92)	(16.46)
Transfer to stage 1	399.94	(393.51)	(6.43)	0.00	173.16	(163.29)	(9.87)	0.00
Transfer to stage 2	(1,861.69)	1,873.18	(11.49)	0.00	(1,946.12)	1,963.34	(17.22)	0.00
Transfer to stage 3	(598.43)	(1,023.80)	1,622.23	0.00	(106.33)	(130.45)	236.78	0.00
Closing gross carrying amount	**63,234.51**	**2,480.23**	**1,856.23**	**67,570.97**	**71,412.31**	**2,423.29**	**354.87**	**74,190.47**

* Loans represents principal outstanding (Including principal overdue) as on the date of reporting.

Note 6.2: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	233.57	173.10	167.94	574.61	27.89	52.57	64.48	144.94
Total	**233.57**	**173.10**	**167.94**	**574.61**	**27.89**	**52.57**	**64.48**	**144.94**

ECL movement as on March 31, 2019 and March 31, 2020

a) The loan assets in stage 2 were 2.96% as on March 31, 2020 as against 2.32% as on March 31,2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 720 crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2020 would be 1.59%.

b) Increase in stage 2 ECL % POS is attributed to incorporation of pre-emptive measures in PD models, higher LGD's on account of COVID senario.

c) Overall ECL % POS have increased by 83 bps on account of conservatism build upon by the above mentioned reasons as well as incorporation of PD markup's and macro economic shocks.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

ECL movement as on March 31, 2018 and March 31, 2019

a) The loan assets in stage 2 were 2.32% as on March 31, 2019 as against 1.50% as on March 31,2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 370 crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.66%.

b) Despite the applicability of SICR, the improvement in stage 2 ECL % POS is attributed to low forward flows from stage 2 to stage 3 for the Company's non-housing portfolio. In addition, lower loan to value ratios for non-housing loan have resulted in improved LGDs.

c) Overall ECL % POS have increased by 26 bps but stage 3 ECL as % POS have reduced because of improvement in trend of resolution of stage 3 assets and applicability of behaviour LGDs.

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	432.13	254.37	504.51	1,191.01	112.45	170.34	9.86	292.65
Total	**432.13**	**254.37**	**504.51**	**1,191.01**	**112.45**	**170.34**	**9.86**	**292.65**

ECL movement as on March 31, 2019 and March 31, 2020

a) Stage 1 ECL % of POS increased from 0.67% to 3.46% on account of conservatism build upon the incorporation of PD markup's, application of stressed LGD's of the NPA ECR accounts and macro economic shocks.

b) The loan assets in stage 2 were 6.25% as on March 31, 2020 as against 6.20% as on March 31,2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 389 crore has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 15.22% to 27.84%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2020 would be 3.59% as against 1.52% as on March 31, 2019.

d) The Company's stage 3 asset ratio has increased from 0.17% as on March 31, 2019 to 8.18% as on March 31, 2020 owing to this ECL has also increased.

ECL movement as on March 31, 2018 and March 31, 2019

a) Despite the growth in loan book, stage 1 ECL % of POS reduced from 1.45% to 0.67%. This is attributed to application of SICR and movement of frequent delinquent accounts from stage 1 to stage 2.

b) The loan assets in stage 2 were 6.20% as on March 31, 2019 as against 2.40% as on March 31,2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 845 crore has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 5.23% to 15.22%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.52% as against 2.40% as on March 31, 2018.

d) The Company's stage 3 asset ratio remains consistent. However, ECL as % POS has reduced due to higher asset coverage ratio, hence, higher expected recovery from defaulted assets.

The Company in addition to ECL provision was maintaining an additional provision for unforeseen macro-economic factors of ₹ 156.54 crore till March 31, 2019. During the current financial year the Company has embedded the provision for unforeseen macro-economic factors under ECL hence there is no separate provision on this account as at March 31, 2020.

#Refer note no. 2.20 43.1 and 46

Note 6.3: Loans due from borrowers 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;

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

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) Undertaking to create a security;

viii) Letter of comfort.

NOTE 7: INVESTMENTS

(₹ in crore)

Particulars	As at March 31, 2020			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	27.67	-	27.67
Government securities	1,952.74	-	-	1,952.74
Debt securities	-	95.28	-	95.28
Subsidiaries	-	-	0.05	0.05
Total gross	**1,952.74**	**122.95**	**0.05**	**2,075.74**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**1,952.74**	**122.95**	**0.05**	**2,075.74**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,952.74**	**122.95**	**0.05**	**2,075.74**

*Others include investment in subsidiaries which have been carried at cost.

(₹ in crore)

Particulars	As at March 31, 2019			
	Amortised cost	At fair value through profit or loss	Others	Total
Investments in India (a)				
Mutual funds	-	103.49	-	103.49
Government securities	1,386.07	-	-	1,386.07
Debt securities	-	166.73	-	166.73
Certificate of deposits	-	2,904.38	-	2,904.38
Total gross	**1,386.07**	**3,174.60**	-	**4,560.67**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**1,386.07**	**3,174.60**	-	**4,560.67**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,386.07**	**3,174.60**	-	**4,560.67**

NOTE 8: OTHER FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables on assignment of loans (Refer note 8.1)	676.53	492.99
Security deposits	18.74	18.75
Other Receivables	6.43	1.25
Total	**701.70**	**512.99**

Note 8.1: During the year ended March 31 2020, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, the de-recognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crore)

Loans and advances measured at amortised cost	As at March 31, 2020	As at March 31, 2019
Carrying amount of derecognised financial assets	15,775.38	10,699.00

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial asset.

NOTE 9: CURRENT TAX ASSETS (NET)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance tax (net of provision)	61.01	115.60
Total	**61.01**	**115.60**

NOTE 10: DEFERRED TAX ASSETS (NET)

As at March 31, 2020

(₹ in crore)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	7.31	-	1.10	-
Provision for employee benefits	4.27	-	(17.77)	-
Impairment allowance for financial assets	424.24	-	217.72	-
Derivative instruments in cash flow hedge	65.31	-	-	(8.98)
Expenses paid in advance (net of income received in advance)	-	57.73	17.58	-
Interest spread on assigned loans	-	168.69	1.67	-
Fair valuation of financial instruments held for trading	-	0.13	0.17	-
Remeasurement gain/(loss) on defined benefit plan	0.12	-	-	(0.20)
Others temporary differences	11.24	-	4.00	-
Total	**512.49**	**226.55**	**224.47**	**(9.18)**

As at March 31, 2019

(₹ in crore)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensiv income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	6.21	-	3.38	-
Provision for employee benefits	22.04	-	15.56	-
Impairment allowance for financial assets	196.86	-	38.75	-
Derivative instruments in cash flow hedge	74.29	-	-	54.55
Expenses paid in advance (net of income received in advance)	-	75.31	(13.77)	-
Interest spread on assigned loans	-	170.36	(93.86)	-
Fair valuation of financial instruments held for trading	-	0.30	0.92	-
Remeasurement gain/(loss) on defined benefit plan	0.32	-	-	0.37
Others temporary differences	7.24	-	9.63	-
Total	**306.96**	**245.97**	**(39.39)**	**54.92**

Note 10.1 Pursuant to Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019, the Company has exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.168%) from current financial year. The impact of revised tax rates on the opening net deferred tax asset has been adjusted in current year tax expense.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

NOTE 11: INVESTMENT PROPERTY

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.58	-	-	0.58	0.02	0.01	-	0.03	0.55	0.56
Total	**0.58**	-	-	**0.58**	**0.02**	**0.01**	-	**0.03**	**0.55**	**0.56**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.58	-	-	0.58	0.01	0.01	-	0.02	0.56	0.57
Total	**0.58**	-	-	**0.58**	**0.01**	**0.01**	-	**0.02**	**0.56**	**0.57**

*Refer note 16.1 (a)

Note 11.1: Amount recognised in profit or loss for investment properties are as follows:

(₹ in crore)

Particulars	Current Year	Previous Year
Rental Income	0.09	0.11
Profit from investment properties before depreciation	0.09	0.11
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.08**	**0.10**

Note 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum lease payments receivable under non-cancellable leases of investment properties are as follows:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Within one year	0.05	0.11
Later than one year but not later than five year	-	0.14
Later than five years	-	-

Note 11.3: The Company obtains independent valuations for its investment properties by a specialist in valuing these type of investment property. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties	5.55	5.88

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

NOTE 12: PROPERTY PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.27	37.45	-	37.72	0.02	0.40	-	0.42	37.30	0.25
Furniture & Fixtures	22.72	1.76	1.13	23.35	5.89	2.58	0.67	7.80	15.55	16.83
Vehicles	0.10	-	-	0.10	0.02	0.01	-	0.03	0.07	0.08
Computers	23.47	0.88	-	24.35	9.77	5.12	-	14.89	9.46	13.70
Office Equipment & Others	27.67	4.05	0.80	30.92	8.63	6.23	0.70	14.16	16.76	19.04
Leasehold Improvements	45.42	8.58	2.56	51.44	16.98	10.70	2.41	25.27	26.17	28.44
Total	**119.65**	**52.72**	**4.49**	**167.88**	**41.31**	**25.04**	**3.78**	**62.57**	**105.31**	**78.34**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.27	-	-	0.27	0.01	0.01	-	0.02	0.25	0.26
Furniture & Fixtures	17.94	5.04	0.26	22.72	3.04	3.08	0.23	5.89	16.83	14.90
Vehicles	0.10	-	-	0.10	0.01	0.01	-	0.02	0.08	0.09
Computers	15.54	8.33	0.40	23.47	4.92	5.19	0.34	9.77	13.70	10.62
Office Equipment & Others	16.74	11.87	0.94	27.67	3.85	5.62	0.84	8.63	19.04	12.89
Leasehold Improvements	26.90	18.92	0.40	45.42	7.25	10.01	0.28	16.98	28.44	19.65
Total	**77.49**	**44.16**	**2.00**	**119.65**	**19.08**	**23.92**	**1.69**	**41.31**	**78.34**	**58.41**

*Refer note 16.1 (a)

Right of use

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019*	Addition during the year	Disposal / modification during the year	As at March 31, 2020	As at April 01, 2019	For the year	Disposal / modification during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Building	143.51	8.63	1.90	150.25	-	30.99	0.54	30.45	119.80	-
Total	**143.51**	**8.63**	**1.90**	**150.25**	**-**	**30.99**	**0.54**	**30.45**	**119.80**	**-**

*On adoption of Ind AS 116.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Software	36.15	11.02	-	47.17	11.94	9.81	-	21.75	25.42	24.21
Total	**36.15**	**11.02**	**-**	**47.17**	**11.94**	**9.81**	**-**	**21.75**	**25.42**	**24.21**

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	21.64	14.51	-	36.15	4.50	7.44	-	11.94	24.21	17.14
Total	**21.64**	**14.51**	**-**	**36.15**	**4.50**	**7.44**	**-**	**11.94**	**24.21**	**17.14**

NOTE 14: OTHER NON FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	5.68	2.61
Statutory receivables (net)	21.77	10.89
Others	3.22	5.02
Total	**30.67**	**18.52**

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:						
Spot forwards	306.88	12.45	-	375.89	-	27.00
Currency swaps	5,658.66	421.17	-	5,345.99	1.81	100.00
(i)	**5,965.54**	**433.62**	-	**5,721.88**	**1.81**	**127.00**
Interest rate derivatives:						
Forward rate agreements and interest rate swaps	3,505.44	-	307.96	3,216.47	-	85.61
(ii)	**3,505.44**	**-**	**307.96**	**3,216.47**	**-**	**85.61**
Total derivative financial instruments (i)+(ii)	**9,470.98**	**433.62**	**307.96**	**8,938.35**	**1.81**	**212.61**
Included in above are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
Currency derivatives	5,965.54	433.62	-	5,721.88	1.81	127.00
Interest rate derivatives	3,505.44	-	307.96	3,216.47	-	85.61
Total derivative financial instruments	**9,470.98**	**433.62**	**307.96**	**8,938.35**	**1.81**	**212.61**

* Refer note no. 17.3, 40 and 44.2.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

NOTE 16: DEBT SECURITIES

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Redeemable non convertible debentures	17,430.40	-	-	17,430.40	21,750.93	-	-	21,750.93
Unsecured								
Commercial papers	406.06	-	-	406.06	7,854.01	-	-	7,854.01
Total	**17,836.46**	**-**	**-**	**17,836.46**	**29,604.94**	**-**	**-**	**29,604.94**
Debt securities in India	17,836.46	-	-	17,836.46	29,604.94	-	-	29,604.94
Debt securities outside India	-	-	-	-	-	-	-	-
Total	**17,836.46**	**-**	**-**	**17,836.46**	**29,604.94**	**-**	**-**	**29,604.94**

Note: 16.1 Nature of security and terms of repayment:

a) 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, Initial few series of redeemable non-convertible debentures are also secured by mortgage of buildings of ₹ 0.77 Crore (Refer Note 11 & 12).

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
7.01% - 8.00%	5,500.00	1,270.00	-	-	3,870.00	5,570.00	700.00	-
8.01% - 9.00%	3,216.00	3,113.00	600.00	2,500.00	3,813.00	5,369.00	1,155.00	-
9.01% - 10.00%	30.00	960.00	300.00	-	30.00	460.00	830.00	-
	8,746.00	**5,343.00**	**900.00**	**2,500.00**	**7,713.00**	**11,399.00**	**2,685.00**	**-**

Note: 16.2 The rate of interest and amount of repayment appearing in note 16.1(b) are as per the term of the debt instruments. (i.e. excluding impact of effective interest rate)

NOTE 17: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Term loans								
National housing bank	6,235.28	-	-	6,235.28	7,021.58	-	-	7,021.58
Banks	18,270.29	-	-	18,270.29	11,212.81	-	-	11,212.81
External commercial borrowing	3,595.62	-	-	3,595.62	2,868.78	-	-	2,868.78
Bank overdraft	695.90	-	-	695.90	2,417.88	-	-	2,417.88
Loans from related party	3,531.03	-	-	3,531.03	3,272.14	-	-	3,272.14
Total	**32,328.12**	**-**	**-**	**32,328.12**	**26,793.19**	**-**	**-**	**26,793.19**
Borrowings in India	26,734.77	-	-	26,734.77	22,135.56	-	-	22,135.56
Borrowings outside India	5,593.35	-	-	5,593.35	4,657.63	-	-	4,657.63
Total	**32,328.12**	**-**	**-**	**32,328.12**	**26,793.19**	**-**	**-**	**26,793.19**

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

Note 17.1: Refinance from National Housing Bank (NHB):

a) Nature of security

During FY 20, the Company has been sanctioned refinance facility aggregating to ₹ 1,500 crore to provide refinance assistance in respect of eligible individual housing loans. All the present and outstanding refinancing from NHB are secured by hypothecation of specific loans/ book debts to the extent of 1.0 to 1.20 times of outstanding amount.

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	176.60	353.20	353.20	134.55	132.45	353.20	353.20	311.15
6.01% - 8.00%	488.84	970.10	920.26	2,030.53	-	-	-	-
8.01% - 10.00%	162.01	313.19	216.80	116.00	644.68	1,303.03	1,215.63	2,708.24
	827.45	**1,636.49**	**1,490.26**	**2,281.08**	**777.13**	**1,656.23**	**1,568.83**	**3,019.39**

Note 17.2: Term loan from Banks:

a) Nature of security

i) Term loan from Punjab National Bank (related party) are secured by hypothecation of specific book debts and negative lien on assets created out of finance availed from Punjab National Bank.

ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.25 times of outstanding amount

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
7.00% - 9.00%	866.67	541.63	125.00	-	800.00	558.29	125.00	-
from others:								
7.00% - 9.00%	6,701.81	7,230.93	1,513.22	-	4,087.20	5,181.51	919.34	-
9.01% - 11.00%	1,441.79	1,266.88	124.58	-	558.33	466.43	-	-
	9,010.27	**9,039.44**	**1,762.80**	**-**	**5,445.53**	**6,206.23**	**1,044.34**	**-**

Note 17.3: External commercial borrowing:

a) Nature of security

i) During FY 20, the Company has raised ECB of USD 175 million from various lenders under the automatic route. Previous year pursuant to the Reserve bank of India (RBI) circular dated 27th April 2018, whereby RBI allowed Housing finance companies (HFC) to borrow through ECB under the "Automatic Route", the company borrowed USD 465 million through ECBs. Earlier the company has availed ECB of USD 150 million in FY17 and USD 100 million in FY15 for financing eligible housing units under "approval route" in terms of the erstwhile RBI guidelines. All the ECB borrowings are secured against eligible housing loans/book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.

ii) 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 subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance (if any) on the 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.

iii) As at March 31, 2020, the company has outstanding ECB of USD 750.63 million (March 31, 2019 USD 683.13 million). The Company has undertaken cross currency swaps and principal only swaps to hedge the foreign currency risk of the ECB principals. Whereas the company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments respectively. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

Notes to Consolidated Financial Statements
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b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
USD LIBOR + 120 - 200 bps	-	-	1,997.73	-	-	-	1,833.04	-
from others:								
USD LIBOR + 120 - 200 bps	98.94	1,074.24	2,487.74	-	743.59	204.92	1,943.72	-
	98.94	**1,074.24**	**4,485.47**	**-**	**743.59**	**204.92**	**3,776.76**	**-**

Note 17.4: Bank overdraft:

a) Nature of security

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.15 times of outstanding amount.

b) Terms of Repayment

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
8.00% - 9.95%	695.90	-	-	-	2417.88	-	-	-

Note: 17.5

The rate of interest and amount of repayment appearing in note 17.1(b), 17.2(b) and 17.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate)

NOTE 18: DEPOSITS

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured								
Deposits								
(i) From public	13,572.28	-	-	13,572.28	11,781.99	-	-	11,781.99
(ii) From banks	539.58	-	-	539.58	528.94	-	-	528.94
(iii) From others	2,020.08	-	-	2,020.08	1,712.11	-	-	1,712.11
Total	**16,131.94**	**-**	**-**	**16,131.94**	**14,023.04**	**-**	**-**	**14,023.04**

* Refer note 34.27

NOTE 19: SUBORDINATED LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured								
Redeemable non convertible debentures	1,438.58	-	-	1,438.58	1,437.68	-	-	1,437.68
Total	**1,438.58**	**-**	**-**	**1,438.58**	**1,437.68**	**-**	**-**	**1,437.68**
Subordinated liabilities in India	1,438.58	-	-	1,438.58	1,437.68	-	-	1,437.68
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
Total	**1,438.58**	**-**	**-**	**1,438.58**	**1,437.68**	**-**	**-**	**1,437.68**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note: 19.1 Nature of security and terms of repayment:

a) **Nature of security**

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2020, ₹ 1,079.10 crore (March 31, 2019 ₹ 1,258.90 crore) qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy.

b) **Terms of repayment**

(₹ in crore)

Maturities	As at March 31, 2020				As at March 31, 2019			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
8.01% - 9.00%	-	-	699.00	500.00	-	-	499.00	700.00
9.01% - 10.00%	-	200.00	-	39.70	-	-	200.00	39.70
	-	**200.00**	**699.00**	**539.70**	-	-	**699.00**	**739.70**

Note: 19.2

The rate of interest and amount of repayment appearing in note 19.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

NOTE 20: OTHER FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued but not due on deposits	224.51	217.89
Interest accrued but not due on borrowings	585.94	1,271.97
Amount payable under assignments (Refer Note 20.1)	516.27	267.99
Other liabilities (Refer Note 20.2 and Note 35)	363.23	333.41
Total	**1,689.95**	**2,091.26**

Note 20.1: Includes amount payable to related party of ₹ 182.49 crore (previous year ₹ 87.56 crore).

Note 20.2: Includes lease liabilities as per Ind AS 116.

NOTE 21: PROVISIONS

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Retirement benefits	16.94	24.92
Letter of comforts	2.00	0.34
Total	**18.94**	**25.26**

NOTE 22: OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Book overdraft	882.36	1,805.17
Advance received from customers	436.55	135.62
Statutory dues Payable	55.38	43.93
Other liabilities	26.76	27.04
Total	**1,401.05**	**2,011.76**

Notes to Consolidated Financial Statements
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NOTE 23: EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
50,00,00,000 equity shares of ₹ 10/- each	500.00	500.00
	500.00	500.00
Issued, subscribed and paid-up		
16,81,86,908 equity shares of ₹ 10/- each fully paid up (March 31, 2019: 16,74,69,016)	168.19	167.47
Total	**168.19**	**167.47**

Note 23.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year:

(₹ in crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	16,74,69,016	167.47	16,65,86,482	166.59
Add: Share allotted pursuant to exercise of stock option	7,17,892	0.72	8,82,534	0.88
Outstanding at the end of the year	**16,81,86,908**	**168.19**	**16,74,69,016**	**167.47**

Note 23.2: Details of shareholders holding more than 5% of equity shares in the Company:

(₹ in crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.65	5,49,14,840	32.79
Quality Investments Holdings	5,41,92,300	32.22	5,41,92,300	32.36
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.87	1,65,93,240	9.91

Note 23.3: Terms / Rights attached to equity shares

The company has only one class of shares referred to as equity shares having a par value of ₹ 10/ - per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 23.4: The Company has not allotted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note 23.5: The Company has not:

i. Issued any securities convertible into equity / preference shares.

ii. Issued any shares where calls are unpaid.

iii. Forfeited any shares.

Note 23.6: Nature and purpose of reserves

Share premium reserve

Share premium reserve includes:

- amount of premium received on issue of equity shares and;
- fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme.

The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve and Special reserve

In accordance with 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 fund (statutory reserve) before any dividend is declared.

The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29(C(i).

Share option outstanding accounts

The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity

Notes to Consolidated Financial Statements
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settled transaction is credited to share option outstanding account in equity. (Refer Note 23.8)

Cash flow hedging reserve
The company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the company uses foreign currency forward contracts, cross currency swaps and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

Note 23.7: Capital Management:
The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as per National Housing Bank (""NHB"") the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB from time to time.

Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder's value.

The Company manages its capital structure after taking in to consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve, deferred revenue expenditure and other intangible assets. The book value of Investment in equity, bonds, debentures and loan & advances to subsidiaries and group companies exceeding 10% of owned funds will be reduced while arriving the Tier I capital.

The other component of regulatory capital is Tier II Capital Instruments, which includes non convertible preference shares, revaluation, general provision and loss reserves, hybrid capital instruments and subordinated debts. (Refer note no. 34.1)

Note 23.8: Shares reserved for issue under ESOS
(i) Employee Stock Option Scheme and related scheme wise details as at March 31, 2020 and March 31, 2019 are as follows:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹ 338.00	₹ 1,600.60	₹ 1,206.35	₹ 1,333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 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			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019
Number of options granted	18,15,000	2,35,000	1,81,200
Exercise price per option	₹ 1,333.35	₹ 1,333.35	₹ 847.40
Date of vesting	The vesting will be as under:		
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 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		
Vesting conditions	Employee to remain in service on the date of vesting		

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(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2020			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the beginning of the year	(b)	3,500	75,675	20,000	-
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	-	24,500	-	3,875
Options vested during the year	(e)	8,34,650	75,175	20,000	22,546
Options exercised during the year*	(f)	7,18,892	-	-	-
Options forfeited during the year	(g)	1,74,146	25,500	-	28,625
Options outstanding at end of the year	(h) = (a+c-e-g)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,19,258	1,26,350	40,000	18,671
Weighted Average Exercise Price per option (₹)		338.00	1,600.60	1206.35	1,333.35

Particulars		As at March 31, 2020		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	17,03,800	1,99,000	1,71,400
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	-	-	-
Options lapsed / expired during the year	(d)	-	5,625	-
Options vested during the year	(e)	-	46,500	37,350
Options exercised during the year*	(f)	-	-	-
Options forfeited during the year	(g)	3,11,800	29,875	22,000
Options outstanding at end of the year	(h) = (a+c-e-g)	13,92,000	1,22,625	1,12,050
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	40,875	37,350

Particulars		As at March 31, 2019			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	26,70,101	3,57,700	1,00,000	-
Options exercisable at the beginning of the year	(b)	1,500	-	-	-
Options granted during the year	(c)	-	-	-	1,36,485
Options lapsed / expired during the year	(d)	5,500	10,125	-	-
Options vested during the year	(e)	8,90,034	85,800	20,000	-
Options exercised during the year**	(f)	8,82,534	-	-	-
Options forfeited during the year	(g)	1,03,267	44,875	-	29,300
Options outstanding at end of the year	(h) = (a+c-e-g)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,500	75,675	20,000	-
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35

Particulars		As at March 31, 2019		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	18,15,000	2,35,000	1,81,200
Options lapsed / expired during the year	(d)	-	-	-
Options vested during the year	(e)	-	-	-
Options exercised during the year**	(f)	-	-	-
Options forfeited during the year	(g)	1,11,200	36,000	9,800
Options outstanding at end of the year	(h) = (a+c-e-g)	17,03,800	1,99,000	1,71,400
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-
Weighted Average Exercise Price per option (₹)		1,333.35	1,333.35	847.40

* Weighted average share price at the date of the exercise of the stock option is ₹ 420.79

** Weighted average share price at the date of the exercise of the stock option is ₹ 1,008.31

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Estimated Value of Stock Option (₹)	593.17	511.64	321.87
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40
Exercise Price (₹)	1,333.35	1,333.35	847.40
Expected Volatility (%)*	0.3560	0.3560	0.4102
Dividend Yield Rate (%)	0.53	0.55	1.06
Expected Life of Options** (year)	5.21	4.00	4.00
Risk Free Rate of Interest (%)	7.90	7.79	6.97

*Expected volatility has been computed from the date of the listing of the share to the grant date.

**Expected life of the share option is based on the historical data and the current expectation and is not necessarily indicative of exercise pattern that may occur.

(iv) The expense recognised for the employee services received during the year are as follows:

(₹ in crore)

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	21.06	39.25
Expense arising from cash settled share based payment transaction	-	-
Total	**21.06**	**39.25**

Note 23.9: Dividend paid and proposed

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders.

(₹ in crore)

Particulars	Current Year	Previous Year
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2019: ₹ 9/- per share*	182.37	-
Final dividend for 2018: ₹ 9/- per share	-	181.70
Total dividend paid	**182.37**	**181.70**
Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31)		
Dividend on ordinary shares:		
Final dividend for 2020: ₹ Nil per share	-	-
Final dividend for 2019: ₹ 9/- per share	-	182.62

* Dividend includes dividend distribution taxes for financial year 2018-19.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

NOTE 24: INTEREST INCOME

(₹ in crore)

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	7,486.43	-	7,486.43	6,637.44	-	6,637.44
Investments						
Financial investments - Debt	135.03	-	135.03	101.65	-	101.65
Financial asset valued at fair value through profit and loss	-	9.53	9.53	-	23.86	23.86
Deposits with banks	55.00	-	55.00	25.97	-	25.97
Other Interest income						
Corporate deposits	-	-	-	2.35	-	2.35
Loan against deposits	2.22	-	2.22	1.59	-	1.59
Total	**7,678.68**	**9.53**	**7,688.21**	**6,769.00**	**23.86**	**6,792.86**

NOTE 25: FEES AND COMMISSION INCOME

(₹ in crore)

Particulars	Current Year	Previous Year
Fees Income	246.85	392.70
Other charges recovered	51.99	56.74
Total	**298.84**	449.44

NOTE 26: NET GAIN ON FAIR VALUE CHANGES

(₹ in crore)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	158.64	128.93
Total	**158.64**	**128.93**
Fair value changes:		
- Realised	159.11	132.73
- Unrealised	(0.47)	(3.80)
Total	**158.64**	**128.93**

NOTE 27: FINANCE COSTS

(₹ in crore)

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Interest on debt securities	-	1,841.54	1,841.54	-	2,482.59	2,482.59
Interest on borrowings	-	2,568.54	2,568.54	-	1,491.64	1,491.64
Interest on deposits	-	1,303.68	1,303.68	-	1,034.62	1,034.62
Interest on subordinated liabilities	-	124.48	124.48	-	121.12	121.12
Fee and other charges	-	36.71	36.71	-	36.40	36.40
Total	-	**5,874.95**	**5,874.95**	-	**5,166.37**	**5,166.37**

Note 27.1 Fee and other charges includes notional interest on lease liabilities in accordance with Ind AS 116.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

NOTE 28: IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

Particulars	Current Year			Previous Year		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
Loans	-	1,171.49	1,171.49	-	161.81	161.81
Bad debts written off	-	78.22	78.22	-	26.80	26.80
Letter of comforts	-	1.66	1.66	-	0.34	0.34
Total	**-**	**1,251.37**	**1,251.37**	**-**	**188.95**	**188.95**

NOTE 29: EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	189.58	242.92
Contribution to provident and other funds	19.16	17.26
Share based payments to employees	21.06	39.25
Staff welfare expenses	3.26	4.45
Total	**233.06**	**303.88**

NOTE 30: OTHER EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Rent, taxes and energy costs	16.15	49.18
Repairs and maintenance	12.82	12.71
General office expenses	33.70	37.10
Legal and professional charges	44.10	34.05
Advertisement and publicity	27.04	23.64
Corporate social responsibility expenses (Refer note 30.1)	26.36	17.24
Communication costs	6.84	7.19
Travelling and conveyance	7.67	6.80
Printing and stationery	6.04	8.51
Training and recruitment expenses	4.69	3.81
Director's fees, allowances and expenses	1.13	1.62
Auditor's fees and expenses (Refer note 30.2)	0.63	0.63
Insurance	0.29	0.11
Bank charges	0.52	0.83
Net loss on derecognition of property, plant and equipment	0.61	0.12
Impairment on assets held for sale	55.80	-
Other expenditure	-	0.10
Total	**244.39**	**203.64**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 30.1 Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014, the company is required to spent for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

(₹ in crore)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	**26.36**	**17.24**
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above*		
- Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	25.05	16.38
- Expenditure on administrative overheads for CSR**	1.31	0.86
Total	**26.36**	**17.24**

* The Company on the basis of Circular no. 05/01/2019-CSR dated March 23, 2020, issued by Ministry of Corporate Affairs (MCA) had contributed ₹ 0.40 crore to Lieutenant Governor/Chief Minister Relief Fund to support the Government of Delhi in providing relief and assistance to migrant construction workers in Delhi during the pandemic (COVID 19).

The MCA has issued another circular no. F. No. CSR-01/4/2020-CSR-MCA on April 10, 2020 whereby while responding to the FAQ's they have clarified that contribution made to Chief Minister Relief Fund will not qualify as admissible CSR expenditure.

Since the contribution to Lieutenant Governor/Chief Minister Relief Fund was made by the Company prior to the date of issue of FAQ's and basis the earlier circular dated March 23, 2020, the Company on May 06, 2020 has filed a request to MCA to consider the same as admissible CSR expenditure.

The Company has not received the reply from MCA till the date of signing of the financial statement.

** Includes directors sitting fees for CSR committee meetings and ₹ 0.20 crore provisioned to be paid subsequently.

Note: 30.2 Auditor's fees and expenses

(₹ in crore)

Particulars	Current Year	Previous Year
Statutory audit fee	0.20	0.18
Tax audit fee	0.07	0.07
Limited review fee	0.16	0.15
Other certification fee	0.20	0.23
Total	**0.63**	**0.63**

NOTE 31: INCOME TAXES

The components of income tax expense are:

(₹ in crore)

Particulars	Current Year	Previous Year
Current tax	402.20	508.64
Adjustments in respect of current income tax of prior years	(12.95)	(5.16)
Deferred tax relating to origination and reversal of temporary differences (including impact of change in tax rate)	(224.47)	39.39
Total	**164.77**	**542.87**
Current tax	389.24	503.48
Deferred tax (Refer note 10)	(224.47)	39.39

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 31.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2020 and March 31, 2019 is as follows:

(₹ in crore)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	811.01	1,734.39
Statutory income tax rate (%)	(b)	25.168	34.944
Tax at statutory income tax rate	(c) = (a*b)	204.11	606.07
Adjustments in respect of current income tax of prior years	(d)	(12.95)	(5.16)
Impact of:			
- Income not subject to tax	(e)	(1.78)	(92.94)
- Non deductible expenses	(f)	252.55	65.87
- Deduction under section 35 D	(g)	(3.77)	(5.23)
- Deduction under section 36 (1) (viii)	(h)	(45.71)	(51.21)
- Deduction under section 80G	(i)	(2.80)	(2.72)
- Tax impact on differential tax rates of subsidiary	(j)	-	(11.20)
- Others	(k)	(0.41)	-
Income tax expense	**(c+d+e+f+g+h+i+j+k)**	**389.24**	**503.48**

NOTE 32: EARNING PER SHARE

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

(₹ in crore)

Particulars	Unit	Year ended March 31, 2020	Year ended March 31, 2019
a) Amount used as the numerator for basic EPS profit after tax	(₹ in crore)	646.24	1,191.52
b) Weighted average number of equity shares for basic EPS	Number	16,80,63,445	16,73,78,194
c) Weighted average number of equity shares for diluted EPS	Number	16,82,55,680	16,83,96,661
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
-Basic (a/b)	(in ₹)	38.45	71.19
-Diluted (a/c)	(in ₹)	38.41	70.76

ii) The basic earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceed receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented.

Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows:-

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of equity shares for computation of basic earnings per share	16,80,63,445	16,73,78,194
Effect of dilutive equity shares - share option outstanding	1,92,235	10,18,467
Weighted average number of equity shares for computation of dilutive earnings per share	16,82,55,680	16,83,96,661

NOTE 33: ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of selling the same. These properties are classified as assets held for sale.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

NOTE 34: DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

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

Note 34.1: Capital to Risk Assets Ratio (CARR)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
i) CRAR (%)	17.98	13.98
ii) CRAR – Tier I Capital (%)	15.18	11.00
iii) CRAR – Tier II Capital (%)	2.80	2.98
(iv) Amount of subordinated debt raised as Tier-II Capital	-	39.70

Note 34.2: Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crore)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	56.97
(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	631.76	484.76
(c) Total	758.73	541.73
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	-	70.00
(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	182.00	147.00
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	126.97	126.97
(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	813.76	631.76
(c) Total	**940.73**	**758.73**

Note 34.3: Investments

(₹ in crore)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	1,946.95	4,447.28
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	21.47
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	1,946.95	4,425.81
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	21.47	14.47
(ii) Add: Provisions made during the year	-	7.00
(iii) Less: Written-off / Written-back of excess provisions	21.47	-
(iv) Closing balance	-	21.47

Notes to Consolidated Financial Statements
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NOTE 34.4: DERIVATIVES

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

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) The notional principal of swap agreements	9,470.98	8,938.35
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	433.62	77.27
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps[@]	9,470.98	8,938.35
(v) The fair value of the swap book	125.66	(210.80)

[@] The Company has entered into swap and forward agreements with various 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.

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

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. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "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 / mitigates, and	The Company has not entered into any speculative derivative transaction except as required under RBI guidelines for its ECB borrowing for financing prospective buyers of eligible housing units. The derivate transactions entered into for hedging the ECB borrowings are all 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. All the derivatives transaction are executed under specific approval of Board.
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. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance 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.

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B. Quantitative Disclosure

(₹ in crore)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	5,965.54	3,505.44	4,735.30	4,203.05
(ii) Marked to Market Positions				
(a) Assets (+)	433.62	-	1.81	-
(b) Liability (-)	-	(307.96)	(127.00)	(85.61)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	229.39	16.32	262.27	77.29

Note 34.5: Assignment / 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 crore)

Particulars	Current Year	Previous Year
(i) No. of accounts	31,093	35,004
(ii) Aggregate value (net of provisions) of accounts assigned	9,310.63	7,336.89
(iii) Aggregate consideration	9,310.63	7,336.89
(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)

Note 34.6: 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 31, 2020

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	302.49	290.21	1,025.00	-	679.54	89.95	-
Over 1 month to 2 months	414.86	444.82	235.00	-	1,407.70	-	-
Over 2 months to 3 months	333.77	1,277.10	1,300.00	14.13	681.98	-	-
Over 3 months to 6 months	1,347.12	2,012.93	3,952.00	28.27	3,571.96	-	-
Over 6 months to 1 year	2,105.53	3,342.66	2,650.00	56.54	7,288.83	0.25	-
Over 1 year to 3 years	3,142.58	10,675.95	5,543.00	1,074.25	18,026.29	114.76	-
Over 3 years to 5 years	3,542.64	6,418.96	1,599.00	4,485.46	13,136.42	844.30	-
Over 5 years to 7 years	2,027.52	965.93	1,500.00	-	7,832.00	320.00	-
Over 7 years to 10 years	3,253.49	750.49	1,539.70	-	6,825.09	576.01	-
Over 10 years	-	564.66	-	-	7,938.81	1.68	-
Total	**16,470.00**	**26,743.71**	**19,343.70**	**5,658.65**	**67,388.62**	**1,946.95**	**-**

* Includes Instalments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

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As at March 31, 2019

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	277.75	1,398.33	2,400.00	-	1,588.02	89.96	-
Over 1 month to 2 months	242.58	17.73	1,000.00	-	1,392.89	519.73	-
Over 2 months to 3 months	197.95	856.25	2,613.00	12.98	1,812.07	1,606.74	-
Over 3 months to 6 months	885.31	1,212.26	2,990.00	704.68	3,875.78	849.19	-
Over 6 months to 1 year	2,704.73	2,698.30	2,570.00	25.94	6,969.84	0.50	-
Over 1 year to 3 years	3,225.62	9,111.21	11,399.00	204.92	20,057.02	11.15	-
Over 3 years to 5 years	2,152.25	3,822.10	7,474.00	3,776.75	12,413.89	482.79	-
Over 5 years to 7 years	1,867.02	1,338.40	410.00	-	8,094.21	652.17	-
Over 7 years to 10 years	2,762.29	916.55	329.70	-	7,443.02	212.12	-
Over 10 years	-	764.44	-	-	10,575.20	1.46	-
Total	**14,315.50**	**22,135.57**	**31,185.70**	**4,725.27**	**74,221.94**	**4,425.81**	**-**

* Includes Instalments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

Note 34.7: Exposure:

i) Exposure to Real Estate Sector

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
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 – ₹ 4,232.21 crore, Previous year ₹ 3,935.10 crore)	44,451.40	47,858.06
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	23,557.69	26,797.32
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures – i) Residential	-	-
ii) Commercial Real	-	-
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 31, 2020, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2020, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2020, 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, 2020, the Company has not given any unsecured advances (Previous year ₹ Nil).

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

Note 34.8: Registration obtained from financial sector regulators
From NHB: vide registration number 01.0018.01

Ministry of Corporate Affairs: L65922DL1988PLC033856

Note 34.9: Disclosure of Penalties imposed by National Housing Bank and other regulators:
During the financial year ended March 31, 2020:

i) NHB has carried out inspection for FY 2017-18 and has not reported any adverse comment having material impact on the financials.

ii) Penalty of ₹ 0.01 crore (Previous Year ₹ Nil) has been imposed on the Company by National Housing Bank.

Note 34.10: Related Party Transactions

Name of the Related Party		Nature of Relationship
i)	Pehel Foundation (Incorporated on October 14, 2019)	Wholly owned Subsidiary
ii)	Punjab National Bank	Enterprise having Significant Influence
iii)	PNB Investment Services Limited	Enterprise having Significant Influence
iv)	Quality Investment Holdings Limited	Enterprise having Significant Influence
v)	Mr. CH. S. S. Mallikarjuna Rao (Chairman-Non Executive Director) (w.e.f. December 20, 2019)	Key Managerial Personnel
vi)	Mr. Sunil Mehta (Chairman-Non Executive Director)*	Key Managerial Personnel
vii)	Mr. L. V. Prabhakar (Non-Executive Director)**	Key Managerial Personnel
viii)	Mr. Shital Kumar Jain (Independent Director)	Key Managerial Personnel
ix)	Mr. Sunil Kaul (Non-Executive Director)	Key Managerial Personnel
x)	Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Managerial Personnel
xi)	Dr Gourav Vallabh (Independent Director)	Key Managerial Personnel
xii)	Mr. Nilesh S Vikamsey (Independent Director)	Key Managerial Personnel
xiii)	Mr. Ashwani Kumar Gupta (Independent Director)	Key Managerial Personnel
xiv)	Mrs. Shubhalakshmi Panse (Independent Director)	Key Managerial Personnel
xv)	Mr. Neeraj Vyas (Managing Director)***	Key Managerial Personnel
xvi)	Mr. Sanjaya Gupta (Managing Director)****	Key Managerial Personnel
xvii)	Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xviii)	Mr. Kapish Jain (Chief Financial Officer)	Key Managerial Personnel

*Ceases to be the Chairman of the Company w.e.f. September 30, 2019

**Ceases to be the Director of the Company w.e.f. January 31, 2020.

***Appointed as an Independent director w.e.f. April 15, 2019 and ceases to be Independent Director and appointed as an Executive Director and Interim Managing Director and CEO of the Company w.e.f. April 28, 2020.

****Ceases to be the Managing Director of the Company w.e.f. April 28, 2020

Notes to Consolidated Financial Statements
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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 crore)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:						
Pehel Foundation						
- Investment in Equity Share	-	-	0.05	-	-	-
Punjab National Bank						
- Purchase of property	35.00	-	-	-	-	-
- Assignment of loan	3,836.64	3,966.83	-	-	-	-
- Principal paid on assignment of loans	1,593.01	346.59	-	-	-	-
- Fixed deposit made/renewed	8,651.41	2,528.60	-	-	-	-
- Fixed deposit matured	6,961.68	2,340.00	-	-	-	-
- Term Loan Instalment / ECB / OD (Net)	710.18	2,763.49	-	-	-	-
- Interest received on Fixed Deposits	49.12	19.15	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	8.64	4.00	-	-	-	-
- Interest Paid on Term Loan Instalment / ECB / OD	188.64	175.00	-	-	-	-
- Processing Fees paid	-	46.31	-	-	-	-
- Rent & Maintenance Charges	1.05	1.34	-	-	-	-
- Bank Charges	0.25	0.29	-	-	-	-
- Interest & other charges paid on assignment of loans	490.24	120.99	-	-	-	-
- Dividend Paid	49.42	49.42	-	-	-	-
Quality Investments Holdings						
- Dividend Paid	48.77	48.77	-	-	-	-
PNB Metlife India Insurance Company Limited						
- Insurance Premium Paid	-	0.52	-	-	-	-
PNB Investment Service Private Limited						
- Fees paid	0.05	-	-	-	-	-
Sitting Fee and Commission paid to Directors						
- Punjab National Bank	-	-	-	-	0.07	0.06
- Mr. Shital Kumar Jain	-	-	-	-	0.09	0.24
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	0.08	0.21
- Dr Gourav Vallabh	-	-	-	-	0.08	0.22
- Mr. Nilesh S Vikamsey	-	-	-	-	0.08	0.21
- Mr. Ashwani Kumar Gupta	-	-	-	-	0.13	0.24
- Mrs. Shubhalakshmi Panse	-	-	-	-	0.09	0.20
- Mr. Jayant Dang	-	-	-	-	-	0.03
- Mr. Neeraj Vyas	-	-	-	-	0.08	-
Remuneration paid to KMPs:						
Transactions with KMPs:$						
- Mr. Sanjaya Gupta						
- Remuneration paid#	-	-	-	-	2.92	2.30
- Dividend Paid	-	-	-	-	0.12	0.12
- Mr. Sanjay Jain						
- Remuneration paid#	-	-	-	-	0.66	0.56
- Mr. Kapish Jain						
- Remuneration paid	-	-	-	-	1.44	0.80

$ As the liabilities for gratuity are provided on actuarial basis for the Company as a whole, amount accrued pertaining to key management personnel are not included above.

Excluding perquisites on exercise of stock options during the year.

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

(₹ in crore)

Particulars	Enterprises having significant influence	
	As at March 31, 2020	As at March 31, 2019
Outstanding balances#		
Punjab National Bank		
Receivables		
- Bank Deposits	2,200.00	510.26
- Interest accrued on bank deposits	9.18	3.01
- Servicing fees receivable on assignment on loans	2.55	0.52
Payables		
- Term loans	1,533.31	1,483.29
- External Commercial Borrowings##	1,997.73	1,833.04
- Interest accrued on term loans and external commercial borrowings	10.88	12.05
- Payable on assignment on loans	182.49	87.56

#Excluding running current / overdraft account balances.

##Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note 34.11: During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

Note 34.12: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

Note 34.13: Rating assigned by Credit Rating Agencies and migration of rating during the year

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

Note 34.14: Provisions and Contingencies:
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account is given as follows:

(₹ in crore)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	-	7.00
2. Provision made towards Income tax	366.32	447.49
3. Provision towards NPA	245.05	34.13
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	(31.47)	30.23
iii) CRE – RH	(13.82)	26.76
iv) Other Loans	(12.71)	19.01
Total (i + ii + iii + iv)	**(58.00)**	**76.00**
5. Other Provision and Contingencies (Refer Note 2.20)	(112.98)	11.00
6. Provision for Stock of Acquired Properties	55.80	(0.81)

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

Note 34.15: 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 crore)

Particulars	Housing		Non-Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Standard Assets				
a) Total Outstanding Amount	45,950.53	52,249.91	20,202.33	22,050.60
b) Provision made	177.99	209.68	121.01	147.32
Sub-Standard Assets				
a) Total Outstanding Amount	1,211.15	180.01	419.26	62.15
b) Provision made	181.67	27.65	62.89	9.36
Doubtful Assets - Category-I				
a) Total Outstanding Amount	123.56	66.53	31.46	17.21
b) Provision made	33.96	18.73	8.21	4.61
Doubtful Assets - Category-II				
a) Total Outstanding Amount	51.43	19.98	13.47	3.32
b) Provision made	23.17	9.06	5.67	1.36
Doubtful Assets - Category-III				
a) Total Outstanding Amount	4.62	3.42	1.28	2.24
b) Provision made	4.62	3.42	1.28	2.24
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**47,341.29**	**52,519.85**	**20,667.80**	**22,135.52**
b) Provision made	**421.41**	**268.54**	**199.06**	**164.89**

Note 34.16: Concentration of Public Deposits

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Deposits of twenty largest depositors	2,487.29	3,858.17
Percentage of Deposits of twenty largest depositors to Total Deposits	17.90%	31.99%

Note 34.17: Concentration of Loans & Advances

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Loans & Advances to twenty largest borrowers	9,366.02	10,831.75
Percentage of Loans & Advances to twenty largest borrowers to Total Advances	13.77%	14.51%

Note 34.18: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers /customers	11,585.01	13,381.38
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	15.25%	15.83%

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Note 34.19: Concentration of NPAs

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top ten NPA accounts	1,207.26	71.02

Note 34.20: Sector-wise NPAs

(₹ in crore)

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2020	As at March 31, 2019
A. Housing Loans:	2.94	0.51
1. Individuals	1.13	0.57
2. Builders/Project Loans	9.21	0.26
3. Corporates	3.88	1.20
4. Others (specify)	-	-
B. Non-Housing Loans:	2.25	0.38
1. Individuals	1.07	0.57
2. Builders/Project Loans	7.66	-
3. Corporates	1.53	0.39
4. Others (specify)	-	-

Note 34.21: Movement of NPAs

(₹ in crore)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	2.28%	0.38%
(II) Movement of NPAs (Gross)		
a) Opening balance	354.87	186.11
b) Additions during the year	2,834.66	1,054.54
c) Reductions during the year	1,333.30	885.78
d) Closing balance	1,856.23	354.87
(III) Movement of Net NPAs		
a) Opening balance	278.44	143.81
b) Additions during the year	2,517.65	1,004.08
c) Reductions during the year	1,261.33	869.45
d) Closing balance	1,534.76	278.44
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	76.43	42.30
b) Provisions made during the year	317.01	50.46
c) Write-off/write-back of excess provisions	71.97	16.33
d) Closing balance	321.47	76.43

Note 34.22: As on March 31, 2020, the Company does not have any Assets outside the country (Previous year ₹ Nil).

Note 34.23: As on March 31, 2020, the Company does not have any Off-Balance Sheet SPVs sponsored (Previous year Nil).

Note 34.24: As on March 31, 2020, the Company has not granted any loans and has no outstanding loans against collateral gold jewellary (Previous year Nil).

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

Note 34.25: Disclosure of Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	28	22
b) No. of complaints received during the year	2,267	3,265
c) No. of complaints redressed during the year	2,282	3,259
d) No. of complaints pending at the end of the year	13	28

(ii) In addition to the disclosures under 34.1 to 34. 25 following additional disclosures have been given as per NHB directions, 2010.

Note 34.26: Movement of de-recognised interest as at the balance sheet date is summarised as under:-

(₹ in crore)

Particulars	Current Year	Previous Year
Cumulative Derecognised Interest at the beginning of the year	45.55	24.68
Add: Interest derecognised during the year:		
- Sub-Standard Assets	269.39	52.83
- Doubtful/ Loss Assets	20.79	8.47
Less: Recovered/Write-off during the year	148.76	40.43
Cumulative Derecognised Interest at the end of the year	186.97	45.55

Note 34.27: 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 31, 2020, the public deposits (including accrued interest) outstanding amounts to ₹ 13,894.90 crore (Previous year ₹ 12,060.45 crore).

The Company is carrying Statutory Liquid Assets amounting to ₹ 1,916.23 crore (Previous year ₹ 1,360.31 crore).

Note 34.28: Disclosure given under Note 34.1 to Note 34.27 are primarily based on the erstwhile accounting standard notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies Accounts Rules, 2014 (Indian GAAP or previous GAAP) with the comparative period data as at end and for the year ended March 31, 2019.

Further, above reported figures / narratives would be different had the same being reported as per Ind AS notified under "Companies (Indian Accounting Standard) Rules, 2015".

NHB Directions are applicable to the Company on standalone basis, hence the above disclosures are basis the standalone financial statement of the Company.

NOTE 35: LEASES

Note 35.1 Adoption of new accounting standard on Leases (Ind AS 116)

The Company has adopted Ind AS 116 using the modified retrospective method with the initial application date as April 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard is recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use asset were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

In the statement of profit and loss for the current year, the nature of expenses in respect of operating leases has been changed from lease rent to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Following practical expedients have been applied by the Company:

- using single discount rate to a portfolio of leases with reasonably similar characteristics
- short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application and leases of low-value asset.
- excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The lease liabilities as at April 01, 2019 can be reconciled to the operating lease commitments as of March 31, 2019, as follows:

Particulars	(₹ in crore)
Operating lease commitments as at March 31, 2019	41.83
Weighted average incremental borrowing rate as at April 01, 2019 (%)	8
Discounted operating lease commitments as at 1 April 2019	33.25
Add:	
Commitments relating to leases previously classified as finance leases	-
Lease payments relating to renewal periods not included in operating lease commitments as at 31 March 2019	110.26
Lease liabilities as at 1 April 2019	143.51

Note 35.2 Movement of lease liability

Particulars	(₹ in crore)
Lease liability as at April 01, 2019 (a)	143.51
Additions (b)	8.63
Accretion of interest (c)	11.06
Payments (d)	35.02
Modification (e)	1.39
Lease liability as at March 31, 2020 (a+b+c-d-e)	126.79

NOTE 36: 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 Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015. The Company operates within India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

NOTE 37: CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities in respect of Income-tax of ₹ 11.94 crore (Previous year ₹ 21.50 crore) is disputed and are under appeals. These includes contingent liability of ₹ 4.87 crore (Previous year ₹ 19.54 crore) 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) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 6.86 crore (Previous year ₹ 20.37 crore).

iii) Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)

iv) Letter of comfort and bank guarantee issued on behalf of the clients ₹ 65.25 crore (Previous year ₹ 80.25 crore)

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

NOTE 38: DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS

In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

Note 38.1: The company has made contribution to Provident Fund of ₹ 12.97 crore (Previous year ₹ 14.56 crore) which has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 29.

Note 38.2: Defined Benefit Plans

GRATUITY LIABILITY

Change in present value of obligation

(₹ in crore)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	10.95	7.32
Interest cost	0.84	0.68
Current service cost	3.37	2.54
Past service cost including curtailment gains / losses	-	-
Benefits paid	(0.69)	(0.45)
Actuarial (gain) / loss on obligation	(0.78)	0.86
Present value of obligation as at the end of year	13.69	10.95

Change in fair value of plan assets*

(₹ in crore)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	9.73	7.07
Actual return on plan assets	0.86	0.35
Contributions	4.20	2.76
Benefits paid	(0.69)	(0.45)
Fair Value of plan assets as at the end of year	14.10	9.73
Funded status	0.40	(1.22)

Expense recognised in the statement of Profit and Loss

(₹ in crore)

Particulars	Current Year	Previous Year
Current service cost	3.37	2.54
Interest cost	0.84	0.68
Actual return on plan assets	(0.86)	(0.35)
Net actuarial (gain) / loss recognised in the year	(0.78)	0.86
Expenses recognised in the statement of profit & losses	2.58	3.73
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	0.79	1.06

Expected contribution for the next financial year is ₹ 3.90 crore.

Assumptions

(₹ in crore)

Particulars	Current Year	Previous Year
a) Discounting rate	7.65%	7.65%
b) Future salary increase	7.75%	7.75%
c) Retirement age (Years)	60	60
d) Mortality table	IALM (2012-14)	IALM (2006-08)

Notes to Consolidated Financial Statements
for the year ended March 31, 2020

Maturity profile of defined benefits obligation

(₹ in crore)

Particulars	Current Year	Previous Year
With in the next 12 months	0.91	0.81
Above 1 year and upto 5 years	4.20	3.27
Above 5 year	8.58	6.87

Sensitivity analysis of the defined benefit obligation**

(₹ in crore)

Particulars	Current Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.58)	0.62	0.59	(0.57)

(₹ in crore)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.46)	0.50	0.49	(0.47)

*100% of the plan assets are managed by the insurer for current as well as previous year.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated.

NOTE 39: EXPENDITURE IN FOREIGN CURRENCY:

(₹ in crore)

Particulars	Current Year	Previous Year
Interest Paid	195.31	98.18
Other Expenses	15.21	71.22

Notes to Consolidated Financial Statements
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NOTE 40: DERIVATIVE FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING, NETTING ARRANGEMENTS

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crore)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
At 31 March, 2020	433.62	(307.96)	125.66	-	-	125.66	-	125.66	125.66
At 31 March, 2019	1.81	1.81	-	-	-	-	-	-	-

Derivative financial liabilities subject to offsetting, netting arrangements

(₹ in crore)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
At 31 March, 2020	(307.96)	307.96	-	-	-	-	-	-	-
At 31 March, 2019	(212.61)	1.81	(210.80)	-	-	(210.80)	-	(210.80)	(210.80)

NOTE 41: 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)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crore)	As % of consolidated profit or (loss)	Amount (₹ in crore)	As % of consolidated other comprehensive income	Amount (₹ in crore)	As % of consolidated total comprehensive income	Amount (₹ in crore)
	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
Parent								
PNB Housing Finance Limited	99.37	7,947.16	105.58	682.31	100.71	(55.69)	106.04	626.62
Indian subsidiary								
PHFL Home Loans and Services Limited	1.00	80.28	11.43	73.88	(0.71)	0.39	12.57	74.27
Inter-Company elimination and other consolidated adjustments	(0.37)	(29.67)	(17.01)	(109.95)	-	-	(18.61)	(109.95)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**7,997.77**	**100.00**	**646.24**	**100.00**	**(55.30)**	**100.00**	**590.94**

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Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crore)	As % of consolidated profit or (loss)	Amount (₹ in crore)	As % of consolidated other comprehensive income	Amount (₹ in crore)	As % of consolidated total comprehensive income	Amount (₹ in crore)
	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
Parent								
PNB Housing Finance Limited	98.56	7,435.01	90.76	1,081.38	99.76	(102.09)	89.91	979.29
Indian subsidiary								
PHFL Home Loans and Services Limited	1.84	138.63	11.49	136.85	0.24	(0.24)	12.54	136.59
Inter-Company elimination and other consolidated adjustments	(0.40)	(29.74)	(2.25)	(26.71)	-		(2.45)	(26.69)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**7,543.90**	**100.00**	**1,191.52**	**100.00**	**(102.33)**	**100.00**	**1,089.19**

NOTE 42: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crore)

Particulars	As at April 01, 2019	Cash flows (net)	Exchange difference	Others	As at March 31, 2020
Debt securities & subordinated liabilities	23,188.61	(4,308.00)	-	(11.63)	18,868.98
Borrowings from bank	26,793.19	5,156.36	385.18	(6.61)	32,328.12
Deposits	14,023.04	2,108.71	-	0.19	16,131.94
Commercial paper	7,854.01	(7,534.00)	-	86.05	406.06

(₹ in crore)

Particulars	As at April 01, 2018	Cash flows (net)	Exchange difference	Others	As at March 31, 2019
Debt securities & subordinated liabilities	22,275.01	910.70	-	2.90	23,188.61
Borrowings from bank	9,950.72	16,901.78	1.81	(61.22)	26,793.19
Deposits	11,339.75	2,675.64	-	7.65	14,023.04
Commercial paper	10,211.22	(2,450.00)	-	92.79	7,854.01

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NOTE 43: MATURITY ANALYSIS OF ASSETS AND LIABILITIES
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However with regard to loans and advances to customers the Company has used the contractual maturities for recovery/ settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	8,514.32	-	8,514.32	4,033.96	-	4,033.96
Bank balance other than cash and cash equivalents	0.07	-	0.07	0.11	-	0.11
Derivative financial instruments	31.79	93.87	125.66	-	-	-
Trade receivables	44.90	-	44.90	38.88	-	38.88
Loans	2,878.62	63,749.40	66,628.02	4,014.95	70,272.93	74,287.88
Investments	164.83	1,910.91	2,075.74	3,204.83	1,355.84	4,560.67
Other financial assets	190.54	511.16	701.70	129.71	383.28	512.99
Total (a)	**11,825.07**	**66,265.34**	**78,090.41**	**11,422.44**	**72,012.05**	**83,434.49**
Non- financial assets						
Current tax assets (net)	-	61.01	61.01	-	115.60	115.60
Deferred tax assets (net)	-	285.94	285.94	-	60.99	60.99
Investment property	-	0.55	0.55	-	0.56	0.56
Property, plant and equipment	-	105.31	105.31	-	78.34	78.34
Right of use assets	-	119.80	119.80	-	-	-
Other Intangible assets	-	25.42	25.42	-	24.21	24.21
Capital work-in-progress	-	1.23	1.23	-	3.81	3.81
Intangible assets under development	-	2.83	2.83	-	1.36	1.36
Other non- financial assets	2.19	28.48	30.67	18.22	0.30	18.52
Assets held for sale	206.56	-	206.56	131.11	-	131.11
Total (b)	**208.75**	**630.57**	**839.32**	**149.33**	**285.17**	**434.50**
Total asset c = (a+b)	**12,033.82**	**66,895.91**	**78,929.73**	**11,571.77**	**72,297.22**	**83,868.99**
LIABILITIES						
Financial liabilities						
Derivative financial instruments	-	-	-	27.31	183.49	210.80
Trade Payables	86.92	-	86.92	127.16	-	127.16
Debt Securities	9,152.06	8,684.40	17,836.46	14,520.25	15,084.69	29,604.94
Borrowings (other than debt securities)	10,632.56	21,695.56	32,328.12	9,381.13	17,412.06	26,793.19
Deposits	6,588.35	9,543.59	16,131.94	6,291.95	7,731.09	14,023.04
Subordinated liabilities	-	1,438.58	1,438.58	-	1,437.68	1,437.68
Other financial liabilities	1,372.29	317.66	1,689.95	1,765.29	325.97	2,091.26
Total (d)	**27,832.18**	**41,679.79**	**69,511.97**	**32,113.09**	**42,174.98**	**74,288.07**
Non financial liabilities						
Provisions	1.91	17.03	18.94	2.22	23.04	25.26
Other Non-financial liabilities	1,374.29	26.76	1,401.05	2,011.76	-	2,011.76
Total (e)	**1,376.20**	**43.79**	**1,419.99**	**2,013.98**	**23.04**	**2,037.02**
Total liabilities f = (d+e)	**29,208.38**	**41,723.58**	**70,931.96**	**34,127.07**	**42,198.02**	**76,325.09**
Net (c-f)			**7,997.77**			**7,543.90**

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NOTE 44: RISK MANAGEMENT

The Company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the board. The 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, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The 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 laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

Note 44.1: Credit Risk

The Company's asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company's pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

Credit Risk Management

Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company's line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and functional heads, in implementing the risk management framework and policy. The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company's Risk Framework for credit risk management is mentioned below:

1) **Established an appropriate credit risk environment**
   The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

2) **Ensure sound credit approval process**
   The Company's Target Operating Model (TOM) comprises Hub and Spoke structure, advanced technology platform, experienced and specialized professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

   The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoke or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

   The credit sanction is done through a well-defined delegation matrix under four eye principal. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

   Hubs and Spokes are supported by central support office (CSO), centralised operations (COPS) and central processing centre (CPC).

3) **Maintains an appropriate credit administration, measurement, and monitoring process**
   Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company's credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable.

   Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

Notes to Consolidated Financial Statements
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Note 44.2: Derivative Financial Instruments
Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

Note 44.3: Analysis of risk concentration
(i) Risk concentrations on loans*
An analysis of the Company's credit risk concentrations per product / sub product is provided in the below mentioned table:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Concentration by sector - Retail		
Housing loans	36,701.15	41,018.91
Non housing loans	16,256.15	15,118.17
Total (a)	**52,957.30**	**56,137.08**
Concentration by sector - Corporate		
Construction finance	10,356.04	11,187.52
Corporate term loan	3,051.88	3,773.19
Lease rental discounting	1,205.75	3,092.68
Total (b)	**14,613.67**	**18,053.39**
Total (a+b)	**67,570.97**	**74,190.47**

* Loans represents principal outstanding(Including principal overdue) as on the date of reporting.

As of March 31,2020, top 20 exposure covers 14% of total portfolio, of which 6.56% are in NPA.

(ii) Risk concentrations on financial assets other than loans

(₹ in crore)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2020					
Cash and cash equivalents	-	8,514.32	-	-	8,514.32
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Derivative financial instruments	-	125.66	-	-	125.66
Trade receivables	-	-	43.69	1.21	44.90
Investments	1,713.77	27.67	334.30	-	2,075.74
Other financial assets	3.36	676.53	6.57	15.24	701.70
Total	**1,717.13**	**9,344.25**	**384.56**	**16.45**	**11,462.39**
As at March 31, 2019					
Cash and cash equivalents	-	4,033.96	-	-	4,033.96
Bank balance other than cash and cash equivalents	-	0.11	-	-	0.11
Trade receivables	-	0.02	28.25	10.61	38.88
Investments	1,315.33	3,007.86	237.48	-	4,560.67
Other financial assets	-	492.99	-	20.00	512.99
Total	**1,315.33**	**7,534.94**	**265.73**	**30.61**	**9,146.61**

Note 44.4: Market Risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

Notes to Consolidated Financial Statements
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Note 44.4.1 Total market risk exposure

(₹ in crore)

Particular	As at March 31, 2020	As at March 31, 2019	Primary risk sensitivity
	Carrying amount		
ASSETS			
Financial assets			
Cash and cash equivalents	8,514.32	4,033.96	-
Bank balance other than cash and cash equivalents	0.07	0.11	-
Derivative financial instruments	125.66	-	Interest rate/ Currency risk
Trade receivables	44.90	38.88	-
Loans	66,628.02	74,287.88	Interest rate
Investments	2,075.74	4,560.67	Interest rate
Other financial assets	701.70	512.99	Interest rate
Total	**78,090.41**	**83,434.49**	
LIABILITIES			
Financial liabilities			
Derivative financial instruments	-	210.80	Interest rate/ Currency risk
Trade payables	86.92	127.16	-
Debt securities	17,836.46	29,604.94	Interest rate
Borrowings (other than debt securities)	32,328.12	26,793.19	
Deposits	16,131.94	14,023.04	
Subordinated liabilities	1,438.58	1,437.68	
Other financial liabilities	1,689.95	2,091.26	-
Total	**69,511.97**	**74,288.07**	

44.4.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables asses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates

(₹ in crore)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit & (loss)
Loans	2018-19	50 bps / (50) bps	298.58 / (298.58)
	2019-20	50 bps / (50) bps	315.82 / (315.82)
Investments	2018-19	25 bps / (25) bps	(2.77) / 2.77
	2019-20	25 bps / (25) bps	(1.25) / 1.25
Other financial assets	2018-19	25 bps / (25) bps	81.01 / (81.01)
	2019-20	25 bps / (25) bps	108.90 / (108.90)
Derivative financial instruments	2018-19	20 bps / (20) bps	(5.35) / 5.35
	2019-20	20 bps / (20) bps	(11.49) /11.49
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2018-19	50 bps / (50) bps	(128.55) / 128.55
	2019-20	50 bps / (50) bps	(229.05) / 229.05

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44.4.3 Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings which are primarily in US dolllar ($). The Company manages its foreign currency risk by entering in to cross currency swaps and forward contracts. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table asses the sensitivity of the assets and liabilities over the profit and loss with change in currency rates.

(₹ in crore)

Areas	Financial year	Increase / (decrease) in %	Sensitivity of profit & (loss)
Derivative financial instruments	2018-19	10 % / (10) %	(11.19) / 11.19
	2019-20	10 % / (10) %	(15.34) / 15.34

Note 44.5: Liquidity risk and funding management
Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds, fixed deposits, liquid bonds, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and asses the liquidity position. Moreover, the Compnay keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

Note 44.5.1: Analysis of financial liabilities by remaining contractual maturities
The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company's financial liabilities.

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities						
Derivative financial instruments	-	-	-	27.31	183.49	210.80
Trade payables	86.92	-	86.92	127.16	-	127.16
Debt securities	9,152.06	8,684.40	17,836.46	14,520.25	15,084.69	29,604.94
Borrowings (other than debt securities)	10,632.56	21,695.56	32,328.12	9,381.13	17,412.06	26,793.19
Deposits	6,588.35	9,543.59	16,131.94	6,291.95	7,731.09	14,023.04
Subordinated liabilities	-	1,438.58	1,438.58	-	1,437.68	1,437.68
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	4,787.92	9,050.30	13,838.22	3,237.82	11,362.69	14,600.51
Other financial liabilities	1,372.29	317.66	1,689.95	1,765.29	325.97	2,091.26
Total	**32,620.10**	**50,730.09**	**83,350.19**	**35,350.91**	**53,537.67**	**88,888.58**

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The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

(₹ in crore)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2020			
Undrawn commitments relating to advances	2,725.49	2,878.72	5,604.21
Undrawn commitments relating to Letter of comfort	-	65.00	65.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	4,019.07	-	4,019.07
As at March 31, 2019			
Undrawn commitments relating to advances	4,942.00	4,942.00	9,884.00
Undrawn commitments relating to Letter of comfort	-	80.00	80.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	3,787.43	-	3,787.43

Note 44.6: Equity price risk:
The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

NOTE 45: FAIR VALUE MEASUREMENT
The principles and techniques of fair valuation measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

Level 3: Those that include one or more unobservable input that is significant to the measurement as whole.

(b) Valuation governance
The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

(c) Assets and liabilities by fair value hierarchy
The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in crore)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Debt securities	-	95.28	-	95.28
Mutual fund	27.67	-	-	27.67
Derivative financial instruments				
Forward contracts and currency swaps	-	433.62	-	433.62
Total assets measured at fair value on a recurring basis (a)	**27.67**	**528.90**	**-**	**556.57**

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(₹ in crore)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	206.56	-	206.56
Total assets measured at fair value on a non recurring basis (b)	**-**	**206.56**	**-**	**206.56**
Total assets measured at fair value (a)+(b)	**27.67**	**735.46**	**-**	**763.13**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	307.96	-	307.96
Total liabilities measured at fair value through profit or loss	**-**	**307.96**	**-**	**307.96**

(₹ in crore)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	103.49		-	103.49
Debt securities	-	166.73	-	166.73
Certificate of deposits	-	2,904.38	-	2,904.38
Total assets measured at fair value on a recurring basis (a)	**103.49**	**3,071.11**	**-**	**3,174.60**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	131.11	-	131.11
Total assets measured at fair value on a non recurring basis (b)	**-**	**131.11**	**-**	**131.11**
Total assets measured at fair value (a)+(b)	**103.49**	**3,202.22**	**-**	**3,305.71**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	125.19	-	125.19
Interest rate swaps	-	85.61	-	85.61
Total liabilities measured at fair value through profit or loss	**-**	**210.80**	**-**	**210.80**

Valuation methodologies of financial instruments measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are recorded and measured at fair value in the Company's financial statements.

1. **Mutual funds**
   Units held in mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.

2. **Debt securities**
   The Company's debt instruments are standard fixed rate securities, some with zero coupon feature. The Company uses market prices whenever available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

3. **Commercial papers/ Certificate of deposit**
   Commercial paper / Certificate of deposit have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

4. **Assets held for sale**
   Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

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5. **Derivative financial instruments**

Interest rate derivatives

For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options. However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

(d) Fair value of financial instruments not measured at fair value

(₹ in crore)

As at March 31, 2020	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans	66,628.02	-	66,633.33	-	66,633.33
Investment					
Government securities	1,952.74	-	2,058.56	-	2,058.56
Total financial assets	**68,580.76**	**-**	**68,691.89**	**-**	**68,691.89**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	17,430.40	-	17,745.84	-	17,745.84
Deposits (including interest accrued)	16,356.45	-	-	16,440.74	16,440.74
Subordinated liabilities	1,438.58	-	1,467.12	-	1,467.12
Total financial liabilities	**35,225.43**	**-**	**19,212.96**	**16,440.74**	**35,653.70**

(₹ in crore)

As at March 31, 2019	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	74,287.88	-	74,271.26	-	74,271.26
Investment					
Government Securities	1,386.07	-	1,436.43	-	1,436.43
Total financial assets	**75,673.95**	**-**	**75,707.69**	**-**	**75,707.69**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	21,750.93	-	21,724.30	-	21,724.30
Deposits (including interest accrued)	14,240.93	-	-	14,345.09	14,345.09
Subordinated liabilities	1,437.68	-	1,448.00	-	1,448.00
Total financial liabilities	**37,429.54**	**-**	**23,172.30**	**14,345.09**	**37,517.39**

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements.

1. **Financial assets and liabilities (Short term)**
   In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not be disclosed.

2. **Loans**
   The fair values of loans are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2."

3. **Government debt securities**
   Government debt securities are financial instruments issued by sovereign governments and include both long- term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

4. **Financial liabilities**
   Debt securities and Subordinated liabilities
   Debt securities and subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

   Deposits
   The fair values of deposits are computed by discounted cash flow models that incorporates prevailing interest rate. The Company classifies these assets as Level 3.

   Financial assets or liabilities other than those mentioned above resembles the value approximate to their fair value.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended March 31, 2020 and March 31, 2019.

(f) There is no valuation adjustment relating to Credit Valuation Adjustment/ Debit Valuation Adjustment.

NOTE 46: COVID IMPACT

The outbreak of COVID 19 pandemic across the globe and India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. On March 11, 2020, the World Health Organisation declared that novel coronavirus (COVID-19) as a pandemic. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world.

In India, from March 25, 2020 to May 31, 2020, Government of India has declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19. Following the lockdown directives, the Company closed its pan India offices and activated its Business Continuity Plan (BCP) and seamlessly shifted to Work from Home (WFH). The Company leveraged on its robust technology to ensure the business activities viz. customer service, recovery, liquidity management, treasury, EMI collection etc. are carried out from home and thus minimising the overall impact of pandemic on Company's operations. While doing so, the Company ensured to safeguard its systems from any data leakage and data security.

Reserve Bank of India (RBI) has issued guidelines relating to COVID 19 Regulatory Package dated March 27, 2020 and Apr 17, 2020 and in accordance therewith, the Company has offered a moratorium on the payment of instalments falling due between March 01, 2020 and May 31, 2020 to all eligible borrowers classified as standard as on February 29, 2020. On May 22, 2020, The RBI announced an extension of the moratorium on loan EMIs by three months, i.e. till August 31, 2020.

Loan disbursements during the lockdown period of March 2020 was lower by around ₹ 900 crore (approx.) Further, the Company has maintained an incremental ECL provision of ₹ 471 crore for COVID 19 in addition to the normal ECL provision. Based on the current indicators of future economic conditions the Company believes ECL provision to be adequate.

Notes to Consolidated Financial Statements

for the year ended March 31, 2020

The Company is well capitalised and has maintained adequate liquidity. The Company also continue to raise funds from banks, refinancing from NHB and fixed deposits. The Company did not opt for moratorium from its lenders and serviced its financial obligations in a timely manner. Further, there is no material impact on internal financial controls of the Company.

Being a socially responsible corporate the Company allocated ₹ 2.04 crore (approx.) towards Covid-19 for providing 'essentials kit' to migrant worker families, partnering with National Centre for Bio-Sciences for research on developing washable PPE, COVID diagnostic tests etc. and contribution to PM relief fund / PM CARES fund.

The Company started opening up its offices in phase manner and presently majority of the offices are operational.

The extent to which the COVID 19 pandemic will impact the company's future results will depend on developments, which are highly uncertain, including among other thing, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company.

The Company will continue to closely monitor any material changes to future economic conditions. However, operating in the secured mortgage asset business we believe we hold a much stable asset class which can withstand the pandemic relatively better compared other asset classes.

NOTE 47: Previous year figures have been rearranged / regrouped wherever necessary to correspond with current year's classification disclosure.

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CORPORATE INFORMATION

DIRECTORS ON BOARD
Mr. CH. S. S. Mallikarjuna Rao
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

Dr. T.M. Bhasin

Mr. Neeraj Vyas
Managing Director and CEO

AUDITORS
M/s B. R. Maheswari & Co.
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
Allahabad Bank (now Indian Bank)
Andhra Bank (now Union Bank of India)
Asian Development Bank
Axis Bank Limited
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Catholic Syrian Bank
Central Bank of India
Corporation Bank (now Union Bank of India)
CTBC Bank Co. Ltd.
HDFC Bank Limited
ICICI Bank Limited
IDFC First Bank Limited
Indian Bank
Indian Overseas Bank
Indusind Bank Ltd.
International Finance Corporation
Karnataka Bank
Kotak Mahindra Bank Limited
National Housing Bank (Refinance)
Oriental Bank of Commerce (Now Punjab National Bank)
Punjab & Sind Bank
Punjab National Bank
RBL Bank Limited
South Indian Bank
State Bank of India
Sumitomo Mitsui Banking Corporation
Syndicate Bank (now Canara Bank)
The Jammu & Kashmir Bank Limited
Union Bank of India
United Bank of India (now Punjab National Bank)

pnb Housing
Finance Limited