Changing with time.
Growing with change.

35th Annual Report **2022-23**

What's inside

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FINANCIAL STATEMENTS

Key highlights*

189
Branches & outreaches

₹59,273 crore
Loan asset

2,60,205
Active loan customer base

1,690
Employees

*As on 31^{st} March 2023

About PNB Housing Finance

PNB Housing Finance Limited is among the leading housing finance companies in India. The Company is operating in the Indian housing finance industry for over three and half decades through a pan-India network. Our product portfolio consists of retail loans, which include individual housing loans, loans against property, non-residential premises loans, and corporate loans. Our strong commitment to affordable housing financing is evident through our dedicated segment, Roshni, which focuses on providing loans for this purpose. With a focus on customer needs and a commitment to delivering value, PNB Housing Finance is a trusted provider of housing finance solutions.

The Company is registered with National Housing Bank (NHB). It was incorporated under the Companies Act, 1956 and commenced its operations on November 11 1988. PNB Housing Finance is promoted by Punjab National Bank (PNB). The Company came out with a public issue of equity shares in November 2016. Its equity shares are listed on National Stock Exchange (NSE) and BSE Ltd. with effect from 7^{th} November 2016.

As one of the leading housing finance companies in India, we have earned our position as the fourth largest based on our impressive Loan Assets as of 31^{st} March 2023. We take pride in offering a diverse range of loan products, catering primarily to retail customers.

PNB Housing Finance has a robust pan-India network of 189 branches/outreaches spanning 138 unique cities, which help its customers avail financial services (loans and deposits) seamlessly. Additionally, we operate our sales and distribution function through our wholly-owned subsidiary, PHFL Home Loans and Services Limited, which allows us to deliver exceptional customer service.

Changing with time. Growing with change.

As the world rapidly evolves, witnessing changing tastes, preferences, and emerging technologies, the demand for affordable homes is on the rise. People are swiftly making decisions to secure their dream homes, driven by the desire for affordable housing solutions that cater to their evolving needs. This trend reflects the growing importance of providing accessible and sustainable housing options to meet the demands of a dynamic and diverse population.

Over time, housing finance companies have had to adapt to the changing trends across economies. At PNB Housing Finance, we recognise the importance of adapting to these changing dynamics and offering innovative solutions that meet the evolving needs of our customers.

The evolution we are currently undergoing as a Company represents a significant shift from our roots as a conventional mortgage lender to a more agile and innovative provider of financial services. Our new brand theme underscores our commitment to embracing change and transformation (inspired by the metamorphosis of a butterfly) to stay relevant in today's fast-paced business environment and to better serve the evolving needs of our customers. As we embody this dynamic approach to our work, we are poised to take on new challenges and opportunities and achieve even greater success in the future.

Early Growth Goals

As we recognised the changing world, we sowed the seeds for a better future.

Limitlessly Accommodating Residences with Vast Appetite

We eagerly devoured the trends around us to grow.

Potential Unfolds in Preparation for Adulthood

Adapting to the changes, we continued to focus on internal strengthening to propel ourselves to greater heights.

Advanced and Developed Unit Leading Today

Dedicatedly embracing the processes, we emerged as a top-tier housing finance company, ready to lead and shape the future.

Our Inspiration

The transformation of a butterfly into its dazzlingly coloured, winged form is a process that unfolds gradually, over time and with purpose. From the moment it emerges from its cocoon, the butterfly sets about mastering the art of flight, honing its skills and adapting its body to best showcase the vibrant hues that will help it thrive in the world. This metamorphosis is not a mere momentary shift but a deliberate and inspiring evolution that reveals the beauty and power of change.

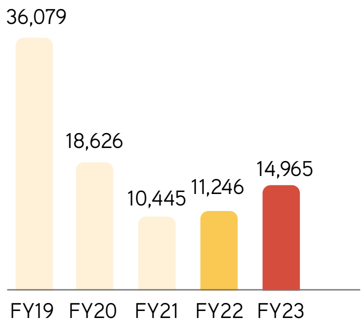
PERFORMANCE METRICS

Redefining success

While the past few years have been challenging, we have demonstrated remarkable resilience by swiftly adapting to the new normal and continuing business operations seamlessly throughout the year. We leveraged the power of digitalisation to improve operational efficiencies, drive sales, enhance customer experience and strengthen processes and controls and gradually refined each of our performance metrics.

Loan disbursement*

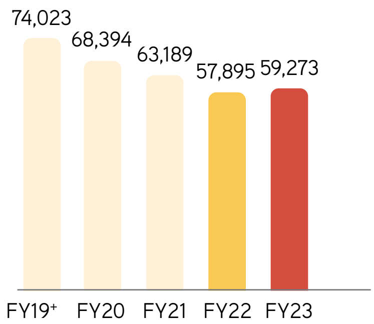
(₹ in crore)



*Retail segment contributed to 99% of the total loan disbursement in FY23.

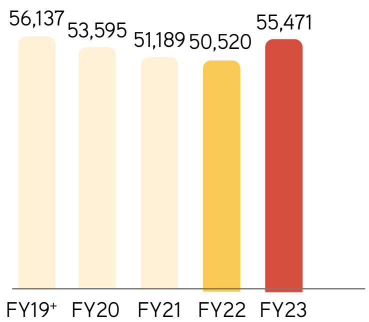
Loan asset^

(₹ in crore)



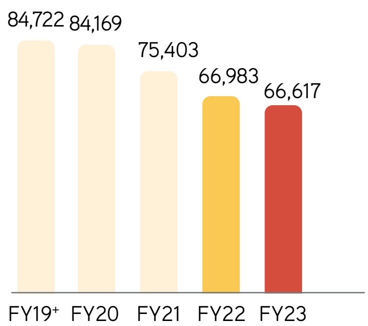
Retail loan asset^

(₹ in crore)



Assets under management#^

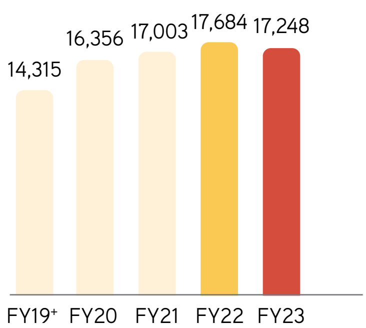
(₹ in crore)



#Retail segment contributed to 94% of the total AUM in FY23, whereas corporate segment contributed to 6%.

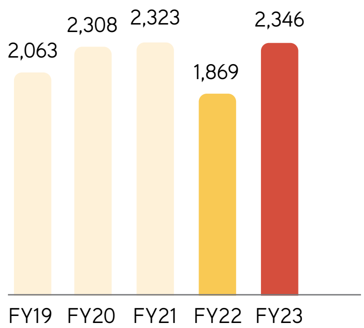
Deposit outstanding^

(₹ in crore)



Net interest income

(₹ in crore)

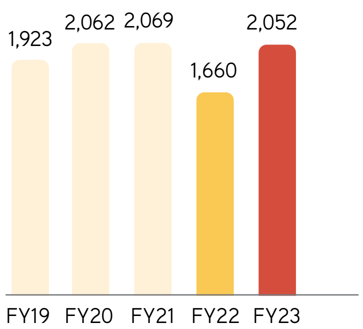


+ Principal outstanding including principal overdue

^Indicates dates as on 31st March

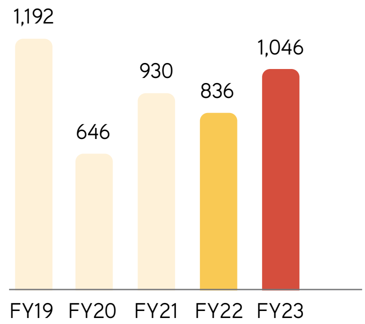
Pre-provision operating profit

(₹ in crore)



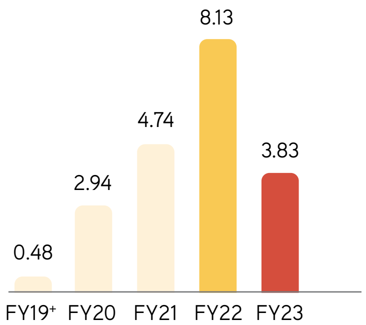
Profit after tax

(₹ in crore)



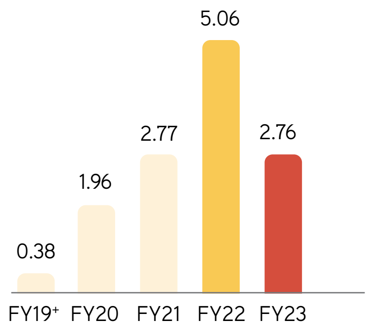
Gross non-performing assets^

(%)



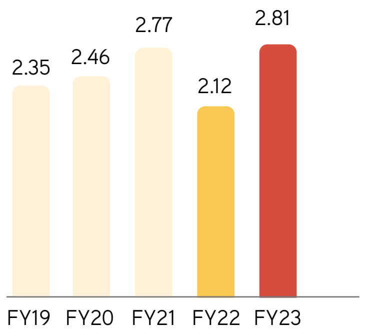
Net non-performing assets^

(%)



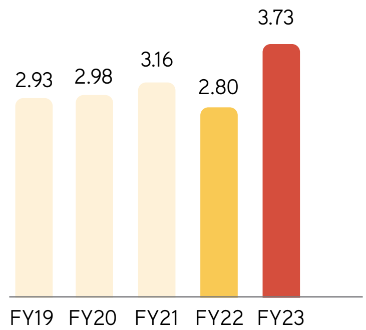
Spread

(%)



Net interest margin

(%)

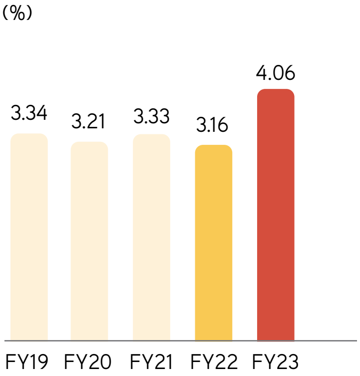


[+]Principal outstanding including principal overdue

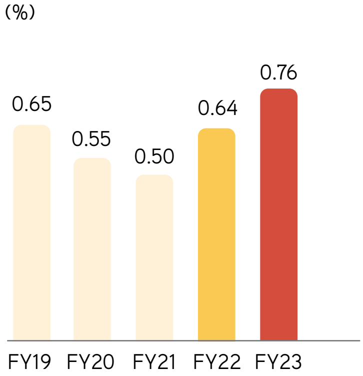
^Indicates dates as on 31st March

PERFORMANCE METRICS

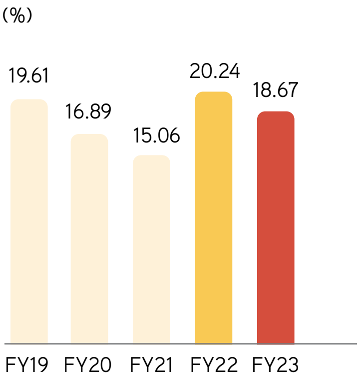
Gross interest margin



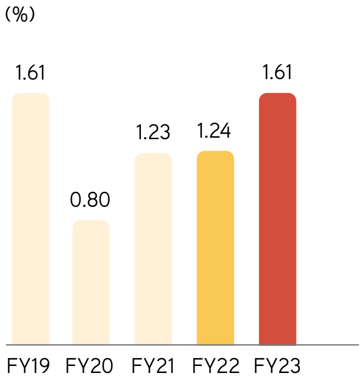
OPEX to ATA



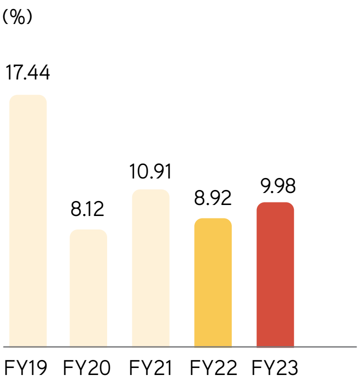
Cost to Income



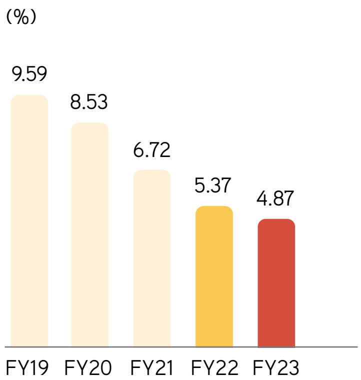
Return on asset



Return on equity



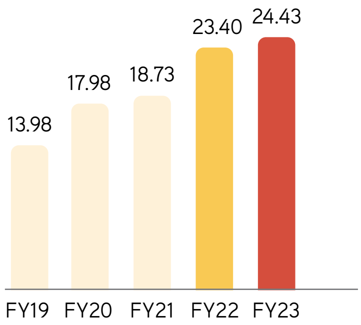
Gearing^



^Indicates dates as on 31st March

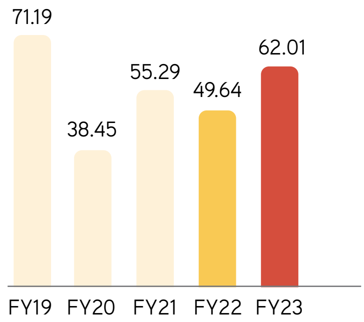
CRAR^

(%)



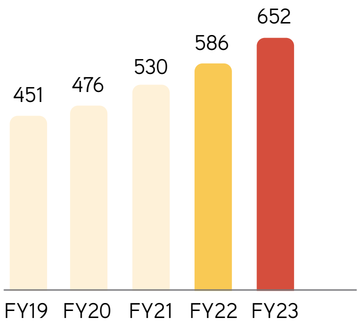
Earnings per share

(₹)



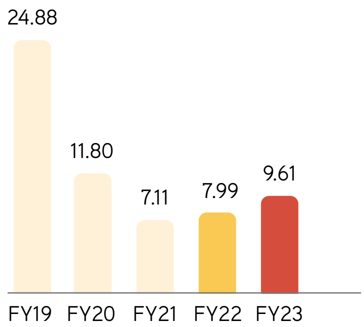
Book value

(₹ /share)



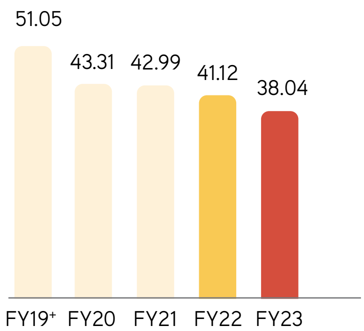
Disbursement per average employee

(₹ in crore)



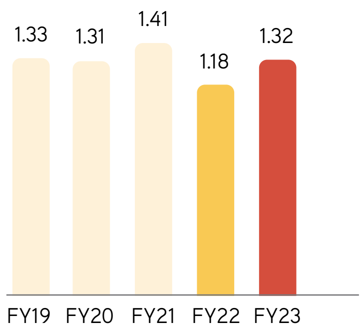
Loan Asset per employee (average)

(₹ in crore)



Pre provision Operating profit per employee (average)

(₹ in crore)



+Principal outstanding including principal overdue

^Indicates dates as on 31st March

Early Growth Goals

In the enchanting world of butterflies, the journey begins with a humble egg. It is a delicate offering, carefully placed on a leaf, carrying the promise of transformation and growth. Similar to this wondrous cycle, PNB Housing Finance embarked on its path towards success, laying the foundation for a remarkable journey ahead.

Recognising the ever-changing dynamics of the world and the advancing preferences of our customers, we envisioned ourselves to become the leading housing finance company of the future. Just like the butterfly's egg holds the potential for a smooth transformation, the management at our Company understood the significance of this early growth phase.

With a clear vision and unwavering determination, we nurtured the seed of growth within our core. We have embraced the opportunities and challenges that lay ahead, fully aware that this was just the beginning of an extraordinary expedition. Like a careful gardener, our leadership team provided the necessary support and resources, allowing the seed to germinate and flourish.

Addressing the growing needs of India

I am deeply passionate about empowering individuals and turning their dreams of home ownership into a reality. It is my firm belief that owning a home is not just a financial milestone but a transformative experience that brings stability, security, and a sense of pride to individuals and their families. And that's where I, as the new Managing Director of the organisation, sowed the seed of our growth, driven by a deep understanding of the market opportunities and a strong commitment to providing accessible housing finance solutions at reasonable prices to millions of individuals across India.

- Girish Kousgi
Managing Director and CEO

DEAR SHAREHOLDERS,

I am thrilled to present our 35th Annual Report, arriving at a crucial juncture when the global economy continues to face umpteen challenges since FY22, such as persistent inflation, geo-political conflicts and financial sector issues. In the face of these formidable obstacles, it is remarkable to observe India's resilience as it continues to outperform many developed economies. With its substantial young population and strong economic foundations, our country is primed for robust growth.

Having gained a profound understanding of the real estate sector, it is poised for a period of steady growth following a decade-long contraction. The sector has already begun its journey towards recovery, which is expected to persist and further advance. According to CRISIL, housing demand is projected to exceed the levels observed before the pandemic, indicating the commencement of a growth cycle.

The affordable housing segment has emerged as the key driver of incremental growth, with a remarkable 44%* year-on-year increase in low-ticket housing loan disbursements during FY23. This growth is primarily witnessed in tier II cities and beyond, reflecting the expanding demand in these regions.

Although the asset quality, as measured by the Gross Non-Performing Loan ratios, reached its peak in FY23, there has been a gradual and encouraging trend of improvement since then. This positive development signifies the resilience and stability of the housing finance sector.

Looking ahead, the future prospects for the housing finance industry appear promising. By FY30(E), outstanding housing loans are expected to reach an impressive value of ₹72 trillion, reflecting a compounded annual growth rate (CAGR) of 14% over the period from FY22 to FY30E*. This growth trajectory is projected to enable the financing of approximately 23 million new housing units across India.

These figures highlight the immense potential and opportunities within the housing finance sector, particularly in the affordable housing segment. As the industry continues to evolve and expand, it is poised to play a vital role in meeting the housing needs of millions of individuals and contributing to the overall growth and development of the nation.

Ever since the inception of PNB Housing Finance, we have been playing a pivotal role in making home ownership dreams a reality for countless Indians. With our commitment to the vision of 'Housing for All', we have positioned ourselves as a catalyst for growth in the real estate sector. As we enter a new phase of our growth, we proudly showcase our achievements and the blueprint for seizing the opportunities that lie before us. Going ahead, our focus will be on driving quality growth, enhancing profitability, maintaining asset quality and liquidity and ensuring the highest governance standards.

"The affordable housing segment has emerged as the key driver of incremental growth, with a remarkable 44% year-on-year increase in low-ticket housing loan disbursements during FY23. This growth is primarily witnessed in tier II cities and beyond, reflecting the expanding demand in these regions.

*Source: ICICI Securities Report

OUR PERFORMANCE IN FY23

In FY23, our retail business experienced an impressive surge, with 94% of our loan book coming from this segment. This highlights our strong presence and success in the retail market.

Aligned with our retail-first strategy, the business comprised ₹14,750 crore of our total disbursements. As per our stated policy, we reduced our corporate loan portfolio by 48.5% through resolutions and accelerated repayments. By the end of FY23, our AUM reached ₹66,617 crore, with the retail segment accounting for 94% of the AUM. Disbursements for the year amounted to ₹14,965 crore, representing a 33% year-on-year growth.

Within the retail segment, we continued to prioritise the development of our affordable housing portfolio. We expanded our presence with 82 branches dedicated to Roshni loans. Leveraging our robust distribution network, underwriting capabilities, and customer service, Roshni as a segment is expected to play a significant role in driving our growth. We disbursed ₹137 crore under Roshni in the fourth quarter of FY23.

As of 31st March, 2023, our gross Non-Performing Assets (as per Ind AS) stood at 3.83%, down from 8.13% as on 31st March 2022. We maintained total provisions to total assets at 2.42%. In FY23, net interest income amounted to ₹2,345.54 crore, compared to ₹1,868.92 crore in FY22. Operating profit increased by 23.6% year-on-year to ₹2,052.19 crore, while net profit experienced a growth of 25%, reaching ₹1,046 crore.

Through our renewed focus on the retail business and reduction in corporate loans, our Capital to Risk-Weighted Assets Ratio (CRAR) increased to 24.43% by the end of FY23, up from 23.40% in FY22. Our Tier 1 ratio stood at 22.40%, and our leverage decreased from 5.37x to 4.87x. We maintained a liquidity position of over ₹4,000 crore with a Liquidity Coverage Ratio of 112%.

> **I am elated to inform you that as a post-balance sheet development, we have successfully completed the Rights Issue of ₹2,493.76 crore in May 2023. The issue was subscribed approximately 1.21 times. The capital raise will further strengthen our balance sheet and act as a catalyst for growth in FY2023-24 as we see robust opportunities in the prime, as well as affordable housing finance segments.**

HOW WE SERVE OUR CUSTOMERS TO MAKE IT AN EXPERIENCE

We understand that owning a home is a significant milestone in every individual's life, which makes securing a home loan a crucial financial decision for them. At PNB Housing Finance, we strive to make this process seamless, convenient, transparent and personalised.

Keeping up with the rapid pace of global technological developments accompanied by a growing demand for home loans, we have also made our internal processes robust and highly efficient.

Through the implementation of digital solutions, such as our ACE onboarding tool, we can offer a contactless loan onboarding process. By leveraging the power of technology, we have enhanced our efficiency and made a lasting impact on our valued customers with significantly reduced turnaround times. Our integrated CRM tool, TALISMA, along with AMEYO and Core Banking ESS, ensures efficient coordination and execution of customer requests across multiple channels. Even during challenging times like the pandemic, our robust digital infrastructure allowed us to deliver relief packages seamlessly and by going paperless, prioritizing the well-being of our customers. Further, we have straight-through processing for our salaried customers, accelerating the primary approval process with the implementation of a robust business rule engine.

We are expanding our presence both online and offline to enhance customer accessibility. On the online front, we utilise blogs, affiliate marketing, SEO, video marketing, display advertising, and email campaigns to engage with a wider audience. Offline, we leverage multimedia campaigns such as TV, print, radio, out-of-home (OOH) advertising, property expos, and market activations. Our goal is to make it easier for customers to connect with us. By expanding our presence both online and offline, we create a comprehensive and immersive experience for our customers.

₹2,493.76 crore
Of Rights Issue successfully completed

₹2,052.19 crore
Operating profit

REMAINING RELEVANT WITH PACE

We are confident that our journey towards change will yield positive outcomes, as we now have sharpened our business focus, enhanced our digital capabilities, strengthened our underwriting and collection processes, and successfully forayed into the affordable housing sector with Roshni. These initiatives will not only improve productivity and efficiency but also position us as a leading player for future growth.

As we continue to grow, we have redefined our strategy to focus more on improving our key performance areas like business growth in the retail segment including affordable, asset quality, collections and recoveries, and diversified sources of borrowing. We have already reduced our focus on the corporate segment and are seeing better opportunities in the salaried segment within the retail sector to drive our portfolio quality. Our relentless efforts towards early identification of delinquency and recoveries have helped significantly improve asset quality. Further, continuous focus on growing the retail segment and engagement with our customers have helped arrest portfolio churns and allowed our retail AUM to grow. We will continue to make headways in creating an enhanced experience for our customers to drive business growth.

We ensure to remain relevant with pace by leveraging key strategic pillars. Our focus will be on retail lending, expanding our offering of affordable housing loans. Additionally, we will enhance underwriting and collection efficiencies to elevate the credit quality of our portfolio. To drive growth, we will embrace digitalisation, ensuring superior customer engagement. Simultaneously, we will fortify our capital position and strengthen our risk management capabilities.

Furthermore, in our organisation, we are committed to cultivating a culture for the future. We strive to become the preferred employer by embodying a "People First" attitude, one of our core values. This principle ensures that we provide equal opportunities and foster inclusive growth for all our employees. By nurturing a supportive and inclusive environment, we aim to attract and retain top talent, creating a workplace where everyone can thrive and contribute to our collective success.

CREATING A CHEST FOR GROWTH

I am elated to inform you that as a post-balance sheet development, we have successfully completed the Rights Issue of ₹2,493.76 crore in May 2023. The issue was subscribed approximately 1.21 times. The capital raise will further strengthen our balance sheet and act as a catalyst for growth in FY2023-24 as we see robust opportunities in the prime, as well as affordable housing finance segments.

LASTLY,

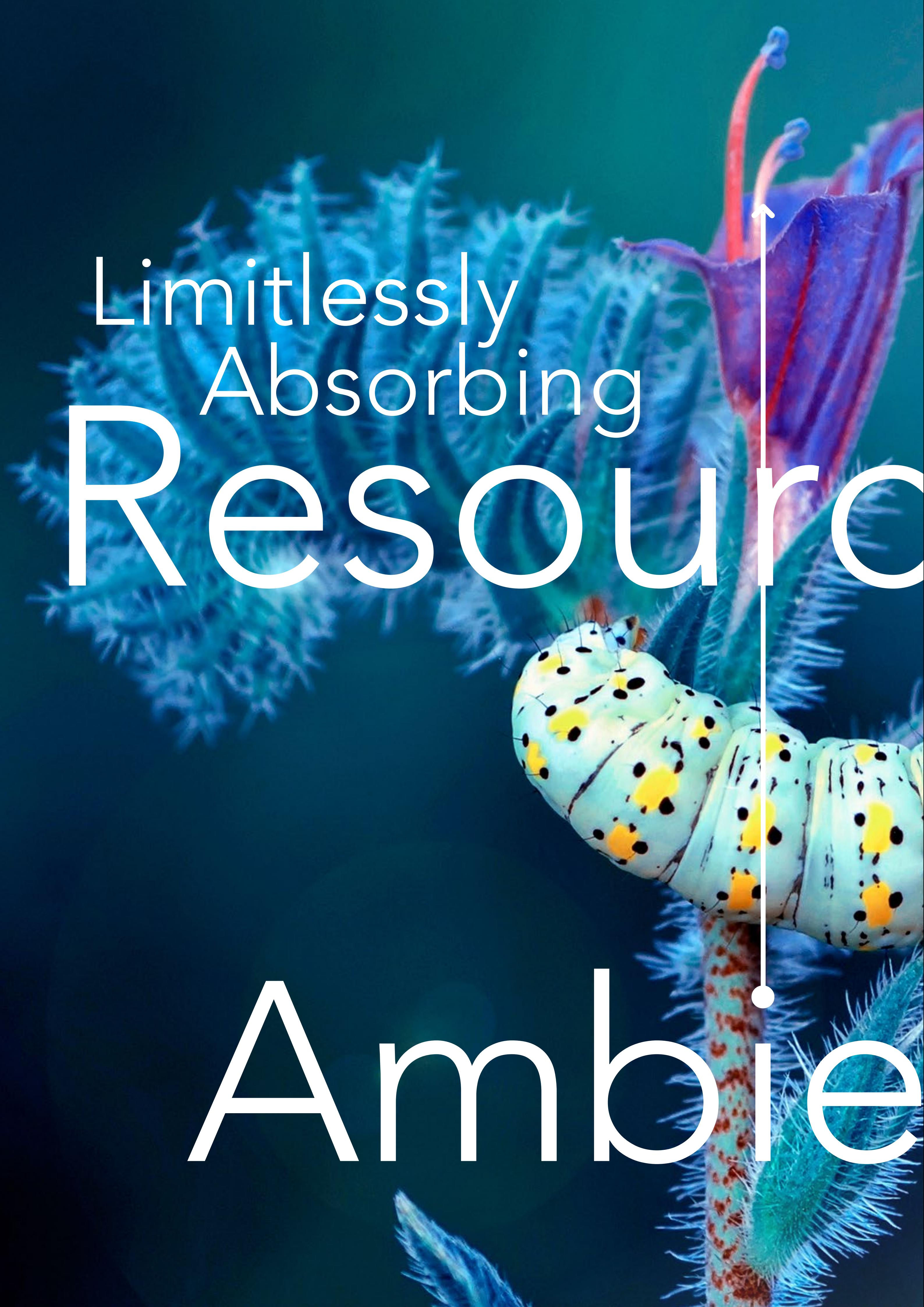
Having firmly established our foundation for growth, we now forge ahead, poised to seize new market opportunities and emerge even stronger than today.

I would like to extend my heartfelt appreciation to our esteemed customers, shareholders, industry regulators, Board and employees for their trust and support. With the Company's effective recovery in FY23 and our steadfast commitment, we are dedicated to delivering value, fostering growth, and upholding the highest standards of corporate governance. Together, we will navigate the path ahead, seizing opportunities and creating a prosperous future for our shareholders, maintaining a strong relationship with industry regulators, and fostering a thriving environment for our valued employees.

In conclusion, I am looking forward to building upon our strong foundation and believe that an exciting growth journey lies ahead as we remain optimistic about making India a place where every person owns a home.

Warm regards,

GIRISH KOUSGI
Managing Director and CEO


Limitlessly
Absorbing
Resourc
Ambie

As the egg hatches, it forms into a caterpillar where it enters a stage characterised by an intense instinctual drive to consume any available food. This period is marked by insatiable hunger and a remarkable ability to adapt to the surrounding environment, allowing the caterpillar to increase its size by a factor of up to 1000 times its original size.

Similarly, as we cracked open our shell, we started propelling ourselves into a world of possibilities and embracing the winds of change.

During this phase, we have consumed the rising demand for affordable housing in India, tapped into the untapped potential of lower mortgage penetration, leveraged the power of digitalisation, and adapted to the constantly evolving buying patterns of our consumers. Recognising the opportunities presented by this dynamic business landscape, we have redoubled our efforts to strengthen our core operations and position ourselves for future growth. By proactively embracing these opportunities, we are poised to capitalise on the evolving needs and aspirations of our customers, further solidifying our position as a leader in the housing sector.

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Promising market opportunities

During the times of the COVID-19 pandemic, the financial sector encountered difficulties such as limitations on travel and the collection of funds from centralised markets. However, by successfully recognising emerging market opportunities and capitalising on them, we were able to drive a robust financial performance for our Company.

LOWER MORTGAGE PENETRATION

India has a relatively low mortgage penetration rate compared to other countries, with only 10.5% of its GDP being contributed by mortgages in FY23. However, the real estate market is expected to see growth in the long term, which will lead to a boost in the housing finance sector. As a result of various factors, such as the rapidly growing middle class, rising disposable income, and urbanisation, the home loan market in India is expected to grow by 14% in the near future.

RISING DEMAND FOR AFFORDABLE HOUSING IN INDIA

In FY23, India faced a significant housing shortage of 100 million units, leading to the introduction of several impactful policies. These initiatives, such as Pradhan Mantri Awas Yojna, Credit Linked Subsidy Scheme, Housing for All, and the Resolution Framework, show the government's unwavering commitment to addressing the housing shortage in the country. The affordable housing segment also received a significant boost from the government in Budget 2023-24, with an increased allocation of ₹79,000 crore, which is a 66% increase from last year. The finance minister also provided tax relief to the working middle class by implementing revisions to the tax structure. The sector has been experiencing robust growth in recent years and is expected to maintain its momentum in the future.

SHIFT IN BUYING NEEDS

The COVID-19 pandemic caused many people - who were previously living in rented homes - to become more cautious about their living conditions and prioritise their families' safety. Additionally, with more people working from home, the need for larger, more private spaces became increasingly important, further contributing to the growth of the real estate market. Some even bought homes as a source of additional income by further renting them out. The government's affordable housing scheme also led to a shift in buying patterns, as people were able to find more reasonably priced options in the market.

IMPACT OF DIGITALISATION

As digitalisation became more widespread, organisations in different industries started using digital tools. Housing Finance Companies (HFCs) are using these advanced digital tools to make the entire customer journey smoother and seamless. Additionally, the use of advanced analytics, data sciences, machine learning, and artificial intelligence is speeding up the process of screening customers during underwriting, resulting in a faster turnaround time. These tools are also helping organisations to improve credit profiling, collection, and recovery processes while reducing costs.

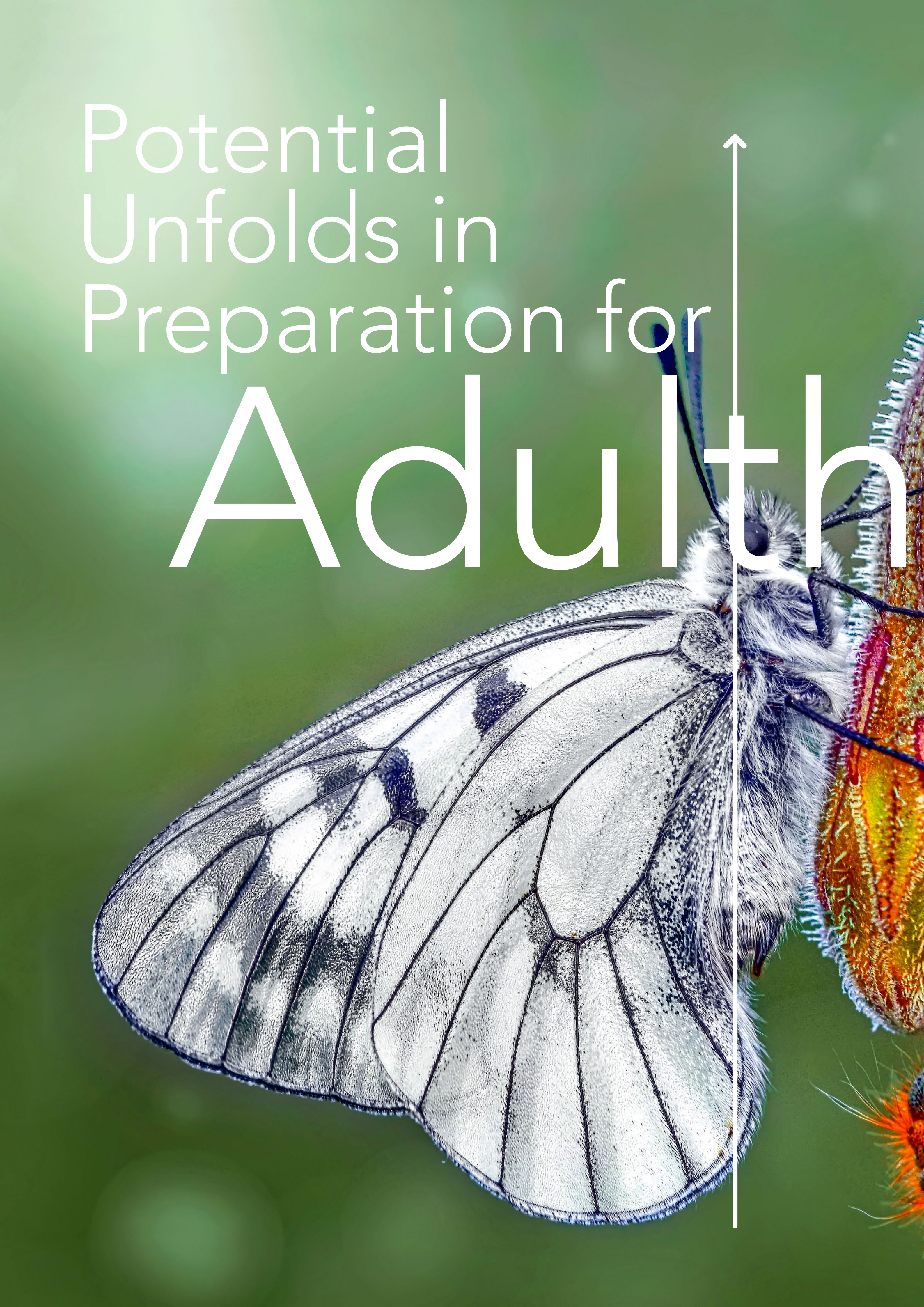
OUR RESPONSE

Drawing from our deep understanding of the external environment, we have taken decisive measures to capitalise on the opportunities available in the market.

- Efforts have been focused on accelerating growth through the retail segment. Further, we are expanding our presence in the retail segment through the establishment of affordable housing branches in tier II and III cities.
- We have improved our underwriting process and streamlined our collection efficiencies by implementing digital tools to enhance our operational efficiency.
- Furthermore, we have enhanced the capabilities of ACE – our digital onboarding platform for customers.
- Focus on increasing collection efforts to reduce the Gross NPA
- Realignment of our teams and processes to achieve our goal of growth on loan assets with a focus on the retail segment, growth in the affordable segment and asset quality improvement.

Read more on Page 46

Potential Unfolds in Preparation for Adulth



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Just like a caterpillar patiently waits for days, weeks, and months to grow into its final form, the phase of growth is an essential period for development in preparation for adulthood. It is during this stage that the caterpillar begins to transform and shape itself into its final state. Likewise, at PNB Housing Finance, we too are in the midst of our journey towards establishing growth for the future, where we are working tirelessly to streamline our strategies and become the housing finance company of choice for customers.

This transformational phase is marked by a diligent focus on continuous improvement and innovation, as we seek to adapt and evolve in response to changing market conditions and customer needs.

We have worked diligently to decrease our leverage to 4.87 times as of March 31 2023, while also increasing our Capital to Risk-Weighted Assets Ratio (CRAR) to a commendable 24.43% with the Tier I capital at 22.4%.

Our well-established credit underwriting and collection processes have enabled us to effectively manage our large-scale business operations, enhancing productivity and enabling prudent credit decisions. We take pride in our ability to efficiently underwrite diverse customer segments and build strong relationships with our business partners and stakeholders. Gradually, we are automating and digitising our underwriting processes to further enhance efficiency.

Furthermore, we have accelerated our digital journey by implementing contactless customer onboarding and disbursal. As pioneers among HFCs in India, we have upgraded our digital platform ACE for customer onboarding, document verification, and disbursement. This has helped optimise customer acquisition costs, improve customer service, and enhance overall operational efficiency.

These achievements underscore our commitment to maintaining a robust financial position and establishing a strong base for future growth.

Building a strong foundation of growth

As we chart our path for growth, we are keenly attuned to market trends and strategically planning our approach for FY24. Our focus lies in the retail segment, where we anticipate maximum room for expansion, while potentially reducing our exposure in the corporate books. By aligning our strategic pillars, we are poised to capitalise on opportunities, optimise our resources, and drive sustainable growth.

Strategic pillar 1

ACCELERATE GROWTH BY FOCUSSING ON RETAIL LENDING AND LEVERAGING OUR EXPERTISE IN THE RETAIL LOAN SEGMENT

Key Performance Indicators

9.8%
YoY growth in retail segment

93.6%
Of Loan Book is retail

Strategic pillar 2

EXPAND AFFORDABLE HOUSING LOAN OFFERING

Key Performance Indicators

82
Roshni-specific branches

₹137 crore
Disbursement under Roshni

Strategic pillar 3

ENHANCE UNDERWRITING AND COLLECTION FRAMEWORK TO STRENGTHEN THE CREDIT QUALITY

Key Performance Indicators

98.6%
Retail collection efficiency

3.83%
GNPA as on 31st March 2023, reduced by 430 bps YoY

Strategic pillar 4

ACCESS TO DIVERSIFIED FUNDING SOURCE

Key Performance Indicators

4.87x
Gearing as on 31st March 2023

24.43%
Capital to Risk Asset Ratio

Strategic pillar 5

DRIVE GROWTH THROUGH DIGITALISATION FOR BETTER CUSTOMER ENGAGEMENT

Key Performance Indicators

33%
Improvement in customers accessing customer portal and mobile app for self service

Read more on page 48

Advanced and Developed Unit Leading Today

Finally, as a caterpillar transforms into a butterfly, it grows into a new shape, sheds its colours, and expands its wings to fly. We, too, have come out mature and ready to expand our horizons.

Through a focus on innovation and cutting-edge technology, we have transformed into a reliable and trusted partner for all housing finance needs. Our dedication to providing accessible and affordable financial solutions to people across India has earned us the reputation of being a customer-centric organisation committed to providing a seamless and hassle-free experience to our customers.

With a comprehensive range of products and services designed to meet the diverse needs of our customers, we are well-positioned to lead the way in the evolving housing finance industry.

WIDE-RANGING EXISTENCE

Explore. Enhance. Expand

Our commitment to offering comprehensive housing financial solutions has resulted in a remarkable expansion of our business presence throughout the country.

By diligently exploring our target markets and strategically seizing upon promising opportunities, we have successfully capitalised on favourable circumstances to drive our growth and success.

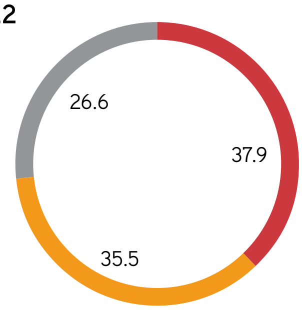
This year we grew and expanded to a total of 189 branches and outreaches; we have 22 decision-making hubs for credit decisions. Additionally, we had over 14,000 active channel partners for loans and deposits in FY23. Our network spans 138 cities and 20 states and Union Territories, enabling us to reach a wide range of customers and meet their financial needs.

Our strong presence reflects our dedication towards last-mile financial inclusion in India. We identified specific regions to expand our affordable housing segment, 'Roshni' to 82 branches and outreaches dedicated solely to Roshni during the year.

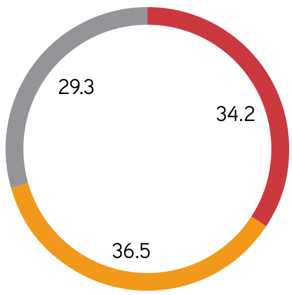
Zone-wise breakup

Loan Asset - Geographical breakup (%)

FY2021-22

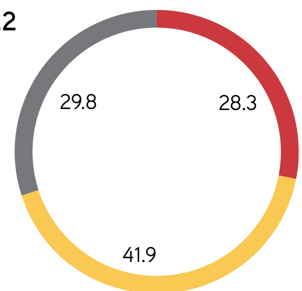


FY2022-23

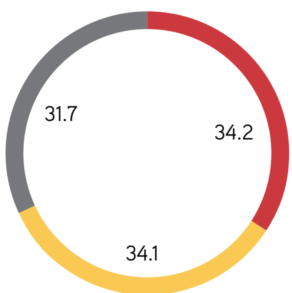


Disbursement - Geographical breakup (%)

FY2021-22

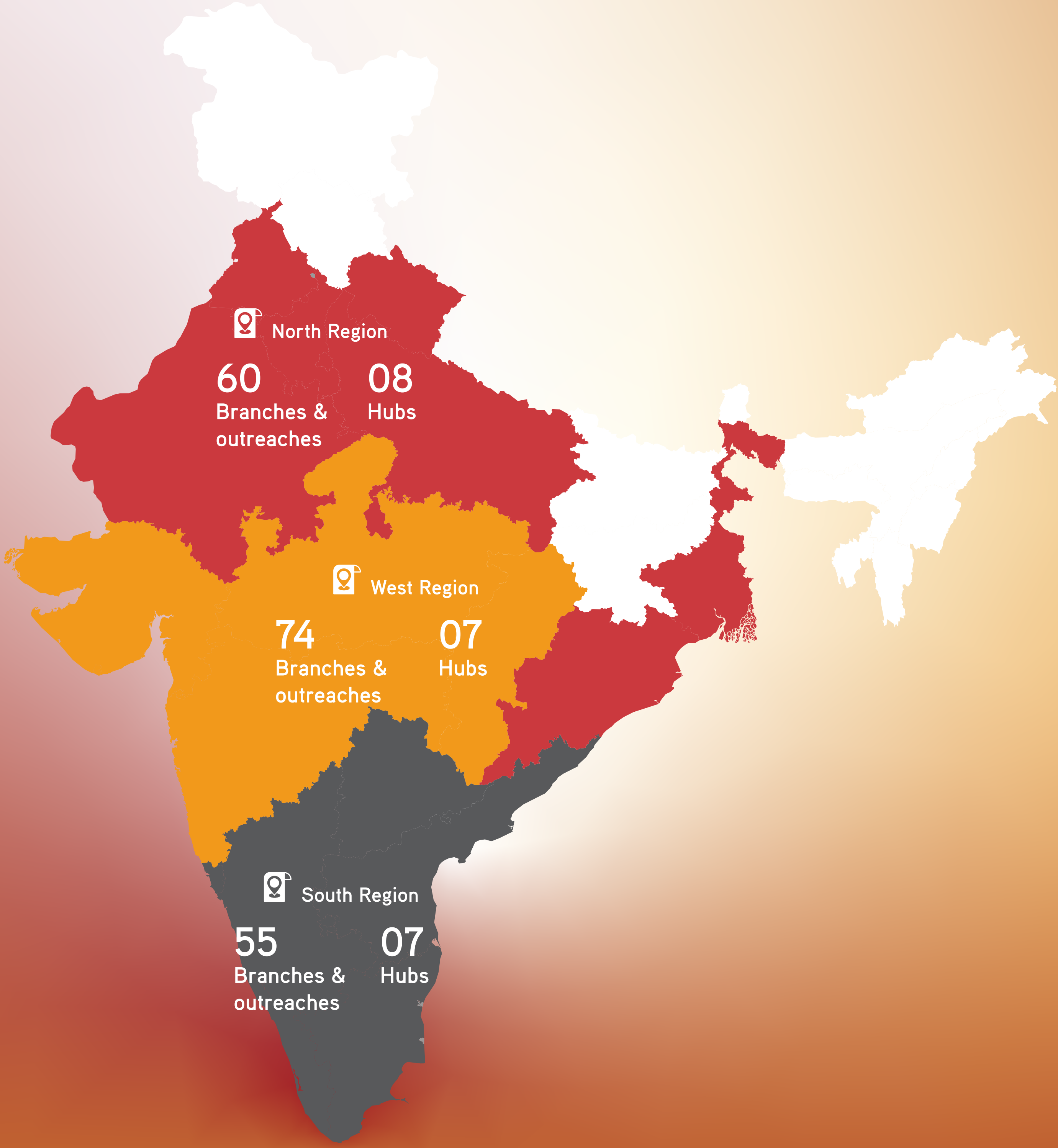


FY2022-23



North region West region South region

OUR OFFICE NETWORK



Embracing a culture for the future

As an advanced and developed housing finance company, we recognise the crucial role our people play in delivering exceptional cross-disciplinary service to our customers. We prioritise the well-being and interests of our employees over profitability, placing their satisfaction and growth at the forefront. By valuing and investing in our workforce, we empower them to reach their full potential, go above and beyond, and consistently provide outstanding service to our valued customers. Our commitment to our employees ensures a positive and engaging work environment, fostering a culture of excellence and customer-centricity.

1,690
Total employees

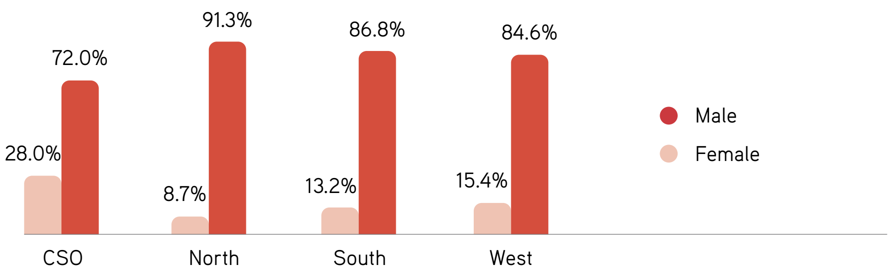
CORE PHILOSOPHY

At the heart of our core values lies "People First," which drives our dedication to fostering equal opportunities and inclusive growth. Consistent with this principle, we provided 64 internal job transfer opportunities last year, empowering our talented individuals with increased responsibilities. We prioritise thorough orientation to ensure a deep understanding of our organisational culture, products, and services. Our experienced workforce, including key leaders, brings invaluable insights gained from navigating organisational changes and cycles, enabling us to discern effective strategies.

DIVERSITY AND INCLUSION

"Aikyam", a Sanskrit word essentially meaning Unity in Diversity, is our flagship initiative towards diversity, inclusion and empowerment. We at PNB Housing Finance are fully committed and firmly believe in diversity and inclusion, considering everyone equal. We have planned initiatives around empowering our people taking the diversity ratio higher and building an inclusive culture in our organisation.

Gender Distribution Zone-Wise



Additionally, we have also implemented the below policies to promote diversity and inclusion in the organisation:

Hazardous environment and security policy

We prioritise the provision of a secure and clean work environment as it directly influences employee productivity. At select locations, we have also implemented crèche facilities, further supporting the well-being of our employees. By maintaining a conducive work environment, we aim to enhance productivity and foster a culture of employee care and satisfaction.

Leave policy

At our Company, we are dedicated to providing our employees with the flexibility to apply for various types of leaves, including maternity and paternity leaves. We believe in equal opportunities for all employees, irrespective of their caste, creed, or religion. Our inclusive leave policy ensures that every employee has the freedom to avail themselves of the necessary leaves they require, promoting a fair and supportive work environment for everyone.

Celebrating together

We foster a culture of togetherness and celebration within our organisation, where we come together to commemorate festivals and acknowledge achievements. We embrace people from all backgrounds, encouraging them to join hands in unity and lend their grace and support to any initiative undertaken by the Company. Our inclusive environment ensures that everyone feels welcomed and valued, promoting a sense of belonging and collective celebration.

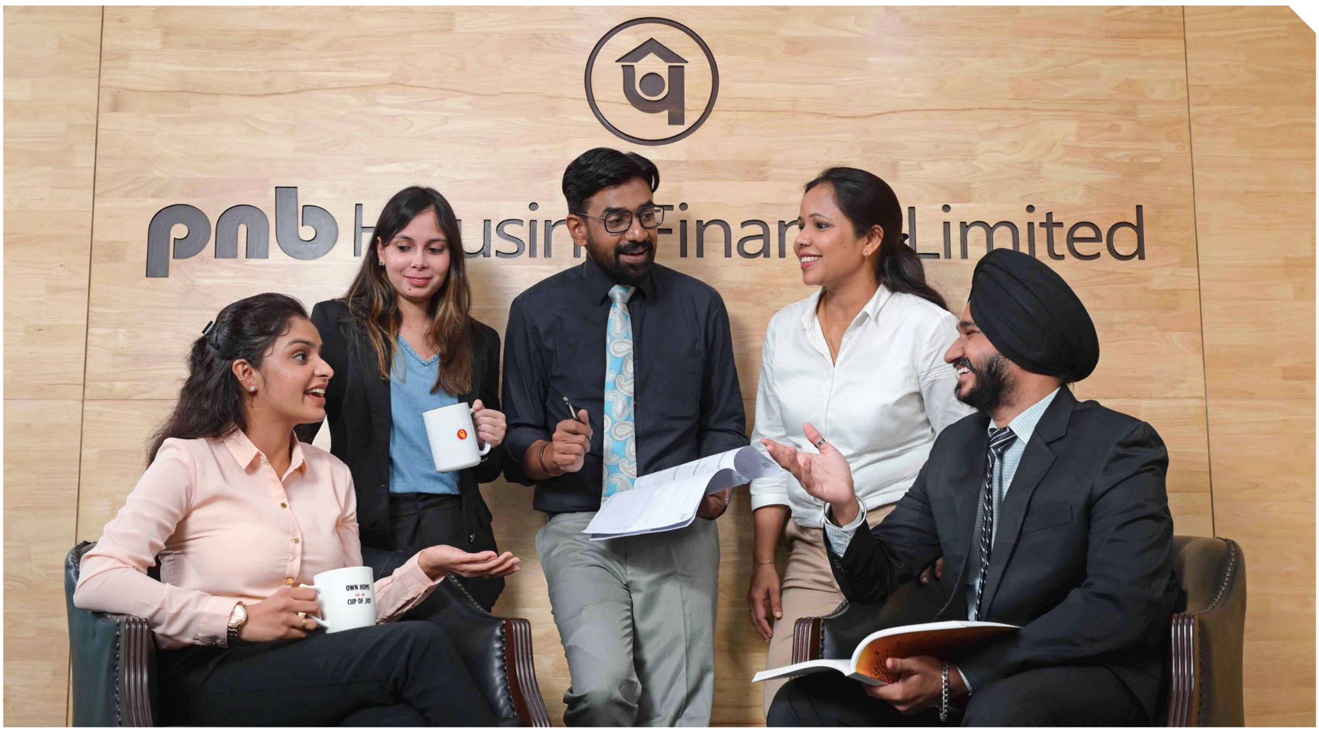
Listening culture

'SAMPARK' is an initiative that was launched in FY23 as part of our engagement strategy for employees. Its core objective is 'Connect. Care. Communicate.' is essentially about creating a culture of listening, appreciating, caring, sharing and celebrating. We believe in fostering deeper bonds with our employees, driving a collaborative work environment, having two-way communication with employees and nurturing healthy working relationships.

RECRUITMENT STRATEGY

Our recruitment strategy focuses on leveraging HR Tech to streamline processes, reduce transactional activities, and provide a delightful onboarding experience to new joinees. We implement data-driven HR practices to enhance the employee lifecycle journey and target initiatives to retain and grow talent. By investing in technology and personalised interventions, we ensure a smooth recruitment process and create an exceptional employee experience. This was supported by initiatives like the employee referral programme and listing of open positions on the career page of our official website and LinkedIn.

878
Total new joiners in FY23



TALENT MANAGEMENT

Our talent management strategy encompasses becoming a Great Place To Work certified organisation, implementing succession planning for critical roles, developing a coaching model for leadership development, and fostering an engaged workforce. We focus on attracting top talent, enhancing talent readiness, and building an internal leadership pipeline for future success.

EMPLOYEE RECOGNITION AND MOTIVATION

We prioritised employee recognition and motivation by revamping our variable pay and incentive structures, aligning them with industry benchmarks. We effectively communicate our total rewards philosophy to boost employee motivation and appreciation, resulting in reduced attrition and the retention of key talent.

MD's Toppers Club is a recently launched programme to recognise and reward the valuable contributions and superlative performance demonstrated by our colleagues who are putting in commendable efforts in the overall 'growth journey' of our organisation. 80 top-performing employees became part of this exclusive club as of FY23. Our employees are fully geared up and aspiring to be a part of this exclusive club by exceeding their milestones month on month.

LEARNING AND DEVELOPMENT

The Learning and Development function is committed to acting as an enabler towards the organisation's growth and endeavours to create opportunities that help employees in acquiring new knowledge, skills, and attitudes to improve an individual's performance and potential by enhancing their competencies to remain competitive and relevant in today's fast-paced and rapidly changing world.

Our interventions take place as formal training programmes, on-the-job learning, mentoring, coaching, and self-directed learning. The goal is to provide individuals with the tools and resources they need to achieve their career objectives and contribute to organisational success.

To ensure effectiveness and business alignment of the learning and development interventions, we set clear learning objectives, curate customised content, design engaging delivery methods, and assessment and evaluation mechanisms to measure progress and effectiveness. These interventions augment our HR strategy to improve employee engagement, retention, and performance and create a culture of continuous learning and improvement.

LEVERAGING TECHNOLOGY IN PEOPLE MANAGEMENT

We have fully digitalised our HRMS system, incorporating modules for recruitment, performance management, and employee lifecycle management.

The launch of our employee self-service payroll portal enhances accessibility and reduces manual dependency. Real-time dashboards, on-demand reports, and a user-friendly mobile app contribute to a comfortable and accessible experience for our employees.

HR POLICY AND GOVERNANCE FRAMEWORK

Our HR policy and governance framework includes a revision of our HR Policy Manual, ensuring it is benchmarked to market standards. We strive to provide best-in-industry employee policies that contribute to a better employee experience. By fostering an engaged workforce we promote a positive and fulfilling work environment.

LEARNING AND DEVELOPMENT – OUR LATEST INITIATIVES INCLUDE

Strengthening core competencies through Vani

We have initiated a personalised communication enhancement journey called 'Vani'. It includes tailored personal coaching sessions designed to address the specific needs of individuals, enabling them to enhance their communication skills effectively.

Establishing a self-learning culture through LinkedIn

We have introduced LinkedIn Learning, a learning platform that empowers our employees to access world-class learning content anytime, anywhere. This platform enables them to choose the skills and competencies they wish to acquire, helping them stay ahead in their careers.

Empowering women leaders with Talent Nomics India

Our women leaders have enrolled in a year-long journey to develop their leadership insights, cross-cultural competence, build essential leadership competencies, and mentoring skills to enhance their leadership abilities.

Creating an adaptive environment for new-joiners through Prarambh

Our induction and orientation journey, Prarambh, is designed to help new hires quickly align with our organisation's values, culture, and systems. It accelerates their productivity by providing a comprehensive onboarding experience.

Developing sales leaders through Parivartan

We have implemented Parivartan, an assessment-based competency development programme designed for our Sales Team. This programme aims to enhance their productivity by focusing on key sales competencies and providing targeted training and support.

38,455
Total learning hours

17.9
Average training hours per employee

Making our society stronger together

Our goal is to help marginalised communities by delivering projects that provide solutions for their betterment and growth, making the maximum impact for beneficiaries. Our CSR arm, the Pehel Foundation, implements and strengthens CSR programmes in this direction. It represents our ongoing efforts to ensure the growth and welfare of underserved sections of society. Our main objective is to reach as many people as possible and improve their lives.

OUR CSR STRATEGY

At our Company, we firmly believe that businesses should be oriented towards society. We see our stakeholders as more than just our customers and associates; they include the community that invests their social and manual resources.

OUR INTERVENTION AREAS

- Women empowerment and livelihood generation
- Skill development of deaf women
- Crèche for kids of women staff at eye hospital
- Infrastructure development of government health centres
- Equipment and machinery support to government hospitals
- Improved access to healthcare services
- Hearing aid imparted to deaf children
- Transformation of Govt. schools and Anganwadi
- Solar electrification at govt. schools
- E-learning infrastructure installed at Govt. schools
- Scholarships to support underprivileged students
- Water rejuvenation at villages
- Availability of safe drinking water
- Plastic waste management

Empowering lives of construction workers and...

...strengthening lives in the local areas...

...to bring growth and positive change

₹11.39 CRORE
CSR spend in FY23

₹6.41 CRORE
Planned and allocated for ongoing projects

Through our CSR initiatives, we aim to create a positive impact on society and the environment while also supporting the long-term success of our business. By engaging with our stakeholders and working together towards a common goal, we hope to create a better future for all.

Women empowerment

Our Women Empowerment initiative strives to enhance women's income levels, foster financial independence and self-confidence, and address women's health and hygiene issues in underserved communities. By creating an inclusive society with equal opportunities, we believe empowering women is a smart investment in our collective future.

IMPACTFUL INITIATIVES IN FY23

Developed napkin manufacturing units

We established two units in Lucknow and Valsad, Gujarat, to empower rural women from nearby villages. The women, identified as 'Sanginis' produce, package, and sell napkins while also conducting menstrual hygiene awareness sessions in their communities. Through this initiative, we are addressing the lack of awareness and health hazards that women face in rural areas.

64

Rural women were involved in production, packaging and selling in FY23

200

Villages are targeted to reach more rural women in FY24

Established units of spice and pickle production

We have set up three units to provide employment for women in spice and pickle production. These women operate as self-help groups, using profits to expand the business and distribute among members.

115

Rural women were involved in production, packaging and selling in FY23

Effort on improving the quality of life

Our project aimed to improve the quality of life for migrant workers affected by Covid. We trained 150 women from the construction industry, equipping them with advanced sewing skills using imported machines from Japan. These women were then employed in the fashion industry, with an average monthly income of ₹10,000.

150

Women trained from the construction industry to get better jobs

Skill development

We trained 120 rural women in 7 centres across Rajasthan for 6 months to develop their weaving skills. We provided looms to help them create carpets, which they now sell and profit from. We also initiated a project to train deaf women across 4 trades, including mixer grinder repair, LED repair, mobile repair, and electrical work. Through this initiative, these women will gain specialised skills that can lead to greater financial independence.

120

Rural women learned weaving skills

Established a crèche

We plan to support the children (up to age 10) of female employees at LV Prasad Eye Hospital in Bhubaneswar, Odisha. This initiative has empowered women to continue working without having to sacrifice family responsibilities. As a result, some women who had previously left are now reaching out to return to work.

Health and well-being

At our core, we prioritise health and well-being. Our projects aim to provide better access to healthcare services, advanced health infrastructure, and improved health outcomes. We are committed to designing and implementing sustainable solutions that promote health equity for all.

IMPACTFUL INITIATIVES IN FY23

Transformed primary health centre (PHC) and community health centre (CHC)

We refurbished the centres into better health infrastructure by installing advanced medical and lab equipment. These upgrades include state-of-the-art laboratories and testing machines.

2

CHCs were transformed

4 mobile medical clinics planned

Mobile medical clinics will be set up in Delhi, Mumbai, Kolkata, and Chennai to provide free healthcare services to construction workers at their workplaces and nearby slum areas. The initiative aims to improve access to healthcare for workers who are unable to reach regular health centres.

Better access to healthcare

We brought buses to provide transportation support to patients residing in rural interior villages with limited access to healthcare centres. This service will enable them to conveniently travel to the nearest health centres for medical attention.

Support to hearing impaired children

We provided hearing aids to children with hearing impairments. Through this, they were able to receive speech training and have now started speaking themselves.

250

Hearing aids distributed

Education

We carefully select educational projects that promise to enhance students' learning experience and future by implementing advanced learning technologies, improving infrastructure, offering scholarships, and providing learning aids.

IMPACTFUL INITIATIVES IN FY23

- Upgradation of 4 Anganwadis is complete, and work is in progress in 5 others, with better infrastructure, educational materials, play areas, and toys, resulting in increased daily attendance of children.
- Transformation of 1 school with infrastructure development, informative wall art, innovative play areas, Swachhata Vahini toilets, and exclusive dining areas, attracting more admissions from nearby villages.
- Installation of solar panels in 24 govt. schools in rural villages with electricity connection but frequent load shedding, reducing absenteeism and inconvenience to students during summers.
- Installation of e-learning infrastructure in 44 govt. schools, providing audio-visual aids for learning and online interactive classes to 4500 students every day.
- Initiation of a scholarship project for 400 underprivileged students pan-India to support and motivate them to complete their studies.
- Support for a school bus for transportation of students from several tribal villages in rural locations of Jharkhand, providing equal educational opportunity to students with no access to transportation.
- Support for STEM learning in 20 schools through practical activities, workshops, hands-on practice, and experiential fun learning, enhancing innovative skills and problem-solving abilities.

Environment

Safe drinking water initiatives

Two villages, Gowla and Malkitoos in Rajasthan, now have safe drinking water supply systems established at the household level, benefiting villagers, who now have direct water pipeline connections for the first time. An overhead tank was constructed along with a solar water lifting system and a water committee was formed to ensure the sustainable functioning of the system.

944
Villagers were benefitted

As responsible members of society, we have taken up the task of environmental rejuvenation through recharge, recycling, and natural resource management. Our efforts aim to reduce pollution caused by waste and provide clean water to those in need.

IMPACTFUL INITIATIVES IN FY23

Establishment of RO plants

Three RO plants with a capacity of dispensing 1,000 litres of water in one hour have been established in areas where sufficient water availability and quality is a major issue.

75,000
People will be benefited from 3 RO plants

Development of ponds

Two ponds were built from scratch to benefit the villagers in the surrounding areas. This will enhance agriculture, horticulture, and water availability for animals, leading to an increase in the villagers' income.

27.22Mn litres
Capacity of water available annually

1,606
Villagers were benefitted

Regenerating plastic waste

The installation of plastic bottle crushers is ongoing at public places where plastic waste is generated in huge volumes. The project aims to motivate the public to dispose of plastic pet bottles in these machines, which will crush the plastic bottles and send them directly for recycling, reducing tons of plastic waste from entering landfills.

16
Plastic bottle crushers are being installed

GOVERNANCE

Leading with experience and expertise

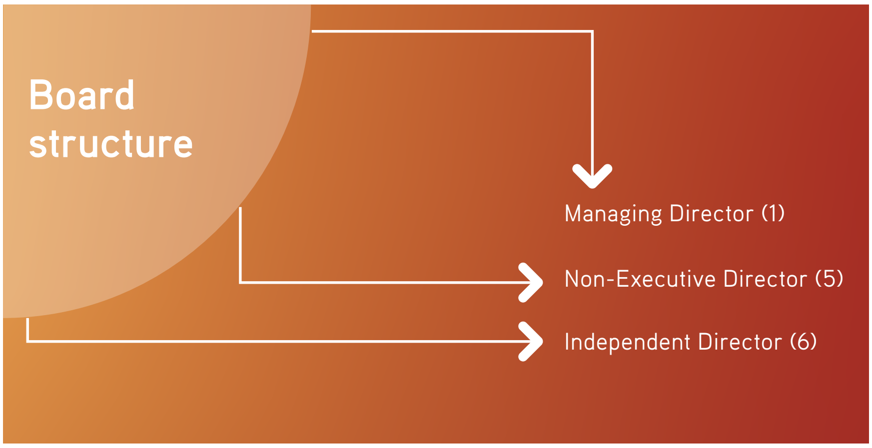
As a prominent housing finance company in India, we recognise the importance of setting a positive example in the industry as a transparent and practical organisation. Our commitment to upholding global standards of ethics and integrity reflects our dedication to safeguarding stakeholder value over the long term.

59 years
Average age of Board members

3 years
Average tenure of Board members

30+ years
Average experience of Board members

BOARD COMPOSITION AND COMMITTEES OF THE BOARD



- Audit committee
- Risk management committee
- Credit committee
- Nomination and remuneration committee
- Stakeholders relationship committee
- Corporate social responsibility committee
- IT strategy committee

Our esteemed Board of Directors comprises seasoned professionals with diverse expertise in areas such as banking, finance, risk management, regulatory affairs, and technology. We specifically include IT experts as Non-Executive/Independent Directors to address the significance of digitalisation and associated risks. The Board possesses a deep understanding of our business model, processes, and industry landscape. Regular updates on company affairs, industry trends, and regulatory guidelines are provided to Board members. Newly appointed Independent Directors undergo a comprehensive orientation process and engage with functional heads to familiarise themselves with their roles and our operations. Continuous learning is encouraged through participation in seminars conducted by reputable organisations.

DIVERSITY IN THE BOARD

Our Board is composed of individuals with a wide range of expertise, academic backgrounds, and industry experience, promoting diversity and inclusivity. We are proud to have a female Independent Director on our Board, reflecting our commitment to gender diversity. Our Board Diversity policy underscores our belief in inclusivity as a key driver of performance and success. The Company recognises and embraces the significance of a diverse Board in its success and believes that a diverse Board will enhance the quality of decisions made by utilising the different skills, qualifications, professional experience and background, gender, ethnicity, knowledge, length of service, and other distinguished qualities of its members which are necessary for driving business results, achieving competitive advantage, effective corporate governance, sustainable and balanced development.

RESPONSIBILITIES OF THE BOARD

The Board plays a crucial role in overseeing how the management serves the short and long-term interests of stakeholders and the Company strives to maintain an effective, informed and independent Board. The Board, along with its various Committees, provides leadership and guidance to the Company's management and directs, supervises and ensures the functioning of the Company in the best interest of all the stakeholders. The Board meets regularly, at least quarterly, to discuss important matters including business updates, financials, credit appraisal, human resources, regulations, risk management, and strategy. Committee decisions are shared with the Board on an ongoing basis. The Board and Senior Management meet quarterly or as needed. Independent Directors hold separate meetings, ensuring their independence. Virtual meetings have been conducted during the last financial year. In addition, the Board meets annually to discuss and approve the business plan of the Company. The Board also engages with Senior Management through its committees for matters related to delegated areas. The Risk Management Committee also meets the CRO and the Audit Committee meets the Internal Audit Head without the presence of the management to ensure the independence of their roles. The average attendance at the Board meetings in FY23 was 89%. All Board meetings are attended by all members of the Senior Management. In addition, members of the Senior Management participate in Committee meetings as well in relation to their respective responsibilities.

POLICIES FRAMEWORK FOR ETHICAL CONDUCT

Our Board adheres to a comprehensive Code of Conduct that applies to all Non-Executive Directors, including Independent Directors, in accordance with regulatory requirements. This code emphasises professional conduct, ethics, and governance in fulfilling their responsibilities. Additionally, we have distinct Codes of Conduct for Executive Directors and Senior Management. To foster an ethical culture, we have implemented various policies and frameworks covering corporate governance, insider trading prevention, related-party transactions, sexual harassment prevention, CSR, and fair practices. These policies are consistently communicated to our management, employees, and stakeholders.

RISK MANAGEMENT FRAMEWORK

The Company has in place a Board constituted Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report. The Board is the apex governance body on all matters of risk management, and exercises its oversight over risk management both directly and through its Risk Management Committee, Audit Committee, IT Strategy Committee and ALCO.

The risk management processes are guided by well-defined policies appropriate for the various risk categories supplemented by periodic validations of the methods used and monitoring through the sub-committees of the Board. The Company has Board approved Risk Management Policy wherein risks faced by the Company are identified and assessed and a business continuity plan to ensure the continuity of its services to its large customers base, a cyber crisis management plan, information and cyber security policies. Your Company believes that our opportunity lies in risk. Since its inception, the Company has had a philosophy to create its niche and build a profitable business which reflects in the financials with a consistency similar to liquidity. The Company has clarity on how to deal with the asset-liability issue of a typical housing finance business.

The ever-evolving global landscape has prompted companies to reassess their assumptions and adapt strategies to a new operating environment, prioritising the safety of individuals and effectively managing major risks. Our Risk Management Framework, bolstered by advanced technologies, has enhanced our preparedness in responding to challenges like COVID-19. This framework enables us to identify, assess, respond to, and monitor risks in real-time, aligning with our business objectives. With a robust three lines of defence approach, we ensure business managers, risk management and compliance functions, and internal audit work together to manage risks effectively.

The Company gives due importance to prudent lending practices and has implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan-to-value, and required term cover for insurance.

Key risks such as credit, market, operational, liquidity, and cybersecurity are addressed through Board-approved policies and oversight by the Executive Risk Monitoring Committee. Prudent lending practices and risk mitigation measures, including credit history verification, thorough assessments, conservative loan parameters, and insurance coverage are implemented. The Company has created a robust risk management framework with the help of technology and analytics. The Company has strong underwriting skills, which helps to mitigate credit risks. Using strong customer assessment standards also supports the Company to mitigate credit risk. Further, the Internal Capital Adequacy Assessment Process (ICAAP) of the Company assesses all the significant risks associated with various businesses.

Our Risk Management Framework allows us to minimise the impact of risks and capitalise on market opportunities while ensuring compliance and regular review by the Risk Management Committee. During the financial year under review, the Risk Management Committee reviewed the risks associated with the business of the Company, undertook its root cause analysis and monitored the efficacy of the measures taken to mitigate the same.

ADDITIONAL POLICIES

In terms of the RBI/SEBI/MCA regulations and various other laws applicable to the Company and as a part of good corporate governance and also to ensure strong internal controls, the Board has adopted several policies and has also reviewed the same from time to time.

We have established a comprehensive Whistle-blower policy that empowers all employees to report any serious irregularities or violations within the organisation. Policy on whistleblowers provides direct access to the Chairperson of the Audit Committee, ensuring transparency and accountability. Additionally, we have implemented a robust grievance redressal mechanism for our customers, addressing their concerns promptly. Shareholders' grievances are diligently handled through dedicated email addresses, actively monitored by our Compliance and Investor Relations Team. We have Board-approved policies in place for succession planning, outsourcing, anti-corruption and anti-bribery, information security, and cyber crisis management, ensuring adherence to statutory requirements.

ANTI-MONEY LAUNDERING (AML)

Our organisation has a robust Know Your Customer (KYC) and Anti Money Laundering (AML) policy, which is aligned with the guidelines of the Reserve Bank of India (RBI) and the provisions of the Prevention of Money Laundering Act. This policy has been approved by the Board and encompasses essential elements such as Customer Acceptance Policy, Customer Identification Procedures, and Risk Management and Transaction Monitoring. We diligently monitor compliance with these guidelines throughout the customer lifecycle. Furthermore, we have developed a targeted training module to provide effective and focused training on anti-corruption and AML practices.

RBI for driving the anti-money laundering initiatives advised NBFCs including HFCs to follow certain customer identification procedures for monitoring transactions of a suspicious nature and their reporting. The Company in terms of the RBI guidelines, carry out money laundering and terrorist financing risk assessment exercise periodically to identify, assess and take effective measures to mitigate money laundering and terrorist financing risks.

Board of Directors

MR. ATUL KUMAR GOEL
Non-Executive Nominee Director
DIN: 07266897
Date of joining: 28th April, 2022

Mr. Goel is Managing Director & CEO of Punjab National Bank from 1st February 2022. Earlier, he was Managing Director & CEO of UCO Bank, Executive Director of Union Bank of India and held various positions in Allahabad Bank. He is a qualified Chartered Accountant, having more than three decades of banking experience, large corporate, treasury management, risk management, financial planning, investor relations, business transformation, compliance etc. He was the Chief Financial Officer (CFO) of Allahabad Bank.

Committee Membership

Nomination and Remuneration and
Stakeholders Relationship

MR. SUNIL KAUL
Non-Executive Nominee Director
DIN: 05102910
Date of joining: 5th March, 2015

Mr. Kaul is Managing Director of Carlyle Singapore Investment Advisors Pte Limited and is the Head of Southeast Asia of the Carlyle Asia Buyout Advisory Team and concurrently leads the financial services sector for the team in Asia. Before joining Carlyle 15 years ago, he was President of Citibank Japan and Chairman of CitiCards Japan KK and CitiFinancial Japan KK. He was also the Head of Retail Banking for Citibank in Asia, Head of International Personal Banking for Citibank in New York and Head of Global Transaction Services at Citibank, Japan. He has over 38 years of experience in the fields of private equity, corporate and consumer banking. He is a graduate of IIT Bombay and IIM Bangalore.

Committee Membership

Nomination and Remuneration,
Stakeholders Relationship and
Risk Management

MR. R. CHANDRASEKARAN
Independent Director
DIN: 00580842
Date of joining: 7th October, 2015

Mr. Chandrasekaran was one of the co-founders of Cognizant. He retired as the Executive Vice Chairman of Cognizant India in March 2019. He has been widely recognised as a significant contributor to the growth of Cognizant, including its global footprint. Prior to joining Cognizant, he was with Tata Consultancy Services for over nine years. He has 37 years of experience in the field of information technology.

Committee Membership

Nomination and Remuneration,
IT Strategy and Corporate
Social Responsibility

MR. NILESH S VIKAMSEY
Independent Director
DIN: 00031213
Date of joining: 22nd April, 2016

Mr. Vikamsey is the former President of the Institute of Chartered Accountants of India and is a member since 1985. He has been associated with KKC & Associates LLP as a senior partner since 1985. He has extensive experience in the audit and consultancy of banks, large companies, mutual funds, and financial service sector companies.

Committee Membership

Audit and Nomination
and Remuneration

DR. TEJENDRA MOHAN BHASIN
Independent Director
DIN: 03091429
Date of joining: 2nd April, 2020

Dr. Bhasin is presently Chairman of the Advisory Board for Banking Frauds constituted by the Central Vigilance Commission in consultation with the RBI. He was Vigilance Commissioner at the Central Vigilance Commission. He held various positions with the Oriental Bank of Commerce and was the Executive Director of the United Bank of India and the Chairman and Managing Director of the Indian Bank. He has over four decades of experience in the administration, banking and finance industry.

Committee Membership

Audit, Risk Management and
Corporate Social Responsibility

MR. NEERAJ VYAS
Non-Executive Director
DIN: 07053788
Date of joining: 1st September, 2020

Mr. Vyas superannuated as the Deputy Managing Director and Chief Operating Officer (COO) of the State Bank of India (SBI) on 30th June 2018. He has handled several assignments for SBI in India and abroad. He is a senior banking professional with over 36 years of experience across a wide range of functions, such as banking, credit, mortgages, risk management and operations. Mr. Vyas is Non-Executive Director since 1st September 2020. Earlier, he was Independent Director on the Board from 15th April 2019 till 28th April 2020. He was appointed Managing Director & CEO of the Company from 28th April 2020 till 10th August 2020.

Committee Membership

Credit, Risk
Management and Audit

Mr. Sen retired from the Reserve Bank of India as Executive Director in charge of the regulation of banks and non-banking financial companies. In a career spanning over 37 years, he worked in banking regulation, bank supervision, fintech regulation, human resources, information technology, and currency management. He has been on several major national and international committees constituted by the RBI.

Committee Membership

Audit, Nomination and Remuneration and Corporate Social Responsibility

MR. SUDARSHAN SEN
Independent Director
DIN: 03570051
Date of joining: 1st October, 2020

Mr. Modi is a managing director at Carlyle India Advisors Private Limited and is part of the investment team of Carlyle India for over 15 years. He holds a B. Tech degree in Computer Science (silver medallist) from IIT Kharagpur and is a postgraduate in management (gold medallist) from IIM Ahmedabad. He also holds CFA from CFA Institute (USA) and a Master's degree in business law from National Law School, Bengaluru.

Committee Membership

IT Strategy and Credit

MR. KAPIL MODI
Non-Executive Nominee Director
DIN: 07055408
Date of joining: 1st October, 2020

Ms. Nayyar is a finance professional with over 31 years of global leadership experience with MNC banks/VC funds and corporates. She has expertise in corporate banking, risk and relationship management, investment banking, wealth management and fundraising. She is also recognised for her expertise in angel investing/mentoring and advising early-stage ventures. She serves as an Independent Director on the board of reputed corporate organisations.

Committee Membership

Nomination and Remuneration and Stakeholders Relationship

MS. GITA NAYYAR
Independent Director
DIN: 07128438
Date of joining: 29th May, 2021

MR. PAVAN KAUSHAL
Independent Director
DIN: 07117387
Date of joining: 27th October, 2022

Mr. Kaushal has over 33 years of experience in the financial services sector in various positions. Previously, he was associated with Fullerton India Credit Company Limited as chief operating officer and IDFC First Bank Limited as Group Executive President in the Risk Department. He is a member of the Institute of Chartered Accountants of India since 1985 and holds a Master's degree in financial management from Jamnalal Bajaj Institute of Management Studies.

Committee Membership

Credit and IT Strategy

MR. DILIP KUMAR JAIN
Non-Executive Nominee Director
DIN: 06822012
Date of joining: 4th November, 2022

Dilip Kumar Jain has over 27 years of experience in various fields. He carries with him several years of banking experience in various senior positions at Punjab National Bank. He is currently the CFO of Punjab National Bank in the rank of Chief General Manager. He is a member of the Institute of Chartered Accountants of India since 1989.

Committee Membership

Nil

MR. GIRISH KOUSGI
Managing Director & CEO
DIN: 08524205
Date of joining: 21st October, 2022

Mr. Kousgi is the Managing Director and Chief Executive Officer of the Company. He has over 25 years of experience in the financial services sector. Previously, he was associated with Can Fin Homes Limited as Managing Director and Chief Executive Officer, Tata Capital Financial Services Limited as head retail – credit & risk, IDFC Bank Limited as executive vice president and ICICI Bank Limited as joint general manager. He is also serving as a director on the board of our subsidiaries, namely PHFL Home Loans and Services Limited and PEHEL Foundation. He holds an executive master's diploma in business administration from the Indian Institute of Commerce and Trade.

Committee Membership

Corporate Social Responsibility,
Credit, Risk Management,
Stakeholders Relationship and IT Strategy

Leadership team

GIRISH KOUSGI
Managing Director and CEO

VINAY GUPTA
Chief Financial Officer

SANJAY JAIN
Company Secretary &
Chief Compliance Officer

ANUJAI SAXENA
Chief Transformation Officer

DILIP VAITHEESWARAN
Chief Sales Officer - Retail

JATUL ANAND
Chief Credit & Collections Officer

AMIT SINGH
Chief People Officer

AJAY KUMAR MOHANTY
Head - Internal Audit & Chief of
Internal Vigilance

ANUBHAV RAJPUT
Chief Information Officer

ANSHUL DALELA
Head - Customer Service
and Operations

VALLI SEKAR
Chief Sales & Collection
Officer - Affordable

NEERAJ MANCHANDA
Chief Risk Officer

RECOGNITIONS

Setting standards through awards

Throughout our journey of growth and transformation, we have emerged as the preferred housing finance company for people across India. Our commitment to excellence in service and focus on customer centricity have earned us numerous prestigious awards. These accolades celebrate our outstanding performance and achievements, recognising various aspects of our business including customer service, product offerings, innovation, and corporate responsibility. We take great pride in these honours, which inspire us to continue delivering exceptional experiences and setting new benchmarks in our industry.

- Banking Frontiers DNA Awards 2022 – Best Fraud Control Initiative
- Banking Frontiers DNA Awards 2022 – Best New Application Development Initiative
- Banking Frontiers DNA Awards 2022 – Best CSR Initiative
- Best Housing Finance Company of the year at 3rd Annual BFSI Technology Excellence Awards 2022 by Quantic Business Media Pvt. Ltd.
- Platinum in LACP Vision Awards in the Diversified Financial Services for Best Annual Report (Global ranking of 28 across sectors and reports)
- Marksmen Daily Business Icons of India 2023 2nd Edition – Mr. Girish Kousgi, MD and CEO
- MINT | TechCircle Business Transformation Awards 2022 in the category - excellence in digital execution (Quality Transformation)
- 8th CSR Impact Award for Drinking Water Project at the India CSR Summit 2022
- Global CSR Excellence & Leadership Award for Women Empowerment by World CSR Congress
- CSO100 Recognition by CSO100 Events to Mr. Anubhav Rajput, CIO
- Top 10 CPOs in 2022 by CEO Insights Magazine – Mr. Amit Singh, CPO

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MANAGEMENT DISCUSSION AND ANALYSIS

PNB Housing Finance is one of India's largest housing finance companies that also accepts deposits. We focus on providing a wide range of mortgage products to our customers and help them fulfil their dreams of owning a home.

INDIAN ECONOMY REMAINED RESILIENT DESPITE GLOBAL HEADWINDS

India's growth remains resilient despite some of the significant challenges faced globally, like vigorous monetary tightening by US central banks to combat record-high inflation, war between Russia and Ukraine and slow recovery from the pandemic in some parts of the world. However, India managed to continue being one of the fastest-growing economies globally, with a robust estimated overall GDP growth rate of 7% for FY23.

India has witnessed consumption-driven growth on the backdrop of a large, young, and rising share of the upper middle–income population, coupled with strengthened corporate balance sheets. The demand fuelled by consumer consumption persists on account of increased customer confidence and higher disposable income.

The housing market also picked up, with higher demand for housing loans, declining inventories, and construction of new dwellings.

According to the 2023 Economic Survey, while the rupee is performing better than most other currencies, it faces the challenge of depreciation due to the likelihood of the US Fed increasing policy rates. The current account deficit (CAD) is also expected to widen as global commodity prices remain

high and the Indian economy continues to show strong growth momentum.

Inflation remained largely beyond the tolerance levels of the RBI and resulted in a series of rate hikes by the apex bank.

India's growth outlook for FY24 remains positive, owing to a favourable policy push by the government and sustained private consumption growth. The economy projects a baseline GDP growth rate of 6.5% in real terms for FY24. The opening up of the Chinese economy towards the end of 2022 indicated the gradual normalisation of the global supply chain. A healthy balance sheet of the financial and corporate sectors is expected to kick-start a healthy upward financial cycle. Further, digitalisation reforms and the resulting efficiency gains in terms of greater formalisation, higher financial inclusion, and more economic opportunities will be another reason for the country's economic growth. It is expected that India will continue to be one of the fastest-growing economies in the world.

HOUSING FINANCE INDUSTRY WITNESSING A BOOM

India's housing credit market is estimated at ₹27.8 trillion. The post-pandemic drivers of the housing sector comprise increasing preference towards owning a home, lower interest rate regime and pent-up demand, among others.

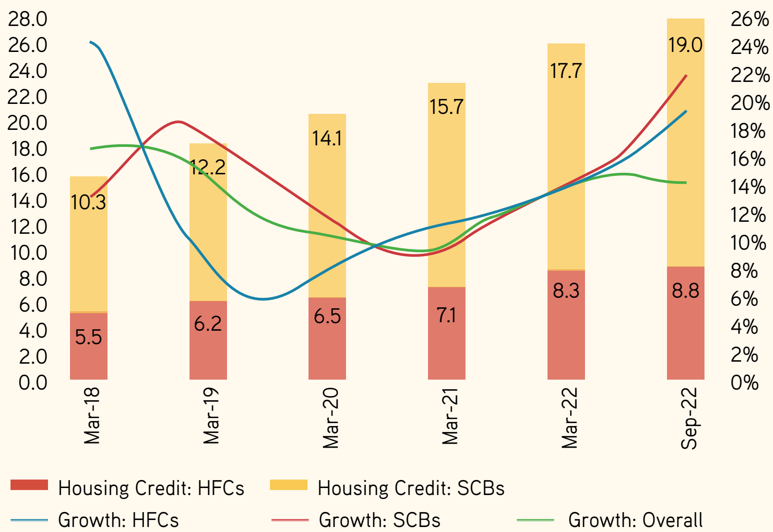
The home loan market in India is expected to grow by 14%* over the medium term due to factors such as increasing affordability, urbanisation, and expansion to locations beyond Tier-I cities. As India's population grows, incomes rise and household sizes shrink, there could be a demand for additional 26-27 million homes from 2022-2031. Further, there is a shortage of existing homes, creating a need for upgrades and resale demand, all contributing to the demand for housing. Even though the housing loan penetration rate in FY23 remained steady at 10.5%, which is comparable to the rate of 10.6% in FY22, it still falls significantly short of the rates seen in developed markets such as the US, UK, and China. By FY30(E), outstanding housing loans are expected to reach ₹72 trillion, implying 14% CAGR over FY22-30E and financing of incremental ~23mn housing units in India.

Affordable housing segments are driving incremental growth, with lower-ticket housing loan disbursement growing by 25% YoY during FY23 (till Dec'22) mostly in tier II cities and beyond. The growth in affordable housing finance is driven by expansion and increasing penetration rather than rate cycles or market growth.

Overall, the housing finance sector in India is expected to see sustained growth in the coming years.

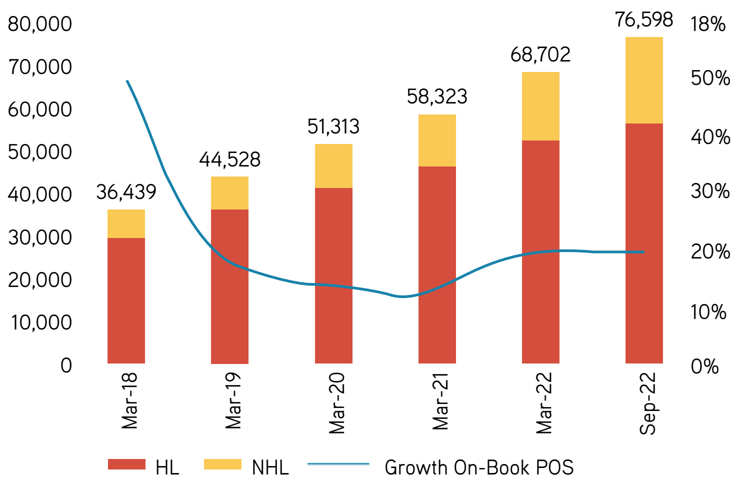
*Source: ICRA Indian Mortgage Finance Market Q2 FY2023

Trends in housing credit



Source: Indian Mortgage Finance Market Report by ICRA as of September 30, 2022

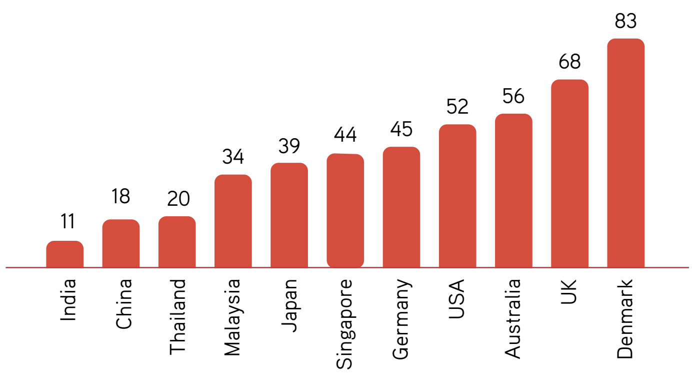
Accelerated growth in the affordable portfolio (₹ in crore)



Source: ICRA

Significant opportunity in mortgage penetration

(%)



Source: CRISIL

AFFORDABLE HOUSING SECTOR IN SWEET SPOT

India's growing younger population, increasing per capita income and rising demand from beyond the top seven cities are key growth drivers of the country's housing sector, especially in the affordable segment. Additionally, the increasing rate of urbanisation and subsequent shortage in urban dwellings have accelerated the demand for residential units in the affordable category. The Housing for All scheme by the Indian government is also acting as a growth catalyst for this sector. Case in point: the demand for home loans below ₹25 lakh is the highest in the sector accounting for two-thirds of the disbursement volumes.

Source: Morgan Stanley

BUSINESS OVERVIEW

PNB Housing Finance Limited, in the last few years, has strengthened its processes, leveraged digitalisation to drive superior customer experience and expanded its operations into new segments. We have embarked on an accelerated growth path with a stable foundation to support our aspirations.

Growing strength to strength with our strategic priorities

As we chart our path for growth, we are keenly attuned to market trends and strategically planning our approach for FY24. Our focus lies in the retail segment, where we anticipate maximum room for expansion, while potentially reducing our exposure in the corporate books. By aligning our strategic pillars, we are poised to capitalise on opportunities, optimise our resources, and drive sustainable growth.

Strategic pillar 1

ACCELERATE GROWTH BY FOCUSSING ON RETAIL LENDING AND LEVERAGING OUR EXPERTISE IN THE RETAIL LOAN SEGMENT

We are accelerating growth by leveraging our expertise in the retail loan segment. With the double-digit industry growth, we aim to maximise opportunities in both prime and affordable segments. Our focus on the retail segment led retail disbursements to be 99% of the total disbursements done during the year. The Retail Loan Book grew by 9.8% during the year, reaching ₹55,471 crore compared to the previous year. In FY23, the average ticket size for individual housing loans was ₹29 lakh, with the salaried segment representing 71% of the total.

Key Developments

- Implemented ACE, a digital platform that enables secure and efficient onboarding of new retail customers without physical paperwork or contact
- Successfully maintained an average ticket size of ₹29 lakh in our product offering, ensuring suitability for our target market
- Boosted login numbers to support business growth, indicating increased customer engagement and potential for expanded market reach
- Targeted online marketing campaigns, engaging content, choice of media channels, and segmentation for better customer engagement

Key Performance Indicators

9.8%
YoY growth in retail segment

93.6%
Of Loan Book is retail

Strategic pillar 2

EXPAND AFFORDABLE HOUSING LOAN OFFERING

To capitalise on the favourable market conditions for affordable housing, we have strategically focused on expanding our offering in this segment. As part of this strategy, the Company introduced a specialised division called "Roshni", which is designed to cater specifically to the needs of individuals seeking affordable home loan solutions.

Expanding our affordable housing loan offering allows us to tap into a growing market and make a positive social impact by enabling home ownership for salaried and self-employed individuals. We are focusing on strengthening our distribution network by increasing our presence in tier II and tier III cities.

Key Developments

- Built a separate affordable vertical with dedicated sales, credit, collections and operations
- Identified and successfully operationalised new locations to expand the Roshni-focused network
- Target Average ticket size of ₹15-17 lakh for customers in the affordable segment
- Target Operating model in place with requisite policies and processes

Key Performance Indicators

82
Roshni-specific branches

₹137 crore
Disbursement under Roshni

Strategic pillar 3

ENHANCE UNDERWRITING AND COLLECTION FRAMEWORK TO STRENGTHEN THE CREDIT QUALITY

We recognise the importance of accurate and coherent underwriting processes in mitigating risk and ensuring loan repayments from customers. By leveraging digital and analytical tools, we aim to further strengthen our underwriting processes and improve the accuracy and efficiency of loan assessments. Additionally, we have implemented a streamlined procedure for recovering delinquent loans, reducing the time and resources needed for overdue payment collections. Overall, the strategy focuses on utilising technology to enhance operational efficiency and the quality of our loan portfolio.

Key Developments

- Leveraged advance analytics and digital tools to automate credit appraisal journey
- Augmented collections efforts led to improvement in Gross and Net NPA
- Maintained sufficient provisions to ensure adequate coverage

Key Performance Indicators

98.6%
Retail collection efficiency

3.83%
GNPA as on 31st March 2023, reduced by 430 bps YoY

Strategic pillar 4

ACCESS TO DIVERSIFIED FUNDING SOURCE

We continue to maintain adequate capitalisation levels to borrow from multiple sources at competitive rates. During the year the Rating outlook was changed to 'Stable' from 'Negative' by ICRA, CRISIL and India Ratings.

At PNB Housing Finance, we are constantly evolving to meet the changing needs of our customers and the industry as a whole. Our focus on strategic growth coupled with our dedication to monitoring and improving key performance indicators allows us to remain at the forefront of the housing finance sector.

Key Developments

- Successfully completed capital raise through Rights Issue of ₹2,493.76 crore in May 2023
- Maintained adequate gearing ratio and Capital to Risk Asset Ratio (CRAR)

Key Performance Indicators

4.87x
Gearing as on 31st March 2023

24.43%
Capital to Risk Asset Ratio

Strategic pillar 5

DRIVE GROWTH THROUGH DIGITALISATION FOR BETTER CUSTOMER ENGAGEMENT

By embracing digital tools, we can streamline our operations and deliver personalised solutions to customers. Through targeted data analysis and automation, we can effectively identify the specific needs of each customer and tailor our offerings accordingly. By harnessing the power of technology, we are well-positioned to enhance operational efficiencies and provide a seamless experience to our customers.

Key Developments

- Enhanced our website and launched a customer mobile app to provide a better experience and seamless interactions to our customers.
- Introduced rule-based sanction for digitising credit and implemented Straight Through Processing (STP) for certain cohort of loan applications.
- Optimised digital platforms, incorporated WhatsApp for seamless communication, utilised remarketing strategies, all aimed at enhancing the customer experience through web marketing and personalised offers.
- Maintained higher engagement through WhatsApp, chatbot, personalised content and marketing automation
- Introduced lead scoring and RO mobile app for better lead to conversion ratios

Key Performance Indicators

33%

Improvement in customers accessing customer portal and mobile app for self service

COMPANY'S PERFORMANCE IN THE YEAR

During the year, we sanctioned 71,839 loan applications, reflecting a 25.2% increase over the previous year. We disbursed loans amounting to ₹14,965 crore, an increase of 33.1% over the corresponding period last year. With a focus on the retail segment, the Retail Loan Asset grew by 9.8% in FY23 to ₹55,471 Crore as on 31st March 2023 representing 93.6% of Total Loan Asset. The Loan Asset stood at ₹59,273 crore, registering a growth of 2.4% YoY. The Asset under Management was at ₹66,617 crore as against ₹66,983 crore the previous year.

Further, our return ratios improved significantly during the year. The Spread on Loan Assets was 2.81% vs 2.12% last year, and NIM was 3.73% vs 2.80% last year. Overall, ROA improved significantly to 1.61% vs 1.24% in the previous financial year. The average cost of borrowing during the year stood at 7.47%, reflecting a 17 bps increase over FY22 on the back of an increase in repo rate by 250 bps during FY23.

Our concerted efforts in strengthening our balance sheet over the years showed positive results. During the year, we have further reduced our gearing and significantly improved our CRAR. As on 31st March 2023, with the improvement in the external environment, the Company reduced its cash and cash equivalents in FY23 as compared to FY22. The Company had over ₹4,000 crore as cash and cash equivalents as on 31st March 2023. The Company also has sanctioned and undrawn lines as on 31st March 2023. Our deposits during the year de-grew 2.5% YoY and reported at ₹17,248 crore in line with our strategy to maintain funding concentration as per our approved liquidity risk policy. During the year, we sourced around 71,688 deposit applications amounting to a total of ₹6,068 crore.

In May 2023, the Company successfully completed the Rights Issue of ₹2,493.76 crore with a subscription of 1.21x. Our top-4 investors viz. PNB (promoter), Carlyle, Ares SSG and General Atlantic participated in the Rights Issue. Apart from this, we have witnessed the participation of large domestic and foreign institutional investors. With this capital inflow, the capital adequacy ratio will further improve. The proceeds from the capital raise will be utilised to fund strategic growth plans and capitalise on the available growth opportunities.

ENHANCING OUR RETAIL LOAN BOOK

Over the past few years, we have heightened our focus on the retail loan business, which has been primarily divided into two categories –prime and affordable segment. Under the prime segment, we cater to Individuals to fulfil their housing requirements and offer loans against properties to customers for meeting their immediate financing needs. The affordable segment is a separate vertical under the 'Roshni' brand.

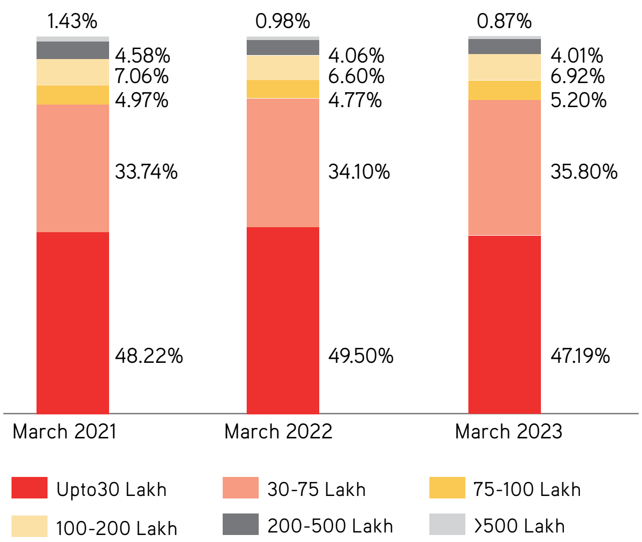
Under the retail segment, the Company is focussing on the salaried segment resulting in an increase in the salaried segment to 59% of retail loan book as on 31st March 2023 as compared to 56% as on 31st March 2022.

The Retail Loan Book grew by 9.8% to ₹55,471 crore as compared to the last year. The retail contribution to the total loan book has increased to 93.6% in FY23 as compared to 87% in FY22.

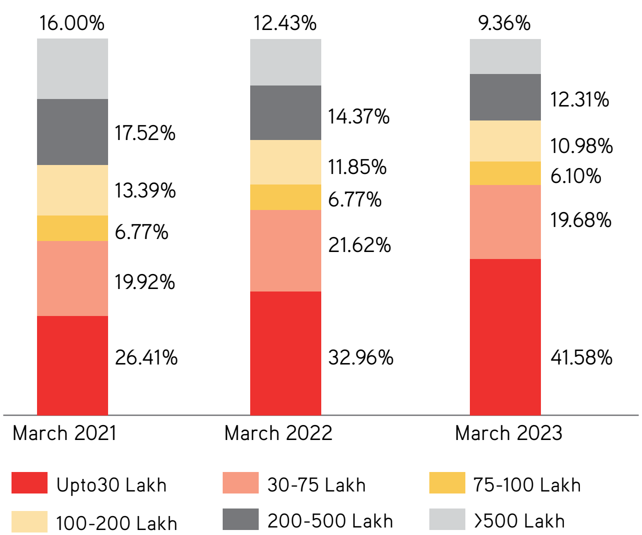
Individual housing loans

In the individual housing loan segment, we are focusing largely on the salaried class of customers. With an average ticket size of ₹29 lakh in FY23, the salaried segment accounted for 71% of the individual housing loan segment. During the year, we have introduced Straight Through Processing for the salaried segment, to fast-track the loan approval process for customers. Our conservative approach towards underwriting and disbursement led to an LTV for individual housing loans at 71% as on 31st March 2023.

ATS of individual housing loan



ATS of retail loan against property



Retail loan against property

Retail loans against property for the year saw a 40.9% increase in total disbursements to ₹3,146 crore. The segment accounted for 21% of the total disbursements during the year. With a focus on the granularisation of the book, the Average ticket size for the segment stood at ₹33 lakh reduced from ₹36 lakh as on 31st March 2022. The weighted average LTV was maintained below 50%. Further, the focus on the salaried segment resulted in a reduction in the self-employed segment to 73% of the retail LAP book as compared to 78% as on 31st March 2022.

Retail non-residential premises loan (NRPL)

Retail NRPL includes loans given for the construction of commercial properties. With ATS of ₹37 lakh for the year reduced from ₹39 lakh as on 31st March 2022, the segment accounted for 4% of the total loan asset at the end of the financial year under review.

Affordable Segment - Roshni

Aligned with the Central Government's mission of 'Housing for All', the affordable segment was launched under the brand 'Roshni', to fulfil every individual's aspiration of owning a home. Roshni is proof of the company's dedication to last-mile financial inclusion and is designed to cater to the needs of aspiring homebuyers who are looking for affordable financing options. The target average ticket size for this segment is ₹15-17 lakh. With dedicated 82 branches in 150+ districts and over 500+ locations across the country, the business is concentrated in 8 regions based on potential demand. Under this programme, loans ranging from ₹5 lakh to ₹35 lakh are provided for the purchase of a home, self-construction, home extension/renovation, plot purchase plus construction, loan against property, and other purposes. The underlying objective of Roshni is to widen the customer base by including new-to-credit applicants, with a household income starting as low as ₹10,000 a month and having serious intent to pay. Roshni offers a customer-centric approach to housing finance, with a robust service delivery model, minimal formal income documentation, flexible loan tenure, high loan-to-value ratio and competitive interest rates, backed by a trusted brand with close to four decades of experience.

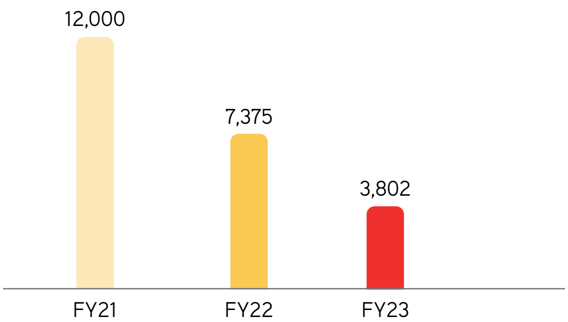
82

Dedicated Roshni branches as on 31st March 2023

CORPORATE LOANS

As a strategy, the Company was reducing its corporate book which has declined by 48% in FY23. The corporate book is at 6.4% of Loan Asset as on 31st March 2023 as compared to 12.7% as on 31st March 2022. **As of 31st March 2023, the corporate book accounted for ₹3,802 crore of the Loan Asset.**

Corporate loans (₹ crore) (% of Total Loan Asset)



FY21	FY22	FY23
19%	12.7%	6.4%

Diverse distribution channels with widespread geography mix

As a de-risking strategy, we have a multi-channel sourcing model, with a wide geographic spread. We source our business primarily through two channels - the in-house team and Direct Selling Agents (DSAs). We continue to introduce innovative digital tools and strategies to enhance the productivity of both channels.

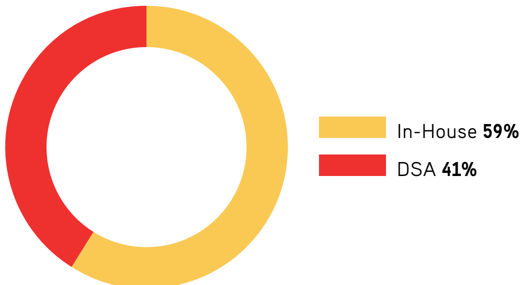
Some of our impactful initiatives

- Implemented acquisition strategy to enhance sales capabilities by focusing on branch performance, identifying non-performing branches, setting targets, and improving overall productivity.
- Enhanced customer lifecycle management, encompassing lead generation, streamlined application processing, efficient customer servicing, effective cross-selling, robust retention strategies, and strengthened collection processes.
- Contact centres serve as an additional distribution channel, seamlessly integrating digital marketing leads into the lead management system, and providing pre-qualified leads to support our customer relationship officers.
- Implemented channel engagement initiatives to strengthen the share of the DSA channel. Energised DMA partners in the previous fiscal year, leveraging a balanced mix of proprietary and DMA channels. Strengthened relationships with partners by meeting their specific requirements. Expanded business by engaging corporate and smaller DMAs.
- Created a dedicated channel for our affordable housing business, 'Roshni'. We have dedicated branches to drive our business operations through this channel.

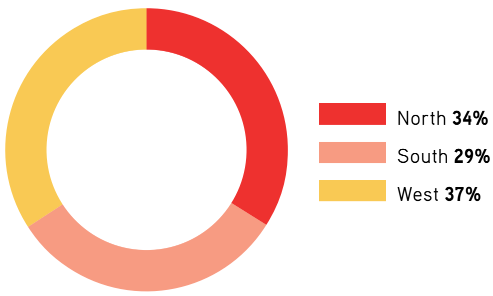
41%

Of business received from DSA channel in FY23

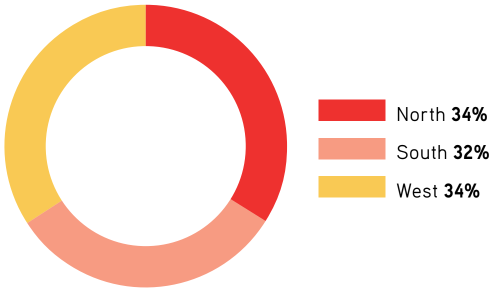
Disbursement origination



Loan Asset geographical breakup



Disbursement geographical breakup



Overall, we have made great strides in expanding our geographical presence, with a wide network across 138 cities and 20 states and UTs in India. As of 31st March 2023, we have established a presence through 162 branches, 27 outreaches and 22 hubs for credit decision-making. In addition, with over 14,000 active channel partners for loans and deposits, we are attractively positioned to serve the needs of a diverse range of customers across the length and breadth of the country. These achievements are a testament to the Company's commitment to providing accessible and affordable housing finance solutions to our customers.

Branches & Outreaches

MARKETING STRATEGY

We have developed a well-defined marketing roadmap based on three objectives to maximise growth – sourcing support for the retail & affordable housing business areas, building the corporate brand reputation and establishing brand salience through sustained awareness and engagement initiatives. By adopting an omnichannel approach leveraging both offline and online marketing techniques, we are focusing on full-funnel targeting to achieve greater visibility for the brand.

As consumers are relying more on online platforms to manage their finances, businesses need to strengthen their digital strategies to remain responsive to the rapidly evolving market dynamics. Our digital and social media strategies are designed to capture consumer attention at various touchpoints and cater to their changing preferences by creating compelling content to maximize its reach and impact.

Our ISO-certified contact centre has developed as a crucial mode for customers to get quick service, right from enquiries to complaints to fraud reporting. We have a strong team of 60+ executives that source pre-filtered leads for the in-house sales channel, generating over sixty thousand OTP-verified loan enquiries per month. Our lead-to-login conversion rate is close to 25% which is much higher than the industry average.

Additionally, we also work with new-age online business partners like Paisabazaar, LoanTap, NoBroker, Andromeda, Spoctree, etc. to generate new leads from their customer base.

HOW WE PLAN TO DO IT!

- **Community Building**
  Social media and moment marketing based video content for high engagement and brand love to enhance brand imagery
- **Affinity based media**
  High affinity media selection based on geographical location - print, TV, radio, OOH, digital
- **Golocal**
  Content localisation and focus on regional media for improved consideration levels
- **Multi-platform marketing campaigns**
  Leveraging both online and offline platforms to generate better visibility for the brand
- **Reputation management**
  Sustained efforts for building a positive reputation through PR engagement
- **Performance-led acquisition strategy**
  Blogs, SEO, SEM, emails, affiliate marketing, social media marketing

PHFL HOME LOANS & SERVICES LIMITED (PHFL)

With a view to reduce our dependence on external sources for new customer acquisition, we floated a wholly-owned subsidiary for sales and distribution for PNB Housing Finance. PHFL accounted for 74% of the disbursements during the year under review.

Centralised Operations

Our Centralised Operations team ensures operational excellence and is divided into two business units: Central Processing Centre (CPC) and Centralised Operations (COPS).

The CPCs are located in Mumbai, Bengaluru, and Noida and serve as the repository for customer documents such as loan files, deposit applications, repayment pouches, and business partner applications. The CPC handles around 16,000 service requests each month including loan closure and refund claims, within pre-defined timelines. As a responsible lender, we ensure the safety of sensitive data and have digitised customer records for security. We have scanned and stored original loan documents of all 2.76 lakh customers on the cloud, thus providing faster service and mitigating the risk of loss or transit damage of original documents.

The COPS team processes deposit insurance reconciliation, pay-out processing, customer correspondence, and channel partner empanelment. We provide a paperless environment, where deposits are processed through images, and payments are made electronically, among other improvements. During the year, we mobilised fixed deposits from over 76,000 customers with an average TAT of t+1 days from cheque clearance to the issuance of FD receipt.

ENABLING DIGITALISATION TO SMOOTHEN THE PROCESS

We have fully embraced digitalisation across all aspects of our business, recognising its profound impact on our customers and internal operations. By continually improving our digital landscape, we aim to elevate our customer service and enable data-driven decision-making throughout our value chain.

In line with this commitment, the company has implemented cutting-edge technology and security solutions. The existing digital landscape is being rapidly modernised to meet the scalability and agility requirements of our growing business. To manage information security risks, we have implemented an Information Security Management System certified to ISO 27001:2013 industry standards. We have also bolstered our cyber security posture through the implementation of various controls, tools, and policies.

We have centred our digitalisation efforts around four pillars – enhancing operational efficiency, digital transformation, compliance and information security, and customer experience enhancement.

Key initiatives undertaken during the year

We have implemented various micro initiatives aimed at improving stability and optimising processes. These initiatives involve streamlining workflows, eliminating bottlenecks, and automating manual tasks. By identifying areas of improvement and implementing targeted solutions, we aim to enhance the overall efficiency of our operations.

Digital transformation: We have invested significantly in digital transformation and around below focus areas:

- Sales and distribution: We are building digital tools to drive the productivity of our distribution team – both in-house and DSA/DMAs. This will help our partners right from onboarding to training to lead management to conversion.
- Underwriting: We have successfully implemented the business rule engine to automate our credit rule book, enabling us to standardize and streamline our underwriting process. By eliminating subjectivity, we have achieved greater consistency in our credit assessments and have begun to implement straight-through processing for select customers, improving our operational efficiency and enhancing the customer experience.
- Customer service: We are launching various touch points for engaging better with our customers. We revamped our customer portal ACE 2.5, launched our mobile app, and integrated NPS into our customer survey channels.

- Compliance and information security: We are migrating towards Zero Trust Architecture where every transaction will be validated in a seamless manner.
- Customer experience: We are committed to enhancing our customers' digital experience by creating a cutting-edge digital asset. We have revamped our customer portal and also launched a customer mobile app (for both Android and iOS users) that provides complete visibility of loans, deposits and all relationships of a customer with PNBHFL. These digital platforms also provide several self-service options like downloading schedules, tax certificate, loan account statement and initiate changes to communication address etc. We have seen improvement in customer usage of these platforms given the seamless experience that is now being delivered to our customers. For the first time, we have also proactively delivered the income tax provisional certificates to our customers on WhatsApp during January and February period to simplify access to these critical documents for our customers. As part of our customer-centric approach, we are also in the process of launching a WhatsApp bot to facilitate easy communication with our customers.
- Introduced new technology: We embraced a new initiative into technology by implementing ALGO, a digitised credit policy administration initiative, integrating a robust business rule management system with core processing systems for housing loan disbursements. This enhanced operational efficiency, enabling seamless STP of home loan applications through API-based decision making and dynamic rule-based assessments using FICO rule engine.

Technology Initiative of the Year

Given for ACE at Mint|TechCircle Business Transformation Award 2022

CUSTOMER CENTRICITY

We remain committed to delivering unparalleled customer service that reflects our unwavering dedication and professionalism. At the core of our onboarding, engagement, and retention activities lies customer service, which we consistently strive to enhance. Our omnichannel approach ensures that customers can engage with us at their convenience, whether through our branches, contact centres, email, or customer portal.

70%

Of monthly requests availed through digital channels during FY23

Despite having an extensive customer database, we faced challenges with customer retention due to the general macroeconomic conditions and rate hikes. To address this issue, we created a "retention war-room" to proactively educate our customers about current trends, elaborate on the best available options, and assist them in making informed decisions. These efforts have proven fruitful as we successfully reduced the run off percentage from 24% in FY22 to 19.4% in FY23.

We take pride in TALISMA, our ERP-integrated customer relationship management module, which enables us to benchmark turnaround time and maintain our service delivery within the promised timeframes. Our simplified IVR call menu and its self-service options extend round the clock. The system even identifies the caller's phone number, helping reduce verification layers. Our 'call back' option introduced in FY22, has enhanced customer experience and also ensured zero missed calls.

Wait Time – 1 min 14 secs

Which reduced from 3 mins in FY22

Over 62,000 beneficiaries/borrowers have received PMAY subsidy over a period of 6 years. PNB Housing Finance has helped these borrowers in their journey of building their dream homes. Furthermore, we introduced video KYC, providing an end-to-end digital, paperless, and zero-contact customer onboarding process. It also helped us control customer drop-off rates and reduce turnaround time, providing a touchless transaction option for our customers. We have also provided critical documents like our Fair Practice Code in vernacular languages for customer convenience and ease.

One of the key retention strategies for the year was offering pre-approved top-up loans to our customers. We created a dedicated underwriting team for top up loans to help in upselling and improving our books. Besides this, we have started disbursing loans through RTGS and introduced eNACH for EMI payment to provide ease of service to our customers.

We have also taken steps to train our channel partners and sensitise them towards customer complaints. This has effectively reduced escalation of grievances to the next level by 21% in FY23, and facilitated regional level grievance redressal structure.

In addition to the above, we have also taken the following steps to improve our customer centricity:

- Enabled banker platform (Major banks are now equipped to facilitate this payment mode)
- Enabled QR Code and UPI for faster payments
- Participation in monthly forums of NHB where we come to know about best practices from other players and implement it to improve customer service
- Introduced a multilingual website, available in 6 vernacular languages – Hindi, Marathi, Tamil, Telugu, Malayalam and Kannada
- We have enabled documentation in Braille for visually impaired customers
- Completed digitisation of historical documents of customers

We believe that these initiatives will help us to further improve our customer service and provide our customers with the best possible experience.

FINANCIAL PERFORMANCE

Consolidated performance indicators (as per Ind AS)

Particulars (₹ in crore)	FY 2022-23	FY 2021-22	Change
Net Interest Income*	2,345.54	1,868.92	25.5%
Fee and Commission Income (Net of Fees and Commission Expense)	271.74	251.43	8.1%
Other Income	2.33	4.8	
Gross Income	2,619.62	2,125.15	23.3%
Operating Expenditure	519.78	456.97	13.7%
Impairment on assets held for sale	47.65	7.86	
Operating Profit	2,052.19	1,660.32	23.6%
Impairment of Financial Instruments and Write Offs	691.28	576.36	19.9%
Profit Before Tax*	1,360.91	1,083.96	25.5%
Profit After Tax*	1,046.00	836.48	25.0%
Other Comprehensive Income (Net of Taxes)	77.06	97.3	-20.8%
Total Comprehensive Income	1,123.06	933.78	20.3%
Basic Earnings Per Share (₹)	62.01	49.64	

*Net Interest Income, Profit Before Tax & Profit After Tax increased by more than 25% on account of higher yield and lower interest expense.

Key financial ratios

Particulars	FY 2022-23	FY 2021-22	Change
Average Yield	10.28%	9.42%	86 bps
Average Cost of Borrowing	7.47%	7.30%	17 bps
Spread	2.81%	2.12%	69 bps
NIM	3.73%	2.80%	93 bps
GIM	4.06%	3.16%	90 bps
Cost-to-Income	18.67%	20.24%	(157) bps
Return on Asset	1.61%	1.24%	37 bps
Return on Equity	9.98%	8.92%	106 bps
Total Provision/Total Asset Ratio	2.42%	4.42%	(200) bps
Gearing (x)	4.87	5.37	(50) bps
Book Value Per Share	652.26	585.51	
CRAR*	24.43%	23.40%	103 bps
Tier I Capital	22.40%	20.73%	167 bps
Tier II Capital	2.03%	2.67%	(64) bps
Risk-Weighted Asset (₹ in Crore)	42,289	40,604	4.10%

*Provisional Post Rights Issue CRAR is ~30%

Enhancing our underwriting capabilities

Over the past few years, we have made consistent efforts to strengthen our underwriting capabilities. We have used advanced analytics and digital tools like Fusion, Perfios, Hunter, and Credit Vidya to make the process more robust and accelerate the approval process. In addition, we have implemented a green channel processing system for high-quality loans. This system allows us to approve loans quickly and efficiently, while still maintaining our high standards of creditworthiness. We have also implemented a straight-through-processing (STP) journey for both Roshni and Prime segments, but with different credit guidelines as per the segment. This has helped us to improve the efficiency of our underwriting process and reduce the time it takes to approve loans.

How are we strengthening 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

Our scalable hub and spoke model is designed to facilitate customer acquisition and servicing through integrated modes of communication, ensuring a seamless experience and expedited issue resolution. We have established regional decision-making hubs that enable efficient credit appraisals, loan decision-making, and underwriting vendor platforms. These platforms assist our partners on the go, leveraging various tools to streamline processes. In our post-disbursement activities, we prioritize customer convenience and efficiency, with an impressive 93% resolution rate within the specified turnaround time (TAT). This customer-centric approach enhances satisfaction by addressing requests promptly and fostering a smoother experience throughout the customer journey.

Our credit underwriting, monitoring, and collection processes are well-established and streamlined. During loan underwriting, we perform KYC checks, credit history assessments, and verify income through salary slips or tax returns. The Financial Crime Unit (FCU) conducts customer verification, while technical valuations and checks ensure accuracy. Loan disbursement involves executing loan agreements, preparing equitable mortgage documents, and setting up electronic clearance instructions for EMIs. Portfolio monitoring includes analysing delinquency aging and early warning indicators for loans with higher delinquency rates. For asset recovery, we employ soft collections, repayment demands, field visits, and review of security documents. Severe delinquencies lead to hard collections and SARFAESI actions, such as notice issuance and property auctions. Our comprehensive approach ensures efficient credit management and effective recovery.

As a result of these efforts, we have been able to achieve a high level of delinquency arrest. In the last couple of years, we have arrested 97-98% of opening delinquency. We have also maintained a strong legal record, with no major legal issues in the last couple of years.

We are committed to providing our customers with the best possible underwriting experience. We will continue to invest in our underwriting capabilities and strive to be the leading provider of underwriting services in the industry.

Efficiently driving recovery to strengthen asset quality

Asset quality has remained one of the key concerns for the company in the past few years. We realigned our recovery process with the target to enhance overall quality of the book. We automated the collection system with rule-based engine and use of advanced analytics. We bucketed the risky assets through stringent portfolio monitoring and arrested slippages. We focused on the initial bucket and deployed host of initiatives like tele calling, phone and text alert. We introduced digital repayment channels for ease of recovery. We strictly implemented SARFAESI for NPAs and embarked on prompt notice issuance, possession and auction of properties. All these efforts have helped in improving the asset quality; our gross NPA reduced by 430 bps to 3.83% as on 31st March 2023 from 8.13% as on 31st March 2022.

98.6%
Retail collection efficiency

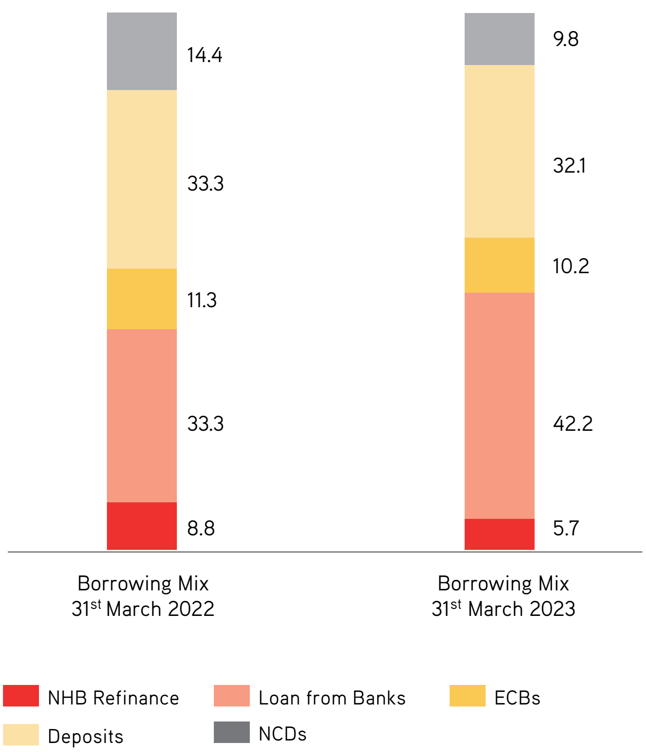
3.8%
Gross NPA for FY23

FUNDING MIX

Fund is the key raw material for any financing company. Our funding mix comprises debt market instruments [non-convertible debentures (NCDs) forming around 10%, of the funding mix as on 31st March 2023], deposits around 32%, bank borrowings around 42%, National Housing Bank refinance around 6%, and external commercial borrowings around 10%. The increase in borrowing cost in the market led to an overall increase in our cost of funds. About 67% of our resources are in the floating category, helping replace and reprice whenever there is an attractive opportunity.

During the year, ICRA, CRISIL and India Rating updated the credit rating outlook for the debt instruments and banking facilities to 'Stable' from Negative. Further in Q4FY23 the Company has raised ₹150 crore of NCDs and 50 crore of Commercial Papers. The Company will endeavour to look for further diversifying the funding mix.

Well Diversified Borrowing Profile



7.47%

Average cost of borrowing for FY23

112%

Average liquidity coverage ratio for FY23 maintained against stipulated 60%

Making our balance sheet robust

We have further strengthened our balance sheet through deleveraging initiatives and reducing the load of high-risk weight assets on our capital. The gearing as on 31st March 2023 stood at 4.87x against 5.37x reported as on 31st March 2022. Our CRAR stood for the year was 24.43% as on 31st March 2023, much beyond the limit mentioned by the RBI.

Liquidity and asset-liability management

To finance our growth, we utilised various resources such as long-term bank borrowings, CP, NCDs, and deposits. To ensure liquidity coverage for a minimum of three months, we maintained sufficient liquidity throughout the year. As of 31st March 2023, we had surplus liquidity of over ₹4,000 crore and additional sanctioned but undrawn lines of more than ₹2,500 crore.

Bank borrowings

Bank borrowings remained the largest source of funds for the Company. During the year, we borrowed ₹11,738 crore as long-term loans from both private sector and public sector banks. We also have ₹5,900 crore of sanctioned working capital limits from various banks. Our total outstanding bank loans as on 31st March 2023 stood at ₹22,654 crore, accounting for around 42% of the total borrowing.

Deposits

We are the third largest deposit book holder housing finance company in the country. We also provide loan against deposits. During the year, we sourced gross deposits to the tune of ₹6,068 crore. Deposit contributes around 32% to the total borrowing.

Non-convertible debentures

The Company reinitiated borrowing through wholesale debt market in Q4 FY23 and mobilised funds through NCDs. The Company mobilised ₹150 crore in FY23 against ₹455 crore in FY22 through the issuance of secured, rated and listed NCDs. The Company plans to increase its borrowings through NCD in the next financial year.

External commercial borrowings

No fresh ECB was raised during FY23. The outstanding balance of ECB stands at ₹5,508 crore as on 31 March 2023.

Securitisation

The outstanding Loans Sold/Assigned amounted to ₹7,186 crore as on 31st Mar 2023. During the FY23, the Company did not securitise any new loan and currently there are no plans to securitise. The plan is to grow the retail book going forward.

NHB refinancing

During the FY23, the Company didn't avail any refinancing facilities from NHB. The balance outstanding of facilities availed from NHB is ₹3,046 crore.

RISK MANAGEMENT

Effective management of risk is an integral component of our business strategy. To ensure that we address potential risks and uncertainties across our business and portfolios, we have established a comprehensive risk management process at PNB Housing Finance. Our risk management framework is implemented across all functions and enables us to manage and mitigate risks effectively. Our risk management approach includes various measures such as risk assessment, risk appetite framework, risk planning, risk culture, internal controls, and robust governance.

The Risk Management Committee of the Board regularly reviews the effectiveness of our risk management framework and takes necessary corrective actions. The key business risks we face include credit risk, liquidity risk, reputation risk, and technology risk. We remain vigilant in identifying and addressing these risks to ensure sustainable growth for our business.

Key Risks	Our Response
Credit Risk	
A risk that a company faces when its customers or counterparties fail to meet their obligations to the company, including making full and timely payments of principal, interest, and other receivables. The failure of customers to meet their obligations can result in significant financial loss for the Company.	We established a robust framework that identifies, assesses, measures, monitors, controls, and reports credit risks in an effective manner. We are fixing accountability of business units for effective credit risk governance and customising risk measurement approaches for various portfolio segments/sub-segments to ensure the risk is appropriately assessed. We can now observe early warning signs of delinquency and taking proactive measures to maintain asset quality. Further we are consistently reviewing Key Risk Indicators (KRIs) of concentration and delinquency to stay ahead of potential risks and reviewing and aligning underwriting policies and processes with the dynamics of the business environment at micro levels to ensure risk mitigation strategies are up to date.
Market Risk	
A potential financial loss a company may face due to adverse changes in the value of its assets and liabilities resulting from fluctuations in market variables such as interest rates, foreign exchange rates, credit spreads, implied volatilities, and asset correlations.	To manage our liquidity effectively, we have invested in short-term Fixed Deposits (FDs), as well as short duration Mutual Funds like Overnight Funds, Liquid Funds, and Money Market funds. In compliance with Liquidity Coverage Ratio (LCR) regulations for housing finance companies, we have been investing in central Government securities. Keeping a close eye on the interest rate scenario, we have invested in Government Securities of shorter durations to avoid potential Mark-to-Market (MTM) losses due to rising interest rates. With a proactive approach to liquidity management, we ensure financial stability and can navigate market volatility with ease.

Key Risks	Our Response
Reputation Risk	
The actions, decisions, or events that affect customer trust in a brand. It can arise from a range of factors including poor customer service, ethical breaches, negative media coverage, or involvement in controversial activities.	We continuously engage with all stakeholders, including employees, customers and suppliers, to identify potential risks and implement preventive measures. We have a dedicated team that can be tasked with addressing customer complaints and resolving issues in a timely manner. Additionally, a mechanism for recording and reporting risks helps us track the risk exposure and develop effective mitigation strategies. By taking proactive steps to identify and manage operational risks, we protect our reputation, reduce losses, and improve our overall performance.
Liquidity Risk	
The Company's inability to meet its financial obligations due to inadequate financing. To manage this risk, companies need to assess potential gaps and maintain adequate reserves. It involves adjusting financing strategies in response to market conditions. Proactive risk management can help companies avoid financial disruptions and ensure they have the resources to support their operations	To mitigate the risk, we hold optimal liquidity levels to manage our business requirements and maturing debt obligations. It also secures longer-term debt to manage the asset-liability mismatch. Projected cashflow planning is discussed with the business to ensure adequate flow of funds. In addition, a 'liquidity contingency plan' is in place to address any adverse liquidity position. We maintain relationships with various debt providers to manage the reputation and employ a diversified and sustainable funding mix. To further support these measures, a strong market feedback mechanism is utilised by the Asset Liability Committee (ALCO) to discuss and implement policy tools.
Technology risk	
The risk arises from the potential loss or disruption to the Company's operations due to outdated systems, system failures, and the ever-evolving cyber threat landscape which includes risks associated with data privacy, cybersecurity, and continuity of business operations.	We have aligned several strategies in place to mitigate the technology risk. We are committed to continuously upgrading and investing in technology and security to ensure that systems are up-to-date and can handle continuously evolving cyber threats. Systems are constantly monitored for uptime and health, and disaster recovery sites have been created for seamless operations in case of system failure. We have in place well-articulated Information Security Policy, Cyber Security Policy, Cloud Security Policy and Cyber Crisis Management Plan to support our well-established Information Security Management System Framework to protect the business information across layers.

INFORMATION AND CYBER SECURITY

At PNB Housing Finance, we recognise that in today's digital era, customer information is a highly valuable asset, and it is our utmost responsibility to take preventive measures and ensure security of circulating information. Following the principle of "defence in depth" for implementing security controls, we have implemented multi-layers controls for identification, prevention, detection, and response to various cyber security threats we face today.

Our risk-centred approach, backed by the Information Security Policy, Cyber Security Policy, Cloud Security Policy, and Cyber Crisis Management Plan, reinforces our well-established Information Security Management System Framework to ensure the protection of business information across all layers, including Network, Endpoint, Perimeter, Application, Data, and Human layers. The IT Strategy Committee and Information Security Committee, led by Independent Directors, oversee cyber security risks using cyber security risk and performance indicators to assess the implementation and effectiveness of various cyber security controls.

We engage industry experts to perform comprehensive vulnerability assessments and penetration testing of underlying infrastructure, applications, and supporting network components to test and improve the implemented control measures. Our Business Continuity Policy, Disaster Recovery site in tandem with backup controls ensure continued availability of information. Implementation of Next Generation Firewall along with 24x7 Security Operations Centre (SOC) and End Point Protection (EPP) software help us protect our externally facing and internal IT environment from various threats. We also continuously monitor our brand and data for any leakage over social media and dark web with help from service provider in addition to restricting internal server to server communication only on authorized ports and services. Considering the criticality of data we process, we have also deployed Data Loss Prevention (DLP) solution for monitoring and restricting data loss either from endpoint, network, or web gateway. DLP solution is complemented with Web Proxy solution to restrict users from accessing non-work-related websites. With use and adoption of multiple digital applications we have also implemented Web Application Firewall for all Internet facing applications. To empower employees to work from anywhere, most of the users have been provided with Laptops, which are secured with Full-Disk encryption and users are made aware of various Do's and Dont's of Information Security on regular basis. With our dependence on multiple business partners, we also ensure that similar security controls are practiced in safeguarding sensitive information. Cyber security simulation exercises are done at regular intervals to make all stakeholders aware of the actions that needs to be taken in an event of cyber, infrastructure or natural disaster. We continue to enhance our security controls and keep abreast with industry leading practices.

BUILDING TRUST THROUGH INVESTOR ENGAGEMENT

At PNB Housing Finance, we prioritise continuous engagement with our investors to understand their needs and expectations. Our investor outreach program is designed in alignment with their requirements and includes regular interactions such as updates, conferences, meetings, and non-deal roadshows. Our dedicated investor relations (IR) team actively engages with investors, meeting with numerous funds and research houses during the year. We ensure timely dissemination of material events including quarterly, half-yearly, and annual results through email, accompanied by detailed investor presentations and press releases. Earnings calls are conducted each quarter, providing important business and financial updates and addressing market participant queries. Furthermore, our website features a concise two-pager factsheet under the Investor Relations section, offering a quick overview of our company.

INTERNAL CONTROL SYSTEM

The Company has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. Internal Audit Department (IAD) independently carries out the evaluation of the adequacy of all internal controls. Risk-based internal audit has been implemented in the Company which encompasses all the functions, processes, products, and operation across geography. IAD ensures that operation and business units adhere to laid down internal processes and procedures as well as to regulatory & legal requirements and recommends improvements.

The Company has adequate internal controls and processes with respect to its financial statements which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. It also has a mechanism of testing the financial controls at regular intervals for their design and operating effectiveness.

The Company has been declared an NBFC under upper layer as per the scale based regulatory framework, with enhanced risk control and compliance requirement which is implemented in the Company.

CAUTIONARY STATEMENT

This Annual Report contains forward-looking statements that relate to the implementation of strategic initiatives and provide information on our business development and commercial performance. While we believe these statements reflect our judgment and future expectations, it's important to note that a range of factors beyond our control could cause actual results to differ materially from what we anticipate. These factors include economic conditions, government regulations, natural disasters, and other important considerations. As a result, PNB Housing Finance cannot guarantee the accuracy of these forward-looking statements, and we undertake no obligation to revise them to reflect future events or circumstances.

DIRECTORS' REPORT

Your directors welcome the Shareholders and take pleasure in presenting the 35th Annual Report together with the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023.

FINANCIAL RESULTS (CONSOLIDATED)

(₹ in crore)

Particulars	March 31 2023	March 31 2022
Total Income	6,529.66	6,200.73
Total expenditure	5,168.75	5,116.77
Profit before tax	**1,360.91**	**1,083.96**
Less: Provision for Tax		
- Current year	87.78	249.15
- Deferred Tax	227.13	(1.67)
Profit After Tax	**1,046.00**	**836.48**
Other Comprehensive income (OCI)	77.06	97.30
Total Comprehensive income for the year	1,123.06	933.78
Transfer to Statutory / Special reserves	212.00	165.00
Balance carried to balance sheet	911.06	768.78

The standalone and the consolidated financial statements for the Financial Year ended March 31, 2023, forming part of this annual report, have been prepared in accordance with Ind AS notified under section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the National Housing Bank Act, 1987 as amended from time to time, the Master Directions Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 ('RBI Directions') as amended from time to time and the RBI circular DOR.CRE.REC. No.60/03.10.001/2021-22 dated October 22, 2021 on "Scale Based Regulation (SBR), a revised regulatory framework for NBFCs.

The Net Interest Income for financial year 2023 stood at ₹2,345.54 crore as compared to ₹1,868.92 crore, registering an increase of 26% year on year. The Pre provision Operating Profit increased by 24% to ₹2,052.19 crore from ₹1,660.32 crore.

The Credit cost including write offs for financial year 2023 was ₹691.28 crore registering an increase of 20% year on year.

The Spread on loans for financial year 2023 stood at 2.81% as compared to 2.12%. Net Interest Margin for financial year 2023 stood at 3.73% as compared to 2.80%. Gross Margin, net of acquisition cost for financial year 2023, was at 4.06% as compared to 3.16%. Return on Assets for financial year 2023 was at 1.61% as compared to 1.24%. Return on Equity for financial year 2023 was at 9.98% as compared to 8.92%.

During the year, the Company has transferred a sum of ₹45.00 crore to Special Reserve and a sum of ₹167.00 crore to the Statutory Reserves.

Capital Adequacy Ratio (CRAR)

The Capital Adequacy Ratio (CRAR) as on March 31, 2023 was 24.43% (comprising Tier I capital of 22.40% and Tier II capital of 2.03%). The Reserve Bank of India (RBI) has prescribed minimum CRAR of 15% of total risk weighted assets.

DIVIDEND

In order to conserve capital, your directors have not recommended any dividend for the year (Previous year nil). The dividend distribution policy is available on the website of the Company and can be accessed at https://www.pnbhousing.com/investor-relations/corporate-governance/.

RIGHTS ISSUE

The Board of Directors on March 9, 2022 had authorized the Company for Rights Issue up to ₹2,500 crore. On March 28, 2023 the Board approved issue of 9,06,81,828 fully paid-up Equity Shares each for amount aggregating up to ₹2,493.76 crore. The Board fixed issue price of ₹275 per fully paid-up Equity Share (including a premium of ₹265 per Equity Share).

The Record date for Rights share eligibility was April 05, 2023. The issue opened for subscription on April 13, 2023 and closed for subscription on April 27, 2023. The Board allotted 9,06,81,828 fully paid-up Equity Shares each for amount aggregating up to ₹2,493.76 crore. Pursuant to the allotment, the paid-up equity share capital of the Company has increased from ₹1,68,86,18,680 comprising of 16,88,61,868 fully paid-up Equity Shares of ₹10 each to ₹2,59,54,36,960 comprising of 25,95,43,696 fully paid-up Equity Shares of ₹10.

The promoter, PNB subscribed ₹498.75 crore as per RBI approval dated June 2, 2022. Post Rights issue, promoter's shareholding in the Company is 28.15% (32.52% as on March 31, 2023).

Your Board wish to thank all the shareholders for the good response to the Rights issue, which was oversubscribed by around 1.21 times.

LENDING OPERATIONS

The Company is a Non-Banking Financial Company - Housing Finance Company (NBFC-HFC) and is engaged in financing purchase and construction of residential houses, loan against property and loan for other related purposes. All other activities revolve around the main business.

During the year, the Company has sanctioned loans amounting to ₹23,564 crore in respect of 71,839 loan applications, as compared to ₹17,495 crore in respect to 57,360 loan applications in the previous year, growth of 25% in number of loan applications sanctioned and 35% growth in loan sanctioned amount.

During the year, the Company has disbursed loans amounting to ₹14,965 crore as compared to ₹11,246 crore in the previous year, a growth of 33%.

During the year, the Company has accelerated growth with focus on retail loans which contributed 99% of total disbursements. The Company has built a separate affordable loan vertical called 'Roshni' with dedicated sales, credit, collection, and operation. The target ticket size of a loan under Roshni is ₹15-17 lakh. The affordable loan segment presence was expanded to 82 branches/outreaches in more than 150 districts. This segment will be one of the focus areas going forward.

Company's digital onboarding platform ACE was enhanced for improving distribution and customer experience. The Company has robust underwriting, monitoring, collection and risk management practices.

Loan Assets

Loan Assets as on March 31, 2023 were ₹59,273 crore as compared to ₹57,895 crore as on March 31, 2022 registering an increase of 2%. With focus on retail segment, during the year, the Company's retail loan book has grown by 10% from ₹50,520 crore to ₹55,471 crore, whereas the corporate loan book has declined by 48% from ₹7,375 crore to ₹3,802 crore. The retail book constitutes around 94% of the Loan Assets as on March 31, 2023.

The Assets Under Management (including securitized loan book) as on March 31, 2023 were ₹66,617 crore as compared to ₹66,983 crore as at March 31, 2022, a decline of 1% YoY.

Further details on lending operations are provided in the Management Discussion and Analysis Report.

Asset Quality

The overall Gross Non-performing Assets (GNPAs), declined by 430 bps to 3.83% as on March 31, 2023 as compared to 8.13% as on March 31, 2022. The retail and corporate GNPAs declined to 2.57% and 22.25% respectively as on March 31, 2023 as compared to 3.89% and 37.13% respectively as on March 31, 2022.

The overall Net Non-performing Assets (NNPAs), declined to 2.76% as on March 31, 2023 as compared to 5.06% as on March 31, 2022. The retail and corporate NNPAs declined to 1.74% and 18.24% respectively as on March 31, 2023 as compared to 2.85% and 20.21% respectively as on March 31, 2022.

The overall ECL provision coverage as on March 31, 2023 was 2.42% (retail loans 1.74% and corporate loans 12.28%).

PMAY Subsidy

During the year, the Company disbursed subsidy under PMAY scheme in 11,424 accounts with a sanction value of ₹2,140.44 crore. The total subsidy transferred to the beneficiary accounts amounted to ₹296 crore.

DISTRIBUTION

During the year, the Company expanded its branch network to 189 branches/outreaches (including 82 affordable loan branches/outreaches) an increase from 137 branches/outreaches (including 24 affordable loan branches/outreaches) as on March 31, 2022. Majority of new branches were opened in tier II and tier III cities to expand affordable loan business.

The Company has 22 underwriting hubs for credit decision making.

BORROWINGS

The outstanding borrowings as on March 31, 2023 were ₹53,651 crore as compared to ₹53,005 crore as on March 31, 2022. During the year, the Company has raised fresh resources of ₹24,451 crore from multiple sources.

Details of market borrowings are provided in the Management Discussion and Analysis Report and Notes to Accounts.

The Company is in compliance with the provisions of Chapter XI of RBI Master Directions for issue of Non-Convertible Debentures on Private Placement basis. The Company has been regular in payment of principal and interest on the Non-Convertible Debentures.

DEPOSITS

The Company has accepted public deposits as per RBI Directions as amended from time to time, erstwhile National Housing Bank Directions, 2010 and as per the provisions of the Act. 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 outstanding deposits (including accrued interest) as on March 31, 2023 were ₹17,247.90 crore (including intercorporate deposits of ₹1,722.54 crore) as against ₹17,687.05 crore (including inter-corporate deposits of ₹2,665.19 crore) outstanding as on March 31 2022, registering a decline of 2%. The Company has raised ₹6,068 crore of fresh deposits during the year.

The deposits of the Company have been rated AA (Outlook Stable) by CRISIL and CARE AA (Outlook Stable) by CARE.

Investment in SLR

The Company has maintained its Statutory Liquid Ratio (SLR) as stipulated under RBI Directions. The Company was having total SLR investments of ₹2,299.17 crore as on March 31, 2023. The Company has classified its SLR investments as per RBI Directions.

Unclaimed Deposits and NCDs

Out of the deposits which became due for repayment up to March 31, 2023, deposits worth ₹29.94 crore, including interest accrued and due relating to 1,575 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) established by the Central Government under section 125 of the Act. During the year, the Company has transferred an amount of ₹14.13 lakh to IEPF. The concerned depositors can claim the deposit from the IEPF.

During the year, there was no NCDs unpaid, remaining unclaimed after its due date. The Company is not required to maintain debenture redemption reserve on privately placed NCDs.

CREDIT RATING

During the year, ICRA, CRISIL and India Ratings upgraded the Company's rating outlook to 'Stable' from 'Negative'. The Company is rated AA 'Stable' from all the major rating agencies i.e. CARE, CRISIL, ICRA and India Ratings.

The credit rating on deposits, term loans, NCDs and commercial paper and migration during the year is disclosed in the General Shareholder Information- Annexure to Director's Report.

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 Reserve Bank of India, 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, Business Responsibility and Sustainability Report (BRSR) also forms part of Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The total amount allocated for CSR activities for financial year 2023 was ₹18.76 crore (including for PHFL Home Loans and Services Limited). Out of this, the amount spent was ₹11.76 crore on various CSR activities. A sum of ₹7.00 crore was transferred to Unspent CSR Account to carry out ongoing CSR activities.

Pehel Foundation (wholly owned subsidiary) is the implementation arm of the Company for CSR activities along with other partnering agencies.

During the year, the Company focused on healthcare initiatives to strengthen healthcare infrastructure across multiple locations, continued supporting projects for the welfare of construction workers, enabling access to formal education by strengthening school infrastructure, water conservation, livelihood generation for women and persons with disability.

Healthcare: Strengthening of Primary Health Centers, infrastructure at Community Health Centers, Eye Hospital, Govt. hospital for sick Newborn Care Unit, Operation of mobile medical care units, ambulance operation etc.

Education: Setting e-learning infrastructure in Govt. schools, STEM learning in Govt. schools, supported tribal school with digital learning, scholarship programs for the underprivileged, smart anganwadis, PNB Housing Finance Ki Paathshaala- a transformation project in Govt. School.

Environmental: Jal Khushhali, water conservation project, solar electrification in Govt. schools, providing safe drinking water in villages, setting community based sustainable drinking water systems, plastic waste management project.

Women Empowerment: Promoting women owned spice and snacks units, setting sanitary napkin manufacturing units, skill development of artisans in carpet sector, developed skill-based livelihoods of women.

The details are captured in Annexure 2 to Directors Report on CSR activities.

HUMAN RESOURCE

As on March 31, 2023 the Company had 1,690 full time employees on its rolls. There were 10 employees employed throughout the year, who were in receipt of remuneration of ₹1.02 crore or more per annum or receipt of remuneration of ₹8.5 lakh or more per month. The remuneration comprises salary, allowances, perquisites/ taxable value of perquisites, excluding 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 particulars of the top ten employees in terms of remuneration drawn and of the aforesaid employees are set out in the annex to the Directors' report. In terms of the provisions of Section 136(1) of the Act read with the rule, the Directors' report is being sent to all Shareholders of the Company excluding the annexure. Any Shareholder interested in obtaining a copy of the annexure may write to the Company.

Further, disclosures on managerial remuneration are provided in Annexure 1 appended to the Directors' Report. On-boarding of key positions and vacant positions at all levels across locations were made to ensure uninterrupted business operations.

The Learning and Development (L&D) team implemented a learning roadmap for employees on techno-functional and behavioural skills. The L&D team provided physical as well as virtual learning interventions for existing employees and new joinees.

Chief Financial Officer (CFO)

The Board appointed Mr Vinay Gupta as CFO with effect from October 26, 2022. Mr Kaushal Mithani was interim CFO from April 8, 2022 to August 23 2022 post resignation of Mr Kapish Jain as CFO with effect from April 7, 2022.

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, one complaint was received by the Committee, which is under investigation.

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 Act. 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, 2023.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In accordance with the provisions of Section 188 of the Act and rules made thereunder, the transactions with related parties are in the ordinary course of business and on an arm's length pricing basis, the details of which are included in the notes forming part of the financial statements. The particulars of contracts or arrangements with related parties as prescribed in Form No. AOC–2 of the Companies (Accounts) Rules, 2014, are annexed to this report. Details of related party transactions are given in the Notes to Accounts. The Policy on Related Party Transactions is published elsewhere in the Annual Report and is also placed on the Company's website at https://www.pnbhousing.com/investor-relations/corporate-governance/

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 this is covered under Environment, Social and Governance (ESG) section.

There were no foreign exchange earnings, and the Company has incurred foreign exchange expenditure of ₹235.74 crore during the year primarily on account of interest on borrowings from external sources.

Business Continuity

The Company has a Business Continuity Plan (BCP), designed to minimise operational, financial, legal, reputational, and other material consequences arising from a disaster.

The Business Continuity & Disaster Recovery policy at PNB Housing Finance is developed with intent to prevent, contain, and respond to potential disruptions that may impact the continuity of business/support processes performed by PNB Housing Finance, along with ensuring safety of PNB Housing Finance employees.

We have implemented multi-layered controls for identification, prevention, detection, and response to various cyber security threats we face today. We have applied safeguards for protection of customer information. We have framed information security policy, cyber security policy and cloud security policy to support information security management system and to protect business information at network, endpoint, perimeter, application, and human layer.

MAINTENANCE OF COST RECORDS

Being a housing finance company, the Company is not required to maintain cost records as per sub-section (1) of Section 148 of the Act.

UNCLAIMED DIVIDEND

As on March 31, 2023, dividend amounting to ₹7.07 lakh had not been claimed by Shareholders of the Company. The Company has been informing these Shareholders to claim unclaimed dividend.

EMPLOYEES STOCK OPTION SCHEME & RSU SCHEME

During the year, 2,44,572 Equity Shares of ₹10 each were allotted on exercise of ESOP options under ESOP Scheme 2016 and 2018. Further, 12,691 Equity Shares of ₹10 each were allotted on exercise of RSUs under RSU Scheme 2020.

Grant of fresh ESOS & RSUs

During the year, the Nomination and Remuneration Committee has granted 14,78,559 ESOPs under ESOP Scheme 2016 and 2020.

(6,78,559 options were granted at ₹345.30, 25,000 options at ₹345.20, 5,75,000 options at ₹444.05 and 2,00,000 options at ₹431.20).

During the year, the Nomination and Remuneration Committee has granted 25,000 RSUs under RSU Scheme 2020 at ₹10 per option.

There has been no variation in the terms of the options granted under any of these schemes and all the schemes are in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended. The certificate from the Secretarial Auditors confirming that ESOS Schemes have been implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Shareholder's resolutions has been obtained and will be available for inspection of the Shareholders at the ensuing Annual General Meeting ('AGM'). The Nomination and Remuneration Committee monitors the compliance of these Schemes. The disclosures as required under the regulations have been placed on the website of the Company at https://www.pnbhousing.com/investor-relations/updates-events/.

REGULATORY INTERVENTIONS

The RBI vide circular dated September 30, 2022 has classified PNB Housing Finance in Upper Layer (NBFC-UL) category under Scale Based Regulation (SBR) for NBFCs issued on October 22, 2021.

The Companies classified under NBFC-UL are required to implement a comprehensive scale based regulatory framework covering internal capital adequacy assessment process (ICAAP), common equity Tier I, leverage, differential standard asset provisioning, concentration of credit and investment, sensitive sector exposure, large exposure framework, restriction on loans to directors, their relatives and senior officers, enhanced disclosure in annual report, core financial services etc.

The RBI has issued following circulars under scale-based regulation (SBR) for NBFC-UL in Financial year 2022.

Compliance function and role of Chief Compliance Officer (April 11), restriction on loans and advances to directors and senior officers (April 19), capital requirements (April 19), large exposure framework (April 19), disclosure in financial statements-Notes to Accounts (April 19), compensation of KMPs and senior management (April 29) and provisioning for standard assets (June 06).

The Company has requisite policies in compliance with NBFC-UL requirements and is in compliance with the various circulars issued by RBI for NBFC-UL.

Regulatory Compliance

The Company has implemented RBI Directions as amended from time to time and other directions/guidelines prescribed by RBI 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, guidelines on maintenance of Liquidity Coverage Ratio (LCR), transfer of loans and know your customer and anti-money laundering.

During the year, the Company has not made any application and no proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016). The Company has not entered into one-time settlement for any loans availed from the Banks or Financial Institutions.

POLICIES AND CODES

During the year, the Company has revised its policies as required in terms of provisions of the Act, RBI Directions, Listing Regulations and Insider Trading Regulations issued by the SEBI and placed all the statutory policies on its website at https://www.pnbhousing.com/investor-relations/corporate-governance/

DIRECTORS

During the financial year, the Board on the recommendation of Nomination and Remuneration Committee made the following appointments of Directors.

a) Mr. Atul Kumar Goel (DIN: 07266897) was appointed Non-Executive Nominee Director with effect from April 28, 2022. The appointment was approved by the shareholders in the 34th AGM on July 26, 2022. He is nominee of Punjab National Bank and is liable to retire by rotation.

b) Mr. Girish Kousgi (DIN: 08524205) was appointed Managing Director & CEO with effect from October 21, 2022. The appointment was approved by the shareholders through postal ballot on December 22, 2022 for a term of 4 years effective October 21, 2022. He is not liable to retire by rotation.

c) Mr. Pavan Kaushal (DIN: 07117387) was appointed Independent Director with effect from October 27, 2022. The appointment was approved by the shareholders through postal ballot on December 22, 2022 for a term of 3 years effective October 27, 2022. He is not liable to retire by rotation.

d) Mr. Dilip Kumar Jain (DIN: 06822012) was appointed Non-Executive Nominee Director with effect from November 04, 2022. The appointment was approved by the shareholders through postal ballot on December 22, 2022. He is nominee of Punjab National Bank and is liable to retire by rotation.

During the year, following Directors have resigned from the Board or completed their term.

a) Mr Ashwani Kumar Gupta (DIN 00108678) completed his five years term as an Independent Director on May 11, 2022.

b) Mr. Hardayal Prasad (DIN: 08024303) resigned as Managing Director & CEO with effect from October 20, 2022.

c) Mr Binod Kumar (DIN 07361689) resigned as Non-Executive Director with effect from October 21, 2022. He was nominee of Punjab National Bank.

Your Board wishes to place on record its sincere appreciation for the contributions made by these directors on the Board and also on various Committees of the Board.

In accordance with the provisions of the Act and Articles of Association of the Company, Mr Sunil Kaul and Mr. Atul Kumar Goel will retire by rotation at the ensuing AGM. They are eligible for re-appointment and your Board recommends their re-appointment.

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 Act. The Company has also received a certificate from the Practising Company Secretary confirming that none of the directors have been debarred or disqualified.

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Act that he/she meets the criteria of Independence laid down in the Act and Listing Regulations as amended.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, and expertise. All the Independent Directors of the Company have registered their names with the data bank created for Independent Directors.

The details on the number of Board/ Committee Meetings held are provided in the Corporate Governance Report, which forms part of this report.

The evaluation of the Board, its committees and individual Directors was carried out in terms of the provisions of the Act and Listing Regulations. (Refer Corporate Governance Report).

STATUTORY AUDITORS

The Reserve Bank of India has issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) on April 27, 2022.

The Shareholders in the 33rd AGM have appointed M/s. T R Chadha & Co, LLP, Chartered Accountants (ICAI Firm Registration No. 006711N/N500028) and M/s. Singhi & Co., Chartered Accountants (ICAI Firm Registration No. 302049E) as the Joint Statutory Auditors of the Company for a period of three years from the conclusion of 33rd Annual General Meeting till the conclusion of the 36th AGM of the Company.

During the year, the Statutory Auditors were paid remuneration of ₹1.08 crore (The subsidiaries Statutory Auditor was paid remuneration of ₹0.09 crore). 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.

In addition, the Statutory Auditors were paid fees in relation to the Rights Issue related services amounting to ₹0.65 crore (excluding applicable taxes).

During the year under review, the Statutory Auditors have not reported any matter under Section 143 (12) of the Act. Therefore, no details are required to be disclosed under Section 134 (3) (ca) of the Act.

The Statutory Auditors have confirmed that they continue to satisfy the eligibility norms and independence criteria as prescribed by RBI guidelines and the Companies Act, 2013.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act, the Board has appointed M/s Chandrasekaran Associates, a firm of Company Secretaries in practice, to undertake the Secretarial Audit of the Company.

Secretarial Audit Report forms part to Directors Report as annexure. The Secretarial Compliance Report forms part of the Annual Report.

During the year, the Company has complied with applicable Secretarial Standards i.e. SS-1 and SS-2, relating to “Meetings of the Board of Directors” and “General Meetings”, respectively.

DIRECTORS’ RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) of the Act and based on the information provided by the management, your directors state that:

a) In the preparation of annual accounts, the applicable accounting standards have been followed;

b) Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on March 31, 2023 and of the profit of the Company for the year ended on that date;

c) Proper and sufficient care has been taken for the 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;

d) The annual accounts of the Company have been prepared on a going concern basis;

e) Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively; and

f) Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

INTERNAL FINANCIAL CONTROL

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control is 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

The Annual Return in Form MGT-7 as on March 31, 2023 is available on the website of the Company at https://www.pnbhousing.com/investor-relations/annual-reports/.

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.

Settlement Order passed by SEBI

A settlement application was filed on Suo motto basis with SEBI on January 17, 2022 on behalf of the Company and its directors, in terms of the SEBI (Settlement Proceedings) Regulations, 2018 ("Settlement Regulations"), seeking settlement of all the matters that may arise in connection with Preferential Issue of Equity Shares for an aggregate amount of ₹4,000 crore, without admitting or denying the findings of fact or conclusions of law. Pursuant to completion of the requirements under the Settlement Regulations, SEBI has notified a Settlement Order dated July 18, 2022. The Company paid settlement amount of ₹72.76 lakh to SEBI including the legal expenses of ₹44.27 lakh.

PARTICULARS OF CONTRACT OR ARRANGEMENTS ENTERED MATERIAL CHANGES, DETAILS OF SUBSIDIARIES AND LITIGATIONS

There has been no material change or commitment, affecting the financial position of the Company which has occurred between the close of the Financial Year 2023 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.

PHFL Home Loans and Services Limited (PHFL)

PHFL is a wholly owned subsidiary and is the distribution arm for PNB Housing Finance, offering doorstep services to the prospective customers. The Subsidiary has trained workforce to source business for the loans and deposits offered by PNB Housing Finance.

During the year, the PHFL has sourced loan applications in respect of 74% of total loans disbursed by PNB Housing Finance. The annual accounts of PHFL are enclosed along with the Annual Accounts of PNB Housing Finance.

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

Pehel Foundation

It is a wholly owned non-profit subsidiary Company incorporated under Section 8 of the Act. It is an implementation arm to carry out various CSR activities of PNB Housing Finance and PHFL.

ACKNOWLEDGEMENTS

The Directors place on record their gratitude for the support of various regulatory authorities including Reserve Bank of India, National Housing Bank, 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, lenders and Registrar for their continued support.

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

Girish Kousgi	**Atul Kumar Goel**
Managing Director & CEO	Non-Executive Director

Place: New Delhi
Date: June 22, 2023

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 financial year 2022-23:

Ratio of remuneration of each Director to the median employees' remuneration for FY 2022-23:

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Atul Kumar Goel	Non-Executive Nominee Director (appointed w.e.f April 28, 2022)	-
Mr. Sunil Kaul	Non-Executive Nominee Director	-
Mr. Ramakrishnan Chandrasekaran	Independent Director	-
Mr. Nilesh S Vikamsey	Independent Director	-
Dr Tejendra Mohan Bhasin	Independent Director	-
Mr. Sudarshan Sen	Independent Director	-
Mr. Kapil Modi	Non-Executive Nominee Director	-
Ms. Gita Nayyar	Independent Director	-
Mr. Neeraj Vyas	Non-Executive Director	-
Mr. Girish Kousgi	Managing Director & CEO (appointed w.e.f October 21, 2022)	25.6:1
Mr. Pavan Kaushal	Independent Director (appointed w.e.f October 27, 2022)	-
Mr. Dilip Kumar Jain	Non-Executive Nominee Director (appointed w.e.f November 04, 2022)	-
Past directors		
Mr. Ashwani Kumar Gupta	Independent Director (ceased w.e.f May 11, 2022)	-
Mr. Hardayal Prasad	Managing Director & CEO (ceased w.e.f October 20, 2022)	26.3:1
Mr. Binod Kumar	Non-Executive Nominee Director (resigned w.e.f October 21, 2022)	-

2. Percentage increase in the remuneration of the Managing Director, Chief Financial Officer and Company Secretary, if any, in the financial year 2022-23; During the year, there was no increase in remuneration of Managing Director & CEO and of Chief Financial Officer. There was 10% increase in remuneration of Company Secretary.

3. The performance linked bonus paid in FY 2022-23: During the year, the Company Secretary was paid an amount ₹14.48 lakh.

Note: Mr. Hardayal Prasad, was paid ₹2.50 crore as ex-gratia amount in lieu of performance bonus for the previous financial year 2021-22, pro-rata performance bonus for the services rendered till the exit date during the financial year 2022-23, salary in lieu of 90 days' notice period as ex-gratia and goodwill payment as additional ex-gratia.

a. *First tranche: ₹1.25 crore was paid in FY 2023.*

b. *Second tranche: ₹1.25 crore was paid in FY 2024.*

c. The percentage increase in the median remuneration of employees in the financial year 2022-23 stood at 10%

d. The Company has 1690 permanent employees as on March 31, 2023.

e. 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 10% and non-managerial personnel was 10%.

The average increase in the remuneration of both the managerial and non-managerial personnel is 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. Brief outline on the CSR Policy of the Company

The CSR Policy of the Company is designed to ensure effective and sustained CSR programme to manifest in the form of a progressive, socially responsible and enlightened attitude. Company's policies on CSR are oriented towards stakeholder-participation approach, where the target groups are seen as stakeholders in the community whose well-being is integral to the long-term success of the Company and not a charity-oriented approach. The Company through its CSR initiatives enables the marginalized community to be empowered and become self-reliant. We have built a sustainable business model and created value for our stakeholders. We are aiming to improve the lives of under privileged and reinforce our humble collective efforts towards nation building.

The Company has adopted CSR Policy approved by CSR Committee and the Board of Directors, in accordance with the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013 ("the Act").

The CSR Policy of the Company is based on following guiding principles:

- Sustainability
- Transparency
- Accountability
- Employee Engagement
- ESG Framework
- Non-discriminatory

The broad framework for CSR initiatives to be undertaken by the Company would be as per section 135 and schedule VII of Companies Act, 2013 as amended. The focus areas for CSR initiatives are:

- Healthcare
- Education
- Welfare of construction workers and skill development
- Women empowerment
- Environmental sustainability and water conservation

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr Tejendra Mohan Bhasin	Chairman Independent Director	4	4
2.	Mr. Ramakrishnan Chandrasekaran	Independent Director	4	4
3.	Mr. Sudarshan Sen	Independent Director	4	3
4.	Mr. Girish Kousgi w.e.f Oct. 21, 2022	Managing Director & CEO	2	2
5.	Mr. Hardayal Prasad (ceased Oct. 20, 2022)	Past MD & CEO	2	2

3. Web-link where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.

Web-link of CSR Committee composition	https://www.pnbhousing.com/wp-content/uploads/2020/08/Board-Committees.pdf
Weblink of CSR Policy	pnbhousing.com/wp-content/uploads/2020/02/PNB-Housing-CSR-policy-2020.pdf
Weblink of CSR projects approved by the Board	pnbhousing.com/wp-content/uploads/2023/04/PNBHFL-List-of-CSR-Projects-FY-22-23.pdf

4. **Provide the executive summary along with the web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:**

Pursuant to sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, PNB Housing Finance has conducted the impact assessments of the following CSR projects to monitor and evaluate its strategic CSR programs.

Sl. No.	Project Name	Location	NGO Partner	Project Amount
1	Promoting research and innovation in health care at AIIMS New Delhi	New Delhi	AIIMS New Delhi	3,60,40,032
2	a. Setting up a 20 bedded ICU Facility b. Setting up a 50 bedded ICU Facility	Raipur, Chhattisgarh Palwal, Haryana	American India Foundation	2,31,07,350
3	Supporting day care centres for children of construction workers	Multiple locations	Mobile Creches	1,13,86,631
4	Provide 3D Printer for Prosthetics to NIEPMD through Altem Technologies at Chennai	Chennai	NIEPMED	2,47,71,545

The detailed executive summary of the impact assessment can be accessed at Annexure 2A and Company's website at www.pnbhousing.com.

5. **(a) Average Net Profit of the Company as per Section 135(5)**

The average Net Profit of the Company as per Section 135(5) for financial year 2022-23 is ₹889.77 crore.

(b) Two percent of average Net Profit of the Company as per section 135(5).

₹17.80 crore is the two percent of the average Net Profit.

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

There was no surplus amount arising from the CSR projects or programmes or activities that were carried out in the previous financial year.

(d) Amount required to be set-off for the financial year, if any.

There was no amount set off for the financial year.

(e) Total CSR obligation for the financial year (5b+5c-5d).

The total CSR obligation for the financial year 2022-23 is ₹17.80 crore.

6. **(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):**

The total amount spent on CSR projects (both ongoing and other than ongoing project) in financial year 2022-23 is ₹10.85 crore.

(b) Amount spent in Administrative Overheads:

₹0.54 crore was spent in Administrative Overheads during the financial year 2022-23.

(c) Amount spent on Impact Assessment, if applicable:

No amount has been spent on impact assessment during the financial year 2022-23.

(d) Total amount spent for the Financial Year (6a+6b+6c).

Total amount spent in financial year 2022-23 is ₹11.39 crore.

(e) CSR amount spent or unspent for the Financial Year:

Total Amount spent for the Financial Year. (In ₹)	Amount Unspent (In ₹)				
	Total amount transferred to unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per proviso to section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
₹11.39 crore	₹6.41 crore	April 29, 2023	-	-	-

(f) Excess amount for set off, if any: NA

Sl. No	Particulars	Amount (₹ in crore)
(i)	Two percent of average net profit of the Company as per section 135(5)	17.80
(ii)	Total amount spent for the Financial Year	11.39
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sl. No	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if Any
					Amount (in ₹)	Date of transfer		
1	FY-1 (March 31, 2022)	Nil	NA	NA	NA	NA	NA	NA
2	FY-2 (March 31, 2021)	Nil	NA	NA	NA	NA	NA	NA
3	FY-3 (March 31, 2020)	Nil	NA	NA	NA	NA	NA	NA

8. (a) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: (see note below)

(b) If yes, enter the number of Capital assets created/ acquired:

Note: The Company has not created or acquired any capital assets directly from CSR amount spent in FY 22-23. However, following assets have been created by the partners/vendors of the implementing agency, Pehel Foundation.

(c) Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No	Short particulars of the property or asset(s) (including complete address and location of the property)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	Snack production unit	313801	25/03/23	7,91,561	CSR00000074	Manjari Foundation	Paduna Chowki, Gram Panchayat Bhawan Pass Paduna, Girwa, Udaipur
2	Pickles production unit	263160	17/01/23	4,72,236	CSR00000074	Manjari Foundation	Durgapur no. 02, Near Kids Paradise School, Dineshpur Road Rudrapur Uttrakhand,
3	Sanitary Napkin production unit	226201	30/12/22	32,00,160	CSR00006306	The Desai Foundation Trust	Sahbhagi Shikshan Trust, Chhatha Meel, behind Police Fire Station, Sitapur Road, Lucknow-226 201, Uttar Pradesh.
4	Sanitary Napkin production unit	396385	07/02/23	32,00,160	CSR00006306	The Desai Foundation Trust	Shantaben Vidhyabhavan, At & Po. Untdi, Via Dungri, Ta & Dist. Valsad-396 385, Gujarat.

Sl. No	Short particulars of the property or asset(s) (including complete address and location of the property)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
5	Solar Electrification in Government Secondary School, Hazipur GSS, Silani GSS, Harchandpur GSS, Dhaula GPS, Kiranki khedli GPS, Johlaka GMS, Kuliyaka GPS, Chamanpura GPS, Badashapur Tenther GPS, Mandawar	122103	31/03/23	42,50,000	NA	Govt Schools	Sohna,Gurgram, Haryana Following are the schools: Government Secondary School, Hazipur GSS, Silani GSS, Harchandpur GSS, Dhaula GPS, Kiranki khedli GPS, Johlaka GMS, Kuliyaka GPS, Chamanpura GPS, Badashapur Tenther GPS, Mandawar
6	Solar Electrification in GGMS, Patherheri GMS, Mubarikpur GMS, Judola GGMS, Patli GMS, Fazilpur Badli GMS, Sultanpur GMS, Kherki Majra	122506	31/03/23	29,75,000	NA	Govt Schools	Farrukhna gar, Gurgram, Haryana Following are the schools: GGMS, Patherheri GMS, Mubarikpur GMS, Judola GGMS, Patli GMS, Fazilpur Badli GMS, Sultanpur GMS, Kherki Majra
7	Solar Electrification in Composite School, Maharajpur Inter Balika College, Prakash Industrial Estate	221712	31/03/23	8,50,000	NA	Govt Schools	Ghaziabad, UP- Following are the schools: Composite School, Maharajpur Inter Balika College, Prakash Industrial Estate
8	Solar Electrification in Dayawati Modi Kanya JHS, Sikari	201204	31/03/23	4,25,000	NA	Govt Schools	Modinagar, UP Dayawati Modi Kanya JHS, Sikari
9	E-Learning support in GMPS Sector-5 GMSPS RR Camp GMPS Sector-15, Part-1 GMPS Bal No.1 Girls GMPS Sector-14 GMPS New Colony GMSPS Islampur GMSPS Shivji Park	122001	31/03/23	6,78,912	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GMPS Sector-5 GMSPS RR Camp GMPS Sector-15,Part-1 GMPS Bal No.1 Girls GMPS Sector-14 GMPS New Colony GMSPS Islampur GMSPS Shivji Park
10	E-Learning support in GMPS DLF Phase-1 GMPS Chakkarpur GMSPS Sikanderpur Ghosi	122002	31/03/23	2,54,592	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GMPS DLF Phase-1 GMPS Chakkarpur GMSPS Sikanderpur Ghosi
11	E-Learning support in GMPS Dhanwapur GMPSS Gwal Pahari GMPS Wazirabad Boys	122003	31/03/23	2,54,592	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GMPS Dhanwapur GMPSS Gwal Pahari GMPS Wazirabad Boys
12	E-Learning support in GMSPS Khandsa	122004	31/03/23	84,864	NA	Govt Schools	Gurgaon, Haryana GMSPS Khandsa
13	E-Learning support in GMPS Gurugram Village GMPS Basai GMPS Panchawali GGSSS Jacobpura	122006	31/03/23	3,39,456	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GMPS Gurugram Village GMPS Basai GMPS Panchawali GGSSS Jacobpura
14	E-Learning support in GMPS Dundahera	122016	31/03/23	84,864	NA	Govt Schools	GMPS Dundahera, Gurgaon, Haryana

Sl. No	Short particulars of the property or asset(s) (including complete address and location of the property)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
15	E-Learning support in GMSPS Bajghera GMSPS Carterpuri	122017	31/03/23	1,41,550	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GMSPS Bajghera GMSPS Carterpuri
16	E-Learning support in GMSPS Sushant Lok C2	122022	31/03/23	70,775	NA	Govt Schools	GMSPS Sushant Lok C2, Gurgaon Haryana
17	E-Learning support in GMSPS Kasan Boys GMPSS Manesar GGMSPS Manesar	122051	31/03/23	2,54,592	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GMSPS Kasan Boys GMPSS Manesar GGMSPS Manesar
18	E-Learning support in GMSPS Naharpur Rupa GMSS Kasan Naharpur Boys	122052	31/03/23	1,69,728	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GMSPS Naharpur Rupa GMSS Kasan Naharpur Boys
19	E-Learning support in GMSPS Kadipur GMPS Fazilpur Jharsa GMSPS Badshahpur Boys	122101	31/03/23	2,54,592	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GMSPS Kadipur GMPS Fazilpur Jharsa GMSPS Badshahpur Boys
20	E-Learning support in GMS Kuliyaka	122102	31/03/23	84,864	NA	Govt Schools	GMS Kuliyaka Gurgaon, Haryana
21	E-Learning support in GSSS Harchand Pur GSSS Dhaula GSSS Hazipur GPS Mandawar	122103	31/03/23	3,39,456	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GSSS Harchand Pur GSSS Dhaula GSSS Hazipur GPS Mandawar
22	E-Learning support in GMSPS Wazirpur GMSPS Dhani Shadrana GMSPS Nawada Fatehpur GMSPS Mankrola GMSPS Dhankot	122505	31/03/23	4,24,320	NA	Govt Schools	Gurgaon, Haryana Following are the schools: GMSPS Wazirpur GMSPS Dhani Shadrana GMSPS Nawada Fatehpur GMSPS Mankrola GMSPS Dhankot
23	E-Learning support in GMPS Farrukh Nagar Boys	122506	31/03/23	84,864	NA	Govt Schools	GMPS Farrukh Nagar Boys Gurgaon, Haryana
24	E-Learning support in GMPS Nathupur	122029	31/03/23	84,864	NA	Govt Schools	GMPS Nathupur Gurgaon, Haryana
25	E-Learning support in GMSPS Mubarikpur	122202	31/03/23	84,864	NA	Govt Schools	GMSPS Mubarikpur Gurgaon, Haryana
26	Handlooms unit and Tin Shade set up	303804	15/11/23	1,94,817	NA	Gopi Ram	Gopiram Raigar ka ghar, gred ke pas raigaro ka mohalla, Tigariya, tah. Chomu, Jaipur Rajasthan 303804
27	Handlooms unit and Tin Shade set up	303807	15/11/23	3,59,459	NA	Mangali Devi	Moolchand Raigar ka ghar, Raigaron ka mohalla, Udaipuriya, Chomu, Jaipur, Rajasthan 303807
28	Handlooms unit and Tin Shade set up	303601	15/11/23	1,58,682	NA	Kanta Devi	Mohanlal kuldeep ka ghar, raigaro ka mohalla, Amarsar, tahsil Shahpura, Jaipur Rajasthan 303601
29	Handlooms unit and Tin Shade set up	303601	15/11/23	3,79,870	NA	Mamta Devi	Shankarlal Mohanpuria ka ghar, raigaro ka mohalla, Hanutpura tah. Shahpura, Jaipur, Rajasthan 303601

Sl. No	Short particulars of the property or asset(s) (including complete address and location of the property)	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
30	Handlooms unit and Tin Shade set up	303103	15/11/23	1,07,484		Manju Devi	Prakashchand Chandoliya ka ghar, Raigaron ka mohalla, Barijori, tah. ghar, Raigaron ka mohalla, Barijori, tah. Shahpura, Jaipur Rajasthan 303103 Shahpura, Jaipur Rajasthan 303103
31	Handlooms unit and Tin Shade set up	303803	15/11/23	1,78,943	NA	Arti Devi	Makkhanlal Raigar ka ghar, Raigaro ka mohalla Govindpura Basri, tah. Shahpura, Jaipur Rajasthan 303803
32	Handlooms unit and Tin Shade set up	303804	15/11/23	1,09,837	NA	Sharvani Devi	Kanaram kuldeep ka ghar, Raigaro ka mohalla, Dayra, Tigariya, tah. Chomu, Jaipur Rajasthan 303804
33	Ward no 8, Ambedkar Park, Farrukhnagar, Dist. Gurugram, Haryana	122506	16/03/23	29,26,350	NA	Ambedkar Sabha Farrukhnagar	Ward no 8, Chand Nagar Road,Farrukhnagar, Dist Gurugram, Haryana-122506
34	Devi Shakti Geeta Saar Mandir, 21, Old Railway Rd, Bhim Nagar, Sector 6, Gurugram, Haryana	122006	07/02/23	29,26,350	NA	Devi Shakti Geeta Saar Mandir Trust	21, Old Railway Rd, Bhim Nagar, Sector 6, Gurugram, Haryana,122006
35	Geeta Bhavan, New colony, Gurugram, Haryana	122001	09/02/23	29,26,350	NA	Shri Sanatan Dharam Sabha (regd)	Geeta Bhavan, New colony, Gurugram,Haryana - 122001
36	Medical equipment and Infrastructure support to 2 CHC	382110	31/03/23	10,48,973	NA	(Medical Superintendent)	Referral Hospital and Community Health Centre, Sanand, Ahmedabad, Gujarat
37	Medical equipment and Infrastructure support to 2 CHC	382460	31/03/23	42,06,040	NA	(Medical Superintendent)	Referral Hospital and Community Health Centre, Dhandhuka, Ahmedabad, Gujarat
38	Solar Power Panel set up in 2 govt. school	122103	31/03/23	15,00,000	NA	Govt Schools	Atta and Kiranj village in Nuh Haryana
39	Solar Power Panel set up in 1 govt. school	301406	31/03/23	7,50,000	NA	Govt Schools	Khareda village in Alwar Rajasthan.

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per section 135(5)

New project(s) / program(s) of on-going nature were identified and launched during the FY on account of which the entire mandated CSR spend amount could not be consumed within the FY under review. The unspent amount against the said project(s) / program(s) has since been transferred into the "Unspent CSR Account" to be utilized for these project(s) / program(s) within the next three financial years.

Date: June 22, 2023
Place: New Delhi

Girish Kousgi
Managing Director & CEO

Dr Tejendra Mohan Bhasin
Chairman CSR Committee

ANNEXURE-2A

SUMMARY OF IMPACT ASSESSMENTS CONDUCTED

Name of Project – Promoting research and innovation in health care at AIIMS New Delhi
Name of Partner-AIIMS Delhi
Project Timeline: FY20-21
Project Cost: ₹3,60,40,000

About the Project: The Neurosurgery Education and Training School (NETS) at All India Institute of Medical Sciences (AIIMS), New Delhi, was supported with Stratasys's J750 digital anatomy printer, which allows printing of anatomical structures with properties similar to real tissues. The state-of-the art 3D printer allows the printing of anatomical structures with haptic properties similar to real tissues.

Need: The project was designed to tackle the challenges faced by the NETS lab: 1. Reduced availability of cadavers due to COVID 2. Ethical Concerns 3. High cost of synthetic cadavers 4.Mismatch between human anatomy and synthetic cadavers.

Objective: 1.To enable medical practitioners to create prototypes of human anatomy using 3D Printer 2.To help surgeons reduce the surgery time and help them analyse the case before operating a patient 3.To train surgeons in a safe repeatable and controlled environment.

Impact Evaluated: Total of 62 doctors from AIIMS from Neurosurgery, Surgery, Dental, Orthopedics and ENT have been trained so far. 6 doctors from Madhya Pradesh and Telangana have benefitted by training. The initiative supported by PNB Housing Finance Limited has helped in: 1. Training surgeons in safe and controlled environment 2. Analysing cases before actually operating them, leading to less error while operating 3. Reducing surgery time. 939 Sessions have been conducted for surgeons on high-speed drilling, neuro-endoscopy simulations, and micro neurosurgery simulations.

Name of Project: Setting up a 20 bedded ICU Facility in Raipur, Chhattisgarh and 50 bedded ICU Facility in Palwal, Haryana
Name of Partner-American India Foundation
Project Timeline: FY 21-22
Project Cost: ₹2,31,07,350

About the Project: India experienced a massive surge in COVID-19 cases, particularly during the second wave in early 2021. The rapid increase in infections overwhelmed the healthcare infrastructure, including hospitals, ICU beds, and medical resources. PNB Housing Finance Limited and its implementation partner American India Foundation (AIF), in response to need for hospital beds, provided 50 and 20 beds of portable units at Palwal and Raipur district hospitals.

Need: The surge in covid cases led to a shortage of hospital beds, particularly in the worst-affected regions. Many hospitals reached full capacity, making accommodating all COVID-19 patients requiring hospitalisation challenging.

Objective: 1. To provide additional capacity of beds in hospitals to accommodate the increased number of COVID-19. 2. To strengthen the medical infrastructure overwhelmed with COVID-19 cases.

Impact Evaluated: 500+ patients' footfall at both health care facilities. 20 years of lifetime of the equipment. 4 patients can be treated on each bed per month 3360 patients can be treated each year.

Name of the Project: Supporting day care centres for children of construction workers
Name of Partner: Mobile Creche
Project Timeline: FY20-21
Project Cost: ₹1,13,86,631

About the Project: The Mobile Creche project is an initiative providing childcare services to construction workers and other vulnerable communities at construction sites across India. It aims to address the challenges faced by migrant workers who often have limited access to safe and affordable childcare facilities. PNB Housing Finance has supported the Mobile Creche project as part of its Corporate Social Responsibility (CSR) initiatives. Through its CSR program, PNB Housing Finance has extended financial assistance and other resources to the Mobile Creches project to establish and operate mobile creches at construction sites.

Need: Approximately 20 million children under the age of six live in poverty in urban India. Parents of such children are primarily daily wage labourers without additional benefits or social security from their employers or government. PNB Housing Finance Limited, through its mobile creche initiative, aims to improve the overall well-being and development of children from marginalised communities by addressing their childcare needs.

Objective: 1. To ensure the safety and well-being of construction workers' children while they are away for work. 2. To provide early childhood education to support their overall development. 3.To ensure that children of construction workers receive nutritious meals.

Impact Evaluated: 70% of the respondents' children accessed the creche facility for all weekdays. 90% of the respondents mentioned that their children received 3 meals a day. Growth monitoring was undertaken regularly, 92% of the respondents were aware of the medical consultation provided at the creche facility, 84% of the respondents affirmed that their children receive educational support, medical support such as deworming, immunisation and health supplements were provided to children, 78% of the respondents have observed the benefits of the facility in terms of the child's growth.

Name of the Project: Provide 3D Printer for Prosthetics to NIEPMD through Altem Techologies at Chennai

Name of Partner: NIEPMD, Chennai

Project Timeline: FY 21-22

Project Cost: ₹2,47,71,545

About the Project: 3D printing and scanning technology aims to facilitate and reduce the delivery time in terms of easy beneficiary-specific data collection, reduced fabrication time, minimising human errors, scientifically designed & developed, lightweight and more cosmetic appealing aids and assistive devices which will ultimately improve user satisfaction and more acceptance of such devices. The introduced technology helps not only people with disabilities but also the staff associated with NIEPMD.

Need: While healthcare infrastructure in India has improved, access to quality healthcare remains challenging, particularly in rural areas. This can result in delayed or inadequate treatment for injuries, leading to the need for prosthetic solutions. Prosthetics can be crucial in restoring mobility and functionality for individuals with limb loss or limb impairment.

Objective: 1. To minimise human errors in developing prosthetics/ orthotics devices. 2.To provide more scientifically designed devices which are lightweight and appealing to people with disabilities. 3.To improve access to quality prosthetics/ orthotics in rural India.

Impact Evaluated: 40+ beneficiaries received support through this initiative, 100% of the beneficiaries received the rehabilitation devices free of cost. Average savings of ₹25,000 per unit. Lengthy fabrication time has been reduced after the introduction of 3D Printing technology, 80% of the respondents are satisfied with the quality of the rehabilitation device.

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COMPANY SECRETARIES

FORM MR -3

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2023

(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 Bhavan,
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 governance practices by **PNB Housing Finance Limited** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ 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 secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder 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 maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder circulars, guidelines issued thereunder by the Securities and Exchange Board of India;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SAST Regulations");

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 to the extent applicable;

  (e) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **Not applicable**

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not applicable**

  (i) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);

(vi) The other laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on the Sectors/ Industry are:

  a) National Housing Bank Act, 1987 and the Guidelines and circulars issued thereunder from time to time;

  b) Guidelines/Circulars/Regulations/Rules prescribed by the National Housing Bank for Housing Finance Companies as amended from time to time.

  c) Reserve Bank of India Act, 1934 and rules, regulations & directions issued from time to time.

  d) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

  e) Guidelines/Circulars/Regulations/Clarifications issued by RBI for HFCs from time to time.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR), 2015"):

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as mentioned below:

1. Consequent upon the cessation of Mr. Ashwani Kumar Gupta as the Independent Director ("ID") of the Company on completion of his first term of five consecutive-years on May 11, 2022, the Company had a shortfall of one Independent Director on its Board in terms of Regulation 17 of SEBI (LODR), 2015 till October 21, 2022.

2. The Company has made delay in intimation regarding fixation of record date under Regulation 60(2) of SEBI (LODR), 2015 for the maturity of Non-Convertible Debentures, which was required to be made on or before March 25, 2022.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors except as mentioned above with respect to Independent Director. The changes, if any, 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.

Adequate notice is given to all directors to schedule the Board/ Committee Meetings. Agenda and detailed notes on agenda were sent in advance (and at a shorter notice for which necessary approvals obtained, if any) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company 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 during the audit period, following major events have happened which are deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. The Company has obtained the approval of shareholders in their Annual General Meeting held on July 26, 2022 for issuance of Non – Convertible Debentures of face value aggregating up to ₹12,000 Crore (Rupees Twelve Thousand crore) to eligible investors from time to time in one or more tranches.

2. The Company has allotted 2,57,263 Equity Shares of Face Value of ₹10 each fully paid up under ESOP and RSU Schemes of the Company.

3. Pursuant to the Board of Directors approval dated March 09, 2022 for issue of equity shares by way of rights issue ("Rights Issue") for an amount not exceeding ₹2500 crore, the Company had filed Letter of Offer on March 29, 2023. The issue opened for subscription on April 13, 2023, and closed on April 27, 2023. The rights issue was oversubscribed 1.21 times. The Board on May 4, 2023 approved the allotment of 9,06,81,828 fully paid-up equity shares at a price of ₹275 per equity share (including premium of ₹265 per equity share) aggregating to ₹2,493.76 crore to the eligible shareholders.

4. Approval of Restricted Stock Unit Scheme 2022 of the Company pursuant to shareholders approval in the Annual General Meeting held on July 26, 2022.

5. Approval of Employees Stock Option Scheme (ESOP Scheme III 2022) of the Company pursuant to shareholders approval in the Annual General Meeting held on July 26, 2022.

6. Mr. Kapish Jain resigned as Chief Financial Officer ("CFO") of the Company w.e.f. April 07, 2022.The Board designated Mr. Kaushal Mithani as the Interim CFO of the Company w.e.f. April 08, 2022 and he resigned from the position of Interim CFO on August 23, 2022. The Board of Directors on October 07, 2022 approved the appointment of Mr. Vinay Gupta as CFO of the Company, and he joined the office from October 26, 2022.

7. Mr. Hardayal Prasad resigned as Managing Director and Chief Executive Officer of the Company w.e.f. October 20, 2022. The Board of Directors has appointed Mr. Girish Kousgi as Managing Director and Chief Executive Officer of the Company w.e.f. October 21, 2022.

For **Chandrasekaran Associates**
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 1428/2021

Sd/-
Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
Date: June 22, 2023

Note:

(i) 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.

(ii) The management has confirmed that the records submitted to us are true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before March 31, 2023 pertaining to Financial Year 2022-23.

ANNEXURE-A

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

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

1. Maintenance of secretarial record 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 the random test basis to ensure that correct facts are reflected in 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 happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 1428/2021

Sd/-
Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
Date: June 22, 2023

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CHANDRASEKARAN ASSOCIATES®
COMPANY SECRETARIES

SECRETARIAL COMPLIANCE REPORT OF PNB HOUSING FINANCE LIMITED
for the financial year ended March 31, 2023

To,
The Board of Directors
PNB Housing Finance Limited
9th Floor, Antriksh Bhawan,
22, Kasturba Gandhi Marg,
New Delhi – 110001

We Chandrasekaran Associates, Company Secretaries have examined:

(a) All the documents and records made available to us and explanation provided by PNB Housing Finance Limited ("**the Listed Entity/Company**"),

(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 financial year ended on March 31, 2023 ("**Review Period**") in respect of compliance with the applicable 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 and include:-

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

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 to the extent applicable;

(d) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **Not Applicable**;

(e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(f) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulation, 2021;

(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(h) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable;

(i) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

(j) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009;

(k) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company):

We have examined the compliance of above regulations, circulars, guidelines issued thereunder as applicable during the review period and based on confirmation received from management of the Company as and wherever required and affirm that:

S. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
1.	Secretarial Standard The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI). We have examined the Secretarial Standards issued by Institute of Company Secretaries of India and as notified by Ministry of Corporate Affairs.	Yes	
2.	Adoption and timely updation of the Policies: a. All applicable policies under Securities Exchange Board of India ('SEBI') Regulations are adopted with the approval of Board of Directors of the listed entity. b. All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations / circulars / guidelines issued by SEBI	Yes	
3.	Maintenance and disclosures on Website: a. The listed entity is maintaining a functional website b. Timely dissemination of the documents/ information under a separate section on the website c. Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website	Yes	
4.	Disqualification of Director: None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	
5.	To examine details related to Subsidiaries of listed entity: a) Identification of material subsidiary companies	NA	The Listed entity had identified that during the period under review, there was no Material Subsidiary Company.
	b) Requirements with respect to disclosure of material as well as other subsidiaries	Yes	
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	Yes	
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	Yes	
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions.	Yes	
	(b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee.	N.A.	
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	
11.	Actions taken by SEBI or Stock Exchange(s), if any: No Actions taken against the listed entity/ its promoters/directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder with respect to the listed entity.	Yes	Except as mentioned at point (a) below.
12.	Additional Non-compliances, if any: No any additional non-compliance observed for all SEBI regulation / circular /guidance note etc.	Yes	Except as mentioned at point (a) below.

Further, based on the above examination, we hereby report, during the review period that:

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

S. No	1
Compliance Requirement (Regulations/circulars / guidelines including specific clause)	SEBI (LODR) Regulations, 2015
Regulation/ Circular No.	Regulation 17
Deviations	The composition of the Board of Directors of the Company was not as per the Regulation 17 of the SEBI (LODR) Regulations, 2015.
Action Taken by	BSE and NSE
Type of Action (Advisory/Clarification/Fine/Show Cause Notice/ Warning, etc.)	Imposition of Fine
Details of Violation	The Board of Directors of the Company did not have requisite number of directors upon cessation of Mr. Ashwani Kumar Gupta as the Independent Director ("ID") of the Company on May 11, 2022. The vacancy caused was not filled by the Board within 3 months from the date of such vacancy.
Fine Amount	BSE and NSE each imposed fine of ₹4,24,800 for not having the requisite number of IDs on its Board as on September 30, 2022 and for the period commencing from October 01, 2022 till October 21, 2022.
Observations/ Remarks of the Practicing Company Secretary	Consequent upon cessation of Mr. Ashwani Kumar Gupta as the Independent Director of the Company on May 11, 2022, the Company had a shortfall of one Independent Director on its Board till October 20, 2022.
Management Response	The composition of the Board was in order with effect from October 21, 2022. The delay in appointment happened due to finding a suitable person as an Independent Director.
Remarks	-

S. No	2
Compliance Requirement (Regulations/circulars / guidelines including specific clause)	SEBI (LODR) Regulations, 2015
Regulation/ Circular No.	Regulation 60
Deviations	Delay in submission of intimation on or before March 25, 2022 of record date for the maturity of Non-Convertible Debentures.
Action Taken by	NSE
Type of Action (Advisory/Clarification/Fine/Show Cause Notice/ Warning, etc.)	Imposition of Fine
Details of Violation	Delay in submission of intimation of record date for the maturity of Non Convertible Debentures.
Fine Amount	₹11,800 (inclusive of GST)
Observations/ Remarks of the Practicing Company Secretary	An intimation to be made on or before March 25, 2022 has been delayed for the submission of record date for the maturity of NCDs.
Management Response	The Company has made the representation for waiver in this regard.
Remarks	

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

S. No	**1**
Compliance Requirement (Regulations/circulars / guidelines including specific clause)	SEBI (LODR) Regulations, 2015
Regulation/ Circular No.	Regulation 17
Deviations	There was an intermittent vacancy of Independent Woman Director on the Board of Directors of the Company due to resignation of Ms. Shubhalakshmi Panse w.e.f. January 05, 2021 and there was no woman director on the board of the Company as on till May 28, 2021.
Action Taken by	BSE and NSE
Type of Action (Advisory/Clarification/Fine/Show Cause Notice/ Warning, etc.)	Imposition of Fine
Details of Violation	Non – Compliance with Section 149(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and Regulation 17(1)(a) of the Listing Regulations
Fine Amount	₹3,18,600 (including GST)
Observations/ Remarks of the Practicing Company Secretary	There was no woman Director in the Company w.e.f. January 05, 2021 and as on March 31, 2021
Management Response	Ms Gita Nayyar was appointed on the board w.e.f May 29, 2021. The delay in appointment happened due to finding a suitable person as an independent director.
Remarks	-

S. No	**2**
Compliance Requirement (Regulations/circulars / guidelines including specific clause)	SEBI (LODR) Regulations, 2015
Regulation/ Circular No.	Regulation 57(4)
Deviations	Delay in disclosures has been made by the Company under Regulation 57(4) of Listing Regulations for quarter ended December 2021.
Action Taken by	-
Type of Action (Advisory/Clarification/Fine/Show Cause Notice/ Warning, etc.)	-
Details of Violation	Delay in disclosures has been made by the Company under Regulation 57(4) of SEBI (LODR) Regulations, 2015 for quarter ended December 2021.
Fine Amount	-
Observations/ Remarks of the Practicing Company Secretary	The Company has made delayed intimation in submission of the disclosures in terms of Regulation 57(4) of SEBI (LODR) Regulations, 2015 for the quarter ended December 2021.
Management Response	It escaped the attention of the management and adequate safeguards have been developed for future.
Remarks	

S. No	3
Compliance Requirement (Regulations/circulars / guidelines including specific clause)	SEBI Circular
Regulation/ Circular No.	SEBI Circular No. SEBI/HO/DDHS/CIR/P/2019/115 dated October 22, 2019 and FAQs for listing of Commercial Papers
Deviations	Delay filing as required under SEBI Circular No. SEBI/HO/DDHS/CI R/P/2019/115 dated October 22, 2019 and FAQs for listing of Commercial Papers.
Action Taken by	-
Type of Action (Advisory/Clarification/Fine/Show Cause Notice/ Warning, etc.)	-
Details of Violation	Delay filing as required under SEBI Circular No. SEBI/HO/DDHS/CI R/P/2019/115 dated October 22, 2019 and FAQs for listing of Commercial Papers.
Fine Amount	-
Observations/ Remarks of the Practicing Company Secretary	The Company has made intimation beyond the prescribed timeline stated under SEBI Circular No. SEBI/HO/DDHS/CIR/ P/2019/115 dated October 22, 2019 read with FAQs issued by SEBI for listing of Commercial Papers.
Management Response	It escaped the attention of the management and adequate safeguards have been developed for future.
Remarks	During the period under review NSE vide notice dated September 29, 2022 imposed fine of ₹1,43,960 for delay in submission to stock exchanges during FY 2021-22, under 57 of SEBI (LODR), 2015 read with SEBI Circular No. SEBI/HO/DDHS/CIR/ P/2019/115 dated October 22, 2019.

(c) The listed entity has suitably included the conditions as mentioned in para 6(A) and 6(B) of the SEBI Circular CIR/CFD/ CMD1/114/2019 dated October 18, 2019 in terms of appointment of statutory auditor of the Listed entity.

For Chandrasekaran Associates
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No: 1428/2021

Sd/-
Shashikant Tiwari
Partner
Membership No. F11919
Certificate of Practice No. 13050
UDIN: F011919E000405323

Date: 29.05.2023
Place: Delhi

Notes: The management has confirmed that the records submitted to us are the true and correct. This certificate is limited to the Statutory Compliances on laws/ Regulations/ Guidelines listed in our certificate of which, the due date has been ended/ expired on or before March 31, 2023 pertaining to the Financial Year 2022-23.

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CHANDRASEKARAN ASSOCIATES®
COMPANY SECRETARIES

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER LISTING REGULATIONS, 2015

The Members
PNB Housing Finance Limited
9^{th} Floor, Antriksh Bhavan,
22 Kasturba Gandhi Marg,
New Delhi - 110001

We have examined all relevant records of PNB Housing Finance Limited (**"the Company"**) for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") for the financial year ended March 31, 2023. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof.

This certificate 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.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except that consequent upon cessation of Mr. Ashwani Kumar Gupta as the Independent Director of the Company on May 11, 2022, the Company had a shortfall of one Independent Director on its Board till October 20, 2022 as required under Regulation 17 of the SEBI LODR. Further, National Stock Exchange of India Limited and BSE Limited each imposed fine of ₹4,24,800 for not having the requisite number of Independent Directors on its Board as on September 30, 2022 and for the period commencing from October 01, 2022 till October 21, 2022 and as confirmed by the Management same has been paid by the Company.

For **Chandrasekaran Associates**
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 1428/2021

Sd/-
Shashikant Tiwari
Partner
Membership No. FCS 11919
Certificate of Practice No. 13050

Date: June 22, 2023
Place: Delhi

Note: The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before March 31, 2023 pertaining to Financial Year 2022-23.

ANNEXURE TO DIRECTORS' REPORT - 3

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

Corporate governance at PNB Housing Finance is implemented through robust board governance processes, internal control systems and processes, and strong audit mechanism. These are articulated through corporate governance guidelines, charters of various sub-committees of Board and Company's policy on disclosure.

The Company ensures to exercise principles of corporate ethics, accountability, integrity and maintaining high standards of corporate governance. The Company has framed its policies as per applicable laws and regulatory guidelines. Company has been constantly reviewing and revising them as per business needs and changes in laws/ regulations from time to time. PNB Housing Finance believes that good Corporate Governance emerges from the application of the best management practices and compliance with the law coupled with the highest standards of integrity, transparency, accountability and ethics in all business matters.

The Company practices ethical standards in all its dealings. The Company continues to maintain healthy relationship with its depositors, loan customers, business partners, its various other stakeholders and financers. Company has transparently disclosed information through its public documents, annual reports, financial results etc.

Over the years, the Company 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, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 ("RBI Directions") (as amended from time to time), various circulars issued under Scaler based Regulation, which are applicable to the Company and other circulars and notifications issued by RBI, SEBI, MCA and other statutory bodies.

As permitted by MCA, the Board and its Committees have functioned largely using virtual mode for its meetings. The Company has ensured adequate precautions while conducting audio video meetings. The technology interventions ensured that all the business activities were completed in time, the Board & Committee meetings were held in time, dissemination of adequate and correct public information was ensured.

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 FOR WHICH IT 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 challenging times.

The Company's Board has people with extensive experience in the financial sector, economics, mortgages, banking, international operations, fintech regulation, currency management, risk management, credit and information technology. The Directors are highly qualified and have held leadership positions in high performing institutions. 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, 2023, the Board consisted of twelve Members comprising six Independent Directors, five Non-Executive Directors and one Managing Director & CEO. During the year, following appointments/ cessations took place amongst the Board Members.

a) Mr. Atul Kumar Goel was appointed as Non-Executive Nominee Director with effect from April 28, 2022. He is nominee of Punjab National Bank and is liable to retire by rotation.

b) Mr Ashwani Kumar Gupta completed his first five-year term as an Independent Director on May 11, 2022.

c) Mr. Hardayal Prasad resigned as MD & CEO, with effect from October 20, 2022.

d) Mr. Girish Kousgi was appointed as MD & CEO, with effect from October 21, 2022 for a term of 4 years.

e) Mr. Binod Kumar resigned as Non-Executive Nominee Director with effect from October 21, 2022.

f) Mr. Pavan Kaushal was appointed as Independent Director with effect from October 27, 2022 for a term of 3 years.

g) Mr. Dilip Kumar Jain was appointed Non-Executive Nominee Director with effect from November 04, 2022. He is nominee of Punjab National Bank and is liable to retire by rotation.

None of the Independent Directors of the Company have resigned before the expiry of his/her tenure during the Financial Year 2022–23.

Appointment of Directors AGM dated July 26, 2022: The Shareholders have appointed Mr. Atul KumarGoel as a Non-Executive Nominee Director. The Shareholders by postal ballot on December 22, 2022 have appointed Mr. Girish Kousgi as Managing Director and Chief Executive Officer, Mr. Pavan Kaushal as an Independent Director and Mr. Dilip Kumar Jain as a Non-Executive Nominee Director.

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 the Listing Regulations is given hereunder:

Sr. No.	Directors	Category	DIN	Name of Companies and Designation*	Number of Committees**		Skills/ Expertise
					Member	Chair-Person	
1.	Mr. Atul Kumar Goel	Non-Executive Nominee Director of Punjab National Bank	07266897	1. PNB Housing Finance Limited ('L' stands for Listed) 2. Punjab National Bank (L) – Managing Director and CEO 3. The Oriental Insurance Company Limited ('UL' stands for unlisted)– Non-Executive Director 4. PNB Metlife India Insurance Co. Ltd (UL)– Non-Executive Director 5. National Credit Guarantee Trustee Company Limited (UL) – Non-Executive Director	3	0	He is a qualified Chartered Accountant, having more than three decades of Banking experience. He was Chief Financial Officer (CFO) in Allahabad Bank. He is currently Managing Director & CEO of Punjab National Bank from February 1, 2022. Earlier, he was Managing Director & CEO of UCO Bank, Executive Director in Union Bank of India and worked in various positions in Allahabad Bank.
2.	Mr. Sunil Kaul	Non-Executive Nominee Director of Quality Investment Holdings Pcc	05102910	1. PNB Housing Finance Limited (L) 2. Yes Bank Limited (L)- Nominee Director	2	0	He is B. Tech from IIT Bombay and MBA from IIM Bangalore. He is an experienced Investment Advisor. He has extensive experience in corporate and consumer banking in several parts of the world. He has held leadership positions for Citibank. He has experience in capital investment, financial sector, treasury, risk management, credit, human resource, and credit card industry.
3.	Mr. Nilesh S Vikamsey	Independent Director	00031213	1. PNB Housing Finance Limited (L) 2. Thejo Engineering Limited (L) – Independent Director 3. Thomas Cook (India) Limited (L) – Independent Director 4. IIFL Finance Limited (L) – Independent Director 5. Gati Limited (L) – Independent Director 6. Allcargo Logistics Limited - (UL) – Independent Director 7. 360 ONE WAM LIMITED (UL) – Independent Director 8. SOTC Travel Limited (UL) – Independent Director 9. Gati-Kintetsu Express Private Limited (UL) – Independent Director	10	5	He is a qualified Chartered Accountant and Past President of Institute of Chartered Accountants of India. He has extensive experience of Audits/ Consultancy of Banks, large Companies, Mutual Funds, Financial Services Sector companies. He has extensive experience in credit and human resource management.

Sr. No.	Directors	Category	DIN	Name of Companies and Designation*	Number of Committees**		Skills/ Expertise
					Member	Chair-Person	
4.	Mr. R Chandrasekaran	Independent Director	00580842	1. PNB Housing Finance Limited (L) 2. L&T Technology Services Ltd. (L) – Independent Director 3. LTI Mindtree Limited (L) – Independent Director 4. Aujas Cybersecurity Limited (UL) – Director 5. NSEIT Limited (UL) – Director 6. KSL Digital Ventures Limited (UL) – Director	3	1	He is Bachelor of Engineering from Madras University and MBA from IIM Bangalore. He was one of the professional co-founders of Cognizant. He has held leadership position in the IT industry, setting up business in India and several countries, the U.S., Europe, South America, The Philippines and China, driving best-in-class delivery excellence at scale. Besides IT, he has extensive experience in operations and human resource management.
5.	Mr. Neeraj Vyas	Non-Executive Director	07053788	1. PNB Housing Finance Limited (L)	1	0	He a senior professional with experience in banking, credit, mortgages, risk management and operations. He was part of State Bank of India for over three decades and has handled several assignments for the bank in various locations in India and abroad. He was Deputy Managing Director and Chief Operating Officer of State Bank of India. He is MSc. and CAIIB.
6.	Dr Tejendra Mohan Bhasin	Independent Director	03091429	1. PNB Housing Finance Limited (L) 2. PNB Gilts Limited (L)- Independent Director 3. SBI Cards and Payment Services Limited (L)- Independent Director 4. Patanjali Foods Limited (L) - Independent Director 5. SBI Life Insurance Company Limited (L)- Independent Director	8	3	He is PhD from University of Madras and MBA from FMS Delhi. He is an experienced retired banker who held the position of Chairman and Managing Director of Indian Bank. He has been conferred with honorary fellowship by Indian Institute of Banking and Finance. He was earlier vigilance commissioner in Central Vigilance Commission. He has over 42 years of experience in administration, banking and finance industry, risk management, credit management and operations.
7.	Mr. Sudarshan Sen	Independent Director	03570051	1. PNB Housing Finance Limited (L) 2. Federal Bank Ltd. (L) - Independent Director	2	0	He is MSc from Delhi University and MBA from University of Birmingham. He retired from the Reserve Bank of India as Executive Director in charge of regulation of banks and non-banking financial companies. He has extensive experience in banking regulation, bank supervision, fintech regulation, human resource, information technology and currency management.
8.	Mr. Kapil Modi	Non-Executive Nominee Director of Quality Investment Holdings Pcc	07055408	1. PNB Housing Finance Limited (L) 2. Nxtra Data Limited (UL)-Non Executive Nominee Director 3. Hexaware Technologies Limited (UL)- Non-Executive Nominee Director 4. VLCC Health Care Limited (UL)- Non-Executive Nominee Director	2	0	He is B. Tech from IIT Kharagpur, MBA from IIM Ahmedabad (Gold Medallist) and Master of Business Law from National Law School, Bangalore. He is an experienced Investment Advisor. He has strong network of relationships across investment banks, Consultants and operating management teams primarily in financial services and technology sector.

Sr. No.	Directors	Category	DIN	Name of Companies and Designation*	Number of Committees**		Skills/ Expertise
					Member	Chair-Person	
9.	Ms. Gita Nayyar	Independent Director	07128438	1. PNB Housing Finance Limited - (L) 2. Oriental Hotels Limited (L)- Independent Director 3. Transport Corporation of India Limited (L)- Independent Director 4. Glenmark Life Sciences Limited (L)- Independent Director 5. Taj Sats Air Catering Limited (UL) - Independent Director	4	2	She is a BA in Economics from Delhi University and holds an MBA from Amos Tuck School of Business Administration, Dartmouth College, USA. She is a finance professional with over 30 years of global leadership experience with MNC banks/ VC funds and corporates. She has expertise in corporate banking, risk and relationship management, investment banking, wealth management and fund raising. She is also recognised for her expertise in angel investing/mentoring and advising early-stage ventures and has a successful track record of Investing and founding early-stage enterprises.
10.	Mr. Pavan Kaushal	Independent Director	07117387	1. PNB Housing Finance Limited - (L) 2. Lendingkart Finance Limited (UL) - Additional Director 3. Asset Reconstruction Company (India) Limited (UL) - Director 4. Baroda Global Shared Services Limited (UL) - Additional Director	2	0	He holds a bachelor's degree in commerce from University of Calcutta and a master's degree in financial management from Jamnalal Bajaj Institute of Management Studies, University of Bombay. He is a member of the Institute of Chartered Accountants of India since 1985. He has over 33 years of experience in the financial services sector and risk management.
11.	Mr. Dilip Kumar Jain	Non-Executive Nominee Director of Punjab National Bank	06822012	1. PNB Housing Finance Limited - (L) 2. India SME Asset Reconstruction Company Limited (UL)- Director	0	0	He holds a bachelor's degree in commerce from Rajasthan University. He is also a member of the Institute of Chartered Accountants of India since 1989. He has over 26 years of experience in the banking sector, having worked in various positions. He is CFO of Punjab National Bank.
12.	Mr. Girish Kousgi	Managing Director & CEO	08524205	1. PNB Housing Finance Limited - (L) 2. PHFL Home Loans And Services Limited (UL)- Director	1	0	He has extensive experience of managing assets and liabilities, mortgage, retail lending, SME and Agri business. He has dealt with a variety of loan products, handling sales, product, credit underwriting, risk and operations. He has experience of retail banking for over 22 years apart from an experience of about 11 years in risk management. He is a Post-graduate in Business Administration (MBA) and graduate in Commerce.

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

**Audit Committee and Stakeholders Relationship Committee.

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE;

None of the Board of Directors are related inter-se except for the nominee Directors.

NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON- EXECUTIVE DIRECTORS

None of the Board of Directors hold shares of the Company in as on March 31, 2023, except Ms Gita Nayyar who holds 8,936 shares as on date.

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 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 banking, 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 various Committees, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and IT Strategy Committee.

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. All the Independent Directors fulfil the criteria prescribed in the Listing Regulations and other applicable laws and are independent of the management of the Company.

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 familiarization programme about the Company, its business environment, competitors, Company's portfolio etc.

The Company has a policy on familiarisation programme for the independent directors, which is placed on the website of the Company www.pnbhousing.com. An overview of the familiarisation programme during the year has been placed on the Company's website and can be accessed at https://www.pnbhousing.com/investor-relations/corporate-governance/

BOARD MEETINGS

As permitted by MCA, the Company held majority of Board Meetings by audio-video means. As per MCA guidelines, all the precautions were taken, rules for safe and secure conduct of Board meetings were followed and proceedings were recorded. Board Meetings are scheduled well in advance and prior 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 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 on 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 met eighteen times on April 04, April 28, April 29, May 30, June 14, July 28, August 04, August 26, October 07, October 20, October 27, November 04, November 29, December 12, December 14, January 24, February 03 and March 28, 2023. The attendance of the Directors at the Board Meetings and the 34th Annual General Meeting held on July 26, 2022 are listed below.

Sr. No.	Directors	Board Meetings*	Attendance at the 34th AGM	Sitting fee paid (₹)
1.	Mr. Atul Kumar Goel	10	Yes	-
2.	Mr. Sunil Kaul	18	Yes	-
3.	Mr. R Chandrasekaran	15	Yes	13,50,000
4.	Mr. Nilesh S Vikamsey	17	Yes	15,50,000
5.	Mr. Neeraj Vyas	18	Yes	16,50,000
6.	Dr Tejendra Mohan Bhasin	18	Yes	16,50,000
7.	Mr. Sudarshan Sen	10	Yes	9,50,000
8.	Mr. Kapil Modi	18	Yes	-
9.	Ms Gita Nayyar	17	Yes	15,50,000
10.	Mr. Girish Kousgi	8	NA	-
11.	Mr. Pavan Kaushal	7	NA	7,00,000
12.	Mr. Dilip Kumar Jain	6	NA	-
	Past directors			
1.	Mr. Hardayal Prasad	8	Yes	-
2.	Mr. Ashwani Kumar Gupta	3	NA	1,50,000
3.	Mr. Binod Kumar	7	Yes	-

*Leave of absence was granted to the concerned directors who could not attend the Board Meetings.

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, the Listing Regulations and RBI Directions as amended and as per the business requirements. The minutes of all Committee Meetings are finalised and recorded in the minute book maintained by the Company Secretary. The Minutes of Committee Meetings are placed before the Board.

The various Board Committees, their roles and their members are given below.

a. Audit Committee

The charter of the Audit Committee is as per section 177 of the Companies Act, 2013 and the Listing Regulations, as amended. The main role of the Audit Committee is;

i) It assists 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 company's process for monitoring compliance with laws and regulations and the code of conduct.

ii) It reviews quarterly, half yearly and yearly financial statements as prepared by the Company before submission to the Board.

iii) It reviews and monitors the Auditors' independence, performance and effectiveness of audit process.

iv) As per Related Party Policy, it gives approval to related party transactions and also monitor related party transactions.

v) It reviews functioning of whistle blower mechanism.

vi) It reviews functioning of internal audit.

vii) It recommends appointment, remuneration and terms of 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, where financial statement is discussed. The Audit Committee discuss with the Statutory Auditors their findings on the working of the Company without the presence of the Management.

During the year, the Audit Committee had met fourteen times on April 26, April 28, July 28, July 30, August 05, August 09, August 12, October 12, October 27, November 03, November 28, 2022, January 24, January 28 and March 27, 2023. The details of attendance at the Audit Committee Meetings are as under.

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Mr. Nilesh S Vikamsey, Chairman	14	6,60,000
2.	Mr. Sudarshan Sen	10	4,60,000
3.	Dr Tejendra Mohan Bhasin	14	6,60,000
4.	Mr. Neeraj Vyas	12	6,00,000

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

b. Nomination and Remuneration Committee (NRC)

The Committee has been delegated powers, role and responsibilities as required under section 178 of the Companies Act, 2013 and as per the Listing Regulation as amended.

The NRC formulates 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 Company has in place Policy on Fit and Proper Criteria of Directors and Nomination and Remuneration Policy for Directors, Key Managerial Personnel, Senior Management, and other employees in terms of the provisions of the Companies Act, 2013, and the Listing Regulations and can be accessed at https://www.pnbhousing.com/investor-relations/corporate-governance/. Details of remuneration paid to all the Directors forms part of the annual return MGT-7, available on the website.

The annual compensation package of the Managing Director & CEO 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 thirteen times on April 04, April 12, April 25, May 09, June 03, June 29, August 01, August 08, September 01, September 08, October 20, December 19 and December 24, 2022. The details of attendance at the NRC Meetings are as under:

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Mr. R Chandrasekaran, Chairman	11	4,70,000
2.	Mr. Sunil Kaul	13	-
3.	Mr. Nilesh S Vikamsey	12	5,20,000
4.	Ms Gita Nayyar	11	4,70,000
5.	Mr Sudarshan Sen	11	5,10,000
6.	Mr Atul Kumar Goel (from 05.05.2022)	6	-
	Mr. Binod Kumar (Ceased on 21.10.2022)	3	-

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

c. Corporate Social Responsibility Committee (CSR)

CSR Committee exercises the roles and responsibilities as per section 135 of the Companies Act, 2013 as amended. It oversees Corporate Social Responsibilities of the Company, recommend from time-to-time amendments to CSR Policy of the Company. It formulates annual action plan and recommend to the Board for its approval. It approves implementing agencies for the CSR activities. It oversees the functioning of Executive Committee of CSR Management.

During the year, the CSR Committee met four times on June 24, September 23, 2022, February 7 and March 29, 2023. The details of attendance at the CSR Meetings are as under;

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Dr Tejendra Mohan Bhasin, Chairman	4	2,00,000
2.	Mr. R Chandrasekaran	4	2,00,000
3.	Mr. Sudarshan Sen	3	1,50,000
4.	Mr. Girish Kousgi (From 21/10/2022)	2	-
	Mr. Hardayal Prasad (Ceased from 20/10/2022)	2	-

d. Stakeholders Relationship Committee (SRC)

The Committee oversees investor relations, recommend to the Board raising of equity share capital and allotment of equity shares and investors' grievances. The Committee has been delegated powers, role and responsibilities as required under section 178 of the Companies Act, 2013 and as per the Listing Regulations, as amended.

During the year, the SRC Committee has met five times on June 16, November 29, 2022, February 09, March 22 and March 27, 2023.

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Ms Gita Nayyar, Chairperson	5	2,50,000
2.	Mr Atul Kumar Goel (From 05.05.2022)	5	-
3.	Mr. Sunil Kaul	5	-

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
4.	Mr. Girish Kousgi (From 21/10/2022)	4	-
	Mr. Hardayal Prasad (Ceased from 20/10/2022)	1	-

e. Risk Management Committee

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. It oversees the guidelines, policies and processes for monitoring and mitigating such risks. The Committee has been delegated powers, roles, and responsibilities as per the Listing Regulation, as amended.

The Committee has met six times during the year on May 17, August 16, October 29, November 15, 2022, February 15, and March 23, 2023.

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Dr T M Bhasin, Chairman	6	2,80,000
2.	Mr. Sunil Kaul	5	-
3.	Mr. Neeraj Vyas	6	2,80,000
4.	Mr. Girish Kousgi (From 21/10/2022)	4	-
	Mr. Hardayal Prasad (Ceased from 20/10/2022)	2	-

Leave of absence was granted to the concerned Director who could not attend the Committee Meetings

Risk Management policies

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 constituent of risk management framework.

The credit risk management policy facilitates the Company to take appropriate risks to achieve its business objectives within the acceptable level of risk tolerance. The Credit Risk policy sets out the principles, standards and approach for credit risk management at the Company level and details a comprehensive framework to identify, assess, measure, monitor, control and report credit risks in a timely and efficient manner. The Assets Liability Management Policy provides for liquidity management, management of interest rate risk and other objectives such as a return on average assets, return on average equity, tier 1 leverage ratio, total risk-based capital ratio and NIM on average interest earning assets.

The objective of Market Risk Policy is to assist in maximizing the risk adjusted rate of return by providing inputs regarding market risk profile and portfolio performance, establish the guidelines to manage the market risks identified, to ensure risks are measured and monitored and to establish limit framework and ensure that positions taken are within the approved risk tolerance limits. The Stress Testing policy defines different types of stress tests such as, Regular and Ad-hoc stress tests in scenarios for liquidity, market, credit and operational risks.

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

None of the risks faced by the Company threaten its existence. The Company has in place the board level Risk Management Committee. The terms of reference and the composition forms part of the Report. The Company has also in place the designated Chief Risk Officer in compliance of the RBI Master Directions. The Risk Management Committee reviews various risks faced by the Company and also monitor the measures undertaken to mitigate the same.

f. Credit Committee (CCB)

It reviews and formulates credit policy parameters for loans to various segments, review the feedback mechanism to policy to improve and to maximize risk/return matrix. The CCB reviews the credit performance and collection effectiveness of the loan portfolio. The Board has also delegated powers to sanction loans to the Committee.

During the year, the CCB had met thirteen times on May 18, June 15, July 25, August 10, September 05, December 15, December 23, December 31,2022, January 04, January 18, February 13, February 25 and March 17, 2023. The details of attendance at the CCB Meetings are as under.

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Mr. Neeraj Vyas, Chairman	12	5,80,000
2.	Mr. Kapil Modi	11	-
3.	Mr. Pavan Kaushal (From 27/10/2022)	8	4,00,000
4.	Mr. Girish Kousgi (From 21/10/2022)	8	-
	Mr. Hardayal Prasad (Ceased from 20/10/2022)	4	-

Leave of absence was granted to the concerned directors who could not attend the Committee Meetings

g. **IT Strategy Committee**

The Committee approves IT strategy, IT policy documents, cyber security and IT security. It guides the management to put in place an effective strategic planning process. It ascertains that the Management has implemented processes and practices to ensure that the IT delivers value to the business, that the IT investments represent a balance of risks, benefits and IT budget. It monitors the method that the management uses to determine the IT resources needed to achieve strategic goals and provide high level direction for sourcing and use of IT resources. It monitors IT risks and controls.

During the year, the IT Strategy Committee had met four times on June 21, October 06, November 15, 2022 and March 21, 2023. The details of attendance at the IT Committee Meetings are as under.

Sr. No.	Directors	Number of Meetings attended	Sitting fee (₹)
1.	Mr. R Chandrasekaran, Chairman	4	2,00,000
2.	Mr. Kapil Modi	4	-
3.	Mr. Pavan Kaushal (From 27/10/2022)	1	50,000
4.	Mr. Girish Kousgi (From 21/10/2022)	2	-
	Mr. Hardayal Prasad (Ceased from 20/10/2022)	2	-

KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with Rules made thereunder, following are the Key Managerial Personnel of the Company:

a. Mr. Girish Kousgi, Managing Director & CEO (w.e.f. 21/10/2022)

b. Mr. Vinay Gupta, Chief Financial Officer (w.e.f. 26/10/2022)

c. Mr. Sanjay Jain, Company Secretary and Chief Compliance Officer

Mr. Hardayal Prasad resigned as Managing Director & CEO, with effect from October 20, 2022. Mr Kapish Jain, resigned as Chief Financial Officer w.e.f. April 07, 2022 and Mr. Kaushal Mithani, Chief Financial Officer (Interim) resigned w.e.f. August 23, 2022.

The status of shareholders' complaints during Financial Year 2022-23, 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.)
0	N.A.	N.A.

However, the Company has received few requests for revalidation of dividend warrants and physical copy of annual report. The same has been taken into consideration and closed.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met on April 04, 2022 and March 29, 2023. The Independent Directors met 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

Independent Directors and Non-Executive Non-Nominee Directors are paid sitting fees and commission on net profits. During the year under review, the sitting fees payable to Independent Directors for attending meetings of the Board of Directors of the Company was revised from ₹50,000 to ₹1,00,000 per Board Meeting w.e.f. 30/05/2022. The sitting fees for attending the meetings of Committees of Board was revised from ₹30,000 to ₹50,000 per meeting w.e.f. 30/05/2022. The Commission payable to all the independent directors is restricted to 0.25% of the net profits of the Company as approved by the Shareholders of the Company.

Details of sitting fees and commission paid during Financial Year 2022-23 is provided in the Form MGT-7 which is placed on the website of the Company.

S. No.	Name	Sitting Fees paid		Commission paid	Total
		Board Meetings	Committee/ other Meetings		
1	Mr. R Chandrasekaran	13,50,000	9,50,000	15,00,000	38,00,000
2	Mr. Nilesh S Vikamsey	15,50,000	12,60,000	15,00,000	43,10,000
3	Mr. Neeraj Vyas	16,50,000	14,60,000	15,00,000	46,10,000
4	Dr Tejendra Mohan Bhasin	16,50,000	12,20,000	15,00,000	43,70,000
5	Mr. Sudarshan Sen	9,50,000	12,00,000	15,00,000	36,50,000
6	Ms. Gita Nayyar	15,50,000	8,00,000	12,50,000	36,00,000
7	Mr. Pavan Kaushal	7,00,000	5,00,000	-	12,00,000
8	Mr. Ashwani Kumar Gupta (Ceased on 11.05.2022)	1,50,000	30,000	15,00,000	16,80,000
	Total	**95,50,000**	**74,20,000**	**1,02,50,000**	**2,72,20,000**

Managing Director & CEO

Mr. Girish Kousgi is the Managing Director and CEO of the Company for a period of four years with effect from October 21, 2022, till October 20, 2026. Mr. Hardayal Prasad was the Managing Director and CEO of the Company up to October 20, 2022.

The remuneration of the Managing Director & CEO 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 & CEO comprises of salary, performance linked variable pay and usual perquisites as per Company's HR policy approved by the Board. In addition, he is entitled to ESOPs. The Managing Director & CEO of the Company has not received any commission from the subsidiaries of the Company.

Details of remuneration paid/payable to the Managing Director during the year under review is provided in Form MGT-7. Details of ESOP Options of Managing Director:

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

Sl. No.	Particulars of remuneration	Total amount (₹)	
		Mr. Hardayal Prasad	Mr. Girsih Kousgi
1	Gross Salary		
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961	1,30,88,447	1,09,83,494
	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	Separate Table	Separate Table
3	Sweat Equity	-	-
4	Commission as % of profit	-	-
5	Performance Bonus	*	
	Total	**1,30,88,447**	**1,09,83,494**

* Hardayal Prasad, was paid ₹2.50 crore as ex-gratia amount in lieu of performance bonus for the previous financial year FY 2021-22, pro-rata performance bonus for the services rendered till the exit date during the financial year 2022-23, salary in lieu of 90 days' notice period as ex-gratia and goodwill payment as additional ex-gratia.

a. First tranche: ₹1.25 crore was paid in FY 2023.

b. Second tranche: ₹1.25 crore was paid in FY 2024.

Name	Grant Date	Options Granted	Vesting Period	No. of options exercised
Mr. Hardayal Prasad	August 19, 2020	5,50,000	The ESOPs vesting was 10% in Year 1, 20% in Year 2, 30% in Year 3 and 40% in Year 4.	1,65,000 (The balance 70% options have lapsed post his resignation from the Board w.e.f Oct. 20, 2022)
Mr. Girish Kousgi	October 21, 2022	5,75,000	The ESOPs shall vest 20% in Year 1, 20% in Year 2, 30% in Year 3 and 30% in Year 4.	-

BOARD EVALUATION

This Board's evaluation process has been adopted by the Company in terms of the Companies Act, 2013 and the circular issued by the SEBI. It applies to all the Directors of the Company. Its main objective is 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 evaluation of performance of the Board of Directors, Board Committees and individual Directors was carried out during the year on the basis of a structured questionnaire comprising of evaluation criteria forming part of the policy, through peer evaluation, excluding the Director being evaluated.

Evaluation criteria for Board includes communication with management, succession planning, independence, remuneration, strategy and performance, conflict of interest, culture, frequency of meetings, agenda, training, qualification, evaluation of risk, performance evaluation, access to management etc. Evaluation criteria for Committees includes contribution, effectiveness, independence, composition, structure and meetings.

Evaluation criteria for individual directors includes fulfilment of functions, knowledge and skill, participation and personal attributes.

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 not received any complaints from the investors. The Company has received few requests for physical copy of Annual Reports and revalidation of dividend warrants which 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 August 22, 2017. The Company is a distribution arm for PNB Housing Finance, 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.

The subsidiaries are not material subsidiary within the meaning of the Listing Regulations. The Company has formulated a policy for determining material subsidiary, which is available on Company's website at https://www.pnbhousing.com/investor-relations/corporate-governance/.

EMPLOYEE STOCK OPTION SCHEME (ESOS)/ RESTRICTED STOCK UNIT SCHEME

The disclosures as required under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended, have been placed on the website of the Company.

PROCEEDS FROM PRIVATE PLACEMENT OF DEBT ISSUES

During the year, the Company has raised ₹150 crore of secured NCDs through private placements in one series. As specified in the offer document, 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.

None of the Directors are related to each other.

SHAREHOLDING OF DIRECTORS

The details of shareholding of Directors are disclosed in MGT-7 form available on the website of the Company at https://www.pnbhousing.com/investor-relations/annual-reports/.

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, as amended from time to time.

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, their immediate relatives 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 AND WHISTLE BLOWER POLICY

The Board has approved the vigil mechanism and 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.

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

During the year under review, the Company has adhered to the internal Guidelines on Corporate Governance adopted in accordance with the clause 55 of the Chapter IX of the - Corporate Governance of RBI Directions, which, inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various stakeholders and lays down the Corporate Governance practices of the Company. The said Policy is available on the website of the Company and can be accessed at https://www.pnbhousing.com/investor-relations/corporate-governance/

GENERAL PROCEDURE FOR POSTAL BALLOT

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

TOTAL FEES PAID TO STATUTORY AUDITORS BY COMPANY AND ITS SUBSIDIARY FOR ALL THE SERVICES DURING FINANCIAL YEAR 2022-23

During the year, the Statutory Auditors received a total remuneration of ₹1.08 crore from the Company and ₹0.09 crore from 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. In addition, the Statutory Auditors were paid fees in relation to the Rights Issue related services amounting to ₹0.65 crore (excluding applicable taxes).

INTERNAL FINANCIAL CONTROL

The Company has an Internal Audit Department to conduct audit of functional areas and operations of the Company, the adequacy of compliance with policies, procedures, statutory and regulatory requirements. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Significant audit observations and corrective actions thereon are presented to the Audit Committee every quarter. The Audit Committee reviews and evaluates adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

The Audit Committee and Board of Directors have approved a documented framework for the internal financial control to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information and disclosures.

DISCLOSURES

Related Party Transactions

The Policy on Related Party Transactions as approved by the Board is available on Company's website at https://www.pnbhousing.com/investor-relations/corporate-governance/. There were no material transactions with related parties that may have potential conflict of interest with 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, with 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 and PNB Gilts Limited 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 complied with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') and rules made thereunder. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

Management Discussion and Analysis Report

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

General Meetings

The Annual General Meetings for the last 3 years were held on August 05, 2020 at 3.00 pm, September 03, 2021 at 3.00 pm and July 26, 2022 at 3.00 pm. One EGM was held on June 22, 2021 at 3.00 pm. Due to pandemic, the AGM/EGM were held through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) as permitted by MCA circular.

Eight special resolutions were passed at the previous four General Meetings.

S.No	Particulars of General Meetings	Venue, location and time	Number of Special resolutions	Nature of resolutions
1	AGM - August 05, 2020	Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM)	1	To borrow funds and issue of bonds/ non-Convertible debentures and other debt securities.
2	AGM - September 03, 2021	do	1	To borrow funds and issue of bonds/ non- Convertible debentures and other debt securities.
3	EGM - June 22, 2021	do	2	Re-appointment of Mr. Chandrasekaran Ramakrishnan (DIN 00580842) as an Independent Director for a second term of 5 (five) years
				Re-appointment of Mr. Nilesh S Vikamsey (DIN 00031213) as an Independent Director for a second term of 5 (five) years.
4	AGM – July 26, 2022	do	4	To borrow funds and issue of Non-Convertible Debentures (NCDs) on private placement basis.
				Approval of Restricted Stock Unit Scheme 2022 of the Company
				Approval of Employees Stock Option Scheme (ESOP Scheme III 2022) of the Company
				Approval of amendment in the Employees Stock Option Scheme 2016.

During the year, the Company had issued following Postal Ballot notices under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014; General Circular Nos 14/2020, 17/2020, 33/2020, 39/2020, 10/2021 and 20/2021 issued by the Ministry of Corporate Affairs ("MCA") dated April 08, 2020, April 13, 2020, September 28, 2020, December 31, 2020, June 23, 2021 and December 08, 2021 respectively, ("MCA Circulars"), for seeking the consent of Shareholders for approval.

a. On March 09, 2022 for appointment of Mr Binod Kumar as Non-Executive Nominee Director. As per the Scrutinizer's Report, the resolution was approved as embodied in the Postal Ballot Notice with the requisite majority as on the last date of e-voting on April 08, 2022.

b. On April 13, 2022 for approval of material related party transactions with Punjab National Bank and PNB Gilts Limited. The resolution was approved as embodied in the

Postal Ballot Notice with the requisite majority as on the last date of e-voting on May 18, 2022.

c. On November 21, 2022 for appointment of Mr. Girish Kousgi (DIN 08524205) as Managing Director and Chief Executive Officer of the Company, appointment of Mr. Pavan Kaushal (DIN 07117387) as an Independent Director and appointment of Mr. Dilip Kumar Jain (DIN 06822012) as Non-Executive Nominee Director on the Board of the Company. As per the Scrutinizer's Report, the resolutions were approved as embodied in the Postal Ballot Notice with the requisite majority as on the last date of e-voting on December 22, 2022.

The Company had appointed Dr S. Chandrasekaran (Membership No. FCS 1644, CP NO. 715) failing him Mr. Rupesh Agarwal (Membership No. ACS 16302, CP NO. 5673), failing him Mr. Shashikant Tiwari (Membership No, FCS 11919, CP. No. 13050), Partners of M/s Chandrasekaran Associates, Company Secretaries, New Delhi as the Scrutinizer for conducting the e-Voting process in a fair and transparent manner. Accordingly, the above Postal Ballot(s) were conducted by the scrutinizer and a report was submitted.

Details of voting pattern and scrutinizer's report is placed on the website of the company www.pnbhousing.com.

As of now, no special resolution is proposed to be conducted through postal ballot.

Dematerialisation of shares

All the shares of the Company are available for trading with National Securities Depository Ltd. (NSDL) and with Central Depository Services (India) Limited (CDSL). The ISIN allotted to Company's equity shares is INE572E01012. As on March 31, 2023 except 6 shares, remaining equity shares of the Company are held in dematerialized form.

The Company has paid the listing fees for the year 2022-23 as per the Listing Regulations to the respective stock exchanges.

Investor Relations

The Company has 1,08,269 shareholders as on March 31, 2023. 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 Report of Directors on Corporate Governance and Management Discussion and Analysis Report.

The Company has an evolved investor relations program. The Company's 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 regulations 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 newspapers and are communicated to the stock exchanges as per the provisions of the Listing Regulations, 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 the Financial Year 2022-23, 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/DDHS/DDHS-RACPOD1/P/CIR/2023/001 dated January 5, 2023 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 the Listing Regulations and amendments thereto. 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 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 the Listing Regulations, as amended, Mr. Girish Kousgi, the Managing Director & CEO and Mr. Vinay Gupta, the Chief Financial Officer 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 non-mandatory requirements, as and when necessary.

COMPLIANCE

The Company has complied with the mandatory requirements as stipulated under Regulation 17 to 27, 46, 34(3) and 53 of the Listing Regulations. The Company has submitted the quarterly compliance status report to the stock exchanges within the prescribed time limit. The Company has also received a certificate from the Practising Company Secretary confirming that none of the Directors have been debarred or disqualified. During the year under review, the Company has not raised any funds through Preferential Allotment or Qualified Institutions Placement as specified under the Listing Regulations.

STRICTURES AND PENALTIES DURING LAST 3 YEARS

a. During FY 2022-23, BSE Limited and NSE Limited have levied a penalty of ₹4.25 lakh each plus GST each on 21/11/2022 and 21/02/2023 for non-compliance with the proviso to Regulation 17 (1) (b) of Listing Regulations i.e., the Board of Directors of the listed entities where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.

b. During FY 2021-22, BSE Limited and National Stock Exchange of India Limited have levied a penalty of ₹2.70 lakh each plus GST each for delay in appointment of woman director. The National Housing Bank has imposed a monetary penalty of ₹0.80 lakh plus GST on the Company for non-adherence of policy circular no. 58 and 75.

c. During FY 2020-21, the National Housing Bank has imposed a penalty of ₹190.00 lakh plus GST on the Company.

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
Date: June 22, 2023

Managing Director & CEO

EXTRACTS FROM POLICY ON RELATED PARTY TRANSACTIONS

I. INTRODUCTION

PNB Housing Finance Limited ('**the Company**') is a public limited company incorporated on November 1, 1988 under the Companies Act, 1956 (Corporate Identity Number L65922DL1988PLC033856). The Company is registered as a Housing Finance Company with the National Housing Bank (NHB) under the NHB Act, 1987.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("SEBI Listing Regulations")** and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 requires a Company to adopt a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

In view of the above, the Board of Directors ("**Board**") of the Company has adopted the Policy on Related Party Transactions ("**Policy**").

II. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out:

i. Materiality of Related Party Transactions;

ii. Manner of dealing with the transactions between the Company and its Related Parties and other Related Party Transactions, as may be required, in accordance with the Companies Act, 2013, Regulation 23 of the SEBI Listing Regulations and any other statute, law, standards, regulations relating to Related Party Transactions; and

iii. Laying down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable in the best interest of the Company

III. DEFINITIONS

i. **'Act'** means the Companies Act, 2013, as amended from time to time.

ii. **'Arm's Length Transaction' means** a transaction between the Company and its Related Party(ies) that is conducted as if they are unrelated, so that there is no conflict of interest.

iii. **'Audit Committee'** means Audit Committee of Board of Directors of the Company constituted under provisions of the Act and SEBI Listing Regulations.

iv. **'Board of Directors'** or **'Board'** means Board of Directors of the Company as constituted from time to time.

v. **'Company'** means PNB Housing Finance Limited.

vi. **'Compliance Officer'** may be a Company Secretary of the Company or any other person as may be authorized by the Board for this purpose.

vii. **"Material modification"** shall mean any modification made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved which, individually or taken together with previous modifications during a financial year, results in variation in the value of the Related Party Transaction, as tabulated in the Annexure (except for the specified transactions covered as per the Act) or has significant impact on the nature, tenure, exposure, as may be determined by the Audit Committee from time to time;

Provided that a modification shall be material, if by such modification, the terms of the contract cease to be arms' length.

Provided further that the following shall not be considered as material modification -

- modifications which may be mandated pursuant to change in law;
- modifications pursuant to and in accordance with the terms of the approved transaction/contract apart from the above defined material modification;
- modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.) approved by appropriate authority;
- modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties;
- modifications uniformly affected for similar transactions with unrelated parties;

viii. 'Material Related Party Transaction'

A. Under the SEBI Listing Regulations:

a. means transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹1,000 crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is less.

b. a transaction involving payments made to a Related Party with respect to brand usage or royalty shall also be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

B. Under the Act:

means transactions as defined under Section 188(1) of the Act with Related Parties as defined under Section 2(76) of the Act where the aggregate value of the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under the Act from time to time. Rule 15 of Companies (Meeting of Board and its Power) Rules, 2014 prescribes the specified transactions and threshold limits as tabulated below:

Prescribed transaction categories	**Threshold Limits**
Sale, purchase or supply of any goods or material (directly or through an agent)	Amounting to 10 per cent or more of turnover of the Company
Selling or otherwise disposing of, or buying, property of any kind (directly or through an agent)	Amounting to 10 per cent or more of net worth of the Company
Leasing of property of any kind	Amounting 10 per cent or more of turnover of the Company
Availing or rendering of any services (directly or through an agent)	Amounting to 10 per cent or more of turnover of the Company
Appointment to any office or place of profit in the company, subsidiary company or associate company	Remuneration exceeding ₹2.5 lakh per month of the Company
Underwriting the subscription of any securities or derivatives of the company	Remuneration exceeding one per cent of net worth of the Company

ix. **Related Party(ies)'** shall have the same meaning as defined under the Act, SEBI Listing Regulations and Indian Accounting Standards (Ind AS) including all amendments and modifications thereof from time to time.

Further, as per SEBI Listing regulation:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

x. **'Related Party Transaction'** means a transaction involving transfer of resources, services or obligations between:

(i) the Company or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand with effect from April 1, 2022; or

(ii) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023; whether a price is charged or not.

A transaction with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

xi. **'SEBI Listing Regulations'** mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments thereof.

xii. **"Specified Transaction"** means the transaction which has been specified in Section 188 of the Act.

xiii. **'Stock Exchange'** means the stock exchange where equity shares of the Company are listed.

xiv. **'Turnover'** Turnover or Net Worth shall be on the basis of the Audited Financial Statement of the preceding Financial year.

Unless the contrary is apparent from context, words and expressions used and not defined in this Policy shall have the same meaning as contained in the Act read with rules made thereunder, the SEBI Listing Regulations or any other cognate statute.

IV. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

IV.1. Identification of Related Parties and Related Party Transactions:

i. Every Director and/or Key Managerial Personnel of the Company shall disclose to the Compliance Officer 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 organizations in which he/ she is interested along with unique identification number/ PAN, whether directly or indirectly including details of relatives etc.

ii. The Chief Financial Officer shall maintain a complete list of Related Parties, and update the same as and when any change is necessitated. The list shall be disseminated to all business functionaries for their ready reference while undertaking any transaction.

iii. Besides, the Chief Financial Officer shall also maintain a list of Related Parties of its subsidiaries, which may be sourced from respective subsidiaries on a periodic (quarterly) basis or as and when needed. Adequate systems must be in place to ensure that the RPTs in which the Company is not a party, but the subsidiary is a party, shall be brought to the information of the Company in a timely manner, for necessary approvals, wherever required.

iv. The Chief Financial Officer will be responsible for providing prior notice to the Compliance Officer 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.

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

vi. 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. The Audit Committee shall have the right to obtain external professional advice in relation to related party transactions.

IV.2. Approval Mechanism for Related Party Transaction

IV.2.1. Approval by the Audit Committee

All Related Party Transactions and Material Modification(s) thereto shall require **prior** approval of the Audit Committee irrespective of whether such transactions are in the ordinary course of business and/ or at arm's length or not.

Prior approval of the Audit Committee of the listed entity shall also be required in case of a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of annual consolidated turnover (w.e.f. April 1, 2023, 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary), as per the last audited financial statements of the Company;

However, such prior approval shall not be required for (i) a related party transaction wherein Regulation 23 is applicable to such subsidiary, since in that case prior approval of the audit committee of the subsidiary will be obtained; and (ii)such other transactions which may be exempted under the Listing Regulations, from time to time.

Approval of the Audit Committee shall not be required for any transaction which has been entered into by the Company with its wholly owned subsidiary or transactions entered into between two wholly- Owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the General Meeting for approval. However, approval shall be required in case of Specified Transaction between the Company and its wholly owned subsidiary company.

Transactions for which prior approval has been accorded by the Audit Committee, should be placed for review by the Audit Committee at such intervals, as may be decided by the Audit Committee, but least on an annual basis.

Only those members of the Audit Committee who are independent directors, shall approve Related Party Transactions. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

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 keeping in mind repetitiveness and justification for the need for the 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:

i. 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.

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

   a. name of the Related Party(ies);

   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:

iii. 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).

iv. 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.

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

vi. Such omnibus approval shall not be made by the Audit Committee for the transactions in respect of selling or disposing of the undertaking of the Company.

IV.2.2. Approval by the Board

i. Related Party Transaction shall require Board approval in the following cases:

   a. If the Related Party 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; or

   d. the Related Party Transaction needs to be approved by the Board under any law for the time being in force.

ii. Approval of the 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.

iii. The considerations set forth above in case of Audit Committee shall also apply to the Board's review and approval of the proposed Related Party Transaction with such modification as may be necessary or appropriate under the circumstances.

iv. Any member of the Board who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

IV.2.3. Approval by the Members

Unless exempted under the Act/SEBI Listing Regulations., as the case may be, all Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders by way of an ordinary resolution. No Related Party(ies) shall vote to approve such resolutions whether the person/entity is a related party to the particular transaction or not.

Approval of the members shall not be required for any transaction which has been entered into by the Company with its wholly owned subsidiary or transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the General Meeting for approval.

Type of RPT	Approving body		
	Audit Committee	Board	Shareholders
Material RPTs	●		●
Material modifications in RPTs, where RPT is material	●		●
Material modifications in RPTs, where RPT is not material	●		
Not in ordinary course / arm's length & not material	●	●	
Not in ordinary course / arm's length & material	●	●	●

IV.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:

i. 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;

ii. 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;

iii. 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

iv. 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.

V. 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 the transaction 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 Chief Financial Officer/ Compliance Officer 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 in accordance with the provisions of the Act/Listing Regulations.

VI. DISCLOSURES AND REPORTING

The Company shall make all disclosures and reporting in accordance with the provisions of applicable laws, including the following -

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 Annual Report shall contain Related Party disclosure in accordance with all applicable laws, including accounting standards and RBI Master Directions.

iii. The Compliance Officer shall also make necessary entries in the Register of Contracts or Arrangement required to be maintained under the Act.

iv. Details of all Material Related Party Transactions with its Related Parties and 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount shall be disclosed in the quarterly compliance report on corporate governance as per the provisions of SEBI Listing Regulations.

v. The Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year (and on the date of publication of its standalone and consolidated financial results, w.e.f. April 1, 2023), disclosures of Related Party Transactions on a consolidated basis, in the format specified in the SEBI Listing Regulations as amended from time to time and publish the same on its website.

vi. The Company shall disclose the Policy on dealing with Related Party Transactions on its website and also in the Annual Report, in accordance with RBI Master Directions.

VII. NON APPLICABILITY

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

The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

The following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- payment of dividend;
- subdivision or consolidation of securities;
- issuance of securities by way of rights issue or a bonus issue; and
- buy-back of securities;
- Acceptance of fixed deposits by the Company at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of Related Party Transactions every six months to the stock exchange(s), in the format at specified by the Board
- such other exclusions and exemptions as may be provided under the Act/ SEBI Listing Regulations, or other applicable laws from time to time.

VIII. POLICY REVIEW AND DISSEMINATION

This Policy shall be reviewed annually by the Board or at earlier intervals as deemed necessary. Consequent upon any change in the SEBI Listing Regulations/Act or any other applicable law/ regulatory guidelines, if any, such change to the extent applicable to the Company, shall be deemed to be a part of this Policy.

The Company shall upload this Policy on its website and a web link of the same will be provided in the Annual Report.

IX. INTERPRETATION

Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors of the Company in line with the broad intent of this Policy read with the applicable provisions of the Act, rules made thereunder, and the SEBI Listing Regulations.

In the event of any conflict between the provisions of this Policy and the Act or the SEBI Listing Regulations or any other statutory enactments or rules, the provisions of the SEBI Listing Regulations / the Act or statutory enactments, rules made thereunder shall prevail over to this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

ANNEXURE I

Material Modification on type of Related Party Transactions

Type of Transactions	Variation in the value of transaction (%)	Variation in the nature	Variation in tenure (%)	Variation in exposure
Loans raised – External commercial borrowings – Non-Convertible debentures – Commercial Paper – Term Loans/ working capital loans/ Overdraft/ cash credit – Fee/charges in relation to above	10	Secured converted to unsecured or vice versa	10	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Interest expense on the loan raised	NA	Secured converted to unsecured or vice versa	10	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Fixed deposit made	10	Premature withdrawal / Variation in the basis of computation of deposit rates	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Fixed deposit accepted	10	Variation in the basis of computation of deposit rates	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Interest income / expense on fixed deposit made / accepted	NA	NA	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Assignment of loan including the servicing fees earned in relation to the assignment	10	NA	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Routine banking transactions in the current account maintained with bank in line with bank mandate (including collection or disbursement of loans and incidental bank charges)	NA	NA	NA	NA
Sale / purchase of government securities	10	NA	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Rent, maintenance and other fees/charges	10	NA	NA	Likely to exceed the thresholds prescribed by the regulator or the underlying policy approved by the Board / Committee governing the policy.
Remuneration, sitting fees, commission etc. to Key Managerial / Management Personnel	NA	NA	NA	The underlying policy approved by the Board / Committee governing the policy.
Donation for CSR	NA	NA	NA	The underlying policy approved by the Board / Committee governing the policy.

ANNEXURE II

INFORMATION TO BE PROVIDED IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION)

i. Name, PAN of the Related Party and nature of relationship;

ii. Nature and duration of the contract/transaction and particulars thereof;

iii. Material terms of the contract or arrangement or transaction including the value, if any;

iv. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price/ value and / or material terms of the contract or arrangement including a justification to the proposed variations;

v. Any advance paid / received or to be paid / received for the contract or arrangement, if any;

vi. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;

vii. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.

viii. Applicable statutory provisions, if any;

ix. Valuation reports in case of sale or purchase or leasing/ renting of capital assets or securities; if any.

x. Justification as to the arm's length nature of the proposed transaction;

xi. Declaration whether the transaction is in the ordinary course of business;

xii. Any other information prescribed under applicable regulation or relevant for the Committee / Board to take a decision on the proposed transaction.

ANNEXURE 4

GENERAL SHAREHOLDERS' INFORMATION

[Pursuant to Point 9 of Para C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

35th Annual General Meeting
Date: August 10, 2023
Day: Thursday
Time: 4:00 P.M. (IST)
Venue: Audio Video Means

FINANCIAL YEAR

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

DIVIDEND PAYMENT

The Board of Directors of Company have not declared any dividend for the Financial Year 2022-23.

LISTING ON STOCK EXCHANGE

Equity Shares of PNB Housing Finance Limited are listed on the below mentioned Stock Exchanges. The International Securities Identification Number (ISIN) in respect of the equity shares of the Company is **INE572E01012**.

Stock Exchange	National Stock Exchange of India Limited (NSE)	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

DEBT SECURITIES & COMMERCIAL PAPER

The Non-Convertible Debentures (NCDs) and Commercial Papers of PNB Housing Finance are listed for trading on the National Stock Exchange (NSE).

LISTING FEES

The Company confirms payment of Annual Listing fees to NSE and BSE for the financial year 2023-24.

STOCK MARKET PRICE DATA

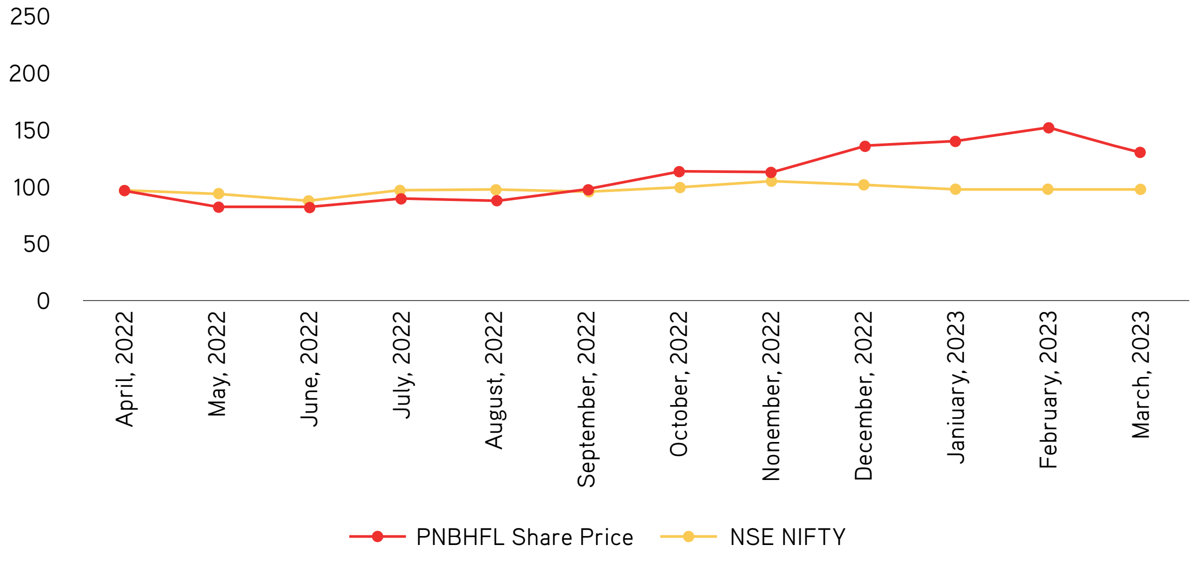
The High and Low price (based on daily closing prices) and the volume of equity shares traded during each month in FY 2023 on NSE and BSE, are as under:

Month	NSE			BSE		
	High(₹)	Low(₹)	Total Equity Volume	High(₹)	Low(₹)	Total Equity Volume
Apr-2022	426.60	375.00	68,10,324	426.15	375.20	6,45,473
May-2022	377.85	311.45	27,99,325	377.90	312.00	4,29,017
Jun-2022	409.00	318.05	1,26,85,507	409.95	317.50	7,49,734
Jul-2022	365.00	324.10	38,62,461	365.00	323.40	3,05,419
Aug-2022	378.75	341.50	66,80,608	378.90	341.95	3,63,973
Sep-2022	454.00	349.95	2,06,97,935	453.80	348.55	23,63,731
Oct-2022	460.90	380.15	1,39,43,090	460.70	380.85	9,74,442
Nov-2022	454.35	415.00	61,48,288	454.10	411.45	5,33,210
Dec-2022	543.00	420.30	4,31,29,345	542.70	420.10	21,89,490
Jan-2023	600.50	521.05	3,97,69,056	600.85	520.45	22,17,739
Feb-2023	611.85	506.25	1,38,02,183	612.00	505.90	8,64,341
Mar-2023	654.80	462.50	2,67,80,899	654.25	464.00	12,28,663

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

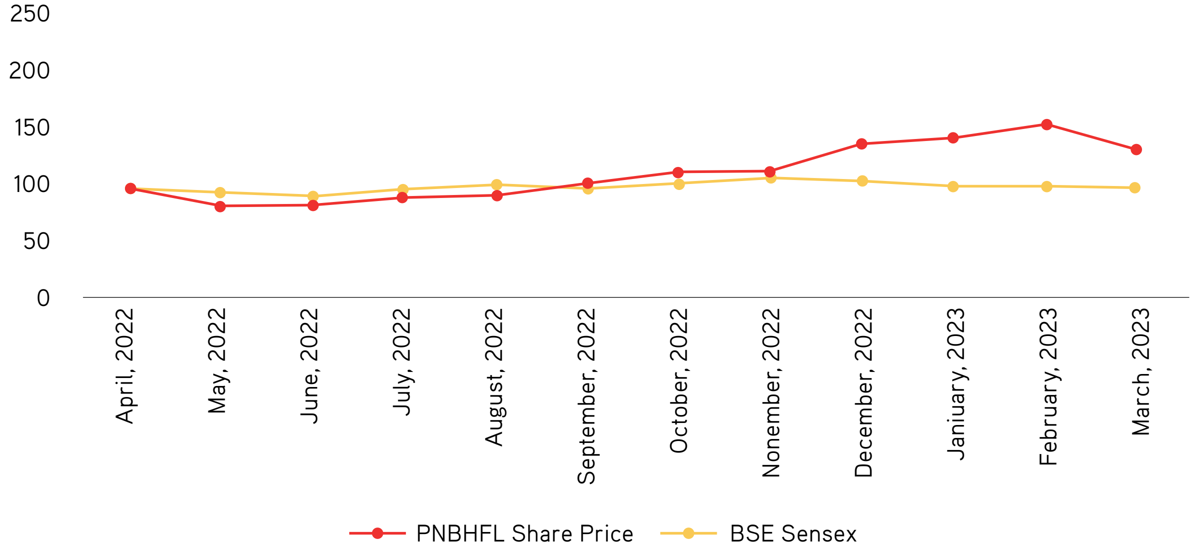
Performance of the Share Price of Company in comparison to broad base indices

PNBHFL share price & NSE Nifty 50 movement



Note: PNB Housing Finance share price and NSE Nifty 50 index values on April 1, 2022, have been baselined to 100.

PNBHFL share price & BSE Sensex 50 movement



Note: PNB Housing Finance share price and BSE Sensex index values on April 1, 2022, have been baselined to 100.

REGISTRAR AND TRANSFER AGENT

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

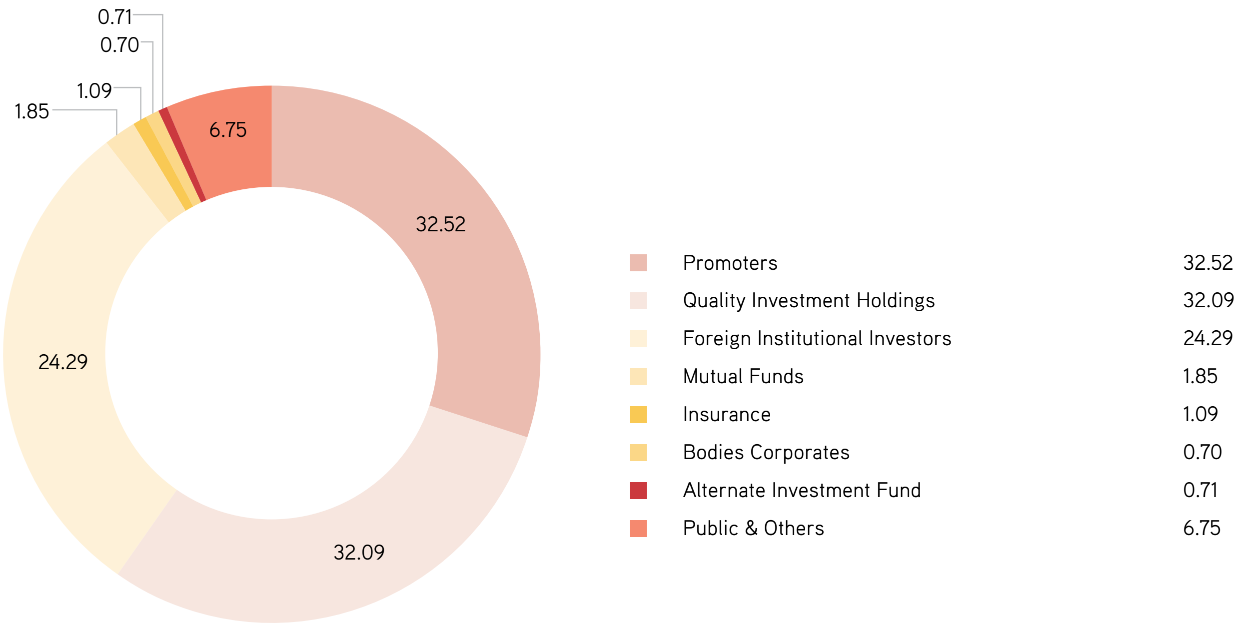
SHARE TRANSFER SYSTEM

All the equity shares of the Company are held in Dematerialized form except 6 shares which are held in physical form. The Registrar and Transfer Agent receives a weekly report from the Depository about the details of beneficiary and update their records. Certificates are being obtained and submitted to Stock Exchanges on yearly basis, from a Company Secretary in practice towards due compliance of share transfer formalities by the company within the due dates, in terms of Regulation 40 (9) of SEBI LODR Regulations, 2015.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2023

S. NO.	Number of Shares	NO. OF SHARE HOLDERS	% OF TOTAL	TOTAL NO. SHARES	% OF TOTAL SHARES
1	1 to 500	1,06,829	97.01	49,16,380	2.91
2	501 to 1000	1,704	1.55	13,13,032	0.78
3	1001 to 2000	736	0.67	10,90,114	0.65
4	2001 to 3000	288	0.26	7,15,214	0.42
5	3001 to 4000	115	0.10	4,08,270	0.24
6	4001 to 5000	101	0.09	4,72,232	0.28
7	5001 to 10000	144	0.13	10,56,820	0.63
8	10001 to above	207	0.19	15,88,83,756	94.09
	Total	**1,10,124**	**100.00**	**16,88,55,818**	**100.00**

SHAREHOLDING PATTERN AS ON MARCH 31, 2023



Top 10 shareholders of the Company as on March 31, 2023

Sl. No.	Particulars	Number of equity shares held	Percentage of holding
1	Punjab National Bank	5,49,14,840	32.52
2	Quality Investment Holdings PCC	5,41,92,300	32.09
3	Investment Opportunities V Pte. Limited	1,66,87,956	9.88
4	General Atlantic Singapore Fund FII Pte Ltd	1,65,93,240	9.83
5	Tata Mutual Fund- Tata Equity P/E Fund	16,00,000	0.95
6	Pioneer Investment Fund	10,80,000	0.64
7	United India Insurance Company Limited	8,97,502	0.53
8	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	8,05,946	0.48
9	Vanguard Total International Stock Index Fund	7,94,055	0.47
10	Morgan Stanley Asia (Singapore) Pte. - ODI	7,42,859	0.44

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 annual 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

The Company does not have any outstanding convertible instruments as on March 31, 2023.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During Financial Year 2022-23, 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.

SUSPENSION OF SECURITIES

The securities of the Company were never suspended from trading since its listing.

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:
PNB Housing Finance Limited
9^{th} 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

CREDIT RATING

Ratings assigned by Credit Rating Agencies and migration of rating during the year:

Instrument	Rating Agency	Latest Ratings Assigned (As on March 31, 2023)	Migration during the year	Rating as on April 01, 2022
Fixed Deposit	CRISIL Limited	AA (Outlook-Stable)*	Outlook revised from Negative to Stable	FAA+ (Outlook-Negative)
	CARE Ratings Limited	AA (Outlook- Stable)	No change	AA (Outlook- Stable)
Non-Convertible Debentures	CRISIL Limited	AA (Outlook-Stable)*	Outlook revised from Negative to Stable	AA (Outlook- Negative)
	ICRA Limited	AA (Outlook- Stable)^	Outlook revised from Negative to Stable	AA (Outlook- Negative)
	India Ratings Limited	AA (Outlook- Stable)#	Outlook revised from Negative to Stable	AA (Outlook- Negative)
	CARE Ratings Limited	AA (Outlook- Stable)	No change	AA (Outlook- Stable)
Commercial Papers	CRISIL Limited	A1+	No change	A1+
	CARE Ratings Limited	A1+	No change	A1+
Bank Loans	CRISIL Limited	AA (Outlook-Stable)*	Outlook revised from Negative to Stable	AA (Outlook- Negative)
	CARE Ratings Limited	AA (Outlook- Stable)	No change	AA (Outlook- Stable)

^ICRA revised the outlook of rating to stable from negative vide press release dated April 12, 2022.

*CRISIL revised the outlook of rating to stable from negative vide press release dated October 21, 2022.

#India Ratings Limited revised the outlook of rating to stable from negative vide press release dated February 27, 2023.

VLA & ASSOCIATES
COMPANY SECRETARIES

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]

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **PNB Housing Finance Limited** having CIN L65922DL1988PLC033856 and having registered office at Office no. 9th Floor, Antriksh Bhawan, 22 KG Marg, New Delhi- 110001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our 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 us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company, as stated below, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs, or any such other Statutory Authority, for the Financial Year ended on March 31, 2023.

Sl. No.	Name of Directors	Category	DIN	Date of appointment	Date of cessation, if any
1.	Mr. Sunil Kaul	Non-Executive - Nominee Director	05102910	05.03.2015	-
2.	Mr. Chandrasekaran Ramakrishnan	Non-Executive - Independent Director	00580842	07.10.2015	-
3.	Mr. Nilesh Shivji Vikamsey	Non-Executive - Independent Director	00031213	22.04.2016	-
4.	Mr. Ashwani Kumar Gupta	Non-Executive - Independent Director	00108678	12.05.2017	11.05.2022
5.	Mr. Tejendra Mohan Bhasin	Non-Executive - Independent Director	03091429	02.04.2020	-
6.	Mr. Neeraj Madan Vyas	Non-Executive - Non Independent Director	07053788	01.09.2020	-
7.	Mr. Sudarshan Sen	Non-Executive- Independent Director	03570051	01.10.2020	-
8.	Mr. Kapil Modi	Non-Executive - Nominee Director	07055408	01.10.2020	-
9.	Ms. Gita Nayyar	Non-Executive - Independent Director	07128438	29.05.2021	-
10.	Mr. Hardayal Prasad	Managing Director and CEO	08024303	10.08.2020	20.10.2022
11.	Mr. Binod Kumar	Non-Executive - Nominee Director	07361689	12.01.2022	21.10.2022
12.	Mr. Dilip Kumar Jain	Non-Executive - Nominee Director	06822012	04.11.2022	-
13.	Mr. Atul Kumar Goel	Non-Executive - Nominee Director	07266897	28.04.2022	-
14.	Mr. Kousgi Sreenivasa Murthy Girish	Managing Director and CEO	08524205	21.10.2022	-
15.	Mr. Pavan Pal Kaushal	Non-Executive - Independent Director	07117387	27.10.2022	-

- Mr. Binod Kumar (07361689) was appointed as Additional Director on 12th January, 2022 and on 08th April, 2022 was appointed as Nominee Director through Postal Ballot. Furthermore, he is ceased to be Director w.e.f. 21st October, 2022.
- Mr. Atul Kumar Goel (DIN: 07266897) was appointed as Additional Director w.e.f. 28th April, 2022 and on 26th July, 2022, was appointed as a Nominee Director through the resolution passed at AGM.
- Mr. Kousgi Sreenivasa Murthy Girish (DIN: 08524205) was appointed as Managing Director and Chief Executive Officer w.e.f. 21st October, 2022 and on 22nd December, 2022, was appointed as Managing Director and Chief Executive Officer through Postal Ballot.
- Mr. Pavan Pal Kaushal (DIN: 07117387) was appointed as Additional Director w.e.f. 27th October, 2022 and on 22nd December, 2022, was appointed as Independent Director through Postal Ballot.
- Mr. Dilip Kumar Jain (DIN: 06822012) was appointed as Nominee Director w.e.f. 04th November, 2022 and on 22nd December, 2022, was appointed as Nominee Director through Postal Ballot.

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our 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
Practicing Company Secretaries

Sd/-
Vishal Lochan Aggarwal
(Proprietor)
Membership No.: F7241
C. P. No.: 7622
UDIN: F007241E000459902

Date: 06.06.2023
Place: New Delhi

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)	(i) Banking Transactions/ loan transactions/ credit facility/ term deposit/investment in securities issued by the Company (ii) Assignment/ securitisation/ sale of loan assets (iii) Acceptance/Placing of Fixed Deposits (iv) Any other related transactions for the relevant period on an ongoing basis. (The value of transactions is disclosed in notes to accounts)	April 01, 2022 to March 31, 2023	All the transactions were in the ordinary course of business and at arms' length and were duly approved by the Audit Committee of Board and Members of the Company. The transactions with Punjab National Bank are banking transactions with a large public sector bank.	The Company has taken omnibus approval of the Audit Committee on March 26, 2022.	Nil
2.	PNB Gilts Limited (Subsidiary of Promoter)	(i) Sale/purchase of securities (ii) Maintenance of SGL Account (iii) Any other related transactions for the relevant period on an ongoing basis. (The value of transactions are disclosed in notes to accounts)	- do-	All the transactions are in ordinary course of business and at arms' length and were duly approved by the Audit Committee of Board and Members of the Company. The transactions with PNB Gilts Limited (Subsidiary of PNB) are in the nature of sale and purchase of securities and payment of brokerage and fees.	The Company has taken omnibus approval of the Audit Committee on March 26, 2022.	Nil

*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

Date: June 22, 2023
Place: New Delhi

Girish Kousgi
Managing Director & CEO

Atul Kumar Goel
Non-Executive Director

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

PNB Housing Finance Limited is at the convergence of organic growth which is responsible and sustainable at same time. The basic philosophy and vision to empower the common people of India to own their dream of a house is what the Company believes is the fundamental reason of growth, amalgamated with the non-tiring efforts of the team and valued stakeholders. The Company's success story stands as a testament to the resilience and truly embodies its commitment to provide faster and better services to customers. As a result, PNB Housing Finance Limited has become synonymous with timeliness, customer delight, and unparalleled customer experience, setting a benchmark for the industry in the nation.

Sustainability for the Company is not just a strategy but a responsibility that it holds towards its entire value chain and planet at large. With over three decades of presence in housing finance, the Company has a robust network of branches spread across the country which helps the customers avail financial services (loans and deposits) seamlessly. The tenets of the company are drivers of its fundamental approach to embrace the technology and digital transformation in its operations adopted parallelly with the strategic growth planning and implementation to secure larger customer base, focusing on retail segment. The priority of the company is to employ cutting edge technology that enables a leap to its vision of sustainable growth while bringing the utmost satisfaction to its customers. The working principles of the company are focused directly or indirectly to address aspects like climate change, conserving resources, strengthening governance and fulfilling social responsibility through CSR initiatives.

The company understands that the value of realization lies in meeting stakeholder expectations and earning their trust. Being a responsible corporate, it is the company's moral duty to communicate the performance to all stakeholders in most fair and transparent manner, which is also one of the purposes of the Business Responsibility and Sustainability Report (BRSR) mandated by SEBI. This is the **first edition** of our **Business Responsibility and Sustainability Report (BRSR)** that has made its way into regulatory provisions through an amendment to Regulation 34(2)(f) of the Listing Regulations, in which the company is reporting on its diverse non-financial performance which includes the Environment, Social, and Governance parameters, as well as their impact, in accordance with BRSR guidelines. This report not only fulfills regulatory requirements but also goes beyond exploring the environmental, social, and governance (ESG) dimensions of business activities and helps both company and stakeholders to make conscious decisions.

PNB Housing Finance Limited acknowledges the obligation to include environmental, social, and governance (ESG) considerations into the business activities and strive for profitable growth while maintaining a strong focus on exceptional governance and responsiveness to the requirements of the environment and society. The focus lies on building a strong relationship with customers, who are at the center of business, existence and growth.

From the leaders to a new entrant, everyone is encouraged to embrace the steppingstones – Values, Culture, and Commitments to lead the teams and extended networks to a brighter future.

CONTENTS

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

SECTION A: GENERAL DISCLOSURES

1. Details of the listed entity

Corporate Identity Number (CIN) of the Listed Entity	L65922DL1988PLC033856
Name of the Listed Entity	PNB Housing Finance Limited
Year of incorporation	1988
Registered office address	9th Floor, Antriksh Bhawan, 22, K G, Marg, New Delhi-110001
Corporate address	9th Floor, Antriksh Bhawan, 22, K G, Marg, New Delhi-110001
E-mail	investor.services@pnbhousing.com
Telephone	011-23445200
Website	www.pnbhousing.com
Financial year for which reporting is being done	FY 2022-23 (April 1, 2022, to March 31, 2023)
Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE) and BSE Limited (BSE)
Paid-up Capital	₹168.86 crore
Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Sanjay Jain Company Secretary and Chief Compliance Officer Email Id: sanjay.jain@pnbhousing.com Telephone Number: 011-23445200
REPORTING BOUNDARY Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosures made are on the standalone basis for PNB Housing Finance Limited only consisting of all the locations including the corporate office. *Environment data is included only for 20 locations wherein the office premises has an area of more than 3000 square feet.

2. Products/services

Details of business activities (accounting for 90% of the turnover):

S. no.	Description of main activity	Description of business activity	% of turnover of the entity (FY22-23)
1.	Financial and Insurance Service	Other financial activities	100%

3. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

We are engaged in financing purchase and construction of residential houses, loan against property and loan for other related purposes. All other activities revolve around the main business. Our housing loan services aim to empower individuals and corporate bodies to fulfill their dreams of owning a home or commercial property. We understand that owning a property is a significant milestone in one's life, and we strive to make this process as smooth and hassle-free as possible. We believe in providing flexible and customized loan options that suit the unique requirements of our customers, along with competitive interest rates and easy repayment options. Our team of experienced professionals is always ready to assist our customers at every step of the way, from application to disbursement of the loan. With our housing loan services, we hope to make the dream of owning a property a reality for everyone, irrespective of their financial background.

S. No.	Product/Service	NIC Code	% of total turnover contributed
1.	Our main business is financing by way of loan for purchase/ construction/ repair or upgradation of residential houses, commercial real estate and certain other purposes. All the other activities of the Company revolve around the main business. As of 31st March 2023, in terms of loan composition on loan asset basis, individual housing loans contributes 66.5%, loan against property forms 22.6%, non-residential premises loan and loan to corporates contributes 4.5% and 6.4% to respectively.	64192	100%

4. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not Applicable*	212^	212^
International		Nil	Nil

*The Company is a Non-Banking Financial Company - Housing Finance Company (NBFC-HFC) and hence does not undertake any manufacturing activity.

^212 offices, which includes: 162 branches, 27 Outreach offices, 22 Hubs and 1 Corporate office as on March 31, 2023.

5. Markets served by the entity:

We believe in staying closer to our customers and meeting their needs so that we can build a strong long-lasting relationship with our valuable customers. We have focused on building our strategic physical presence across the country to address their growing needs. Our 189 branches /outreaches are present across 138 unique cities and towns across the country, fulfilling the requirements of our lakhs of customers.

a. Number of locations

Locations	Number
National (No. of States)	20
International (No. of Countries)	Nil. We do not have offices/business in international locations.

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not applicable.

c. A brief on types of customers

Our Company serves customers of all income levels because we believe in maintaining a strong relationship with our customers. We are making significant efforts to concentrate on loans to the affordable market, where there is a high demand for housing loans. Being a responsible company, our focus has also been towards supporting the diverse range of customers to be benefitted under the Government initiatives such as **"Housing for All"** through PMAY-CLSS scheme and over the years we have been making disbursement help through significant amount of loan accounts in the category of EWS/LIG and MIG I/MIG II.

Category	Household Income/ annum	Individual Housing Loan disbursed in FY 2022-23	
		% in Number Terms	% in ValueTerms
Economically Weaker Section	Up to ₹3 lakh	6.81%	2.71%
Low Income Group	Above ₹3 lakh up to ₹6 lakh	32.17%	20.18%
Middle Income Group	Above ₹6 lakh up to ₹18 lakh	47.49%	46.81%
High Income Group	Above ₹18 lakh	13.53%	30.30%
Total		**100%**	**100%**
Total		**36,081**	**₹10,990 crore**

Based on individual loans disbursed during the year, the key characteristics of individual loans were:

- 71% were salaried customers, while 29% were self-employed (including professionals).
- The average size of individual loans stood at ₹29 lakh.
- The average loan to value ratio at origination was 71%.
- The average age of the customer was 40 years.

Depositors:

PNB Housing Finance also has a large number of depositors, which predominantly comprise of retail depositors. As at March 31, 2023, total outstanding deposits stood at ₹17,248 crore and the number of deposit accounts approximately stood at 2.3 lakh.

6. Employees

Details as at the end of Financial Year:

a. Employees and workers (including differently abled)

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1.	Permanent (D)	1,690	1,432	84.73%	258	15.27%
2.	Other than Permanent (E)	Nil	Nil	Nil	Nil	Nil
3.	**Total**	**1,690**	**1,432**	**84.70%**	**258**	**15.29%**
	WORKERS					
4.	Permanent (F)	Nil	Nil	Nil	Nil	Nil
5.	Other than Permanent (G)*	469	433	92.32%	36	7.68%
6.	**Total workers (F+G)**	469	433	92.32%	36	7.68%

*Security, housekeeping & facility management staff on third party contract

b. Differently abled Employees and workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	1	1	100%	0	0%
2.	Other than Permanent (E)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
3.	**Total differently abled employees (D+E)**	**1**	**1**	**100%**	**0**	**0%**
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	Not Applicable				
5.	Other than Permanent (G)	Nil		Nil		
6.	**Total differently abled workers (F+G)**	Nil		Nil		

7. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of females	
		No (A)	%(B/A)
Board of Directors	12	1	8.33%
Key Management Personnel	3	0	0%

8. Turnover rate for permanent employees and workers

Particulars	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees*	24.30%	26.60%	24.70%	30.96%	34.76%	31.58%	17.82%	21.54%	18.48%
Permanent Workers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

*voluntary turnover

9. Holding, Subsidiary and Associate Companies (including joint ventures)

(a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed Entity	Does the entity indicated in column A participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	PHFL Home Loans and Services Limited	Subsidiary	100%	PHFL Home Loans and Services Limited works inline with the ethos of PNBHFL Business Responsibility initiatives
2.	Pehel Foundation	Subsidiary	100%	PEHEL Foundation is a non-profit subsidiary of the Company to carry out various CSR activities of PNB Housing Finance Limited and PHFL Home Loans and Services Limited.

10. CSR Details:

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)

Yes. CSR is applicable as per section 135 of Companies Act,2013.

(ii) Turnover (in ₹) - ₹6,492.39 crore.

(iii) Net worth (in ₹) – ₹10,952.57 crore.

11. Transparency and Disclosures Compliances

Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Number of complaints filed during the year	Number of complaints pending resolution at close of the year
Communities	Yes	Nil	Nil	Nil	Nil
Investors (Other than shareholders)	Yes	Nil	Nil	Nil	Nil
Shareholders	Yes	Nil	Nil	Nil	Nil
Employees and Workers	Yes	Nil	Nil	Nil	Nil
Customers	Yes	1,794	10	2,270	10
Value Chain Partners	Yes	Nil	Nil	Nil	Nil
Others (Please specify)	-	-	-	-	-

***We have considered direct selling agents (DSA) as value chain partners. We shall progressively start reporting on other value chain partners in coming years.**

Our family includes customers, depositors, shareholders, debenture holders, and channel partners. We have a strong grievance mechanism and a well-established procedure in place for recording and addressing complaints from each of these groups. Our website also includes a grievance redressal mechanism advised by the National Housing Bank (NHB), which also includes an escalation chart for investor concerns. Quarterly reporting to the senior management and the audit committee of the board is being done regarding the status of requests/complaints received, redressed, and outstanding from its customers and stakeholders, as well as the nature of the complaints and their mode of redressal.

We have an active investor outreach program, and the investor relations team maintains regular touch with market players globally. All information, including quarterly results, half-yearly results, and annual results, are communicated to stock exchanges, and posted on the website. Market participants and shareholders are also notified with the information. There is a robust system to address shareholders' grievances, wherein they can send their complaints to us through dedicated email IDs: investor.services@pnbhousing.com and investor.relations@pnbhousing.com.

All customer requests and complaints are registered in the CRM system. Throughout the year, we received service requests and escalations from loan and deposit customers out of which most of them were addressed within the stipulated timeframe. Our head of customer service reviews day-to-day customer support requests and escalations. Complaints forwarded by regulatory and supervisory bodies are recorded electronically and tracked separately.

We have a portal "V connect "wherein our Direct Selling Agents (DSA) can log in and raise their concerns which are addressed within a stipulated time frame.

12. **Overview of the entity's material responsible business conduct issues**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
We have initiated the process for identification and analyzing our key material aspects for the company and the same will be disclosed in our upcoming report post approval by the Board.					

SECTION B: MANAGEMENT AND PROCESS DISCLOSURE

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
POLICY AND MANAGEMENT PROCESSES									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/ No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
c. Web Link of the Policies, if available**	Anti Bribery & Anti-Corruption Policy Fair Practice Code Whistle-Blower Policy Code of Conduct	This policy is included in our internal policies which are accessible to internal stakeholders.	Whistle Blower / SHAW Policy	Code of Practices & Procedures for Disclosure of UPSI	Nomination & Remuneration Policy	This policy is included in our internal policies which are accessible to internal stakeholders.	Not available.	CSR Policy	Grievance Redressal Mechanism KYC Policy Privacy Policy
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
	We have developed the policies as per the best industry practices and have translated the policies as applicable into the procedures in conducting the business activities. The Board has seven Committees such as Audit Committee, Risk Management Committee, Credit Committee of the Board, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, and IT Strategy Committee to oversee the functioning of various policies.								
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
4. Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.									
Principle 1	Not available								
Principle 2	Not available								
Principle 3	Not available								
Principle 4	Not available								
Principle 5	Not available								
Principle 6	Not available								
Principle 7	Not available								
Principle 8	Not available								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Principle 9	We are an ISO 9001:2015 (Quality Management System) certified organization and ISO 27001 (Information security management system) certified.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Being a responsible corporate and consistently working towards delivering our services in most sustainable manner, we strive towards achieving various targets such as environmental protection, reducing our carbon footprint, women empowerment and livelihood generation, housing for all, a gender-inclusive environment, nurturing employees, responsible governance, access to health and safety and consumer protection. We are under the process of developing various commitments and defining strategic goals and targets.								
6. Performance of the entity against specific commitments, goals, and targets along with reasons in case the same are not met.	This is the first time we have published our BRSR report. We are in the process of identifying & setting up targets and will report our performance against them in subsequent BRSR reports.								
GOVERNANCE, LEADERSHIP, AND OVERSIGHT									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)									
We are presenting our first ever BRSR this financial year with an aspiration to communicate our ESG performance to all our stakeholders in a better and more transparent manner, in compliance with the guidelines and format provided by SEBI. We at PNB Housing Finance Limited assist millions of Indians accomplish their dream of owning a house through our initiatives such as HOUSING FOR ALL. As a responsible corporate citizen, we have taken multiple initiatives towards a green & sustainable environment and environment protection has been a key part of our long-term CSR initiatives. For more details, please refer to the message from the Managing Director and CEO on page number 10 of this report.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies	Mr. Sanjay Jain Company Secretary and Chief Compliance Officer Email Id: sanjay.jain@pnbhousing.com Telephone Number: 011-23445200								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The Board of Directors of PNB Housing Finance Limited is responsible for determining the strategic direction of the Company and safeguarding the interest of all our stakeholders. ESG is viewed as one of the strategic priorities of the BODs. Our sustainability strategy involves proactively identifying ESG-related risks and opportunities, setting goals/targets, and finally implementing policy-driven procedures to turn our commitments into actions. For us, the responsibility to conduct business sustainably lies with each one of us. This is further looked upon by the Board through its various functional committees, who meet on regular intervals to review the process, systems and implementation required for responsible decision making. Additionally, such committees look after different aspects, policies, and procedures covered under the larger umbrella of sustainability.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Responsibility and accountability to the various aspects of sustainability performance lies with the entire team of PNB Housing Finance Limited. The Company has embarked on the sustainability journey and in the process of formulating the ESG policy which encompasses all the principle of BRSR. Further, the board will monitor initiatives through its several functional committees, who will meet on a regular basis to review the procedures, frameworks, and implementation for various ESG related business systems and processes in line with the principles of BRSR.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	As a socially responsible company, we wholeheartedly embrace a steadfast commitment to adhering to all applicable laws and standards. At the core of our operations, we prioritize zero non-compliances and continuously strive to meet and exceed industry best practices. Our unwavering dedication to compliance is reinforced by the zero-tolerance policy, ensuring no deviations from legal and regulatory requirements. We diligently abide by all statutory laws and compliance obligations that pertain to our organization, safeguarding our principles at every step.																	

11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
		The processes and compliances are subject to scrutiny by internal/statutory auditors and regulatory compliances, as applicable on a regular basis. In the light of good corporate governance practices, policies are reviewed annually/ periodically and approved by the senior management and/or the Board. We are an ISO 9001: 2015 & ISO 27001 certified company and our processes conform to the ISO standards. Since the control audit of the processes are carried on an annual basis by an external agency, external review of the policies may not be required.								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	NA*	NA*	NA*	NA*	NA*	NA*	No^	NA*	NA*
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA*	NA*	NA*	NA*	NA*	NA*	No^	NA*	NA*
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA*	NA*	NA*	NA*	NA*	NA*	No^	NA*	NA*
It is planned to be done in the next financial year (Yes/No)	NA*	NA*	NA*	NA*	NA*	NA*	Yes^	NA*	NA*
Any other reason (please specify)	NA*	NA*	NA*	NA*	NA*	NA*	No^	NA*	NA*

NA* -Not Applicable

No^/Yes ^- We have initiated the process for identification and analyzing our key material aspects for the company and the same will be disclosed in our upcoming report post approval by the Board.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Being a customer-centric business, we have ingrained the fundamentals of responsible business beyond our obligation to conduct and govern ourselves with utmost fairness and integrity and confirming to compliance. We have in place the code of conduct which provides guidance on matters related to professional conduct, ethics, and governance, for the directors of the board. Also, we have an additional code of conduct envisaging all fundamental principles of business ethics for executive directors and senior management. In our commitment to nurture a culture of ethical behavior, the board has approved and adopted different policies and frameworks that encourage appropriate business conduct. Further, these policies are available publicly and communicated regularly to the management, employees, and other stakeholders. We understand that it is equally vital that we administer and conduct training and awareness programs for all our stakeholders including board members, employees, workers, and value chain partners who are an important part of our larger work of PNB Housing Finance Limited stakeholder group and help foster an ethical environment within our value chain.

Essential Indicators

1. Percentage coverage by training and awareness programs on any of the principles during the financial year:

   Our people are our most crucial asset. Adhering to our agenda of upskilling our employees, we periodically conduct training and awareness programs on diverse aspects such as code of conduct, anti-bribery& anti-corruption, information security and women's empowerment, etc., which articulates standards for ethical corporate conduct and appropriate employee behavior. As part of our continuous practice, we provide induction training to all new employees so that they can grasp our organizations' values and get aligned with them. These training courses also include topics related to ethics, HR policies and values. Promoting the aspects of Digital Learning, employees are provided with access to the LinkedIn learning platform so that they can acquire new skills.

(₹ in crore)

Segment	Total number of training and awareness programs held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness Programs
Board of Directors	10	The BoD spent 34 hours of training on various topics that included Information Technology, Cyber security, Business Plan, Financial updates, Risk Management, Internal Controls, Regulatory Updates, Peer group analysis, Business transformation, Talk on Tech Trends etc. Induction programs were also conducted for them covering deep insights about the Company and aspects comprise Business– Affordable, Underwriting and Collection, Finance and Treasury, Human Resource, CSR, Deposits & Cross Sell etc.	100%
Key Managerial Personnel	6	Anti-Bribery & Anti-Corruption Policy Anti Money Laundering & KYC Code of Conduct Policy Information Security Awareness Prevention of Sexual Harassment Whistle Blower Policy	100%
Employees other than BoD and KMPs	6		100%
Workers	Awareness programs on health, safety, working conduct, etc. are done on periodic basis; however, we are in the process of developing the mechanism to capture the data. We shall progressively report in the coming years.		

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	Name of the regulatory/ Enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/ No)
Penalty/ Fine	Principle 1	SEBI	8,49,600	During the financial year ended March 31, 2023, Regulators have imposed a penalty for delay in appointment of independent directors on Board pursuant to Regulation 17 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	No
Settlement	Principle 1	SEBI	72,76,533	SEBI had made certain observations with respect to the preferential issue approved by the Board on May 31, 2021, and called upon the Company and its directors to provide their explanations. The Company and its directors had responded to SEBI with respect to these communications. Subsequently, on suo motto basis, the Company filed a settlement application with SEBI on January 17, 2022, seeking settlement of any proceedings initiated or which may be initiated against the Company and/ or its directors in this connection, without admitting or denying the findings of fact or conclusions of law. Settlement Order dated July 18, 2022, has been passed by SEBI in the regard.	No
Compounding fee	NA	NA	NA	NA	NA

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NA	NA	NA	NA
Punishment	NA	NA	NA	NA

NA- Not Applicable.

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable.	

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes. The Company has an anti-bribery and anti-corruption policy, which is applicable to all the stakeholders or the person associated with the Company and who may be acting on behalf of PNB Housing Finance and set out conduct that must be adhered to at all times. This Policy has been tailored in accordance with Company's code of conduct and other related policies, as well as anti-bribery and anti-corruption statutes and regulations in India. The policy lays down a clear philosophy which enforces and reiterates our moral business commitment of zero tolerance for any form of bribery or corruption. The policy facilitates ethical decision making and reinforces culture of transparency in all the dealings.

The policy is publicly available at the website of our company and link for the same is given below:

https://www.pnbhousing.com/wp-content/uploads/2022/09/Policy-on-Anti-Bribery-and-Anti-Corruption-01-11-2021-website.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.**

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. **Details of complaints with regard to conflict of interest:**

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

No correction action were taken or underway on issues related to fines / penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, as there were no cases of corruption and conflicts of interest.

Leadership Indicators

1. **Awareness programs conducted for value chain partners on any of the principles during the financial year:**

   Stakeholders in our value chain are the key partners of our growth. We believe in a philosophy to take along society and all those who are associated with us in this journey where we embrace the working principles of a responsible business. Over the entire reporting year, we engaged with a multiple value chain partners, through various engagement programs and have made them aware of multiple aspects that are directly or indirectly associated to our business at large.

Total number of awareness programs held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
We conduct various training and awareness programs for our value chain partners . However, we will be progressively tracking the numbers in the coming years.	Product and policy knowledge	100% of our Direct Marketing Agents are covered

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If yes, provide details of the same.**

   Yes, Our Company's code of conduct covers the issues related to conflict of interest on the Board of Directors and specifies that all members of the board should attempt to avoid circumstances where they have a conflict of interest. All members concerned in a conflict scenario must withdraw from any conversations or decisions on the subject. We have developed appropriate processes and mechanisms to avoid or manage disputes among members.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

This principle emphasizes the need of providing services in a sustainable way by including components of social, ethical, and environmental indicators into the process. We create value for our stakeholders by providing services that are aligned with sustainability principles. We believe in driving action towards the sustainable development through a variety of initiatives such as the adoption of cloud based network promotion of virtualization, the optimization of data center energy, paperless processing, the replacement of physical customer correspondence with e-communication etc.

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Particulars	FY 2021-22	Details of improvements in environmental and social impacts
R&D Capex	Given the nature of business of the Company, the relevance of the above is largely restricted to information technology (IT) CAPEX. The capex incurred towards IT hardware and software, which facilitated enhanced digital initiatives of the Company, was 0.21% of total revenue.	The capex incurred towards IT hardware and software, which facilitated enhanced digital initiatives of the Company, was 0.22% of total revenue.	Greater adoption of digital platforms not only brings in increased efficiencies of operations, but also ensures conservation of resources.

2. **Does the entity have procedures in place for sustainable sourcing? (Yes/No) b. If yes, what percentage of inputs were sourced sustainably?**

   We lay significant emphasis on sustainable procurement. In the pursuit of this objective, we are focused on adhering to practices that help us to procure resource-efficient goods and services but also, help our vendors to grow along with us. We have been at the forefront in taking initiatives that would help us make responsible procurement decisions, some of the major aspects in this endeavor include

   1. Increased focus towards digitization and automation of our sourcing process and systems and by adopting digital tools to increase the efficiency.
   2. Striving to reduce consumption of resources like electricity, paper, printing ink, plastic etc. at our office locations
   3. Encouraging paperless business operations/services to conserve the environment and save resources.
   4. Preferential sourcing from local suppliers to support the small-scale businesses thereby supporting government's agenda of Aaatma Nirbhar Bharat Abhiyaan.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

   We have suitable systems in place for sustainably treating / disposing of the waste we generate, as per the applicable guidelines. We don't generate any hazardous waste. Additionally, e-waste generated are disposed through government authorized recyclers.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Not applicable

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	% of total Turnover contribute	Boundary for which the Life Cycle Perspective /Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web link.
Considering the nature of the business, we have not conducted the LCAs for our services.					

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product/ Service	Description of the risk/concern	Action Taken
Not Applicable		

3. **Percentage of recycled or reused input material to total material (by value) used in production**

   (For manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Not applicable.		

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed of.**

	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (Including packaging)	Not applicable					
E-waste						
Hazardous waste						
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not applicable.	

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Our commitment to our employees ensures a positive and engaging work environment, fostering a culture of excellence and customer-centricity. At the heart of our core values lies "People First," which drives our dedication to fostering equal opportunities and inclusive growth. Employee connect to the last mile, recognition of merit, fair & equitable policies and health & safety form the basis of various people initiatives of the Company.

Essential Indicators

1.a. Details of measures for the well-being of employees.

HR policies and various benefit programs provides framework for well-being of employees. Without focus on "People First", our efforts are continually focused on promoting a healthy, safe and secure work environment.

- Taking various measures during the pandemic to protect employees and providing care for those who had contracted the virus
- Providing best-in-class practices with respect to maternity, paternity and adoption related leave and compensation policies, besides extending the choice of examination leave and sabbaticals, among others.
- Providing access to LinkedIn learning platform for employees to take motivational seminars, yoga and meditation sessions, and financial planning sessions.
- Providing medical support at fingertips like e-consultation with doctors, sponsored health checks & diagnostic tests etc
- Organizing health events like doctor visits, yoga day to promote healthy lifestyle

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B /A)	Number (C)	% (C /A)	Number (D)	% (D /A)	Number (E)	% (E /A)	Number (F)	% (F /A)
PERMANENT EMPLOYEES											
Male	1,432	1,432	100%	1,432	100%	NA	NA	1,432	100%	Nil	Nil
Female	258	258	100%	258	100%	258	100%	NA	NA	55	21.31%
Total	**1,690**	**1,690**	**100%**	**1,690**	**100%**	**258**	**100%**	**1,432**	**100%**	**55**	**3.25%**
OTHER THAN PERMANENT EMPLOYEES											
Male	Not Applicable										
Female											
Total											

b. Details of measures for the well-being of workers:

(₹ in crore)

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B /A)	Number (C)	% (C /A)	Number (D)	% (D /A)	Number (E)	% (E /A)	Number (F)	% (F /A)
PERMANENT WORKERS											
Male	Not Applicable										
Female											
Total											
NON- PERMANENT WORKERS											
Balance with banks in current accounts	Not Applicable										
Bank deposit with maturity of less than 3 months (Refer Note 3.1)											
Total											

2. Details of retirement benefits.

(₹ in crore)

Benefits	FY 2022-23			FY2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	NA#	Y	100%	NA#	Y
Gratuity	100%	NA#	Y	100%	NA	Y
ESI	NA	NA#	Y	NA	NA#	Y
Others – please Specify	-	-	-	-	-	-

#We ensure that the PF, ESI & Gratuity contribution as applicable, is being made by the contracting agencies

NA- Not Applicable

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Our efforts are aligned with the requirements of the Rights of Persons with Disabilities Act, 2016. Most of the Company offices are located in commercial establishments, including the Corporate Office, that are equipped with ramps and elevators for easy accessibility of differently abled persons.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Aspects of equal employment opportunity are embedded within the Human Resources Policy that directs and strengthens our efforts to establish and maintain an inclusive, non-discriminatory, and equal opportunity workplace while emphasizing merit as the primary criterion for employment and development. The company has incorporated equal opportunity philosophy in all its actions and motives through its Equal Opportunity Policy in accordance with Rights of Persons with Disabilities Act, 2016. The Company strongly believes in encouraging diversity and creating an inclusive workplace for differently abled persons.

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

(₹ in crore)

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	93.30%	NA	NA
Female	100%	100%	NA	NA
Total	**100%**	**95.08%**	**NA**	**NA**

NA – Not Applicable

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

	(If yes, then give details of the mechanism in brief)
Permanent Workers	Yes. The Company has a grievance procedure in place that ensures all complaints are properly documented and consistently handled in an unbiased, discrete, and transparent manner. We have an internal complaints committee that deals with sexual harassment cases in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 of India (POSH Act). Whistleblower Policy of the Company allows employees to report unethical behavior to uphold the highest standards of morality and business conduct while conducting business. The Code of Conduct sets guidelines to create an enduring and robust culture of corporate governance.. All employees are sensitized periodically on these policies.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. **Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

(₹ in crore)

Category	FY 2022-23			FY2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	We are not associated with any association or unions during FY 2022-23 and FY2021-22.					
Male						
Female						
Total Permanent Workers						
Male						
Female						

8. Details of training given to employees and workers:

Category	FY 2022-23					FY2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/ N.A.)	Deducted and deposited with the authority (Y/N/ N.A.)	Deducted and deposited with the authority (Y/N/ N.A.)		No. (E)	% (E / D)	No. (F)	% (F / D)
EMPLOYEES										
Male	1,429	NA	NA	1,009	70.54%	1,189	NA	NA	973	81.83%
Female	258	NA	NA	197	76.36%	233	NA	NA	179	76.82%
Total*	**1,687**	**NA**	**NA**	**1,205**	**71.43%**	**1,422**	**NA**	**NA**	**1,152**	**81.01%**
WORKERS										
Male	Awareness programs on health, safety and working conduct are done on periodic basis . However, we don't capture the data currently. We will set up processes to capture the details for workers in future.									
Female										
Total										

NA – Not Available. Awareness programs on health & safety are done on periodic basis . However, we don't capture the data currently. We will set up processes to capture the details for employees in future.

* This data excludes KMP's.

9. Details of performance and career development reviews of employees and worker:

All employees undergo an annual performance appraisal process set up by us based on which their increments, bonuses & ESOP grants are decided. The Performance Management Policy of the Company defines the way performance evaluation process is implemented across the Company to promote a performance driven culture.

(₹ in crore)

Category	FY 2022-23			FY2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
EMPLOYEES						
Male	1,432	1,432	100%	1,192	1,192	100%
Female	258	258	100%	233	233	100%
Total	**1,690**	**1,690**	**100%**	**1,425**	**1,425**	**100%**
WORKERS						
Male	Not Applicable.					
Female						
Total						

10. Health and safety management system:

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?**

We are committed to devoting resources towards strengthening systems and processes to ensure the safety and well-being of our employees. The Company provides a bouquet of physical and mental wellness benefits to all its employees. Further, all our office premises are in commercial buildings that maintains compliance to all applicable health and safety aspects. Periodic inspections and mock drills are undertaken to review the health and safety readiness check of systems which include aspects like fire mock drills, inspection of fire extinguishers and alarms, review of floor evacuation plans, etc.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

We proactively conduct routine inspections to identify potential hazards and ensure the proper functioning of fire extinguishers in all our offices as well as elevators and provide training to our employees for the proper usage of these safety tools so that they can take prompt action in case of an emergency. This proactive approach to safety not only helps us to prevent accidents and mitigate risk but also fosters the culture of safety and preparedness amongst our employees.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.**

Given the nature of business of the Company, this is not directly applicable to us, however, to ensure a safe and healthy work environment, employees are encouraged to promptly notify their respective HR representatives of any workplace hazards, incidents, or potential health and safety risks. This proactive reporting allows us to take swift action to address any issues and implement necessary safety measures to prevent future incidents. The HR department plays a critical role in managing workplace safety and ensuring compliance with relevant laws and regulations. Further, employees are periodically given awareness sessions on fire and workplace safety on ways to identify and report potential hazards.

d. **Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No).**

All employees are insured through group Mediclaim, group term life insurance, and group personal accident policies to reduce financial risk in the event of any medical occurrences. Additionally, we provide our employees with health and wellness benefits including routine checkups, doctor visits, and diagnostic testing.

11. **Details of safety related incidents, in the following format:**

(₹ in crore)

Particulars	Category	As at March 31, 2023	As at March 31, 2022
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Nil	Nil
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Nil	Nil
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

12. **Describe the measures taken by the entity to ensure a safe and healthy workplace.**

We emphasize on the importance of maintaining a safe and healthy workplace and we have taken measures for workplace safety by providing all offices and premises with fire extinguishers and conducting regular drills and awareness sessions to ensure that employees are well-informed about fire hazards and equipped with the necessary knowledge to respond in case of an emergency. We prioritize the security of all employees, implementing measures such as access controls, CCTV monitoring, and security personnel to ensure a safe working environment. All our offices are maintained as per local laws and regulations on safety and public health hazards guidelines.

13. **Number of complaints on the following made by employees and workers.**

(₹ in crore)

Category	FY 2022-23			FY2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. **Assessments for the year**

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% done by third parties as a part of office premise maintenance.
Working Conditions	100% done by third parties as a part of office premise maintenance.

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

There is no identified risk related to the health & safety practices and working conditions for the employees. However, the Company continues to assess the risk related to any health & safety practices and working conditions and is committed to taking corrective action to mitigate that risk.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Yes. We have a health/accidental/term insurance policy that provides insurance coverage for all permanent employees, and adequate safeguards to families of deceased employees. Further, all benefits like PF, F&F settlements, Gratuity, Pension etc. are processed on priority to provide necessary support to the family of the employees.

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

We ensure that taxes applicable to the transactions within the remit of the Company are deducted and deposited in accordance with the regulations. We expect value chain partners to uphold business responsibility principles and values of transparency and accountability.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	Nil			
Workers	Nil			

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

We provide trainings related to building new competencies, knowledge and skills. These initiatives help our employees to maintain gainful engagement or employability post retirement and/or end of service.

5. Details on assessment of value chain partners

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	We expect our value chain partners to follow extant regulations, including health and safety practices and working conditions.
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

   No corrective action was necessitated . We expect our value chain partners to adhere to all the laws of the land to ensure the health and safety of their employees.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

This principle anchors on recognizing and addressing the interests of stakeholders. Our key stakeholders include employees, customers, communities, investors, research analysts, lenders, rating agencies, regulatory agencies etc. We acknowledge and value the contributions and concerns of our stakeholders and engage with them on a constant basis to understand their issues, analyze their needs, and respond to them effectively.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

   Over the course of our business journey, we have been able to understand and identify various stakeholders that are vital for continuity of our business. It is through the diverse business segments/products/services that we have ventured into which helps us to get engaged with more relevant and diverse range of stakeholders group. For us, each business segment/department has identified their key stakeholders with whom they have established reliable and transparent communication channels to address their grievances, concerns, suggestions etc.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Email, virtual and physical meetings	Daily	For performance review, feedback, employee grievance, company performance sessions, trainings, engagement programs, etc. The Company follows an open-door policy.
Customers	Yes, if they qualify based on specified criteria such as income, gender etc.	Email, SMS, website, communication letters, advertising, grievance and feedback channels and other multiple channels	Frequent and need based	For customer complaints and resolution, loan discussions, feedback, and to stay in touch with the customer throughout the life cycle of the loan and address any issues that the customer may have.
Communities	Yes	Community meetings	As an when required, quarterly, annually	For CSR interventions.
Investors	No	Email, SMS, newspaper advertisement, notice board, website, annual general meetings, intimation to stock exchanges, annual/ quarterly financials and investor meetings/ conferences	Frequent and need based	For discussing Company's performance, investor complaints, new initiatives and to keep them abreast of developments on the Company.
Insurance Partners & Deposit Agents	No	Website and Email	Need based	For various operational activities.
Regulatory authorities	No	Discussion forums and associations	Need based	For compliance procedures.
Rating agencies	No	Email, meetings, concalls	Need based	Keep updated on the Company, reviews, compliance procedures.

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The Company keeps constant interaction with the key stakeholders to communicate and update about the Company and understand what the stakeholders are looking from the Company. The Board is updated on a quarterly basis and as required on the developments and feedback.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the input received from stakeholders on these topics were incorporated into the policies and activities of the entity.**

   We are aligned to our principle of working towards implementation of systems and practices that are in harmony with societal welfare and environment protection. We foster a culture where suggestions, discussions, feedback and other modes of engagement with our stakeholders are used as a repository to deliver on aspects beneficial to environment and society at large.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   Our Company believes that by fulfilling low and middle-income communities' financial requirements and assisting them in becoming homeowners, we are achieving an essential social objective. We fully endorse and support the government's attempts to put its flagship initiative, the Pradhan Mantri Awas Yojana, into action. Through our CSR efforts, we have collaborated with NGOs on programs aimed at disadvantaged and marginalized segments of society. To engage with the marginalized community and the vulnerable groups the common strategy followed for all CSR project is designing and implementation following the need-based assessments, focus group discussions, involvement of the community, involvement of the panchayats, school management committee, different volunteer groups, etc. which helps us to understand the issues and design the program accordingly to benefit the community. Please refer to our CSR section for initiatives undertaken by us in principle 8 of this report.

Principle 5: Businesses should respect and promote human rights

We abide by all human rights laws included in the Indian constitution, as well as any other statutory bodies that encompass human rights issues such as child labour prevention, forced labour prevention, woman empowerment, and so on. We cultivate cordial and open relationships with all stakeholders, including employees, and continue to conduct business in a way that respects everyone's rights and dignity.

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

   There are regular training programs conducted for our employees on Code of Conduct, Whistle Blower, Prevention of sexual harassment. Every new joiner is expected to undergo a mandatory set of training assigned to them.

(₹ in crore)

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
	EMPLOYEES					
Permanent	1,687	1,613	95.61%	1,422	1,396	98.17%
Other than permanent	Not Applicable					
Total employees*	**1,687**	**1,613**	**95.61%**	**1,422**	**1,396**	**98.17%**
	WORKERS					
Permanent	Not Applicable					
Other than permanent	Not Available. We will be progressively reporting on this information once we set up processes to capture the data in future.					
Total workers						

* This data excludes KMP's.

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
					EMPLOYEES					
Permanent	1,687	Nil	Nil	1,687	100%	1,422	Nil	Nil	1,422	100%
Other than permanent	Not Applicable					Not Applicable				
Total employee*	**1,687**	**Nil**	**Nil**	**1,687**	**100%**	**1,422**	**Nil**	**Nil**	**1,422**	**100%**
					WORKERS					
Permanent	Not Applicable									
Other than permanent	We ensure that our service providers conform to all applicable laws and government regulations.									
Total workers										

* This data excludes KMP's.

3. Details of remuneration/salary/wages, in the following format:

(₹ in crore)

Gender	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	Please refer to Director's Report Annexure 3			
Key Managerial Personnel	3	1,08,75,839	0	Nil
Employees other than BoD and KMP (Key Managerial Personnel)	1,429	7,79,994	258	6,55,906
Workers*	Not Applicable			

*permanent workers

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

We have various forums in place like the Grievance Redressal Committee and Whistleblower Policy to provide necessary support to employees in case of any human rights issues in the workplace. We recognize and uphold all human rights regulations created in accordance with the Indian Constitution as well as other laws that support principles of human rights, including the prevention of child labor, forced labor, and the empowerment of women. Further, given our nature of business, we have not envisaged human rights issues caused by our business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Whistle Blower Policy provides a neutral and unbiased forum for the directors and employees of our Company to voice their concerns in a responsible and effective manner. We have an internal complaints committee that deals with sexual harassment cases in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 of India (POSH Act).The Company provides reasonable safeguards for employees to raise and obtain resolution for all grievances in a safe and secure environment.

6. Number of Complaints on the following made by employees and workers:

(₹ in crore)

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Sexual Harassment	1	1	Investigation ongoing as of 31 March 2023	1	Nil	
Discrimination at workplace	Nil	Nil		Nil	Nil	
Child Labour	Nil	Nil		Nil	Nil	
Forced Labour/Involuntary Labour	Nil	Nil		Nil	Nil	
Wages	Nil	Nil		Nil	Nil	
Other human rights related issues	Nil	Nil		Nil	Nil	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

People First, one of our core values, ensures that we stay committed to enabling equal opportunity and inclusive growth. We have zero tolerance towards harassment and / or discrimination based on gender, age, race, religion, sex, nationality, origin, disability, sexual orientation, political opinion, medical condition. Whistleblower Policy, Code of Conduct & POSH Policy provides the necessary framework for employees to raise concerns in an environment free of discrimination and harassment.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Majority of the service agreements between PNB Housing Finance Limited and the service provider, have a specific clause that states mandates the service provider to abide and comply with all the applicable laws of the land. This clause in the agreement ensures that the service providers act in accordance with the laid down regulations for human rights requirements.

9. Assessments of the year

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	The Company ensures all statutory compliances in accordance with the laws of the land through regular internal reviews
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

The Company continues to ensure that such risks do not arise. No cause of concerns were identified in this regard.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

We progressively work on improving our systems based on the regular feedback from our key stakeholders, following an approach to continual improvement.

2. Details of the scope and coverage of any Human rights due diligence conducted

For FY 2022-23 we did not conduct any human rights due diligence exercise.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

We are progressively identifying and enabling facilities to accommodate the diverse requirements of specially abled visitors at our office locations. Most of our offices are in commercial establishments that provide various access facilities such as ramps, elevators etc., for our differently abled visitors. We also provide them with special assistance as and when required. We continually strive to comply with all the legal requirements related to inclusion of people with disabilities in accordance with the Rights of Persons with Disabilities Act, 2016.

4. Details on assessment of value chain partners:

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	As per the POSH laws, any person can file a complaint against the employee and hence all the value chain partners are covered. The Company expects its value chain partners to adhere to the same values, principle and business ethics upheld by the Company in all their dealings. No specific assessment in respect to value chain partners have been carried out.
Discrimination at workplace	
Child labour	
Forced/involuntary labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

   No corrective actions were necessitated for the mentioned period

Principle 6: Businesses should respect and make efforts to protect and restore the environment

As a responsible organization, we are continually identifying and taking measures to safeguard the environment. As a Housing Finance Company, our consumption of environmental resources is limited. However, we are taking necessary steps for energy conservation and environment protection by rationalizing consumption of electricity and usage of natural resources to save energy. We have embraced electronic communication with all stakeholders thus transforming ourselves digitally.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

   The Company has taken several measures to promote a green and sustainable environment, such as the adoption of cloud computing technology, the promotion of virtualization, optimization of data center energy, and so on.

(₹ in crore)

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	10,031.60 GJ	10,010.72 GJ
Total fuel consumption (B)	512.11 GJ	512.61GJ
Energy consumption through other sources (C)		
Total energy consumption (A+B+C)	**10,543.72 GJ**	**10,523.33 GJ**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	1.62 (GJ/Turnover in crore)	1.71 (GJ/Turnover in crore)
Energy intensity (optional) – the relevant metric may be selected by the entity	6.24 (GJ / Full time employees)	7.38 (GJ / Full time employees)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

2. **Does the entity have any sites / facilities identified as designated customers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   We do not have any sites / facilities identified as designated customers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India as we are a non-banking financial institution and not engaged in manufacturing of tangible products.

3. **Provide details of the following disclosures related to water, in the following format:**

   Our Company's usage of water is only for human consumption. We along with our CSR arm, Pehel Foundation, have collaborated on several water conservation initiatives. The project's purpose is to increase the location's capacity for groundwater recharge and to boost local administration's capability to improve the delivery of essential government services.

(₹ in crore)

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
WATER WITHDRAWAL BY SOURCE (IN KILOLITER'S)		
(i) Surface water	Since we are in the service industry, we use water for human consumption only.	
(ii) Groundwater		
(iii) Third party water (Municipal water supplies)		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kiloliter's) (i+ii+iii+iv+v)		
Total volume of water consumption (in kiloliter's)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Considering the nature of the business, the usage of water is limited to human consumption.

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

   No

5. **Please provide details of air emissions (other than GHG (greenhouse gas) emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx (Nitrogen oxides)	Considering the nature of the business, we do not have any significant other air emissions, There is only usage of DG sets at our various sites as power backup options.		
Sox			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency –

No.

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF_3, if available)	Metric Tons CO_{2e} equivalent	1,061.56	1,062.36
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF_3, if available)	Metric Tons CO_{2e} equivalent	2,201.38	2,196.80
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric Tons CO_{2e} equivalent / ₹	0.50 (Metric Tons CO2e equivalent/ Turnover in crore)	0.53 (Metric Tons CO_{2e} equivalent/ Turnover in crore)
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	Metric Tons CO_{2e} equivalent / Full time employees	1.93	2.28

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency –

No.

7. **Does the entity have any project related to reducing Greenhouse Gas emission? If yes, then provide details.**

Through a number of initiatives on environmental sustainability, we are making efforts to lower greenhouse gas emissions.

- We have teamed up with Give India to establish an Integrated garbage Management (IWM) system in Dehradun, Uttarakhand, with a composting machine and a garbage pickup truck.
- We collaborated with the SMEC trust to plant (using the Miyawaki technique) 6,300 seedlings in Bengaluru, 2,000 in Narela, and in New Delhi to further our commitment to environmental preservation.
- For an end-to-end digital, paperless, and zero-contact customers onboarding procedure, we implemented video KYC and replaced traditional customer correspondence with electronic communication, among other things. We have given our customers smooth access to digital platforms like Homie and ACE by using technology.
- In our workplaces, we employ equipment's that consumes the least amount of energy possible. Regular maintenance on the air conditioning system also helps to save costs and energy.
- We continue to support a green and sustainable environment by encouraging virtualization, working from home/ teleworking platforms, and adopting cloud computing technology.

8. **Provide details related to waste management by the entity, in the following format:**

(₹ in crore)

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
TOTAL WASTE GENERATED (IN METRIC TONS)		
Plastic waste (A)	Considering the nature of our business, our waste generation is limited However, we have suitable systems in place for sustainably treating / disposing of the waste we generate, as per the applicable guidelines. During the reporting year FY 2022-23 we sold 360 number of battery waste to the respective vendor under buy back scheme. Further, we are also committed to taking various initiatives to reduce any form of process waste, such as reducing paper waste through adopting the latest digital systems and processes and cutting down on paper printing requirements.	
E-waste (B)		
Bio-medical waste (C)		
Construction and demolition waste (D)		
Battery waste (E)		
Radioactive waste (F)		
Other Hazardous waste. Please specify, if any. (G)		
Other Non-hazardous waste generated (H). Please specify, if any.		
(Break-up by composition i.e., by materials relevant to the sector)		
Total (A+B+C+D+E+F+G+H)		

(₹ in crore)

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
FOR EACH CATEGORY OF WASTE GENERATED, TOTAL WASTE RECOVERED THROUGH RECYCLING, RE-USING OR OTHER RECOVERY OPERATIONS (IN METRIC TONNES)		
Category of waste		
(i) Recycled	NA	
(ii) Re-used		
(iii) Other recovery operations		
Total		
FOR EACH CATEGORY OF WASTE GENERATED, TOTAL WASTE DISPOSED BY NATURE OF DISPOSAL METHOD (IN METRIC TONNES)		
Category of waste		
(i) Incineration	NA	
(ii) Landfilling		
(iii) Other disposal operations		
Total		

NA- Not applicable.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency –

No.

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

   Considering the nature of the business, the waste generation is limited. The only significant waste products are e-waste and battery waste, and all the waste generated at the company's offices is managed in accordance with the waste disposal method. Used batteries are exchanged in the buyback program, and the vendor is liable to dispose of the waste further. For other wastes, such as laptops and desktop computers, we donate it to NGO's and our workers.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If not, the reasons thereof and corrective action taken, if any.
Not Applicable. We do not have any offices in an ecologically sensitive area as mentioned by regulatory authorities			

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Considering the nature of the business, the environmental impact is limited.					

12. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the noncompliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
We are following environmental norms mentioned above as applicable to our company based on the nature of our work.				

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
FROM RENEWABLE SOURCES		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources (C)	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	**Nil**	**Nil**
FROM NON-RENEWABLE SOURCES		
Total electricity consumption (D)	10,031.60 GJ	10,010.72 GJ
Total fuel consumption (E)	512.11 GJ	512.61GJ
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	**10,543.72 GJ**	**10,523.33 GJ**

2. Provide the following details related to water discharged:

(₹ in crore)

<table>
<tr><th>Parameter</th><th>FY 2022-23 (Current Financial Year)</th><th>FY 2021-22 (Previous Financial Year)</th></tr>
<tr><td colspan="3">WATER DISCHARGE BY DESTINATION AND LEVEL OF TREATMENT (IN KILOLITRES)</td></tr>
<tr><td>(i) To Surface water</td><td colspan="2" rowspan="16">Considering the nature of our business, our water usage is limited to human consumption and the discharge is done as per the maintenance policies of our premises.</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment – please specify level of treatment</td></tr>
<tr><td>(ii) To Groundwater</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment – please specify level of treatment</td></tr>
<tr><td>(iii) To Seawater</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment – please specify level of treatment</td></tr>
<tr><td>(iv) Sent to third-parties</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment – please specify level of treatment</td></tr>
<tr><td>(v) Others</td></tr>
<tr><td>- No treatment</td></tr>
<tr><td>- With treatment – please specify level of treatment</td></tr>
<tr><td>Total water discharged (in kilolitres)</td></tr>
</table>

3. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres): For each facility / plant located in areas of water stress, provide the following information:**

   (i) Name of the area:

   (ii) Nature of operations:

   (iii) Water withdrawal, consumption and discharge in the following format:

(₹ in crore)

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
WATER WITHDRAWAL BY SOURCE (IN KILOLITRES)		
(i) Surface water	We require water only for human consumption hence we do not withdraw, consume, or discharge any water in the areas of water stress as of FY 2022-23 and FY 2021-22.	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover *(Water consumed / turnover)*		
Water intensity *(optional)* – the relevant metric may be selected by the entity		
WATER DISCHARGE BY DESTINATION AND LEVEL OF TREATMENT (IN KILOLITRES)		
(i) Into Surface water		
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

4. **Please provide details of total Scope 3 emissions and its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	We have not recorded our Scope 3 emissions for the FY 2022-23 and FY 2021-22.		
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity *(optional)* – the relevant metric may be selected by the entity			

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

   Not Applicable. We do not have any of our offices in ecologically sensitive areas as mentioned by various government authorities.

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
Considering the nature of our business, the environmental impact is limited.			

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   Yes. We have a business continuity management (BCM) Committee and have a board approved business continuity plan (BCP). A detailed business impact analysis has been carried out considering various conventional threat vectors and cyber threats. This analysis determines the core business functions and critical business sites that are covered under the resiliency program. The majority of company operations are supported through automation with the help of technology. As a result, IT resilience plays a crucial role in BCP. All crucial business operations have Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) specified and the IT Disaster Recovery Plan ensures that the defined RTO and RPO are met. The BCP defines the overall governance and monitoring of the business continuity function, including setting up of Emergency Response Teams (ERT) and Function Recovery Teams (FRT). Business continuity spans people, processes and technology. Requisite training programs have been conducted for the teams to be prepared to respond in a crisis. Disaster drills and tabletop exercises are conducted at regular intervals to test whether the set procedures are working as defined within the pre-defined RTO and RPO and whether people understand and follow it appropriately. Such drills are audited through external CERT-In (Indian Computer Emergency Response Team) certified auditors. Observations received from such audits are considered as a part of continuous improvements. The plan is reviewed at periodic intervals and the management and board are kept abreast of any developments or changes in the BCP.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

   Owing to the nature of the business, there has been no adverse impact on the environment from any business activities of our Company.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   Currently none of the value chain partners are assessed for environmental impacts.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

This principle focuses on the appropriate conduct of business with the public, apart from the stakeholders with whom we are directly or indirectly associated. We recognize that the housing and real estate industries are critical to the Indian economy, thus we encourage housing construction and financing activities and aim to increase house ownerships. We continue offering recommendations/ representations to various institutions, regulators, forums, and groups to further advance the housing finance industry.

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   We have affiliations with 7 trade and industry associations as mentioned in the response below in part (b).

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National
2	CREDAI* Amravati	National
3	CREDAI MCHI	National
4	CREDAI Ahmednagar	National
5	CREDAI Pune Metro	National
6	CREDAI Surat	National
7	National Real Estate Development Council (NAREDCO) West Foundation	National

* The Confederation of Real Estate Developers' Associations of India (CREDAI)

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of the authority	Brief of the case	Corrective action taken
No corrective action was taken or underway on any issues related to anti-competitive conduct by our company, based on adverse orders from regulatory authorities as there were no cases reported on the same.		

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
PNB Housing Finance being one of the largest housing finance companies is invited by various governing bodies for the views while formulating strategies and policies related to housing finance sector. We do not participate in any form of lobbying.					

Principle 8: Businesses should promote inclusive growth and equitable development

PNB Housing Finance recognizes its responsibility towards society and have undertaken various initiatives for the upliftment of the society . The Company is a participant in the Pradhan Mantri Awas Yojana (PMAY) and has collaborated with the nodal agencies in the distri.bution of interest subsidies under the Government's Credit Linked Subsidy Scheme (CLSS) for the FY 2022-23 that contributes to the general development of the society, with a particular emphasis on disadvantaged, vulnerable, and marginalized populations. Our organization emphasizes the need for partnership among enterprises, government agencies, and civil society to achieve inclusive growth and equitable development.

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable[1], none of our projects qualify for the SIA as per the applicable laws.					

[1] Note: As per the BRSR, this section pertains to Social Impact Assessment in compliance with Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. Considering the nature of the business of the Company, this is not applicable.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable[1]						

[1] Note: As per the BRSR, this section pertains to Social Impact Assessment in compliance with Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. Considering the nature of the business of the Company, this is not applicable.

3. **Describe the mechanisms to receive and redress grievances of the community.**

   The Company believes in sustainably conducting its business and respects views of the community it is involved in. We welcome concerns and suggestions of the community on a continual basis. We also have grievance redressal mechanisms for various stakeholders.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Parameter	FY 2022-23 (Current Financial Year)	*FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	Not Applicable[1].	
Sourced directly from within the district and neighboring districts		

[1] Note: As per the BRSR, this section pertains to Social Impact Assessment in compliance with Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. Considering the nature of the business of the Company, this is not applicable.

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable[1]	

[1] Note: As per the BRSR, this section pertains to Social Impact Assessment in compliance with Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. Considering the nature of the business of the Company, this is not applicable.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In ₹)
1.	Haryana	Nuh	₹48,44,300
2.	Jharkhand	West Singhbhum and Khunti	₹6,52,910
3.	Uttarakhand	Uddham Singh Nagar	₹36,91,700
4.	Rajasthan	Baran	₹12,94,900

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

(b) From which marginalized /vulnerable groups do you procure?

(c) What percentage of total procurement (by value) does it constitute?

We do not have any preferential procurement policy giving preference to suppliers from marginalized/vulnerable suppliers, however we are actively seeking ways to engage and provide them with the right opportunities.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
We do not have intellectual properties owned or acquired based on traditional knowledge in the FY 2022-23.				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the case	Corrective action taken
Not Applicable. Refer point 4 above.		

6. Details of beneficiaries of CSR Projects:

We understand the importance of giving back to the communities in which we operate. As part of our CSR interventions, we have partnered with different NGOs through PEHEL Foundation to design and execute various programs that address key societal challenges and contribute to the overall well-being of the communities we serve. These programs are focused on a range of thematic areas, including upskilling and vocational training, improving access to quality healthcare and sanitation, ensuring education to underprivileged communities, promoting environmental sustainability and conservation, and providing critical relief work during times of crisis, such as the COVID-19 pandemic. Our partnership with implementing agencies enables us to leverage their expertise and experience, reach a wider audience and have a more significant impact on the communities we serve. We believe that our CSR interventions not only benefit the communities we serve but also help to build stronger and more sustainable relationships with our stakeholders and contribute to the long-term success of our business.

For more details, please refer to annexure-2 of our annual report FY 2022-23

The link to our CSR policy is PNB-Housing-CSR-policy-2020.pdf (pnbhousing.com)

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
	HEALTH		
1.	Provided hearing aid to hearing impaired children in Telangana.	250	100%
2.	Strengthened infrastructure at two primary public healthcare centers, community health centers in Ahmedabad, Gujarat.	1,00,000	100%
3.	Supported a 42-seater patient transport bus to make eye care services more accessible to the underprivileged community by providing free transportation to the eye hospital in Secunderabad, Telangana.	40,000	100%
4.	Strengthened a primary health center in Mallasandra, Hoskote Karnataka.	7,000	100%
5.	Provided medical equipment support to set up 10 bedded sick newborn care Unit (SNCU) in district hospital in Noida, Uttar Pradesh.	600	100%
6.	Supported four mobile medical clinics for a year at Delhi/NCR, Mumbai, Chennai, and Kolkata.	1,00,000	100%
7.	Provided safe accommodation facilities for construction workers.	100	100%
	EDUCATION		
1.	Implemented solar electrification of twenty government schools in Gurugram, Haryana and Ghaziabad, Uttar Pradesh.	5,885	100%
2.	Started PNB Housing Finance Ki Paathshaala - A transformation project in 1 Government School in Nuh, Haryana.	454	100%
3.	Upgraded 4 anganwadi center near Gurugram, Haryana.	837	100%
4.	Developed e-learning infrastructure in government schools in Gurugram, Haryana.	16,223	100%
5.	Built a solar power grid of 7KW each in three schools in Alwar, Rajasthan and Nuh, Haryana.	1,431	100%
6.	Upgraded 5 anganwadi into PEHEL smart anganwadis for improving service delivery of health, nutrition, and education at designated anganwadis in Rajkot, Gujarat.	130	100%
7.	Provided 2 STEM Mobile Van in Ahmedabad, Gujarat.	3,800	100%
8.	Supported fencing and gates around childcare homes in Bhimtal, Uttarakhand.	120	100%
9.	Provided scholarship support to poor and needy students	400	100%
10.	Supported various tribal schools.	1,080	100%
	WOMEN EMPOWERMENT		
1.	We set up and promoted women owned spice-based units at Udaipur and Baran, Rajasthan and Rudrapur, Uttarakhand.	115	100%
2.	We set up two sanitary napkin manufacturing units at Valsad, Gujarat and Lucknow, Uttar Pradesh.	64	100%
3.	Developed skill-based livelihoods and mainstream children of migrant workers into formal education, Gurugram Haryana.	184	100%
4.	Conducted skill development of Artisans in Carpet Sector in Jaipur, Rajasthan.	120	100%
5.	Started "Panah- A Daycare center" - creche for kids of women workers in the hospital in Bhubaneswar, Orrisa.	70	100%
6.	Supported skill development of especially abled women.	420	100%
	NATURAL RESOURCES MANAGEMENT AND ENVIRONMENT		
1.	Started Jal Khushaali II- A water conservation project in Bastpur, Gwalior, Madhya Pradesh.	1,606	100%
2.	Provided safe drinking water in Udaipur, Rajasthan.	994	100%
3.	We set up a community based sustainable drinking water system in the villages near Gurugram, Haryana.	75,000	100%
4.	We set up a plastic bottle recycling machines in Mumbai, Maharashtra.	7,50,000 footfalls	100%
5.	We have distributed smokeless chulhas to rural families in the Delhi NCR area.	-	-

Principle 9: Businesses should engage with and provide value to their customers in a responsible manner

This principle speaks about customer relations and protecting their sensitive information from various IT risks and cyber threats. Investing in customer services is critical because it helps us build stronger relationships with our customers, We are continually upgrading towards the the best data protection practices to serve our customers responsibly.

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   Considering the nature of our business, customer complaints and feedback is a critical aspect of our business. Customer walk-ins, e-mails, phone calls, letters / physical communication (excluding those sent to the BO/RBI), website, regulator/statutory authority can all be used by the customers to file a complaint or query. We have also introduced a new way of communicating with our customers and addressing their complaints with the medium of our recently launched mobile application. We have won one of the most prestigious awards, i.e., Best Digital Customer Experience Initiative (ACE 2.5) award for our continuous commitment to providing our customers with a seamless digital experience.

   The detailed grievance redressal mechanism is prescribed on the website of the company is as below:

   Grievance-Redressal-Mechanism-2023.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	NA

NA- Not applicable

3. **Number of consumer complaints in respect of the following:**

(₹ in crore) (₹ in crore)

	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)		Remarks
	As at March 31, 2023	As at March 31, 2023		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil		Nil	Nil	
Advertising	Nil	Nil		Nil	Nil	
Cyber-security	Nil	Nil		Nil	Nil	
Delivery of essential services	418	2		563	6	
Restrictive Trade Practices	Nil	Nil		Nil	Nil	
Unfair Trade Practices	Nil	Nil		Nil	Nil	
Other	1,376	8		1,707	4	

4. **Details of instances of product recalls on account of safety issues:**

Name of authority	Brief of the case	Corrective action taken
Voluntary recalls	Considering the nature of our business, we did not have any instances of voluntary or forced product recalls due to safety issues in the FY 2022-23.	
Forced recalls		

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

We believe that in this digital age, customer information is one of the most valuable assets we have and applying safeguards for protection of this information is one of our prime responsibilities. With 'defence in depth' as the principle for implementing security controls, we have implemented multi-layers controls for identification, prevention, detection, and response to various cyber security threats we face today.

Our risk centred approach supported with information security policy, cyber security policy and cloud security policy support our well-established information security management system framework to protect business information at network, endpoint, perimeter, application, endpoint data, and human layer. The IT strategy committee and information security committee chaired by independent director's helms cyber security risks with help of cyber security risk and performance indicators for implementation and effectiveness of various cyber security controls.

We engage industry experts to perform comprehensive security testing of underlying infrastructure, applications, and supporting network components to test and improve the implemented control measures. Our disaster recovery site is in tandem with backup controls that ensure continued availability of information. Implementation of next generation firewall along with 24x7 Security Operations Centre (SOC) and End Point Protection (EPP) software help us protect our externally facing and internal IT environment from various threats. We also constantly monitor our brand and data for any leakage over social media and dark web with the help from service provider in addition to restricting internal server to server communication only on authorized ports and services.

Considering the criticality of data we process, we have also deployed Data Loss Prevention (DLP) solution for monitoring and restricting data loss either from endpoint, network, or web gateway. DLP solution is complemented with Web Proxy solution to restrict users from accessing non-work-related websites. With use and adoption of multiple digital applications we have also implemented web application firewall for all internet facing applications.

To empower employees to work from anywhere, most of them have been provided with laptops, which are secured with full-disk encryption and are made aware of various dos and don'ts of information security on regular basis. With our dependence on multiple business partners, we also ensure that similar security controls are practiced in safeguarding sensitive information. We continue to enhance our security controls and keep abreast with industry leading practices.

Web Link: https://www.pnbhousing.com/privacy/

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

There were no cases relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls and hence no corrective actions taken or underway by regulatory authorities on safety of products / services.

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information about our products and services can be accessed on our official website www.pnbhousing.com. We also keep informing our customers and other stakeholders through various e-mailers about our products and services.

2. **Steps taken to inform and educate customers about safe and responsible usage of products and/or services.**

We have established non-branch and alternate communication methods via which customers may communicate and transact seamlessly. Customers may access loan and deposit information and other services via mobile applications. Customers can check the progress of their loan application using the loan application tracker. We are continually investing in technological upgrades and acquisitions and have introduced a new way of communicating with our customers through our mobile application where we can address their queries and complaints and educate them about our products and services. We have begun document digitalization so that customers may access digital copies of their loan documents via various digital interfaces. Our mechanisms are fair and clear to customers at every stage and to provide this clarity we use the CRM system that provides on-the-job training and skill enhancement for the relationship management employees, including customer recommendations and feedback.

3. **Mechanisms in place to inform customers of any risk of disruption/discontinuation of essential services.**

We notify our customers through emails and SMS of any possibility of disruption/discontinuation of vital services. We want our customers to be aware of the services we provide so that they may take suitable decisions.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products /**

services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, we display product information over and above what is mandated as per local laws. Before financing, the features of home loan schemes are communicated to the applicant. We also display product information at each of our branch offices throughout India. Details of product attributes, relevant information on the products and services offered, fees and charges, benchmark interest rates, and other important notifications such as 'Most Important Terms and Conditions', grievance redressal mechanism are available in all offices and on our company's website. We seek to ensure that information about our products and services is transparent, accurate, relevant and is distributed through our advertising material and the information shown on the digital platforms controlled by us. We promote appropriate and responsive communication with all stakeholders, including customers, the media, and employees.

We continuously assess our customers' involvement and satisfaction levels across multiple products and digital contact points. Our customers' recommendations and levels of satisfaction with the product and transaction experience are measured as part of this effort. These inputs are then examined, and the insights gained are used to improve products and procedures and customer service quality. Furthermore, significant diagnostic research in certain areas is done regularly to find opportunities for improvement in the products and services provided to customers and to suggest relevant action points for change.

5. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact**

      There were no instances of data breaches in the FY 2022-23.

   b. **Percentage of data breaches involving personally identifiable information of customers**

      There were no data breaches involving personally identifiable information of customers in the FY 2022-23.

INDEPENDENT AUDITORS' REPORT

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Financial Statements of PNB Housing Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Standalone Statement of Profit and Loss, including standalone Other Comprehensive Income, the standalone Statement of Cash Flow and and the standalone Statement of Changes in Equity 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") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including standalone other comprehensive income, its standalone cash flows and the standalone changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs), as 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

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 for the financial year ended March 31, 2023. 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 matters	How our audit addressed the key audit matter
Allowance for Expected Credit Loss (ECL) on loan assets	
The Company has reported total gross loans of ₹59,341.37 crore and ₹1,432.84 crore of allowance for expected credit loss as on March 31, 2023 (Refer Note 6). The allowance for ECL on loan assets involves significant key judgements and estimates in respect of timing and measurement of expected credit loss (Refer Note 2.21). As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation, with a potential impact on the financial statements. The major elements of estimating ECL are the following: a) Application of ECL model requires several data inputs. b) Judgmental models used to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. c) Qualitative and quantitative factors used in staging of loan assets. d) Ind AS 109 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them.	Our audit approach was a combination of test of internal controls and substantive procedures which included the following: a) Testing the design and effectiveness of internal controls over the following: – key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. – key controls over the application of the staging criteria consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors. – management's controls over authorisation and calculation of post model adjustments and management overlays to the output of the ECL model. b) In addition to above the following audit procedures have been applied; – testing of key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data, reasonableness of economic forecasts, weights, and model assumptions applied;

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>e) Completeness and valuation of post model adjustments.

In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the standalone financial statements, it is considered as a key audit matter.</td><td>– with the support of the team of modelling specialists employed by the Company to make the models, we tested/relied upon 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.

– tested mathematical accuracy and computation of the allowances by using the input data used by the Company;

c) Evaluating the appropriateness of the Company's impairment methodologies as required under Ind AS 109 and reasonableness of assumptions used including management overlays ensuring that the adjustment to ECL Model was in conformity with the policy approved by the Audit Committee.</td></tr>
<tr><td colspan="2">Information Technology (IT) Systems and Controls</td></tr>
<tr><td>The Company uses ERP system for financial reporting which interface with other business operation softwares that process transactions related to loans, deposits and borrowings.

The Company's key financial accounting and reporting processes are highly dependent on the automated controls implemented in IT systems. If there exist gaps in the IT control environment, then it could result in the financial accounting and reporting records being materially misstated.

Therefore, due to the complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</td><td>Our key audit procedures on this matter included, but were not limited, to the following:

(a) obtained an understanding of the Company's information processing systems, IT General Controls and automated IT controls for applications, databases and operating systems relevant to our audit;

(b) Also, obtained an understanding of the changes that were made to the IT applications during the audit period;

(c) Also, performed following procedures:

(i) tested the IT General Controls around user access management, changes to IT environment and segregation of duties around program maintenance and security administration relating to key financial accounting and reporting processes;

(ii) tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization; and

(iii) tested the automated controls like interfaces, configurations and information generated by the entity's information processing systems for loans, borrowings, deposits, interest income, interest expense and other significant financial statement items.</td></tr>
</table>

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Standalone Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Responsibilities of Management 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 standalone financial position, financial performance including standalone other comprehensive income standalone cash flow and standalone changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's 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 for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' 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, 2020 ("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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 standalone Balance Sheet, the standalone Statement of Profit and Loss including standalone Other Comprehensive Income, the standalone Statement of Cash Flow and standalone Statement in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to these Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 40 to the Standalone Financial Statements;

ii. The Company has recognised provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 15 to the standalone financial statements;

iii. The Company was regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund;

iv. a. The management has represented that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The management has represented, that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above contain any material misstatement;

v. The Company has not declared or paid any dividend during the year and has not proposed any dividend for the year. Therefore, reporting in this regard is not applicable to the Company.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023. Therefore, reporting in this regard is not applicable.

3. In our opinion, the remuneration paid/ provided by the Company for its directors and managers for the year ended March 31, 2023 is in accordance with the provisions of section 197 read with Schedule V to the Act.

For **Singhi & Co.**
Chartered Accountants
Firm Reg. No. 302049E

BIMAL KUMAR SIPANI
Partner
Membership No. 088926
UDIN: 23088926BGXBAG3781

Date: May 18, 2023
Place: New Delhi

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Reg. No. 006711N/N500028

NEENA GOEL
Partner
Membership No. 057986
UDIN: 23057986BGVLHI8293

Date: May 18, 2023
Place: New Delhi

Annexure A to Independent Auditor's Report of even date to the members of PNB Housing Finance Limited on the Standalone Financial Statements as at and for the year ended March 31, 2023 (Referred to in paragraph 1 of our report on the other legal and regulatory requirements)

(i) a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment.

(B) The Company is maintaining proper records showing full particulars of intangible assets.

b. The Company has a regular programme of physical verification of its property, plant and equipment by which property, plant and equipment are verified once in two years, which in our opinion, is reasonable having regard to the size of the Company and nature its property, plant and equipment. In accordance with this programme, property, plant and equipment were not physically verified during the year.

c. According to the information and explanations given to us and based on examination of the records and registered sale deeds / transfer deeds / conveyance deeds provided to us, the title deeds, comprising all the immovable properties included in Note 12 of financial statements (i.e Property, Plant & Equipment), are held in the name of the Company as at the balance sheet date.

d. The Company has not revalued its property, plant and equipment (including right of use assets) and intangible assets during the year. Therefore, the provisions of clause 3(i)(d) of the Order are not applicable to the Company.

e. According to information and explanations given by the management and based on examination of the records, no proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Therefore, provisions of clause 3(1)(e) of the Order are not applicable to the Company.

(ii) a. Based on our examination of the books of accounts of the Company, the Company has no inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.

b. As per the information and explanations given to us, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. We have not come across any difference between the information submitted in the quarterly returns / statements filed by the Company with such banks or financial institutions when compared with the books of account (principal outstanding) and other relevant information provided by the Company.

(iii) a. The Company's principal business is to give loans. Therefore, the provisions of clause 3(iii)(a) of the Order are not applicable to the Company.

b. According to the information and explanations given to us, the Company has not provided any guarantees or given any security or advances in the nature of loan during the year. Further, the investments made and the terms and conditions of the grant of loans during the year, are not prima facie prejudicial to the interest of the Company.

c. In respect of loans asset, the schedule of repayment of principal and payment of interest has been stipulated. Except for loans where there are delays or defaults in repayment of principal and / or payment of interest as at the balance sheet date, in respect of which the Company has disclosed the accounting policy in note no 2.21 and asset classification / staging in note 6.2 to the Standalone Financial Statements in accordance with Ind AS and the guidelines issued by the regulators, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable. Having regard to the nature of the Company's business and the voluminous nature of loan transactions involved, it is not practicable to furnish entity wise list of loan assets where delinquencies in the repayment of principal and interest have been identified.

d. The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans including interest thereon, as at March 31, 2023 is ₹1,933.10 crore (3,804 cases). Reasonable steps have been taken by the Company for recovery of the principal and interest as stated in the applicable Regulations and Loan agreements.

e. According to the records of the Company examined by us, the Company is engaged primarily in lending activities. Therefore, the provisions of clause 3(iii)(e) of the Order are not applicable to the Company.

f. According to the records of the Company examined by us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Therefore, the provisions of clause 3(iii)(f) of the Order are not applicable to the Company.

(iv) The Company has not granted any loans, made investments or provided guarantee or securities that are covered under the provision of section 185 or 186 of the Act during the year. Therefore, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has complied with the directives issued by the Reserve Bank of India with regard to the deposits accepted and amounts deemed to be deposits during the year. The Company being a Housing Finance Company registered with National Housing Bank provisions of sections 73 to 76 or any other relevant provisions of the Act, and the Companies (Acceptance of Deposits) Rules, 2014, as amended are not applicable. According to the information and explanations given to us, 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 aforesaid deposits.

(vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act for the business activities carried out by the Company. Therefore, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) a. According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value Added tax, Cess and other statutory dues as applicable, with the appropriate authorities. There were no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.

b. According to the information and explanation given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) on account of any dispute except followings:

Name of Statue	Nature of disputed dues	Amount (₹ in crore)*	Period to which it relates	Forum where dispute is pending
Income Tax Act	Income Tax Demand/ Penalty/ Interest	1.96	A.Y. 2014-15	High Court
Income Tax Act	Income Tax Demand/ Penalty/ Interest	45.92	A.Y. 2017-18 to A.Y. 2020-21	National Faceless Assessment Center
Income Tax Act	Income Tax Demand/ Penalty/ Interest	0.01	A.Y. 2020-21	Assessing Officer

* net of amount deposited under protest

(viii) According to the information and explanation given to us and based on examination of the records, there were no transactions which have not been recorded in the books of account, have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Therefore, provisions of clause 3(viii) of the Order are not applicable to the Company.

(ix) a. The Company has not defaulted in repayment of loan or other borrowings or in the payment of interest thereon during the year.

b. According to information and explanations given by the management, the Company has not been declared willful defaulter by any bank or financial institution or other lender during the year.

c. According to the information and explanations given to us and based on examination of the records, the term loans raised during the year were applied for the purposes for which the loans were raised other than temporary deployment pending application of proceeds.

d. According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that funds raised on short-term basis have, prima facie not been used for long-term purposes by the Company.

e. 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 taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

f. According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries

(x) a. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(x)(a) of the Order are not applicable to the Company.

b. The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally) during the year. Therefore, the provisions of clause 3(x)(b) of the Order are not applicable to the Company.

(xi) a. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year nor have we been informed of any such case by the management except frauds discovered by the Company aggregating ₹5.44 Cores committed by customers by falsification of documents.

b. According to the information and explanation given to us and to the best of our knowledge, no report under subsection (12) of section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

c. We have taken into consideration the whistle blower complaints received by the Company during the year and provided to us, when performing our audit.

(xii) The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the standalone financial statements, as required by the applicable Indian Accounting Standards.

(xiv) a. Based on our examination, the Company has an adequate internal audit system commensurate with the size and nature of its business;

b. We have considered, the internal audit reports of the Company issued till date for the period under audit.

(xv) According to the information and explanations given to us, in our opinion the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year hence provision of section 192 of the Act are not applicable to the Company. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.

(xvi) a. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi)(a) of the Order are not applicable to the Company.

b. The Company has conducted Housing Finance activities during the year with a valid Certificate of Registration (CoR) from the National Housing Bank.

c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provisions of clause 3(xvi)(c) of the Order are not applicable to the Company.

d. According to the representations given by the management, there is no CIC as part of the Group. Therefore, the provisions of clause 3(xvi)(d) of the Order are not applicable to the Company.

(xvii) The Company has not incurred cash losses in current year and in immediately preceding financial year. Therefore, the provisions of clause 3(xvii) of the Order are not applicable to the Company.

(xviii) There was no resignation of statutory auditors during the year. Therefore, the provisions of clause 3(xviii) of the Order are not applicable to the company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios,ageing and expected dates of realization of financial assets and payment of financial liabilities, assets liability maturity (ALM) pattern and other information accompanying the Standalone Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility ("CSR") on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a Special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the Act.

For **Singhi & Co.**
Chartered Accountants
Firm Reg. No. 302049E

BIMAL KUMAR SIPANI
Partner
Membership No. 088926
UDIN: 23088926BGXBAG3781

Date: May 18, 2023
Place: New Delhi

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Reg. No. 006711N/N500028

NEENA GOEL
Partner
Membership No. 057986
UDIN: 23057986BGVLHI8293

Date: May 18, 2023
Place: New Delhi

Annexure B to Independent Auditor's Report of even date to the members of PNB Housing Finance Limited on the Standalone Financial Statements for the year ended March 31, 2023 (Referred to in paragraph 2(f) of our report on the other legal and regulatory requirements)

We have audited the internal financial controls with reference to Standalone Financial Statements of PNB Housing Finance Limited ("the Company") as of March 31, 2023 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 the 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. 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements 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 Institute of Chartered Accountants of India and deemed to be 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, 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 with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Standalone Financial Statements included obtaining an understanding of Internal

Financial Controls with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A Company's Internal Financial Controls with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2023, 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 **Singhi & Co.**
Chartered Accountants
Firm Reg. No. 302049E

BIMAL KUMAR SIPANI
Partner
Membership No. 088926
UDIN: 23088926BGXBAG3781

Date: May 18, 2023
Place: New Delhi

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Reg. No. 006711N/N500028

NEENA GOEL
Partner
Membership No. 057986
UDIN: 23057986BGVLHI8293

Date: May 18, 2023
Place: New Delhi

STANDALONE BALANCE SHEET

as at March 31, 2023

(₹ in crore)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	3	3,667.41	4,964.37
Bank balance other than cash and cash equivalents	4	25.16	150.47
Derivative financial instruments	15	660.04	242.25
Receivables	5		
Trade receivables		-	38.98
Other receivables		0.01	0.04
Loans	6	57,908.53	55,380.74
Investments	7	3,188.02	3,472.02
Other financial assets	8	754.64	673.91
		66,203.81	**64,922.78**
Non-financial assets			
Current tax assets (net)	9	251.57	37.55
Deferred tax assets (net)	10	145.55	398.80
Investment property	11	0.52	0.53
Property, plant and equipment	12	66.05	71.33
Right of use assets	12	65.53	60.39
Capital work-in-progress	12.1	0.08	-
Intangible assets under development	12.2	3.08	3.54
Other Intangible assets	13	13.75	17.74
Other non-financial assets	14	55.02	27.81
Assets held for sale	35	-	108.83
		601.15	**726.52**
Total		**66,804.96**	**65,649.30**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables			
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		1.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		42.73	27.14
Other payable			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	17	3,994.09	6,201.97
Borrowings (other than debt securities)	18	31,174.70	27,715.84
Deposits	19	17,213.96	17,605.13
Subordinated liabilities	20	1,238.35	1,438.18
Other financial liabilities	21	1,943.98	2,546.78
		55,609.55	**55,535.04**
Non-financial liabilities			
Provisions	22	17.39	17.12
Other non-financial liabilities	23	225.45	296.60
		242.84	**313.72**
Equity			
Equity share capital	24	168.86	168.60
Other equity	25	10,783.71	9,631.94
Total equity		**10,952.57**	**9,800.54**
Total		**66,804.96**	**65,649.30**
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 T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For **Singhi & Co.**
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: May 18, 2023

For and on behalf of the Board of Directors

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Neeraj Vyas
Director
DIN: 07053788

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2023

(₹ in crore)

Particulars	Notes	Current Year	Previous Year
Revenue from operations			
Interest income	26	6,172.91	5,792.65
Fees and commission income	27	273.03	239.34
Net gain on fair value changes	28	33.71	109.10
Income on derecognised (assigned) loans		10.90	-
Total revenue from operations		**6,490.55**	**6,141.09**
Other income		1.84	4.83
Total income		**6,492.39**	**6,145.92**
Expenses			
Finance costs	29	3,899.58	4,065.63
Impairment on financial instruments and write-offs	30	691.24	576.38
Employee benefits expenses	31	214.34	180.05
Fees and commission expenses		8.91	9.00
Depreciation, amortisation and impairment		51.23	53.18
Others expenses:	32		
- Impairment/loss on assets held for sale		47.65	7.86
- Other expenses		212.63	191.05
Total expenses		**5,125.58**	**5,083.15**
Profit before exceptional items & tax		1,366.81	1,062.77
Exceptional items		-	-
Profit before tax		**1,366.81**	**1,062.77**
Tax expense/(credit)			
Current tax	33	83.38	242.56
Deferred tax [charge/(credit)]	33	227.16	(1.71)
Profit for the year		**1,056.27**	**821.92**
Other comprehensive income/(loss)			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement (loss)/gain on defined benefit plan		(1.31)	0.43
(ii) Tax relating to items that will not be reclassified to profit or loss		0.33	(0.11)
Subtotal (A)		**(0.98)**	**0.32**
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		103.67	128.69
(ii) Tax relating to items that will be reclassified to profit or loss		(26.09)	(32.39)
Subtotal (B)		**77.58**	**96.30**
Other comprehensive income/(loss) (A+B)		**76.60**	**96.62**
Total comprehensive income for the year		**1,132.87**	**918.54**
Earnings per equity share (Face value of ₹10 each fully paid up)			
Basic (₹)	34	62.62	48.78
Diluted (₹)	34	62.56	48.67
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 T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For **Singhi & Co.**
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: May 18, 2023

For and on behalf of the Board of Directors

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Neeraj Vyas
Director
DIN: 07053788

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

STANDALONE STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2023

A. Equity share capital*

As at March 31, 2023

(₹ in crore)

Particulars	Balance as at April 01, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2022	Change during the year	Balance as at March 31, 2023
Equity share capital	168.60	-	168.60	0.26	168.86

As at March 31, 2022

(₹ in crore)

Particulars	Balance as at April 01, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2021	Change during the year	Balance as at March 31, 2022
Equity share capital	168.27	-	168.27	0.33	168.60

*Refer note 24.

B. Other equity*

(₹ in crore)

Particulars	Reserves and surplus						Other comprehensive income	Total other equity
	Share application money pending allotment	Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges	
Balances as at April 01, 2021	-	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,656.70**	**(216.71)**	**8,698.91**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	-	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,656.70**	**(216.71)**	**8,698.91**
Profit for the year	-	-	-	-	-	821.92	-	821.92
Fair value changes on derivatives	-	-	-	-	-	-	96.30	96.30
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.32	-	0.32
Total comprehensive income for the year	-	-	-	-	-	**822.24**	**96.30**	**918.54**
Transfer to special reserve#	-	-	124.00	-	-	(124.00)	-	-
Transfer to statutory reserve##	-	-	-	41.00	-	(41.00)	-	-
Premium on shares issued during the year	-	10.82	-	-	-	-	-	10.82
Employee stock option exercised during the year (Refer Note 24.8)	-	3.69	-	-	(3.69)	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	3.67	-	-	3.67
Transfer on account of stock option lapsed/ expired	-	-	-	-	(17.73)	17.73	-	-
Balances as at March 31, 2022	-	**4,062.41**	**1,134.76**	**167.97**	**55.54**	**4,331.67**	**(120.41)**	**9,631.94**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	-	**4,062.41**	**1,134.76**	**167.97**	**55.54**	**4,331.67**	**(120.41)**	**9,631.94**
Profit for the year	-	-	-	-	-	1,056.27	-	1,056.27
Fair value changes on derivatives	-	-	-	-	-	-	77.58	77.58
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	(0.98)	-	(0.98)
Total comprehensive income for the year	-	-	-	-	-	**1,055.29**	**77.58**	**1,132.87**

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2023

(₹ in crore)

Particulars	Reserves and surplus						Other comprehensive income	Total other equity
	Share application money pending allotment	Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges	
Transfer to special reserve#	-	-	45.00	-	-	(45.00)	-	-
Transfer to statutory reserve##	-	-	-	167.00	-	(167.00)	-	-
Share application money received during the year	0.20	-	-	-	-	-	-	0.20
Premium on shares issued during the year	-	6.75	-	-	-	-	-	6.75
Employee stock option exercised during the year (Refer Note 24.8)	-	3.32	-	-	(3.32)	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	11.95	-	-	11.95
Transfer on account of stock option lapsed/ expired	-	-	-	-	(14.16)	14.16	-	-
Balances as at March 31, 2023	**0.20**	**4,072.48**	**1,179.76**	**334.97**	**50.01**	**5,189.12**	**(42.83)**	**10,783.71**

*Refer Note 25 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 ₹ 45.00 crore (Previous year ₹ 124.00 crore) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹167.00 crore (Previous year ₹41.00 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 T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For **Singhi & Co.**
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: May 18, 2023

For and on behalf of the Board of Directors

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Neeraj Vyas
Director
DIN: 07053788

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

STANDALONE STATEMENT OF CASH FLOW
for the year ended March 31, 2023

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,366.81	1,062.77
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	51.23	53.18
Net loss on derecognition of property, plant and equipment	0.19	0.19
Impairment on financial instruments	(1,046.96)	14.35
Impairment on assets held for sale	47.65	7.86
Net loss on financial instruments at fair value through profit and loss	2.80	10.06
Share based payment expense	11.95	3.67
Effective interest rate on financial assets	(48.37)	33.50
Effective interest rate on financial liabilities	15.78	109.64
Interest expenses	3,893.41	4,059.12
(Income)/unwinding on derecognised (assigned) loans	(84.39)	232.13
Restructure loss/(gain) on financial assets	4.86	(13.93)
Interest on leases including modification gain/(loss)	5.67	6.51
Advances written-off	2.23	-
Bad debts written-off	1,738.20	562.03
	4,594.25	**5,078.31**
Operating profits before changes in working capital	5,961.06	6,141.08
Working Capital changes		
Increase/(decrease) in trade payables	17.33	(0.66)
Decrease in provisions	(1.04)	(0.42)
(Decrease)/increase in other financial liabilities	(519.76)	203.97
(Decrease)/increase in non-financial liabilities	(71.15)	47.36
(Increase)/decrease in loans at amortised cost	(3,081.78)	4,722.27
Decrease/(increase) in receivables	39.05	(23.99)
Decrease in other financial assets	3.03	0.53
(Increase)/decrease in other non-financial assets	(27.21)	7.82
Proceeds from sale of asset held for sale	61.18	19.79
Decrease/(increase) in bank balance other than cash and cash equivalents	125.31	(150.40)
	(3455.04)	**4,826.27**
Cash generated from/(used in) operations before adjustments for interest and taxes paid	**2506.02**	**10,967.35**
Interest Paid	(3,980.99)	(4,405.19)
Taxes paid (net of refunds)	(297.07)	(345.81)
Net cash (used in)/generated from operating activities	**(1772.04)**	**6,216.35**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(12.74)	(13.97)
Capital work-in-progress and intangible assets under development (net)	(1.85)	(1.16)
Proceeds from derocognition of property, plant and equipment and other intangible assets	0.17	0.13
Investments (net)	188.05	(1,461.23)
Net cash generated from/(used in) investing activities	**173.63**	**(1,476.23)**

STANDALONE STATEMENT OF CASH FLOW

for the year ended March 31, 2023

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from financing activities*		
Proceeds from		
Debt securities and subordinated liabilities	149.99	455.00
Borrowings from banks	17,771.75	19,648.26
Deposits (net)	(394.80)	903.21
Commercial paper	50.00	-
Repayment of		
Debt securities and subordinated liabilities	(2,560.00)	(4,673.00)
Borrowings from banks	(14,636.84)	(21,920.17)
Commercial paper	(50.00)	(1,125.00)
Lease Liability	(35.84)	(31.64)
Proceeds from issue of share capital including securities premium	7.21	11.15
Net cash generated from/(used in) financing activities	**301.47**	**(6,732.19)**
Net changes in cash & cash equivalents	**(1,296.94)**	**(1,992.07)**
Cash and cash equivalents at the beginning of the year	4,914.36	6,906.43
Cash and cash equivalents at the end of the year	3,617.42	4,914.36
Net (decrease)/increase of cash & cash equivalents during the year	**(1,296.94)**	**(1,992.07)**
Components of cash and cash equivalents		
Cash on hand	1.49	1.12
Balances with banks in current accounts	558.31	511.65
Bank deposit with maturity of less than 3 months	3,107.61	4,451.60
Stamps on hand	0.00	0.00
Less: Overdraft facility against term deposits (as per note 18 to the financial statements)	(49.99)	(50.01)
	3,617.42	**4,914.36**

*Refer Note no. 44 for change in liabilities arising from financing activities.

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 T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For Singhi & Co.
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: May 18, 2023

For and on behalf of the Board of Directors

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Neeraj Vyas
Director
DIN: 07053788

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

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 May 18, 2023. However, the shareholders have the power to amend the financial statements after issue.

1.2. Statement of Compliance and basis of preparation and presentation

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 as amended from time to time. The Statement of Cash Flows has been prepared and presented as per Ind AS 7 "Statement of Cash Flows".

The standalone financial statements have been prepared under the historical cost convention on accrual basis except where quantum of accruals cannot be ascertained with reasonable certainty. Following are measured on each reporting date:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.
- Financial instrument - measured at fair value.

The standalone financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act, 2013 and the relevant provisions of the National Housing Bank Act, 1987 as amended from time to time and the Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Directions') as amended from time to time and the RBI circular DOR.CRE.REC. No.60/03.10.001/2021-22 dated October 22, 2021, on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs

The standalone financial statements are presented in Indian Rupees (₹) which is the functional and presentation currency of the Company and all values are rounded to the nearest crore with two decimals, 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 45.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

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 year. 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

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 behavioral 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 behavior and life-cycle of the instruments, as well as 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 2.21).

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.

f) Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

g) Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

h) Useful life of Property, Plant and Equipment (PPE) and Intangible assets

The Company reviews its estimate of the useful life of PPE and intangible assets at each reporting date, based on the expected utility of the PPE and intangible assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of PPE and intangible assets. In case of a revision of useful life, the unamortised depreciable amount is charged over the remaining useful life of the PPE and intangible assets.

i) Share-Based Payments

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash/ stamp 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 consists 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 EIR on net amount (i.e. gross carrying amount less allowance for expected credit loss) . 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) Fees and commission 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 recognised in accordance with the terms of the relevant contracts / agreements and when it is probable that the Company will collect the consideration.

e) Other income

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals.

Interest on tax refunds and 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.

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) PPE

PPE are stated at cost (including directly attributable expenses) less accumulated depreciation and impairment losses, if any. Cost includes deemed cost which represents the carrying value of PPE recognised as at April 1, 2017 measured as per the previous Generally Accepted Accounting Principles (GAAP).The cost of PPE comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE 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. 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. Any gain or loss arising on derecognition of the asset

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(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.

Capital work in progress includes assets which are not ready for the intended use at the end of the reporting year and is carried at cost including directly attributable expenses.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost (excluding tax credits availed, if any) 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. Cost comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to Intangible assets 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).

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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.

Intangible assets which are not ready for the intended use at the end of the reporting year are disclosed as Intangible assets under development.

2.5 Depreciation and amortisation

a) Depreciation

Depreciation on PPE 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 based on technical evaluation. Leasehold improvements are amortised over the period of five years however, where the lease term is less than five years amortisation is restricted to the underlying lease term.

All PPE individually costing ₹5,000 or less are fully depreciated in the year of purchase.

Depreciation on additions to PPE is provided on a pro-rata basis from the date the asset is available for use.

Depreciation on sale / derecognition of PPE 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 PPE 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 or less 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 or the life whichever is less.

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 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 a registered 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

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 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.

Company as a lessor

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 Borrowing costs

Borrowing costs consists of interest and other cost that the Company incurred in connection with the borrowing of funds. Borrowing costs charged to the Statement of Profit and Loss on the basis of effective interest rate method.

2.10 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/amortisation 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.

2.11 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

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and a reliable estimate can be made of the amount of the obligation.

2.12 Contingent liabilities, Contingent assets and Commitments

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.

c) Commitments are future liabilities for contractual expenditure and is disclosed in case of –

- Estimated amount of contracts remaining to be executed on capital account and not provided for;
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.13 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.

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, excluding amounts included in net interest on the net defined benefit liability, the effect of the asset ceiling, 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 and other long term employee benefits

A liability is recognised for benefits to employees in respect of wages and salaries, annual leave, sick leave and short-term employee benefits in the year the related service is rendered. 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.

In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences and liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

c) Share based payments

The Company operates a number of Employee Stock Option Scheme/ Restricted stock units ('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.

2.14 Taxes

Taxes on income

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.

Goods and services input tax credit

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and the conditions to avail the credit are fulfilled as per the underlying law.

2.15 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 except where the result would be antidilutive.

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2.16 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. Trade receivable that does not contain a significant financing component are measured at transaction price.

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 received and the 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 FVTOCI

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 or 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.

c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the face value and proceeds received in excess of the face value are recognised as share premium.

Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.17 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.

2.18 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.

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.

2.19 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. Further, whenever there is a change in the business model the underlying affected financial asset are reclassified. Financial liabilities has not been reclassified.

2.20 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 derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

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

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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.

2.21 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 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. Reserve Bank of India defines NPA in Paragraph 8.3.5 in its Master Directions – Non Banking Financial Company – Housing Finance (Reserve Bank) Directions, 2021 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.

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.
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	90+/ NPA	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses regulatory definition 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 Ind AS 109. PD is defined as the probability that a borrower will be unable to meet their 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 assets 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.

- **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	Asset coverage based / Expected Collateral Realisation (ECR)

Broadly, the Company has grouped the portfolio into retail and corporate category. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on 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 techniques of multinomial logistic regression, Observed Default Rate based on customer classification etc 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. The Company has further stressed the PDs for such selective group of customers who are falling in early warning signal pool like customers who have had experienced delinquency with other financial institutions but remained good with us, customers showing very early signs of stress in emerging delinquencies.

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. Multiple factors are considered for determining the LGD including time taken for resolutions, geographies, collection feedback, underlying security etc.

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 behavioral analysis of the Company's historical experience.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

Corporate loans

Probability of default

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 external ratings based statistical technique of Pluto-Tasche). PD s are further stressed basis operational variables like construction variance, sales velocity, resolution team feedback etc. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Loss given default

For LGD estimates, the Company has used ECR approach and have applied business logic based on security coverage ratio of existing portfolio. Sensitivity analysis, resolution feedbacks are applied on probability weighted scenarios 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 behavioral 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:

i. Those stage 1 loan assets where underlying property is under construction and expected construction progress is likely to remain slow based on historical data / market feedback.

ii. Those stage 1 assets which are restructured under RBI OTR scheme of Aug 2020 and May 2021 and have shown higher degree of risk basis their performance with us and/or with other financial institutions.

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, resolution team feedback etc. Basis the review and management overlay, the Company identifies 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 favorable, neutral, adverse and stressed 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 GDP at constant prices, Housing Price Index (HPI) inflation, Gross national savings, unemployment rate etc. were considered from the International Monetary Fund (IMF), NHB and RBI websites and the Company's historical data were analysed.

A model was then built, and forecasts were generated, and scenario creation carried out to finally arrive at the final macroeconomic overlay. Identification of relevant macroeconomic variables was done combining statistical analysis (correlation) and business intuition (sign of correlation).

The macroeconomic variables (MEVs) of the final model were used to generate multiple simulations for forecasting under different probabilistic scenarios, i.e., favorable, neutral, adverse and stress scenarios. Under each scenario, based on the independent variable forecasts, the forecasted default rates are obtained using the final model relationship between the default rates and macroeconomic variables. The scenarios are identified based on the probability of occurrence, i.e. expected probability of the future economic state. An anchor variable (GDP) analysis was performed in order to select a particular scenario for future quarters. Accordingly, the probability weighted ECL is computed using the likelihood as weights.

2.22 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note 2.21.

2.23 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.

2.24 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.

2.25 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.

2.26 Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Deposit remaining unclaimed for more than seven years have been transferred to the Investor Education and Protection Fund (IEPF). 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.

2.27 Securities premium

Securities premium is credited:

- when shares are issued at premium;
- with the fair value of the stock options which are treated as expense (if any), in respect of shares allotted pursuant to Employee Stock Options Scheme

Securities premium can be utilised only for limited purposes such as issuance of bonus shares or adjustment of share issue expenses, net of tax, 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.

2.28 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 SARFAESI 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 assets and they are measured at the lower of their carrying amount and the fair value less costs of disposal.

2.29 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. 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 as amended from time to time.

2.30 Investment in subsidiaries

Investments in subsidiaries are measured at cost as per Ind AS 27 – Separate Financial Statements.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

NOTE 3: CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	1.49	1.12
Balance with banks in current accounts	558.31	511.65
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	3,107.61	4,451.60
Stamps on hand	0.00	0.00
Total	**3,667.41**	**4,964.37**

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, 2023	As at March 31, 2022
Bank Deposit (More than 3 months & up to 12 months) (Refer Note 4.1)	25.09	150.40
Earmarked balances with bank (Refer Note 4.2)	0.07	0.07
Total	**25.16**	**150.47**

Note 4.1: Bank deposit amounting to ₹ 25.00 crore has been pledged against the bank guarantee dated April 6, 2023 issued for Rights Issue of the Company.

Note 4.2: Earmarked balances with bank represents unclaimed dividend on equity shares.

NOTE 5: RECEIVABLES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables		
Receivable considered good - Secured	-	-
Receivable considered good - Unsecured	-	-
Receivables from related parties - Unsecured (Refer Note 5.2)	-	38.98
Receivables which have significant increase in credit risk	-	-
Receivables – credit impaired	-	-
	-	**38.98**
Other receivables		
Receivable considered good - Unsecured (Refer Note 5.2)	0.01	0.04
	0.01	**0.04**
Less: Provision for impairment	-	-
Total	**0.01**	**39.02**

Note 5.1: Trade Receivables ageing

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment					
		As at March 31, 2023					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade and other receivables – considered good	-	0.01	-	-	-	-	0.01
Undisputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade and other receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade and other receivables – considered good	-	-	-	-	-	-	-
Disputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade and other receivables – credit impaired	-	-	-	-	-	-	-
Unbilled trade and other receivables	-	-	-	-	-	-	-

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment					
		As at March 31, 2022					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade and other receivables – considered good	38.98	0.04	-	-	-	-	39.02
Undisputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade and other receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade and other receivables – considered good	-	-	-	-	-	-	-
Disputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade and other receivables – credit impaired	-	-	-	-	-	-	-
Unbilled trade and other receivables	-	-	-	-	-	-	-

Note 5.2: 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

NOTE 6: LOANS (AT AMORTISED COST)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Term Loans	59,341.37	57,939.68
Total Gross	**59,341.37**	**57,939.68**
Less: Impairment loss allowance	1,432.84	2,558.94
Total Net	**57,908.53**	**55,380.74**
Secured by tangible assets	59,341.37	57,939.68
Total Gross	**59,341.37**	**57,939.68**
Less: Impairment loss allowance	1,432.84	2,558.94
Total Net	**57,908.53**	**55,380.74**
Loans in India		
Public Sector	-	-
Others	59,341.37	57,939.68
Total Gross	**59,341.37**	**57,939.68**
Less: Impairment loss allowance	1,432.84	2,558.94
Total Net (a)	**57,908.53**	**55,380.74**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total Net (b)	**-**	**-**
Total Net (a+b)	**57,908.53**	**55,380.74**

Note 6.1: Detail of loans & advances sanctioned to Directors/ KMP/ Senior officers/ Related Parties.

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
KMP /Senior Officers and their relatives	2.65	-
	2.65	**-**

Note 6.2: Loans - Staging analysis#

Analysis of change in gross carrying amount of loans is as follows:

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Opening gross carrying amount	51,251.68	1,981.83	4,706.17	57,939.68	56,399.18	3,833.89	2,998.41	63,231.48
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	14,890.80	14.65	3.19	15038.88	11,190.22	33.72	125.85	11,349.79
Asset paid in part or full (excluding write off) (net)	(10580.51)	(278.98)	(636.66)	(11496.15)	(15,729.45)	(252.34)	(100.42)	(16,082.21)
Stressed loans transferred to ARC	-	-	(271.74)	(271.74)	-	-	-	-
Asset derecognised/co-lending	(179.79)	-	-	(179.79)	-	-	-	-
Asset written off	(28.17)	(68.36)	(1592.98)	(1689.51)	(13.27)	(7.71)	(538.40)	(559.38)
Transfer to stage 1	883.97	(644.37)	(239.60)	-	1,639.59	(1,481.06)	(158.53)	-
Transfer to stage 2	(994.06)	1,142.00	(147.94)	-	(1,144.39)	1,170.43	(26.04)	-
Transfer to stage 3	(179.04)	(141.64)	320.68	-	(1,090.20)	(1,315.10)	2,405.30	-
Closing gross carrying amount	**55,064.88**	**2,005.13**	**2,271.36**	**59,341.37**	**51,251.68**	**1,981.83**	**4,706.17**	**57,939.68**

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	52,109.19	2,005.13	1,425.44	55,539.75	46,635.90	1,960.45	1,968.12	50,564.47
Total	**52,109.19**	**2,005.13**	**1,425.44**	**55,539.75**	**46,635.90**	**1,960.45**	**1,968.12**	**50,564.47**
% of total	**93.82%**	**3.61%**	**2.57%**	**100.00%**	**92.23%**	**3.88%**	**3.89%**	**100.00%**

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	12.16%	16.61%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.52%	0.45%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	1.08%	0.33%
ii) Residual portfolio either remained in stage 3 or had backward flows		

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Corporate Loans	2,955.69	-	845.92	3,801.61	4,615.78	21.38	2,738.05	7,375.21
Total	**2,955.69**	**-**	**845.92**	**3,801.61**	**4,615.78**	**21.38**	**2,738.05**	**7,375.21**
% of total	**77.75%**	**0.00%**	**22.25%**	**100.00%**	**62.58%**	**0.29%**	**37.13%**	**100.00%**

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	18.20%	35.45%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.29%	0.24%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	26.73%	3.87%
ii) Residual portfolio either remained in stage 3 or had backward flows		

Note 6.3: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	244.87	254.63	466.66	966.16	283.21	197.35	527.83	1,008.39
Total	**244.87**	**254.63**	**466.66**	**966.16**	**283.21**	**197.35**	**527.83**	**1,008.39**

ECL movement as on March 31, 2022 and March 31, 2023

a) The loan assets in stage 2 were 3.61% as on March 31, 2023 as against 3.88% as on March 31,2022. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹584.70 Crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2023 would be 2.56% against 2.25% as on March 31, 2022.

b) ECL % POS has increased by 2.63% as on March 31, 2023 in stage 2.

c) Overall ECL % POS have decreased by 25 bps on accounts improvement in Asset quality.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

ECL movement as on March 31, 2021 and March 31, 2022

a) The loan assets in stage 2 were 3.88% as on March 31, 2022 as against 5.17% as on March 31, 2021. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹823.17 crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2022 would be 2.25% against 3.46% as on March 31, 2021.

b) ECL % POS has decreased by 1.29% as on March 31, 2022 in stage 2 due to transition of stage 2 accounts to stage 3 (as an impact of RBI Circular No. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22)

c) Overall ECL % POS have increased by 24 bps on accounts of conservatism approach adopted by the Company.

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Corporate Loans	279.95	-	186.73	466.68	300.10	3.07	1,247.38	1,550.55
Total	**279.95**	**-**	**186.73**	**466.68**	**300.10**	**3.07**	**1,247.38**	**1,550.55**

ECL movement as on March 31, 2022 and March 31, 2023

a) Stage 1 ECL % of POS increased from 6.50% to 9.47%.

b) The loan assets in stage 2 were decresed to nil as on March 31, 2023 from 0.29% as on March 31, 2022 majorly due to decreasing corporate portfolio.

c) The Company's stage 3 asset ratio has decreased from 37.13% as on March 31, 2022 to 22.25% as on March 31, 2023 owing to this ECL has also decreased.

ECL movement as on March 31, 2021 and March 31, 2022

a) Stage 1 ECL % of POS increased from 4.31% to 6.50%. This is due to restructuring cases carrying higher provisions.

b) The loan assets in stage 2 were decreased to 0.29% as on March 31, 2022 from 9.90% as on March 31,2021 majorly due to shift of stage 2 asset to stage 3.

c) The Company's stage 3 asset ratio has increased from 13.46% as on March 31, 2021 to 37.13% as on March 31, 2022 owing to this ECL has also increased.

^The restructuring was done for Stage 1 accounts, total restructured assets were ₹967 crore (Previous year ₹1,647 crore), against which provision of ₹102 (Previous year ₹204 crore) is held.

#Refer Note 2.21, 2.22, 2.23 and 46.1.

Note 6.4: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

Tangible securities

i) Equitable/ Simple/ English Mortgage of immovable property;

ii) Mortgage of Development Rights/ FSI/ any other benefit flowing from the immovable property;

iii) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;

Intangible securities

i) Demand Promissory Note;

ii) Post dated cheques towards the repayment of the debt;

iii) Personal/Corporate Guarantees;

iv) Undertaking to create a security;

v) Letter of Continuity.

NOTE 7: INVESTMENTS

(₹ in crore)

Particulars	As at March 31, 2023			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Government securities^ (Refer Note 36.31)	2,276.42	413.18	-	2,689.60
Debt securities	-	457.67	-	457.67
Subsidiaries				
2,50,000 (March 31, 2022: 2,50,000) equity shares of face value of ₹10 each of PHFL Home Loans and Services Limited	-	-	0.25	0.25
50,000 (March 31, 2022: 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	0.05	0.05
ACRE-122-Trust	-	119.00	-	119.00
Total gross	**2,276.42**	**989.85**	**0.30**	**3,266.57**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**2,276.42**	**989.85**	**0.30**	**3,266.57**
Less: Allowance for impairment loss (c)		(78.55)	-	(78.55)
Total net (a+b-c)	**2,276.42**	**911.30**	**0.30**	**3,188.02**

(₹ in crore)

Particulars	As at March 31, 2022			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	100.02	-	100.02
Government securities^ (Refer Note 36.31)	2,234.18	1,044.83	-	3,279.01
Debt securities	-	92.69	-	92.69
Subsidiaries				
2,50,000 (March 31, 2021: 2,50,000) equity shares of face value of ₹10 each of PHFL Home Loans and Services Limited	-	-	0.25	0.25
50,000 (March 31, 2021: 50,000) equity shares of face value of ₹10 each of PEHEL Foundation	-	-	0.05	0.05
Total gross	**2,234.18**	**1,237.54**	**0.30**	**3,472.02**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**2,234.18**	**1,237.54**	**0.30**	**3,472.02**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**2,234.18**	**1,237.54**	**0.30**	**3,472.02**

Name of Subsidiaries	Principle place of business/operations	Ownership interest	
		As at March 31, 2023	As at March 31, 2022
PHFL Home Loans and Services Limited	India	100.00%	100.00%
PEHEL Foundation	India	100.00%	100.00%

*Others include investment in subsidiaries which have been carried at cost.

^Expected credit loss provision has not been recognised on investments made in government securities.

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

NOTE 8: OTHER FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Receivable considered good- Unsecured		
Receivables on assignment and co-lending of loans (Refer Note 8.1, 8.2 and 8.3)	728.37	647.47
Security deposits	16.79	16.95
Other Receivables	11.34	11.15
Security deposits - credit impaired	0.54	0.11
Total gross (a)	**757.04**	**675.68**
Less: Impairment loss allowance (b)	2.40	1.77
Total net (a-b)	**754.64**	**673.91**

Note 8.1: During the year ended March 31 2023, the Company has sold some loans and advances measured at amortised cost under co-lending deals through assignment mode, as a source of finance. As per the terms of deal, the derecognition 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.

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, 2023	As at March 31, 2022
Carrying amount of derecognised financial assets	7,344.70	9,088.02

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 assets) is recognised at present value on the date of derecognition as interest-only strip/net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial assets.

Note 8.2: Includes receivable from related party ₹0.44 crore (Previous year ₹0.61 crore).

Note 8.3: Disclosure pursuant to RBI Notification dated September 24, 2021 on "Transfer of Loan Exposures" are given below:

(a) The Company has not acquired any stressed loans or loans not in default during the year ended March 31, 2023 and March 31, 2022.

(b) Details of loans not in default transferred:

(₹ in crore)

Particulars	Assignment through colending	
	Current Year	Previous Year
Total amount of loans transferred through colending	179.79	-
Weighted average residual maturity (in months)	220	-
Weighted average holding period (in months)	7	-
Retention of beneficial economic interest	20%	-
Coverage of tangible security coverage	100%	-
Rating-wise distribution of rated loans	unrated	-

(c) Details of stressed loans transferred:

(₹ in crore)

Particulars	To Asset Reconstruction Companies (ARC) - NPA- Retail	
	Current Year	Previous Year
Number of accounts	35	-
Aggregate principal outstanding of loan transferred	62.52	-
Weighted average residual tenor of the loans transferred (years)	12.66	-
Net book value of loans transferred (at the time of transfer)	43.76	-
Aggregate consideration	31.26	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Excess provisions reversed to the profit and loss account on account of sale	-	-

(₹ in crore)

Particulars	To Asset Reconstruction Companies (ARC) - NPA-Corporate*	
	Current Year	Previous Year
Number of accounts	2	-
Aggregate principal outstanding of loan transferred	186.96	-
Weighted average residual tenor of the loans transferred (years)	6.55	-
Net book value of loans transferred (at the time of transfer)	61.46	-
Aggregate consideration	140.00	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Excess provisions reversed to the profit and loss account on account of sale	-	-

* Security Receipts are rated as IVR RR2.

NOTE 9: CURRENT TAX (NET)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Net current tax asset/(liability) at the beginning (a)	37.55	(65.59)
Current tax expense (b)	83.02	290.13
Current tax paid (c)	297.07	345.81
Current tax refund (d)	-	-
Tax related to earlier years (e)	0.03	(47.46)
Net current tax asset/(liability) at the end (a-b+c-d-e)	**251.57**	**37.55**

NOTE 10: DEFERRED TAX ASSETS (NET)

As at March 31, 2023

(₹ 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	12.31	-	0.59	-
Provision for employee benefits	4.38	-	0.07	-
Impairment allowance for financial assets	380.39	-	(192.64)	-
Derivative instruments in cash flow hedge	14.40	-	-	(26.09)
Expenses paid in advance (net of income received in advance)	-	80.44	(15.85)	-
Interest spread on assigned loans	-	174.85	(21.24)	-
Fair valuation of financial instruments held for trading	4.29	-	0.70	-
Others temporary differences	2.99	17.92	1.21	-
Total	**418.76**	**273.21**	**(227.16)**	**(26.09)**

As at March 31, 2022

(₹ 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	11.72	-	1.15	-
Provision for employee benefits	4.31	-	(0.21)	-
Impairment allowance for financial assets	573.03	-	(11.69)	-
Derivative instruments in cash flow hedge	40.49	-	-	(32.39)
Expenses paid in advance (net of income received in advance)	-	64.59	(5.39)	-
Interest spread on assigned loans	-	153.61	58.42	-
Fair valuation of financial instruments held for trading	3.59	-	2.48	-
Others temporary differences	3.00	19.14	(43.05)	-
Total	**636.14**	**237.34**	**1.71**	**(32.39)**

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

NOTE 11: INVESTMENT PROPERTY

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2022	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at April 01, 2022	For the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Buildings	0.58	-	-	0.58	0.05	0.01	-	0.06	0.52	0.53
Total	**0.58**	**-**	**-**	**0.58**	**0.05**	**0.01**	**-**	**0.06**	**0.52**	**0.53**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings*	0.58	-	-	0.58	0.04	0.01	-	0.05	0.53	0.54
Total	**0.58**	**-**	**-**	**0.58**	**0.04**	**0.01**	**-**	**0.05**	**0.53**	**0.54**

*Assets pledged and hypothecated against borrowings.

Note 11.1: The Company has leased out its investments properties and same has been classified as operating leases on account that there was no transfer of substantial risk and rewards incidental to the ownership of the assets. Recognition of income and related expenses in profit or loss for investment properties are tabulated below:

(₹ in crore)

Particulars	Current Year	Previous Year
Rental Income	0.12	0.08
Profit from investment properties before depreciation	**0.12**	**0.08**
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.11**	**0.07**

Note 11.2: Investment properties are leased to tenants under long-term operating leases with rentals receivable on monthly basis. Minimum undiscounted lease payments receivable under non-cancellable leases of investment properties after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	0.04	0.11
Later than one year but not later than five year	**0.04**	**0.08**
Later than five years	-	-

Note 11.3: The fair value of the investment property has been determined on the basis of valuation carried out at the reporting date by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement for investment property has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research, contracted rentals, discount rates and comparable values, as appropriate. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

Reconciliation of fair value

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	5.55	5.55
Addition during the year	-	-
Deletion during the year	-	-
Variation in Fair value	0.09	-
Closing balance	**5.64**	**5.55**

NOTE 12: PROPERTY PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2022	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at April 01, 2022	For the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Buildings	37.72	-	-	37.72	2.81	1.20	-	4.01	33.71	34.91
Furniture & Fixtures	19.68	0.45	1.02	19.11	10.01	1.87	0.72	11.16	7.95	9.67
Vehicles	0.10	-	0.10	-	0.05	0.01	0.06	-	-	0.05
Computers	31.91	9.31	0.05	41.17	21.91	4.43	0.05	26.29	14.88	10.00
Office Equipment & Others	31.71	1.44	1.49	31.66	23.71	3.80	1.36	26.15	5.51	8.00
Leasehold Improvements	42.67	0.27	3.36	39.58	33.97	4.94	3.33	35.58	4.00	8.70
Total	**163.79**	**11.47**	**6.02**	**169.24**	**92.46**	**16.25**	**5.52**	**103.19**	**66.05**	**71.33**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings	37.72	-	-	37.72	1.61	1.20	-	2.81	34.91	36.11
Furniture & Fixtures	22.10	0.10	2.52	19.68	9.22	1.95	1.16	10.01	9.67	12.88
Vehicles	0.10	-	-	0.10	0.04	0.01	-	0.05	0.05	0.06
Computers	24.43	7.50	0.02	31.91	19.14	2.79	0.02	21.91	10.00	5.29
Office Equipment & Others	29.85	0.65	(1.21)	31.71	18.03	5.36	(0.32)	23.71	8.00	11.82
Leasehold Improvements	42.50	-	(0.17)	42.67	26.98	6.97	(0.02)	33.97	8.70	15.52
Total	**156.70**	**8.25**	**1.16**	**163.79**	**75.02**	**18.28**	**0.84**	**92.46**	**71.33**	**81.68**

(i) Buildings pledged and hypothecated against borrowings.
(ii) There were no revaluation carried out by the Company during the years reported above.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

NOTE 12: PROPERTY PLANT AND EQUIPMENT (Contd.)

Right of use

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2022	Addition during the year	Disposal/ modification during the year	As at March 31, 2023	As at April 01, 2022	For the year	Disposal/ modification during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Building	140.99	34.71	5.96	169.74	80.60	27.24	3.63	104.21	65.53	60.39
Total	**140.99**	**34.71**	**5.96**	**169.74**	**80.60**	**27.24**	**3.63**	**104.21**	**65.53**	**60.39**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Disposal/ modification during the year	As at March 31, 2022	As at April 01, 2021	For the year	Disposal/ modification during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Building	132.13	8.87	0.01	140.99	54.13	26.48	0.01	80.60	60.39	78.00
Total	**132.13**	**8.87**	**0.01**	**140.99**	**54.13**	**26.48**	**0.01**	**80.60**	**60.39**	**78.00**

Note 12.1: Capital Work-in-Progress

(a) Capital Work-in-Progress ageing

(₹ in crore)

Particulars	As at March 31, 2023				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.08	-	-	-	0.08
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2022				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

(b) The Company does not have any material project which is overdue or has exceeded its cost compared to its original plan.

Note 12.2: Intangible assets under development

(a) Intangible assets under development ageing

(₹ in crore)

Particulars	As at March 31, 2023				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.90	1.17	0.01	-	3.08
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2022				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.35	1.32	0.87	-	3.54
Projects temporarily suspended	-	-	-	-	-

(b) For Intangible assets under development, where completion is overdue or has exceeded its cost compared to its original plan

(₹ in crore)

Particulars	As at March 31, 2023				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2022				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)	-	2.18	-	-	2.18

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2022	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at April 01, 2022	For the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Software	56.89	3.74	-	60.63	39.15	7.73	-	46.88	13.75	17.74
Total	**56.89**	**3.74**	**-**	**60.63**	**39.15**	**7.73**	**-**	**46.88**	**13.75**	**17.74**

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	51.35	5.72	0.18	56.89	30.92	8.41	0.18	39.15	17.74	20.43
Total	**51.35**	**5.72**	**0.18**	**56.89**	**30.92**	**8.41**	**0.18**	**39.15**	**17.74**	**20.43**

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NOTE 14: OTHER NON-FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured considered good		
Prepaid expenses	10.85	6.49
GST input credit	33.24	18.44
Others	10.93	2.88
Total	**55.02**	**27.81**

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:						
Spot and forwards	734.17	0.73	38.67	729.17	0.01	50.08
Currency swaps	5,508.54	657.29	-	6,034.25	332.87	-
(i)	**6,242.71**	**658.02**	**38.67**	**6,763.42**	**332.88**	**50.08**
Interest rate derivatives:						
Forward rate agreements and interest rate swaps	3,823.08	63.02	-	3,525.03	-	40.55
(ii)	**3,823.08**	**63.02**	**-**	**3,525.03**	**-**	**40.55**
Margin money received from/(paid to) counter party bank	-	-	22.33	-	-	-
(iii)	**-**	**-**	**22.33**	**-**	**-**	**-**
Total derivative financial instruments (i)+(ii)+(iii)	**10,065.79**	**721.04**	**61.00**	**10,288.45**	**332.88**	**90.63**
Included in above are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
Currency derivatives	6,242.71	658.02	61.00	6,763.42	332.88	50.08
Interest rate derivatives	3,823.08	63.02	-	3,525.03	-	40.55
Total derivative financial instruments	**10,065.79**	**721.04**	**61.00**	**10,288.45**	**332.88**	**90.63**

* Refer Note 18.3, 43 and 46.2.

NOTE 16: TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	1.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	28.18	16.11
Due to related parties	14.55	11.03
Total	**44.47**	**27.14**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 16.1: Trade Payables ageing

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment - As at March 31, 2023					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro, Small and Medium Enterprises	1.69	0.05	-	-	-	1.74
(ii) Others	27.93	14.80	-	0.00	-	42.73
(iii) Disputed dues – Micro, Small and Medium Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment - As at March 31, 2022					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro, Small and Medium Enterprises	-	-	-	-	-	-
(ii) Others	15.87	11.14	0.05	0.08	-	27.14
(iii) Disputed dues – Micro, Small and Medium Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

Note 16.2: The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is as follows:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
1. Principal amount due and remaining unpaid	0.05	-
2. Interest due on (1) above and the unpaid interest	-	-
3. Interest paid on all delayed payment under the MSMED Act	0.00	-
4. Payment made beyond the appointed day during the year	0.10	0.05
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	0.00	0.00
7. Amount of further interest remaining due and payable in succeeding years	-	-
Total	**0.15**	**0.05**

NOTE 17: DEBT SECURITIES

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	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	3,994.09	-	-	3,994.09	6,201.97	-	-	6,201.97
Total	**3,994.09**	-	-	**3,994.09**	**6,201.97**	-	-	**6,201.97**
Debt securities in India	3,994.09	-	-	3,994.09	6,201.97	-	-	6,201.97
Debt securities outside India	-	-	-	-	-	-	-	-
Total	**3,994.09**	-	-	**3,994.09**	**6,201.97**	-	-	**6,201.97**

Note 17.1: 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.

b) Terms of repayment

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
6.01% - 7.00%	-	455.00	-	-	-	455.00	-	-
7.01% - 8.00%	-	-	-	-	1,275.00	-	-	-
8.01% - 9.00%	600.00	650.00	1,000.00	1,000.00	555.00	600.00	1,000.00	1,500.00
9.01% - 10.00%	300.00	-	-	-	530.00	300.00	-	-
	900.00	**1,105.00**	**1,000.00**	**1,000.00**	**2,360.00**	**1,355.00**	**1,000.00**	**1,500.00**

Note 17.2: The rate of interest and amount of repayment appearing in note 17.1(b) are as per the term of the debt instruments (i.e. excluding impact of effective interest rate). Further, refer note 44.1, 44.2 and 44.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

NOTE 18: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	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	3,046.20	-	-	3,046.20	4,665.21	-	-	4,665.21
Banks	18,029.00	-	-	18,029.00	13,385.84	-	-	13,385.84
External commercial borrowing	3,312.83	-	-	3,312.83	3,988.89	-	-	3,988.89
Bank overdraft	49.99	-	-	49.99	50.01	-	-	50.01
Loans from related party	4,636.68	-	-	4,636.68	4,325.89	-	-	4,325.89
Unsecured								
Term loans								
Banks	2,100.00	-	-	2,100.00	1,300.00	-	-	1,300.00
Total	**31,174.70**	-	-	**31,174.70**	**27,715.84**	-	-	**27,715.84**
Borrowings in India	25,683.12	-	-	25,683.12	21,718.06	-	-	21,718.06
Borrowings outside India	5,491.58	-	-	5,491.58	5,997.78	-	-	5,997.78
Total	**31,174.70**	-	-	**31,174.70**	**27,715.84**	-	-	**27,715.84**

Note 18.1: Refinance from National Housing Bank (NHB):

a) Nature of security

(i) 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.

(ii) During FY 23, the Company has availed ₹ Nil and during FY 22 ₹ 1490.00 crore was availed under "Special Refinance Facility 2021 Assistance Facility Scheme" of NHB for short-term liquidity support to provide refinance assistance in respect of eligible individual Housing loans".

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	132.46	281.46	-	-	504.95	353.20	130.40	-
6.01% - 8.00%	418.04	821.19	400.42	155.12	583.41	1,369.76	946.08	777.41
8.01% - 10.00%	123.78	330.08	308.48	75.17	-	-	-	-
	674.27	**1,432.73**	**708.90**	**230.29**	**1,088.36**	**1,722.96**	**1,076.48**	**777.41**

Note 18.2: Term loan from Banks:

a) Nature of security

i) Term loan from Punjab National Bank (related party) are secured by hypothecation by way of exclusive charge on specific standard book debts of the Company with minimum asset cover of 1.10 times to be maintained at all times.

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 1.12 times of outstanding amount.

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
5.10% - 5.89%	-	-	-	-	796.67	333.33	-	-
5.90% - 7.00%	-	-	-	-	412.49	574.50	200.00	-
7.01% - 9.00%	1,891.30	566.63	-	-	-	-	-	-
from others:								
4.00% - 7.00%	500.00	-	-	-	6,185.61	4,009.19	1,882.30	100.00
7.01% - 9.00%	7,570.34	6,693.26	3,823.27	559.55	1,445.57	1,040.94	30.00	-
9.01% - 9.11%	166.67	666.67	166.67		-	-	-	-
	10,128.31	**7,926.56**	**3,989.94**	**559.55**	**8,840.34**	**5,957.96**	**2,112.30**	**100.00**

Note 18.3: External commercial borrowing:

a) Nature of security

i) 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, 2023, the Company has outstanding ECB of USD 670.00 million (equivalent to ₹ 5,508.53 crore) (March 31, 2022 USD 796.00 million (equivalent to ₹ 6,034.25 crore)). The Company has undertaken cross currency swaps and principal only swaps to hedge the foreign currency risk of the ECB principal. 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, 2023				As at March 31, 2022			
	≤ 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 + 110 - 200 bps	2,178.75	-	-	-	-	2,008.89	-	-
from others:								
USD LIBOR + 110 - 200 bps	1,890.98	1,438.80	-	-	955.17	2,501.64	568.55	-
	4,069.73	**1,438.80**	**-**	**-**	**955.17**	**4,510.53**	**568.55**	**-**

Note 18.4: Bank overdraft:

a) Nature of security

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

b) Terms of Repayment

(₹ in crore)

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
6.50% -8.00%	49.99	-	-	-	50.01	-	-	-

Note 18.5:

The rate of interest and amount of repayment appearing in note 18.1(b), 18.2(b) and 18.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate). Further, refer note 44.1, 44.2 and 44.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTE 19: DEPOSITS

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	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 (Refer note 36.31)	15,513.00	-	-	15,513.00	14,939.94	-	-	14,939.94
(ii) From banks (Refer note 19.2)	325.84	-	-	325.84	411.91	-	-	411.91
(iii) From others	1375.12	-	-	1375.12	2,253.28	-	-	2,253.28
Total	**17,213.96**	-	-	**17,213.96**	**17,605.13**	-	-	**17,605.13**

Note 19.1: Refer note 44.1, 44.2 and 44.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

Note 19.2: Includes amount payable to related party ₹114.06 crore.

NOTE 20: SUBORDINATED LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	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	1,238.35	-	-	1,238.35	1,438.18	-	-	1,438.18
Total	**1,238.35**	-	-	**1,238.35**	**1,438.18**	-	-	**1,438.18**
Subordinated liabilities in India	1,238.35	-	-	1,238.35	1,438.18	-	-	1,438.18
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
Total	**1,238.35**	-	-	**1,238.35**	**1,438.18**	-	-	**1,438.18**

Note 20.1: 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, 2023, ₹ 337.70 crore (March 31, 2022 ₹ 577.50 crore) qualify as Tier II Capital under regulatory guidelines for assessing capital adequacy.

b) **Terms of repayment**

(₹ in crore)

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 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%	499.00	410.00	290.00	-	-	699.00	500.00	-
9.01% - 10.00%	-	-	-	39.70	200.00	-	-	39.70
	499.00	**410.00**	**290.00**	**39.70**	**200.00**	**699.00**	**500.00**	**39.70**

Note 20.2:

The rate of interest and amount of repayment appearing in note 20.1(b) are as per the term of the debt instruments (i.e. excluding impact of effective interest rate). Further, refer note 44.1, 44.2 and 44.3 for compliance in relation to the utilisation of the borrowed fund and submission underlying returns/statements.

NOTE 21: OTHER FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on deposits	3.72	38.07
Interest accrued but not due on borrowings (Refer Note 21.1)	262.46	315.69
Unpaid matured deposits and interest accrued thereon	29.94	43.84
Amount payable under assignments (Refer Note 21.2)	167.11	265.15
Book overdraft	1,117.57	1,407.22
Unpaid dividends	0.07	0.07
Other liabilities	288.44	406.61
Lease liabilities (Refer Note 37)	74.67	70.13
Total	**1,943.98**	**2,546.78**

Note 21.1: Includes amount payable to related party ₹ 2.23 crore (Previous year ₹ 0.49 crore).

Note 21.2: Includes amount payable to related party ₹ 79.29 crore (Previous year ₹ 124.94 crore).

NOTE 22: PROVISIONS

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Retirement benefits	17.39	17.12
Total	**17.39**	**17.12**

NOTE 23: OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance received from customers	134.75	207.07
Statutory dues payable	73.43	68.52
Other liabilities	17.27	21.01
Total	**225.45**	**296.60**

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for the year ended March 31, 2023

NOTE 24: EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
50,00,00,000 equity shares of ₹10 each (March 31, 2022: 50,00,00,000)	500.00	500.00
	500.00	**500.00**
Issued, subscribed and paid-up		
16,88,55,818 equity shares of ₹10 each fully paid up (March 31, 2022: 16,85,98,555)	168.86	168.60
Total	**168.86**	**168.60**

Note 24.1: 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, 2023		As at March 31, 2022	
	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	16,85,98,555	168.60	16,82,68,123	168.27
Add: Share allotted pursuant to exercise of stock option	2,57,263	0.26	3,30,432	0.33
Outstanding at the end of the year	**16,88,55,818**	**168.86**	**16,85,98,555**	**168.60**

Note 24.2: Detail of equity shareholding of Promoter

(₹ in crore)

Promoter name	As at March 31, 2023		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.52%	(0.05%)

(₹ in crore)

Promoter name	As at March 31, 2022		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.57%	(0.07%)

* Change during the year on account of exercise of ESOPs by employees.

Note 24.3: Details of shareholders holding more than 5% of equity shares in the Company:

(₹ in crore)

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.52	5,49,14,840	32.57
Quality Investments Holdings	5,41,92,300	32.09	5,41,92,300	32.14
Investment Opportunities V Pte. Limited	1,66,87,956	9.88	1,66,87,956	9.90
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.83	1,65,93,240	9.84

Note 24.4: 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 24.5: 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 24.6: 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 24.7: 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 the directives of the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB & RBI 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.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board of Director's at regular intervals.

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 intangible assets. The book value of investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate 10% of owned funds will be reduced while arriving at 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 to the extent of one and one fourth percent of risk weighted asset, hybrid capital instruments and subordinated debts.(Refer Note 36.1)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Debt securities	3,994.09	6,201.97
Borrowings (other than debt securities)	31,174.70	27,715.84
Deposits	17,243.90	17,648.97
Subordinated liabilities	1,238.35	1,438.18
Less: Cash and cash equivalents	(3,667.41)	(4,964.37)
Less: Bank balance other than cash and cash equivalents (other than earmarked balances)	(25.09)	(150.40)
Net debt	**49,958.54**	**47,890.19**
Total equity - shareholder funds	10,952.57	9,800.54
Net debt to equity ratio	**4.56**	**4.89**

Note 24.8: Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details 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			

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Date of grant	July 27, 2018	July 27, 2018	March 19, 2019	August 19, 2020
Number of options granted	18,15,000	2,35,000	1,81,200	45,000
Exercise price per option	₹1,333.35	₹1,333.35	₹847.40	₹261.15
Date of vesting	The vesting will be as under:			
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020	10% on August 19, 2021
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021	20% on August 19, 2022
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022	30% on August 19, 2023
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023	40% on August 19, 2024
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 V	ESOS - 2016 Tranche VI	ESOS - Restricted stock units 2020 Tranche I	ESOS - Restricted stock units 2020 Tranche II
Date of grant	August 19, 2020	October 21, 2022	February 15, 2021	April 26, 2022
Number of options granted	5,50,000	5,75,000	2,75,676	25,000
Exercise price per option	₹261.15	₹444.05	₹10.00	₹10.00
Date of vesting	The vesting will be as under:		The vesting will be as under:	
	10% on August 19, 2021	20% on October 21, 2023	10% on February 15, 2022	10% on April 26, 2023
	20% on August 19, 2022	20% on October 21, 2024	20% on February 15, 2023	20% on April 26, 2024
	30% on August 19, 2023	30% on October 21, 2025	30% on February 15, 2024	30% on April 26, 2025
	40% on August 19, 2024	30% on October 21, 2026	40% on February 15, 2025	40% on April 26, 2026
Exercise period	Within 3 years from the date of respective vesting		Within 1 year from the date of respective vesting	
Method of settlement	Through allotment of one equity share for each option granted		Through allotment of one equity share for each option granted	
Vesting conditions	Employee to remain in service on the date of vesting	Employee to remain in service on the date of vesting and other applicable performance conditions.	Employee to remain in service on the date of vesting and other applicable performance conditions.	

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VIII
Date of grant	July 26, 2021	October 28, 2021	October 08, 2021	December 10, 2021
Number of options granted	1,00,000	75,000	22,000	75,000
Exercise price per option	₹690.35	₹507.20	₹644.70	₹588.10
Date of vesting			The vesting will be as under:	The vesting will be as under:
	10% on July 26, 2022	10% on October 28, 2022	10% on October 08, 2022	10% on December 10, 2022
	20% on July 26, 2023	20% on October 28, 2023	20% on October 08, 2023	20% on December 10, 2023
	30% on July 26, 2024	30% on October 28, 2024	30% on October 08, 2024	30% on December 10, 2024
	40% on July 26, 2025	40% on October 28, 2025	40% on October 08, 2025	40% on December 10, 2025
Exercise period	Within 3 years from the date of respective vesting		Within 3 years from the date of respective vesting	Within 3 years from the date of respective vesting
Method of settlement	Through allotment of one equity share for each option granted		Through allotment of one equity share for each option granted	Through allotment of one equity share for each option granted
Vesting conditions	Employee to remain in service on the date of vesting and other applicable performance conditions.		Employee to remain in service on the date of vesting	Employee to remain in service on the date of vesting and other applicable performance conditions.

Particulars	ESOS - 2018 Tranche IX	ESOS - 2018 Tranche X	ESOS - 2018 Tranche XI
Date of Grant	June 09, 2022	August 08, 2022	October 27, 2022
Number of options granted	25,000	6,78,559	2,00,000
Exercise price per option	₹345.20	₹345.30	₹431.20
Date of vesting	The vesting will be as under:		
	20% on June 09, 2023	20% on August 08, 2023	20% on October 27, 2023
	20% on June 09, 2024	20% on August 08, 2024	20% on October 27, 2024
	30% on June 09, 2025	30% on August 08, 2025	30% on October 27, 2025
	30% on June 09, 2026	30% on August 08, 2026	30% on October 27, 2026
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 and other applicable performance conditions.		

Note: During the year the Company has approved Employee Stock Option Scheme III 2022 and Restricted stock unit Scheme 2022 where in maximum number of options/RSU available for grant in scheme are 20.00 lakh and 8.50 lakh respectively. However, no grant has been made under these schemes.

(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2023		
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche IV
Options outstanding at the beginning of the year	(a)	-	-	7,872
Options exercisable at the beginning of the year	(b)	1,14,871	1,12,025	36,113
Options granted during the year	(c)	-	-	-
Options lapsed/expired during the year	(d)	24,999	60,375	24,871
Options vested during the year	(e)	-	-	7,872
Options exercised during the year	(f)	79,572*	-	-
Options forfeited during the year	(g)	-	-	-
Options outstanding at end of the year	(h) = (a+c-e-g)	-	-	-
Options exercisable at the end of the year	(i) = (b+e-d-f)	10,300	51,650	19,114
Weighted average exercise price per option	(₹)	338.00	1,600.60	1,333.35
Weighted average remaining contractual life	(year)	0.01	0.23	0.04

Particulars		As at March 31, 2023			
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Options outstanding at the beginning of the year	(a)	3,23,759	14,875	23,375	40,500
Options exercisable at the beginning of the year	(b)	3,32,456	60,375	70,125	2,000
Options granted during the year	(c)	-	-	-	-
Options lapsed/expired during the year	(d)	1,42,575	40,375	47,825	5,000
Options vested during the year	(e)	1,50,919	14,125	11,150	9,000
Options exercised during the year	(f)	-	-	-	-
Options forfeited during the year	(g)	33,640	750	12,225	17,500
Options outstanding at end of the year	(h) = (a+c-e-g)	1,39,200	-	-	14,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,40,800	34,125	33,450	6,000
Weighted average exercise price per option	(₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life	(year)	1.06	0.50	1.74	2.03

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

Particulars		As at March 31, 2023			
		ESOS - 2016 Tranche V	ESOS - 2016 Tranche VI	ESOS - Restricted stock units 2020 Tranche I	ESOS - Restricted stock units 2020 Tranche II
Options outstanding at the beginning of the year	(a)	4,95,000	-	1,42,367	-
Options exercisable at the beginning of the year	(b)	55,000	-	14,204	-
Options granted during the year	(c)	-	5,75,000	-	25,000
Options lapsed/expired during the year	(d)	-	-	1,513	-
Options vested during the year	(e)	1,10,000	-	23,194	-
Options exercised during the year	(f)	1,65,000**	-	12,691**	-
Options forfeited during the year	(g)	3,85,000	-	37,964	-
Options outstanding at end of the year	(h) = (a+c-e-g)	-	5,75,000	81,209	25,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	23,194	-
Weighted average exercise price per option	(₹)	261.15	444.05	10.00	10.00
Weighted average remaining contractual life	(year)	2.03	3.76	1.46	2.57

Particulars		As at March 31, 2023			
		ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Options Outstanding at the beginning of the year	(a)	1,00,000	22,000	75,000	75,000
Options exercisable at the beginning of the year	(b)	-	-	-	-
Options granted during the year	(c)	-	-	-	-
Options lapsed/expired during the year	(d)	-	-	1,000	-
Options vested during the year	(e)	10,000	-	2,500	7,500
Options exercised during the year	(f)	-	-	-	-
Options forfeited during the year	(g)	-	22,000	59,000	-
Options outstanding at end of the year	(h) = (a+c-e-g)	90,000	-	13,500	67,500
Options exercisable at the end of the year	(i) = (b+e-d-f)	10,000	-	1,500	7,500
Weighted average exercise price per option	(₹)	690.35	644.70	507.20	588.10
Weighted average remaining contractual life	(year)	2.86	-	3.10	3.21

Particulars		As at March 31, 2023		
		ESOS - 2018 Tranche IX	ESOS - 2018 Tranche X	ESOS - 2018 Tranche XI
Options outstanding at the beginning of the year	(a)	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	25,000	6,78,559	2,00,000
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)	-	1,11,969	-
Options outstanding at end of the year	(h) = (a+c-e-g)	25,000	5,66,590	2,00,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-
Weighted average exercise price per option	(₹)	345.20	345.30	431.20
Weighted average remaining contractual life	(year)	3.40	3.56	3.78

Particulars		As at March 31, 2022			
		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)	-	52,875	40,000	27,243
Options exercisable at the beginning of the year	(b)	5,07,527	1,60,875	60,000	28,492
Options granted during the year	(c)	-	-	-	-
Options lapsed/expired during the year	(d)	64,724	99,350	60,000	8,750
Options vested during the year	(e)	-	50,500	-	16,371
Options exercised during the year #	(f)	3,27,932	-	-	-
Options forfeited during the year	(g)	-	2,375	40,000	3,000
Options outstanding at end of the year	(h) = (a+c-e-g)	-	-	-	7,872
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,14,871	1,12,025	-	36,113
Weighted average exercise price per option	(₹)	338.00	1,600.60	1206.35	1,333.35
Weighted average remaining contractual life	(year)	0.14	0.53	-	0.21

Particulars		As at March 31, 2022			
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Options outstanding at the beginning of the year	(a)	9,02,870	65,500	53,250	45,000
Options exercisable at the beginning of the year	(b)	1,60,455	65,500	55,750	-
Options granted during the year	(c)	-	-	-	-
Options lapsed/expired during the year	(d)	1,34,989	37,000	9,000	-
Options vested during the year	(e)	3,06,990	31,875	23,375	4,500
Options exercised during the year##	(f)	-	-	-	2,500
Options forfeited during the year	(g)	2,72,121	18,750	6,500	-
Options outstanding at end of the year	(h) = (a+c-e-g)	3,23,759	14,875	23,375	40,500
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,32,456	60,375	70,125	2,000
Weighted average exercise price per option	(₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life	(year)	1.75	0.95	1.36	2.92

Particulars		As at March 31, 2022	
		ESOS - 2016 Tranche V	ESOS - Restricted stock units 2020
Options outstanding at the beginning of the year	(a)	5,50,000	2,63,586
Options exercisable at the beginning of the year	(b)	-	-
Options granted during the year	(c)	-	-
Options lapsed/expired during the year	(d)	-	215
Options vested during the year	(e)	55,000	14,419
Options exercised during the year	(f)	-	-
Options forfeited during the year	(g)	-	1,06,800
Options outstanding at end of the year	(h) = (a+c-e-g)	4,95,000	1,42,367
Options exercisable at the end of the year	(i) = (b+e-d-f)	55,000	14,204
Weighted average exercise price per option	(₹)	261.15	10.00
Weighted average remaining contractual life	(year)	2.92	2.39

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for the year ended March 31, 2023

Particulars		As at March 31, 2022			
		ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Options outstanding at the beginning of the year	(a)	-	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-	-
Options granted during the year	(c)	1,00,000	22,000	75,000	75,000
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)	-	-	-	-
Options outstanding at end of the year	(h) = (a+c-e-g)	1,00,000	22,000	75,000	75,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-	-
Weighted average exercise price per option	(₹)	690.35	644.70	507.20	588.10
Weighted average remaining contractual life	(year)	3.82	4.03	4.08	4.20

* Weighted average share price on the date of the exercise of the stock option is ₹520.28

** Weighted average share price at the date of the exercise of the stock option is ₹433.53

*** Weighted average share price at the date of the exercise of the stock option is ₹395.86

Weighted average share price at the date of the exercise of the stock option is ₹718.47

Weighted average share price at the date of the exercise of the stock option is ₹524.75

(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	ESOS - 2018 Tranche IV
Estimated Value of Stock Option (₹)	593.17	511.64	321.87	120.56
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40	261.15
Exercise Price (₹)	1,333.35	1,333.35	847.40	261.15
Expected Volatility (%)*	0.3560	0.3560	0.4102	0.4834
Dividend Yield Rate (%)	0.53	0.55	1.06	-
Expected Life of Options** (year)	5.21	4.00	4.00	4.50
Risk Free Rate of Interest (%)	7.90	7.79	6.97	5.06

Particulars	ESOS - 2016 Tranche V	ESOS - 2016 Tranche VI	ESOS - Restricted stock units 2020 Tranche I	ESOS - Restricted stock units 2020 Tranche II
Estimated Value of Stock Option (₹)	120.56	214.751	348.04	380.13
Share Price at Grant Date (₹)	261.15	444.05	356.4	388.20
Exercise Price (₹)	261.15	444.05	10.00	10.00
Expected Volatility (%)*	0.48	50.64	0.49	52.01
Dividend Yield Rate (%)	-	-	-	-
Expected Life of Options** (year)	4.50	4.21	3.50	3.50
Risk Free Rate of Interest (%)	5.06	7.26	5.10	6.07

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Estimated Value of Stock Option (₹)	332.79	308.88	243.69	282.65
Share Price at Grant Date (₹)	690.35	644.70	507.20	588.10
Exercise Price (₹)	690.35	644.70	507.20	588.10
Expected Volatility (%)*	0.5106	0.5077	0.5091	0.5104
Dividend Yield Rate (%)	-	-	-	-
Expected Life of Options** (year)	4.50	4.50	4.50	4.50
Risk Free Rate of Interest (%)	5.28	5.20	5.24	5.19

Particulars	ESOS - 2018 Tranche IX	ESOS - 2018 Tranche X	ESOS - 2018 Tranche XI
Estimated Value of Stock Option (₹)	166.72	166.16	208.11
Share Price at Grant Date (₹)	345.20	345.30	431.20
Exercise Price (₹)	345.20	345.30	431.20
Expected Volatility (%)*	51.30	51.03	50.65
Dividend Yield Rate (%)	-	-	-
Expected Life of Options** (year)	4.21	4.21	4.21
Risk Free Rate of Interest (%)	6.94	6.92	7.19

*Expected volatility has been computed basis the expected life.

**Expected life of the share option is based on the date of grant and is not necessarily indicative of exercise pattern that may occur.

(iv) The expenses recognised for the employee services received during the year are as follows:

(₹ in crore)

Particulars	Current Year	Previous Year
Expenses arising from equity settled share based payment transaction	11.95	3.67
Expenses arising from cash settled share based payment transaction	-	-
Total	**11.95**	**3.67**

Note 24.9: Dividend declared and paid

Particulars	Net profit for the accounting period (₹ in crore)	Rate of dividend (percent)	Amount of dividend	Dividend pay out ratio (percent)
April 2022-March 2023	1,056.27	-	-	-
April 2021-March 2022	821.92	-	-	-

Dividend paid during the financial year:

(₹ in crore)

Particulars	Current Year	Previous Year
Dividend on ordinary shares:		
Final dividend for 2023: ₹ Nil per share	-	-
Final dividend for 2022: ₹ Nil per share	-	-
Total	**-**	**-**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

NOTE 25: OTHER EQUITY (Nature and purpose of reserves)

Share application money

Share application money pending allotment whereby the amount has been received on the application, of which allotment is yet to be made.

Securities premium

Securities premium 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 securities premium can be utilised only for limited purposes such as issuance of bonus shares, issue expenses of securities which qualify as equity instruments in accordance with the provisions of the Companies Act, 2013.

Special reserve and Statutory 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 29C (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.

Retained earnings

Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

Effective portion of cash flow hedges

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 26: 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	5,816.41	-	5,816.41	5,535.98	-	5,535.98
Investments						
Financial investments - Debt	169.82	-	169.82	158.45	-	158.45
Financial asset valued at fair value through profit and loss	-	81.22	81.22	-	44.92	44.92
Deposits with banks	101.95	-	101.95	49.95	-	49.95
Other Interest income						
Loan against deposits	3.51	-	3.51	3.35	-	3.35
Total	**6,091.69**	**81.22**	**6,172.91**	**5,747.73**	**44.92**	**5,792.65**

NOTE 27: FEES AND COMMISSION INCOME

(₹ in crore)

Particulars	Current Year	Previous Year
Fees Income	135.65	136.53
Other charges recovered	137.38	102.81
Total	**273.03**	**239.34**

NOTE 28: 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		
Others		
- Investments	33.71	109.10
Total	**33.71**	**109.10**
Fair value changes:		
- Realised	44.64	119.16
- Unrealised	(10.93)	(10.06)
Total	**33.71**	**109.10**

NOTE 29: 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	-	395.68	395.68	-	704.37	704.37
Interest on borrowings	-	2,051.22	2,051.22	-	1,913.08	1,913.08
Interest on deposits	-	1,316.46	1,316.46	-	1,308.24	1,308.24
Interest on subordinated liabilities	-	119.25	119.25	-	124.28	124.28
Interest on lease liabilities	-	6.17	6.17	-	6.51	6.51
Interest on Income tax	-	0.05	0.05	-	0.47	0.47
Fee and other charges	-	10.75	10.75	-	8.68	8.68
Total	**-**	**3,899.58**	**3,899.58**	**-**	**4,065.63**	**4,065.63**

NOTE 30: IMPAIRMENT ON FINANCIAL INSTRUMENTS AND WRITE-OFFS

(₹ 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	-	(1,126.10)	(1,126.10)	-	14.84	14.84
Bad debts written-off (net)	-	1,738.20	1,738.20	-	562.03	562.03
Investments	-	78.55	78.55	-	-	-
Other receivables	-	0.59	0.59	-	(0.49)	(0.49)
Total	**-**	**691.24**	**691.24**	**-**	**576.38**	**576.38**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

NOTE 31: EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	188.32	164.26
Contribution to provident and other funds	10.41	9.70
Share based payments to employees	11.95	3.67
Staff welfare expenses	3.66	2.42
Total	**214.34**	**180.05**

NOTE 32: OTHER EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Rent expenses	2.06	1.40
Rates and taxes	0.26	0.27
Electricity and water expenses	8.71	7.39
Repairs and maintenance	24.51	17.61
Office running and maintenance expenses	29.26	24.89
Business support services	30.13	19.40
Legal and professional charges	53.66	60.77
Advertisement and publicity	11.34	10.23
Corporate social responsibility expenses (Refer Note 32.1)	17.80	21.13
Communication costs	7.93	9.49
Travelling and conveyance	8.69	4.66
Printing and stationery	5.38	3.82
Training and recruitment expenses	6.70	5.16
Director's fees, allowances and expenses	2.92	2.10
Auditor's fees and expenses (Refer Note 32.2)	0.99	0.75
Insurance	0.66	0.54
Bank charges	1.44	0.42
Net loss on derecognition of property, plant and equipment	0.19	0.19
Impairment on assets held for sale	47.65	7.86
Miscellaneous expenses	-	0.83
Total	**260.28**	**198.91**

Note 32.1: Corporate Social Responsibility expense (CSR)

As per Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2021 as amended, 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	17.80	21.11
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	10.85	20.06
- Expenditure on administrative overheads for CSR^	0.54	1.07
Total	**11.39**	**21.13**
c) Shortfall at the end of year	6.41	-
d) Total of previous years shortfall	-	-
e) Reason for shortfall	Refer note 32.1 (i)	NA
f) Details of related party transactions, contribution to a trust controlled by the Company in relation to CSR expenditure trust		
- Pehel Foundation	10.85	16.21
g) Nature of CSR activities		
Nature of CSR activities undertaken by the Company are in relation to: - Healthcare - Education - Women Empowerment - Environmental Sustainability - Promoting education for the differently abled - Employment enhancing vocational skills, training for women - Contribution towards Prime minister relief fund		
h) CSR amount spent or unspent for the financial year		
- Total amount spent for the financial year	11.39	21.13
- Total amount transferred to Unspent CSR Account as per Section 135(6)	6.41	-
- Amount transferred to Unspent Corporate Social Responsibility Account with in specified period	Yes	NA
- Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)	-	-

Note 32.1 (i): In relation to Financial Year 2022-23, for optimal and proper utilization of the CSR funds, projects were reviewed and to implement the project effectively and create long term impact, projects were revised as ongoing projects and funds for the same projects will be utilised as planned from unspent account in the subsequent financial years.

^The administrative overheads considered on the actual CSR amount spent and not on unspent account.

Note 32.2: Auditor's fees and expenses*

(₹ in crore)

Particulars	Current Year	Previous Year
Statutory audit fee	0.39	0.34
Tax audit fee	0.07	0.06
Limited review fee	0.28	0.20
Other certification fee	0.14	0.08
Out of pocket expenses	0.03	0.01
GST expenses on Auditor's fees and expenses	0.08	0.06
Total	**0.99**	**0.75**

*Excluding fees in relation to the rights issue related services by the statutory auditor's amounting to ₹0.65 crore excluding applicable taxes (Previous Year ₹ Nil).

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

NOTE 33: INCOME TAXES
The components of income tax expense are:

(₹ in crore)

Particulars	Current Year	Previous Year
Current tax	83.35	290.02
Adjustments in respect of current income tax of prior years	0.03	(47.46)
Deferred tax relating to origination and reversal of temporary differences (including impact of change in tax rate)	227.16	(1.71)
Total	**310.54**	**240.85**
Current tax	83.38	242.56
Deferred tax (Refer Note 10)	227.16	(1.71)

Note 33.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2023 and March 31, 2022 is as follows:

(₹ in crore)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,366.81	1,062.77
Statutory income tax rate (%)	(b)	25.168	25.168
Tax at statutory income tax rate	(c) = (a*b)	344.00	267.48
Adjustments in respect of current income tax of prior years	(d)	0.03	(47.46)
Impact of:			
- Income not subject to tax	(e)	(38.33)	(20.37)
- Non-deductible expenses	(f)	(211.21)	89.22
- Deduction under section 36 (1) (viii)	(g)	(11.10)	(31.03)
- Other deductions	(h)	(0.01)	(15.28)
Total current tax expense	**(c+d+e+f+g+h)**	**83.38**	**242.56**
Effective tax rate (%)		**22.72**	**22.66**
Other comprehensive income			
Tax expense on re-measurement gains/ (losses) on defined benefit plan		0.33	(0.11)
Total tax on other comprehensive income		**0.33**	**(0.11)**

NOTE 34: EARNINGS PER SHARE
i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	Current Year	Previous Year
a) Amount used as the numerator for basic EPS profit for the year	(₹ in crore)	1,056.27	821.92
b) Weighted average number of equity shares for basic EPS	Number	16,86,79,926	16,85,05,508
c) Weighted average number of equity shares for diluted EPS	Number	16,88,44,989	16,88,74,383
d) Nominal value per share	(in ₹)	10	10
e) Earnings per share:			
- Basic (a/b)	(in ₹)	62.62	48.78
- Diluted (a/c)	(in ₹)	62.56	48.67

ii) The basic earnings per share has 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 has 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 earnings 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 proceeds 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. Diluted earnings per share does not include conversion or exercise of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

Reconciliation of equity shares used in computation of basic and diluted earnings per equity share is as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Weighted average number of equity shares at the beginning of the year	16,85,98,555	16,82,68,123
Weighted average number of equity shares issued during the year	81,371	2,37,385
Weighted average number of equity shares for computation of basic earnings per share	16,86,79,926	16,85,05,508
Effect of dilutive equity shares - share option outstanding	1,65,063	3,68,875
Weighted average number of equity shares for computation of dilutive earnings per share	**16,88,44,989**	**16,88,74,383**

NOTE 35: ASSETS HELD FOR SALE

The Company has taken possession of mortgage properties (residential/commercial) and is in the process of disposing the same. These properties are classified as assets held for sale.

Period	Particulars	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the Company
March 31, 2023	Assets held for sale	Land	-	NA	NA	NA	Possession of assets taken under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Security Interest (Enforcement) Rules, 2002
March 31, 2023	Assets held for sale	Building	-	NA	NA	NA	
March 31, 2022	Assets held for sale	Land	73.20	Respective borrowers	No	Between -January 2013 to March 2020	
March 31, 2022	Assets held for sale	Building	148.63	Respective borrowers	No	Between -January 2013 to March 2021	

NOTE 36: DISCLOSURE AS PER NON-BANKING FINANCIAL COMPANY-HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021

The following additional disclosures have been given in compliance with:

(i) Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021"" ('RBI directions"") issued by RBI vide notification number RBI/2020-21/73/DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021; and

(ii) RBI notification number RBI/2022-23/26/DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 in relation to Scale Based Regulation.

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 36.1: Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2023	As at March 31, 2022
i) CRAR (%)^	24.43	23.40
ii) CRAR – Tier I Capital (%)	22.40	20.73
iii) CRAR – Tier II Capital (%)	2.03	2.67
(iv) Amount of subordinated debt raised as Tier-II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

^The CRAR is computed by dividing the total capital fund of the Company with aggregated risk-weighted assets/exposure.

Note 36.2: 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	167.97	126.97
(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	1,134.76	1,010.76
(c) Total	**1,302.73**	**1,137.73**
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	167.00	41.00
(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	45.00	124.00
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	334.97	167.97
(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 the NHB Act, 1987	1,179.76	1,134.76
(c) Total	**1,514.73**	**1,302.73**

Note 36.3: Investments

(₹ in crore)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	3,266.57	3,472.02
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	78.55	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	3,188.02	3,472.02
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	78.55	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-
(iv) Closing balance	78.55	-

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Current investments	870.85	1,237.54
Non-current investments	2,317.17	2,234.48
Total	**3,188.02**	**3,472.02**

Note 36.4: Derivatives

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

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) The notional principal of swap agreements	10,065.79	10,288.45
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	721.04	332.88
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	10,065.79	10,288.45
(v) The fair value of the swap book	660.04	242.25

@ 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, 2023	As at March 31, 2022
(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 in 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 (without underlying exposure). The Company has entered in to derivative transaction only for hedging its foreign currency and interest rate exposure against foreign currency borrowing which has been availed for financing prospective buyers of eligible housing units. The derivative transactions entered into for hedging the ECB borrowings are as per the applicable guidelines of RBI. The hedging is guided by the Board resolution authorising the Company to borrow through ECB route and hedging of the underlying exposure.
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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for the year ended March 31, 2023

B. Quantitative Disclosure

(₹ in crore)

Particulars	As at March 31, 2023		As at March 31, 2023	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	6,242.71	3,823.08	6,763.42	3,525.03
(ii) Marked to Market Positions				
(a) Assets (+)	658.02	63.02	332.88	-
(b) Liability (-)*	(61.00)	-	(50.08)	(40.55)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	3.25	3.25	96.84	4.82

* Including margin money received from counter party bank.

Note 36.5: 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	-	-
(ii) Aggregate value (net of provisions) of accounts assigned	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

During the year, the Company has sold some loans and advances measured at amortised cost under co-lending deals through assignment mode, the details of which has been given in note 8.3 (b).

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

v) During the year, the Company has sold non-performing financial assets details of which are given in note 8.3 (c) (Previous year ₹ Nil).

Note 36.6: Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the current estimates and assumptions regarding behavioural pattern of pre-payments/maturities and renewals. Maturity pattern of certain items of assets and liabilities are as follows:

As at March 31, 2023

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
1 day to 7 days	61.85	49.99	-	-	251.03	91.46	-
8 days to 14 days	60.41	30.00	-	-	660.38	103.00	-
15 days to 30/31 days	115.49	550.01	-	-	609.72	676.38	-
Over 1 month to 2 months	384.95	1,177.51	600.00	-	1,091.87	-	-
Over 2 months to 3 months	326.63	2,336.99	-	246.65	1,069.41	-	-
Over 3 months to 6 months	981.24	3,557.89	499.00	-	3,081.30	155.65	-
Over 6 months to 1 year	1,858.52	3,150.19	300.00	3,823.09	5,638.22	416.15	-

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
Over 1 year to 3 years	6,951.91	9,359.29	1,515.00	1,421.84	16,837.37	750.77	-
Over 3 years to 5 years	4,305.65	4,698.84	1,290.00	-	10,790.55	406.39	-
Over 5 years	2,197.25	772.41	1,028.44	-	17,878.68	588.22	-
Total	**17,243.90**	**25,683.12**	**5,232.44**	**5,491.58**	**57,908.53**	**3,188.02**	**-**

As at March 31, 2022

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
1 day to 7 days	84.58	50.01	-	-	215.67	100.02	-
8 days to 14 days	40.91	-	-	-	215.67	4.05	-
15 days to 30/31 days	146.45	1,789.99	350.00	-	492.96	14.85	-
Over 1 month to 2 months	390.97	912.58	225.00	-	907.72	351.33	-
Over 2 months to 3 months	399.36	950.19	300.00	51.17	891.45	63.28	-
Over 3 months to 6 months	1,216.92	2,379.68	1,255.00	619.72	2,579.66	59.72	-
Over 6 months to 1 year	2,167.12	3,896.26	430.00	284.28	4,758.27	370.20	-
Over 1 year to 3 years	6,839.39	7,680.93	2,054.00	4,510.52	14,633.45	1,344.30	-
Over 3 years to 5 years	4,285.23	3,188.78	1,500.00	532.09	11,516.28	470.00	-
Over 5 years	2,078.04	869.64	1,526.15	-	19,169.61	694.27	-
Total	**17,648.97**	**21,718.06**	**7,640.15**	**5,997.78**	**55,380.74**	**3,472.02**	**-**

Note 36.7: Exposure:

i) Exposure to Real Estate Sector

(₹ in crore)

Particulars		As at March 31, 2023	As at March 31, 2022
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. Exposure also include non-fund based (NFB) limits.	49,173.90	43,614.41
B.	Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure also include non-fund based (NFB) limits	10,167.47	14,325.27
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 NHB and Housing Finance Companies (HFCs)	-	-
Total exposures to real estate sector		**59,341.37**	**57,939.68**

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, 2023, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2023, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2023, the Company has not exceeded the prudential exposure limit for single borrower or group borrower (Previous year ₹ Nil).

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

v) As on March 31, 2023, the Company has not given any unsecured advances (Previous year ₹ Nil).

vi) As on March 31, 2023, all advances of the Company are secured against tangible assets and there are no advances against intangible assets (Previous year ₹ Nil).

vii) As on March 31, 2023, the Company has no exposures to group companies engaged in the real estate business (Previous year ₹ Nil).

viii) As on March 31, 2023, the Company has no Intra-group exposures with in the group companies as defined by RBI (Previous year ₹ Nil).

Note 36.8: Registration obtained from financial sector regulators

NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note 36.9: Disclosure of Penalties imposed by NHB/RBI and other regulators:

During the financial year ended March 31, 2023, Regulators have imposed a penalty of ₹0.08 crore for delay in appointment of Independent directors on Board pursuant to Regulation 17 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year ended March 31, 2022, Regulators has imposed a penalty of ₹0.06 crore on account of the below mentioned observations:

(i) NHB has levied a penalty of ₹0.01 crore for Non adherence of policy circular no. 58 and 75 with respect to upfront disbursal of sanctioned individual housing loan to the builders without linking the disbursals to various stages of construction of housing project.

(ii) BSE Ltd & National Stock Exchange of India Ltd has imposed a penalty of ₹0.05 crore for delay in appointment of Independent directors on Board pursuant to Regulation 17 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Note 36.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Pehel Foundation	Wholly owned Subsidiary
ii) PHFL Home Loans and Services Limited	Wholly owned Subsidiary
iii) Punjab National Bank	Promoter/Enterprise having Significant Influence
iv) Quality Investment Holding Pcc (w.e.f. July 19, 2022) (formerly Quality Investment Holdings)	Enterprise having Significant Influence
v) PNB Investment Services Limited	Enterprise having Significant Influence
vi) PNB Gilts Limited	Enterprise having Significant Influence
vii) PNB Metlife India Insurance Co Ltd	Enterprise having Significant Influence
viii) Dakshin Bihar Gramin Bank	Enterprise having Significant Influence
ix) Assam Gramin Vikash Bank	Enterprise having Significant Influence
x) Tripura Gramin Bank	Enterprise having Significant Influence
xi) Bangiya Gramin Vikash Bank	Enterprise having Significant Influence
xii) Mr. Atul Kumar Goel (Non-Executive Nominee Director) (w.e.f. April 28,2022)	Key Management Personnel
xiii) Mr. Sunil Kaul (Non-Executive Nominee Director)	Key Management Personnel
xiv) Mr. Kapil Modi (Non-Executive Nominee Director)	Key Management Personnel
xv) Mr. Neeraj Madan Vyas (Non-Executive and Non-Independent Director)	Key Management Personnel
xvi) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Management Personnel
xvii) Mr. Nilesh S Vikamsey (Independent Director)	Key Management Personnel
xviii) Mr. Ashwani Kumar Gupta (Independent Director)*	Key Management Personnel
xix) Mr. Tejendra Mohan Bhasin (Independent Director)	Key Management Personnel
xx) Mr. Sudarshan Sen (Independent Director)	Key Management Personnel

Name of the Related Party	Nature of Relationship
xxi) Ms. Gita Nayyar (Independent Director) (w.e.f. May 29, 2021)	Key Management Personnel
xxii) Mr Binod Kumar (Non- Executive, Nominee Director) (w.e.f. January 12, 2022)**	Key Management Personnel
xxiii)Mr. Pavan Pal Kaushal (Independent Director) (w.e.f. October 27,2022)	Key Management Personnel
xxiv)Mr. Dilip Kumar Jain (Non-Executive Nominee Director) (w.e.f. November 04,2022)	Key Management Personnel
xxv) Mr. CH. S. S. Mallikarjuna Rao (Chairman and Non-Executive Director)***	Key Management Personnel
xxvi)Mr. Rajneesh Karnatak (Non-Executive Nominee Director) (w.e.f. January 19, 2021)****	Key Management Personnel
xxvii)Dr. Gourav Vallabh (Independent Director)*****	Key Management Personnel
xxviii)Mr. Girish Kousgi (Managing Director and CEO) (w.e.f. October 21, 2022)	Key Managerial Personnel
xxix)Mr. Hardayal Prasad (Managing Director and CEO)******	Key Managerial Personnel
xxx) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xxxi) Mr. Kapish Jain (Chief Financial Officer)*******	Key Managerial Personnel
xxxii)Mr. Kaushal Mithani (Chief Financial Officer) (w.e.f. April 08, 2022)********	Key Managerial Personnel
xxxiii)Mr. Vinay Gupta (Chief Financial Officer) (w.e.f. October 26, 2022)	Key Managerial Personnel

*Ceases to be Independent Director w.e.f. May 11, 2022

**Ceases to be Non-Executive Nominee Director w.e.f. October 21, 2022

***Ceases to be the Chairman and Non-Executive Director of the Company w.e.f. February 01, 2022

****Ceases to be Non-Executive Nominee Director w.e.f. October 21 2021

*****Ceases to be the Independent Director w.e.f. April 21, 2021

******Ceased to be Managing Director and CEO w.e.f. October 20, 2022

*******Ceases to be Chief Financial Officer w.e.f. April 07, 2022

********Ceases to be Chief Financial Officer w.e.f. August 23, 2022

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NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the 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	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/ Relatives of Key Managerial Personnel		Key Management Personnel/ Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:										
Pehel Foundation										
- Donation paid	-	-	10.85	16.21	-	-	-	-	10.85	16.21
PHFL Home Loans and Services Limited										
- Fees and commission income	-	-	99.47	106.48	-	-	-	-	99.47	106.48
- Rental income	-	-	0.25	0.22	-	-	-	-	0.25	0.22
- Commission & support services expense	-	-	134.79	101.07	-	-	-	-	134.79	101.07
- Property service charges	-	-	0.87	-	-	-	-	-	0.87	-
- Reimbursement/settlement of expenses	-	-	0.51	0.64	-	-	-	-	0.51	0.64
Punjab National Bank^										
- Principal paid on assignment of loans	916.47	1,440.11	-	-	-	-	-	-	916.47	1,440.11
- Interest & other charges paid on assignment of loans	313.41	403.93	-	-	-	-	-	-	313.41	403.93
- Servicing fees received on assignment of loan portfolio	5.37	7.04	-	-	-	-	-	-	5.37	7.04
- Fixed deposit made/renewed	-	3,059.00	-	-	-	-	-	-	-	3,059.00
- Fixed deposit matured	-	4,759.00	-	-	-	-	-	-	-	4,759.00
- Interest received on Fixed Deposits	-	2.61	-	-	-	-	-	-	-	2.61
- Term loan raised	2,150.00	2,390.00	-	-	-	-	-	-	2,150.00	2,390.00
- Term loan repaid	2,009.06	2,773.56	-	-	-	-	-	-	2,009.06	2,773.56
- Interest Paid on Term Loan Installment / ECB / OD	243.21	182.69	-	-	-	-	-	-	243.21	182.69
- Non Convertible debentures paid	90.00	-	-	-	-	-	-	-	90.00	-
- Interest on Non convertible debentures	7.35	-	-	-	-	-	-	-	7.35	-
- Rent & Maintenance Charges	0.38	0.38	-	-	-	-	-	-	0.38	0.38
- Bank Charges	0.34	0.22	-	-	-	-	-	-	0.34	0.22
PNB Investment Service Private Limited										
- Fees paid	0.02	0.02	-	-	-	-	-	-	0.02	0.02

(₹ in crore)

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/ Relatives of Key Managerial Personnel		Key Management Personnel/ Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
PNB Gilts Limited										
- Purchase of securities (principal to principal)	-	294.99	-	-	-	-	-	-	-	294.99
- Purchase of securities (inter-mediatory)	165.40	1,062.36	-						165.40	1,062.36
- Redemption of securities	674.41	10.34	-	-	-	-	-	-	674.41	10.34
- Service charges	0.01	0.01	-	-	-	-	-	-	0.01	0.01
- Interest income on securities	231.71	164.76	-	-	-	-	-	-	231.71	164.76
PNB Metlife India Insurance Co Ltd*										
- Insurance premium given on behalf of customer	122.51	-	-	-	-	-	-	-	122.51	-
- Insurance claims received on behalf of customer	2.77	-	-	-	-	-	-	-	2.77	-
- Insurance premium received back	6.55	-	-	-	-	-	-	-	6.55	-
Assam Gramin Vikash Bank*										
- Deposits received	15.00	-	-	-	-	-	-	-	15.00	-
- Interest on deposit received	4.68	-	-	-	-	-	-	-	4.68	-
- Deposits Matured (including interest)	5.80	-	-	-	-	-	-	-	5.80	-
Dakshin Bihar Gramin Bank*										
- Interest on deposit received	2.36	-	-	-	-	-	-	-	2.36	-
- Deposits Matured (including interest)	55.82	-	-	-	-	-	-	-	55.82	-
Tripura Gramin Bank*										
- Deposits received	20.00	-	-	-	-	-	-	-	20.00	-
- Interest on deposit received	2.59	-	-	-	-	-	-	-	2.59	-
- Deposits Matured	10.00	-	-	-	-	-	-	-	10.00	-
Bangiya Gramin Vikash Bank*										
- Interest on Non convertible debentures	0.34	-	-	-	-	-	-	-	0.34	-
Transactions with KMPs and relatives:										
Sitting Fee and Commission paid to Directors										
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	-	-	0.37	0.26	0.37	0.26
- Mr. Sudarshan Sen	-	-	-	-	-	-	0.36	0.21	0.36	0.21
- Mr. Nilesh S Vikamsey	-	-	-	-	-	-	0.43	0.29	0.43	0.29
- Mr. Ashwani Kumar Gupta	-	-	-	-	-	-	0.17	0.30	0.17	0.30
- Mr. Neeraj Madan Vyas	-	-	-	-	-	-	0.46	0.15	0.46	0.15

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for the year ended March 31, 2023

(₹ in crore)

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/ Relatives of Key Managerial Personnel		Key Management Personnel/ Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
- Mr. Tejendra Mohan Bhasin	-	-	-	-	-	-	0.43	0.31	0.43	0.31
- Ms. Gita Nayyar	-	-	-	-	-	-	0.36	0.09	0.36	0.09
- Mr. Pavan Pal Kaushal	-	-	-	-	-	-	0.12	-	0.12	-
- Dr Gourav Vallabh	-	-	-	-	-	-	-	0.15	-	0.15
- Mr. Shital Kumar Jain	-	-	-	-	-	-	-	0.05	-	0.05
- Mrs. Shubhalakshmi Panse	-	-	-	-	-	-	-	0.11	-	0.11
Rental expense:									-	-
- Mr. Tejendra Mohan Bhasin and Anjali Bhasin	-	-	-	-	-	-	0.23	0.21	0.23	0.21
Recovery against salary advance from KMP's										
- Mr. Sanjay Jain	-	-	-	-	0.03	-	-	-	0.03	-
Repayment of security deposit										
- Mr. Hardayal Prasad	-	-	-	-	0.04	-	-	-	0.04	-
Remuneration expense#:										
- Mr. Girish Kousgi	-	-	-	-	1.14	-	-	-	1.14	-
- Mr. Vinay Gupta	-	-	-	-	3.97	-	-	-	3.97	-
- Mr. Hardayal Prasad	-	-	-	-	2.62	3.07	-	-	2.62	3.07
- Mr. Sanjay Jain	-	-	-	-	0.81	0.70	-	-	0.81	0.70
- Mr. Kapish Jain	-	-	-	-	0.18	1.40	-	-	0.18	1.40
- Mr. Kaushal Mithani	-	-	-	-	0.40	-	-	-	0.40	-

^ Excluding running current / overdraft account transactions.

Excluding perquisites on exercise of stock options during the year.

(₹ in crore)

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/Relatives of Key Managerial Personnel		Key Management Personnel/Relatives of Key Management Personnel		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Outstanding balances#										
Punjab National Bank										
Receivables										
- Servicing fees receivable on assignment on loans	0.44	0.61	-	-	-	-	-	-	0.44	0.61
Payables										
- Term loans	2,457.93	2,317.00	-	-	-	-	-	-	2,457.93	2,317.00
- External Commercial Borrowings##	2,178.75	2,008.89	-	-	-	-	-	-	2,178.75	2,008.89

(₹ in crore)

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/Relatives of Key Managerial Personnel		Key Management Personnel/Relatives of Key Management Personnel		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Outstanding balances#										
- Interest accrued on term loans and external commercial borrowings	2.23	0.49	-	-	-	-	-	-	2.23	0.49
- Payable on assignment on loans	79.29	124.94	-	-	-	-	-	-	79.29	124.94
PHFL Home Loans and Services Limited										
Receivables										
Others (net)	-	-	-	27.95	-	-	-	-	-	27.95
Payable										
Others (net)	-	-	14.55	-	-	-	-	-	14.55	-
Assam Gramin Vikash Bank*										
- Deposits received	74.06	-	-	-	-	-	-	-	74.06	-
Tripura Gramin Bank*										
- Deposits received	40.00	-	-	-	-	-	-	-	40.00	-
Key Managerial Personnel										
Receivables										
- Mr. Hardayal Prasad	-	-	-	-	0.40	-	-	-	0.40	-
- Mr. Sanjay Jain	-	-	-	-	0.04	0.03	-	-	0.04	0.03
Payables										
- Mr. Hardayal Prasad	-	-	-	-	-	0.04	-	-	-	0.04
Retirement benefits (as per actuarial valuation)										
- Mr. Girish Kousgi	-	-	-	-	0.10	-	-	-	0.10	-
- Mr. Vinay Gupta	-	-	-	-	0.05	-	-	-	0.05	-
- Mr. Hardayal Prasad	-	-	-	-	-	0.27	-	-	-	0.27
- Mr. Sanjay Jain	-	-	-	-	0.33	0.31	-	-	0.33	0.31
- Mr. Kapish Jain	-	-	-	-	-	0.27	-	-	-	0.27

#Excluding running current account balances.

##Including mark to market adjustment.

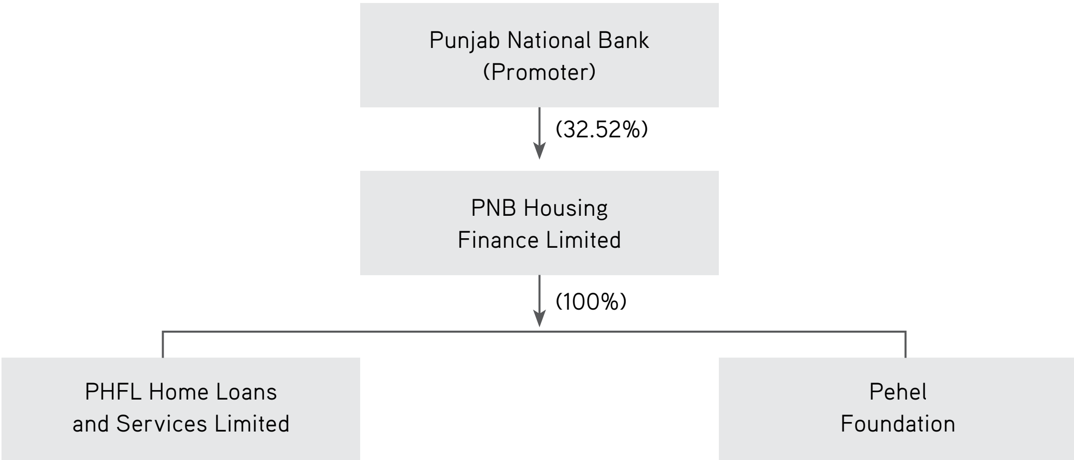
* SEBI vide notification No. SEBI/LAD-NRO/GN/2021/55 dated November 9, 2021 has enhanced the definitation of related party with effect from April 1, 2022. Hence, the transactions and outstanding balances has been reported from the date of applicability.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 36.11: Diagrammatic representation of group structure along with holding percentage is tabulated below. Further, the Company has complied with the provisions relating to number of layers as prescribed under clause (87) of section 2 of the Comapnies Act 2013, read with Companies (Restriction on number of Layers) Rules, 2017.



Note 36.12: Rating assigned by Credit Rating Agencies and migration of rating during the year are as follows:

Nature of Instrument	As at March 31, 2023	As at March 31, 2022	Migration during the year
Deposits	CRISIL AA (Outlook - Stable)	CRISIL FAA+ (Outlook-Negative)	Upgraded
	CARE AA (Outlook - Stable)	CARE AA (Outlook-Stable)	No change
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook - Stable)	CRISIL AA (Outlook-Negative)	Upgraded
	CARE AA (Outlook - Stable)	CARE AA (Outlook-Stable)	No change
	IND AA (Outlook - Stable)	IND AA (Outlook-Negative)	Upgraded
	ICRA AA (Outlook - Stable)	ICRA AA (Outlook-Negative)	Upgraded
Commercial Paper	CRISIL A1+	CRISIL A1+	No change
	CARE A1+	CARE A1+	No change
Bank Term Loan	CRISIL AA (Outlook - Stable)	CRISIL AA (Outlook-Negative)	Upgraded
	CARE AA (Outlook - Stable)	CARE AA (Outlook-Stable)	No change

Note 36.13: Remuneration of Directors: Details of Remuneration of Directors are disclosed in Form No. MGT - 7.

Note 36.14: Management: Management Discussion and Analysis report shall be referred for the relevant disclosures.

Note 36.15: During the year, no transaction was accounted which was related to prior period in terms of Ind AS 8 (Previous year ₹ Nil).

Note 36.16: 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 36.17: Consolidated Financial Statements (CFS): Consolidated Financial Statements shall be referred for the relevant disclosures.

Note 36.18: Provisions and Contingencies:

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

(₹ in crore)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	78.55	-
2. Provision made towards Income tax	83.38	242.56
3. Provision towards NPA	(1,121.82)	525.95
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	(10.11)	(150.16)
iii) CRE – RH	(14.86)	(302.84)
iv) Other Loans	20.69	(58.11)
Total (i+ii+iii+iv)	**(4.28)**	**(511.11)**
5. Other Provision and Contingencies (Refer Note 2.21)	0.59	(0.49)
6. Provision for Stock of Acquired Properties	-	7.86

Note 36.19: Break-up of Loan & Advances and Provisions thereon:

The Company has complied with the norms prescribed by the regulator 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 directions issued by the regulator.

Pursuant to the RBI circular dated November 12, 2021 ""Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications"", the Company has implemented the requirements and aligned its definition of default accordingly.

(₹ in crore)

Particulars	Housing		Non-Housing	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Standard Assets				
a) Total Outstanding Amount	41,288.04	37,715.43	15,781.97	15,518.09
b) Provision made	496.44	489.83	283.01	293.91
Sub-Standard Assets				
a) Total Outstanding Amount	255.58	1,885.43	157.95	616.92
b) Provision made	72.95	467.79	25.98	252.93
Doubtful Assets - Category-I				
a) Total Outstanding Amount	1,080.94	567.82	204.18	270.02
b) Provision made	264.15	228.37	54.34	108.43
Doubtful Assets - Category-II				
a) Total Outstanding Amount	266.09	990.36	211.30	351.60
b) Provision made	114.65	603.64	69.27	101.17
Doubtful Assets - Category-III				
a) Total Outstanding Amount	49.98	9.04	38.50	9.86
b) Provision made	25.02	4.37	20.19	4.96
Loss Assets				
a) Total Outstanding Amount	2.33	0.98	4.51	4.13
b) Provision made	2.33	0.30	4.51	3.24
TOTAL				
a) Total Outstanding Amount	**42,942.96**	**41,169.06**	**16,398.41**	**16,770.62**
b) Provision made	**975.54**	**1,794.30**	**457.30**	**764.64**

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

Note 36.20: Draw Down from Reserves: During the year there were no draw down from Reserves (Previous year ₹ Nil).

Note 36.21: Concentration of Public Deposits

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total deposits of twenty largest depositors	2,070.75	2,217.83
Percentage of deposits of twenty largest depositors to total deposits	13.32%	14.77%

Note 36.22: Concentration of Loans & Advances

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total loans & advances to twenty largest borrowers	3,821.86	6,577.61
Percentage of loans & advances to twenty largest borrowers to total advances	6.44%	11.35%

Note 36.23: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to twenty largest borrowers /customers	3,950.27	7,123.01
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	6.30%	11.52%

Note 36.24: Concentration of NPAs

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to top ten NPA accounts	944.06	2,716.53

Note 36.25: Sector-wise NPAs

(₹ in crore)

	Percentage of NPAs to Total Advances in that sector	
Particulars	As at March 31, 2023	As at March 31, 2022
A. Housing Loans:	3.85	8.39
1. Individuals	2.00	3.38
2. Builders/Project Loans	24.22	36.97
3. Corporates	9.37	8.77
4. Others (specify)	-	-
B. Non-Housing Loans:	3.76	7.47
1. Individuals	3.68	4.85
2. Builders/Project Loans	-	37.87
3. Corporates	5.45	5.69
4. Others (specify)	-	-

Note 36.26: Movement of NPAs

(₹ in crore)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	2.76%	5.22%
(II) Movement of NPAs (Gross)		
a) Opening balance	4,706.17	2,998.41
b) Additions during the year	743.44	3,962.68
c) Reductions during the year	3,178.25	2,254.92
d) Closing balance	2,271.36	4,706.17
(III) Movement of Net NPAs		
a) Opening balance	2,930.96	1,749.15
b) Additions during the year	506.38	3,013.97
c) Reductions during the year	1,819.37	1,832.16
d) Closing balance	1,617.97	2,930.96
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,775.21	1,249.26
b) Provisions made during the year	237.06	948.71
c) Write-off/write-back of excess provisions	1,358.88	422.76
d) Closing balance	653.39	1,775.21

Note 36.27: As on March 31, 2023, the Company does not have any assets outside the country (Previous year ₹ Nil).

Note 36.28: As on March 31, 2023, the Company does not have any Off-Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms (Previous year Nil).

Note 36.29: (A) Disclosure of Complaints

Particulars	Current Year	Previous Year
Complaints received by the Company from its customers		
a) No. of complaints pending at the beginning of the year	10	29
b) No. of complaints received during the year	1,804	2,281
c) No. of complaints disposed during the year	1,804	2,300
c) (i) Of which, no. of complaints rejected by the Company	168	129
d) No. of complaints pending at the end of the year	10	10

(B) TOP FIVE GROUNDS OF COMPLAINTS RECEIVED BY THE COMPANY FROM CUSTOMERS:

Grounds of complaints (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Number of complaints pending beyond 30 days
Current Year					
Ground - 1 Pre Closure Related	-	374	34.00	2	-
Ground - 2 ROI Conversion/ Rate repricing	-	145	(42.00)	-	-
Ground - 3 PMAY Application	-	101	(54.00)	-	-
Ground - 4 Property Papers Related	-	90	(27.00)	-	-
Ground - 5 Pre-EMI/EMI	-	81	(2.00)	-	-
Ground - 6 Others	10	1,013	(22.00)	8	
Total	**10**	**1,804**	**(21.00)**	**10**	**-**
Previous Year					
Ground - 1 Pre Closure Related	1	280	(2.00)	-	-
Ground - 2 ROI Conversion/ Rate repricing	1	248	(43.00)	-	-
Ground - 3 PMAY Application	6	218	(19.00)	-	-
Ground - 4 Property Papers Related	3	123	(19.00)	-	-
Ground - 5 Preclosure Charges Related	1	121	133.00	-	-
Ground - 6 Others	16	1,291	(19.00)	10	10
Total	**28**	**2,281**	**(22.00)**	**10**	**10**

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 36.30: As on March 31, 2023, the Company has not granted any loans and has no outstanding loans against collateral gold jewellery (Previous year ₹ Nil).

Note 36.31: Deposit includes Public Deposits as defined in Paragraph 4.1.30 of RBI Directions, 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, 2023, the public deposits (including accrued interest) outstanding amounts to ₹15,545.96 crore (Previous year ₹15,019.95 crore).

The Company is carrying Statutory Liquid Assets amounting to ₹2,276.42 crore (Previous year ₹2,234.18 crore).

Note 36.32: As on March 31, 2023, the Company operates within India and does not have any joint venture or overseas subsidiary.

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio

(a) Liquidity Risk Management disclosures as at March 31, 2023:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in crore)

As at	Number of Significant Counterparties^	Amount	% of total deposits*	% of total liabilities
March 31, 2023	15	32,918	NA	58.94%
March 31, 2022	16	29,519	NA	52.85%

*Company does not have any depositor who would be eligible as significant counterparty

^Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using latest beneficiary position instead of original subscribers.

(ii) Top 20 large deposits

(₹ in crore)

Particulars	As at March 31, 2023	% of total deposits	As at March 31, 2022	% of total deposits
Total deposits of top twenty largest depositors	2,109	12.23%	2,761	15.64%

(iii) Top 10 borrowings

(₹ in crore)

Particulars	As at March 31, 2023	% of total liabilities	As at March 31, 2022	% of total liabilities
Total exposure of top ten lenders	28,429	50.90%	25,653	45.93%

(iv) Funding Concentration based on significant instrument/product

(₹ in crore)

Name of the instrument/product^^	As at March 31, 2023	% of total liabilities	As at March 31, 2022	% of total liabilities
1) Secured Non-Convertible Debentures	3,994.09	7.15%	6,201.97	11.10%
2) Commercial Papers	-	-	-	-
3) Refinance Facility from NHB	3,046.20	5.45%	4,665.21	8.35%
4) Bank Facilities (Long Term + Short Term)	22,636.92	40.53%	17,052.85	30.53%
5) External Commercial Borrowings	5,491.58	9.83%	5,997.78	10.74%
6) Deposits	17,243.90	30.88%	17,648.97	31.60%
7) Subordinated Tier-II Non-Convertible Debentures	1,238.35	2.22%	1,438.18	2.58%
Total Borrowings	**53,651.04**	**96.06%**	**53,004.96**	**94.91%**
Total Liabilities	**55,852.39**		**55,848.76**	

^^Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(v) Stock ratios

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	as a % of total public funds	as a % of total liabilities	as a % of total assets	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	-	-	-	-	-	-
Non-convertible Debentures (original maturity of less than 1 year)	NA	NA	NA	NA	NA	NA
Other short term liabilities*	7.91%	7.60%	6.35%	6.89%	6.54%	5.56%

* Includes short term funds with original maturity of less than 1 year and includes funds from Refinance from NHB, Short Term Lines / OD / WCDL

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee (ALCO) and the Risk Management Committee. The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/ limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating and monitoring the integrated risk management system of the Company including liquidity risk. The ALCO is responsible for ensuring adherence to the liquidity risk tolerance/limits set out in the Board approved Asset Liability Management (ALM) policy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile for assets & liabilities, responsibilities and controls for managing liquidity risk and overseeing the liquidity position of the Company. The ALM Policy is reviewed periodically to realign the same pursuant to any regulatory changes/changes in the economic landscape or business needs and tabled to the Board for approval.

Management regularly reviews the position of cash and cash equivalents by aligning the same with the projected maturity of financial assets and financial liabilities, economic environment, liquidity position in the financial market, anticipated pipeline of future borrowing & future liabilities and threshold of minimum liquidity defined in the ALM policy with additional liquidity buffers as management overlay.

(b) Disclosure pursuant to Reserve Bank of India Circular DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated February 17, 2021 pertaining to Liquidity Risk Management Framework for Housing Finance Companies

A. Qualitative Disclosure

As per above circular, all deposit taking HFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of Liquidity Coverage Ratio (LCR) which will promote resilience of HFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The timeline on adhering to LCR guidelines are tabulated below.

Periods	December 01, 2021	December 01, 2022	December 01, 2023	December 01, 2024	December 01, 2025
Minimum LCR (%)	50%	60%	70%	85%	100%

The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered HQLA which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the ALCO under the governance of Board approved Liquidity Risk Framework comprising of Asset Liability Management policy, Contingency Funding Policy, Funding Strategy and Resource Mobilization Policy, and Market Risk Management Policy. The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The main drivers of LCR are:

Outflows comprises of:

a) All the contractual debt repayments and interest payments

b) Expected operating expense based on FY 2021-22

c) Committed credit facilities contracted with customers for both sanctioned but partly disbursed cases and sanctioned but undisbursed cases based on historical experience and other expected or

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

contracted cash outflows like expected pay-outs under contracted direct assignment deals.

The potential debt which may be recalled by the lenders on account of covenant breach has not been considered since the Company has not experienced such debt recall by any lender so far despite having breached covenants in the past.

Inflows comprises of:

a) Expected receipt (scheduled EMIs) from all performing loans

b) Liquid investment either in the form of short tenure Fixed Deposits with banks or in units of Debt Mutual Fund Schemes (like Overnight Liquid and Money Market Schemes) which are unencumbered and have not been considered as part of HQLA

c) Sanctioned and undrawn lines of credit from banks.

For the purpose of HQLA the Company considers unencumbered government securities and cash/bank balances with nil haircuts.

The unencumbered government securities held as part of HQLA are identified separately from the government securities which are lien marked in favour of Trustee for public deposits accepted by the Company. The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period.

LCR guidelines are effective from December 01, 2021. LCR has been calculated and monitored as per methodology prescribed in the RBI circular. LCR has been calculated as a simple average of the total number of days in a quarter on daily basis. The Company is compliant with maintenance of stipulated LCR. Further, the Company has been monitoring the LCR at monthly intervals for the period of April 2022 to March 2023. The maximum and minimum daily required HQLA for regulatory compliance has been ₹1,650.01 crore and ₹585.72 crore respectively for the period of April 22 to March 23.

The Company maintains diversified sources of funding comprising short/long term loans from banks, Non-Convertible Debentures (NCDs), External Commercial Borrowings (ECBs), Deposits, Refinance from National Housing Bank (NHB) and Commercial Papers (CPs). The funding pattern is reviewed on monthly basis by the management and on quarterly basis by the ALM Committee and Risk Management Committee.

Funding profile of the Company is tabulated below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	(₹ in crore)	%	(₹ in crore)	%
Secured Non-Convertible Debentures	3,994.09	6.55%	6,201.97	9.99%
Refinance Facility from NHB	3,046.20	5.00%	4,665.21	7.51%
Bank Facilities (Long Term + Short Term)	22,636.92	37.11%	17,052.85	27.46%
External Commercial Borrowings	5,491.58	9.00%	5,997.78	9.66%
Deposits	17,243.90	28.27%	17,648.97	28.42%
Subordinated Tier-II Non-Convertible Debentures	1,238.35	2.03%	1,438.18	2.32%
Total (a)	**53,651.04**		**53,004.96**	
Assignment of loans (b)	7,344.70	12.04%	9,088.02	14.64%
Total (a+b)	**60,995.74**	**100.00%**	**62,092.98**	**100.00%**

Derivative exposures and potential collateral calls: To hedge ECBs the Company enters into derivative transactions. All the derivatives of the Company are for hedging purpose and not for any speculative or trading purpose. As on March 31, 2023, the notional amount of outstanding derivatives is ₹10,065.79 crore (Previous year ₹10,288.45 crore) with net positive MTM of ₹682.37 crore (Previous year ₹242.25 crore). Further, the Company has executed bilateral Credit Support Agreement with one of its derivative counterparty. As on March 31, 2023 there is no outstanding margin but there could be potential future margin calls based on MTM movements. However, the Company has received MTM of ₹22.33 crore (Previous year ₹ Nil).

Currency mismatch in LCR: There is no mismatch required to be reported in LCR as on March 31, 2023 and March 31, 2022 since all the Foreign Currency liabilities are reinstated to ₹ as per the corresponding derivative/ forward deals and closing RBI reference / FBIL exchange rates.

B. Quantitative Disclosure

(₹ in crore)

Particulars	Quarter ended March 2023		Quarter ended December 2022	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	819.27	819.27	967.19	967.19
(i) Cash in hand & Bank balance	90.83	90.83	74.24	74.24
(ii) CP/Corporate Bond	247.68	247.68	250.66	250.66
(iii) Government securities	480.76	480.76	642.29	642.29
Cash Outflows				
Deposits	428.73	493.04	450.07	517.58
Unsecured wholesale funding	32.78	37.70	133.70	153.76
Secured wholesale funding	1,205.18	1,385.96	620.27	713.31
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	9.16	10.53	17.81	20.48
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,113.66	1,280.71	1,095.24	1,259.53
Other contingent funding obligations	111.76	128.52	134.43	154.59
Total Cash Outflows	**2,901.27**	**3,336.46**	**2,451.52**	**2,819.25**
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	790.32	592.74	765.79	574.34
Other cash inflows	5,941.67	4,456.25	5,081.98	3,811.49
Total Cash Inflows	**6,731.99**	**5,048.99**	**5,847.77**	**4,385.83**
	Total Adjusted Value			
Total HQLA		**819.27**		**967.19**
Total Net Cash Outflows		**834.11**		**704.81**
Liquidity Coverage Ratio (%)		**98.22%**		**137.23%**
Required LCR	**in %**	**60.00%**	**in %**	**60.00%**
	in ₹	**500.47**	**in ₹**	**422.89**

(₹ in crore)

Particulars	Quarter ended September 2022		Quarter ended June 2022	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	978.79	978.79	998.92	998.92
(i) Cash in hand & Bank balance	73.69	73.69	83.32	83.32
(ii) CP/Corporate Bond	239.92	239.92	63.38	63.38
(iii) Government securities	665.18	665.18	852.22	852.22
Cash Outflows				
Deposits	531.53	611.26	488.89	562.22
Unsecured wholesale funding	-	-	82.42	94.78
Secured wholesale funding	1,523.65	1,752.20	1,320.75	1,518.86

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ in crore)

Particulars	Quarter ended September 2022		Quarter ended June 2022	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	32.75	37.66	34.13	39.25
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,045.31	1,202.11	1,030.12	1,184.64
Other contingent funding obligations	120.60	138.69	114.37	131.52
Total Cash Outflows	**3,253.84**	**3,741.92**	**3,070.68**	**3,531.28**
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	739.79	554.84	753.55	565.16
Other cash inflows	6,205.08	4,653.81	7,029.65	5,272.24
Total Cash Inflows	**6,944.87**	**5,208.65**	**7,783.20**	**5,837.40**
	Total Adjusted Value			
Total HQLA		**978.79**		**998.92**
Total Net Cash Outflows		**935.48**		**882.82**
Liquidity Coverage Ratio (%)		**104.63%**		**113.15%**
Required LCR	**in %**	**50.00%**	**in %**	**50.00%**
	in ₹	**467.74**	**in ₹**	**441.41**

(₹ in crore)

Particulars	Quarter ended March 2022		Month ended December 2021*	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	1,146.99	1,146.99	1,131.74	1,131.74
(i) Cash in hand & Bank balance	108.67	108.67	90.45	90.45
(ii) Government securities	1,038.32	1,038.32	1,041.29	1,041.29
Cash Outflows				
Deposits	526.95	605.99	385.94	443.83
Unsecured wholesale funding	144.44	166.11	-	-
Secured wholesale funding	1,541.65	1,772.90	2,073.55	2,384.58
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,239.11	1,424.98	1,014.71	1,166.91
Other contingent funding obligations	134.25	154.39	214.03	246.13
Total Cash Outflows	**3,586.40**	**4,124.37**	**3,688.23**	**4,241.46**
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	732.31	549.23	795.55	596.66
Other cash inflows	7,729.09	5,796.82	3,074.00	2,305.50
Total Cash Inflows	**8,461.40**	**6,346.05**	**3,869.55**	**2,902.16**

(₹ in crore)

Particulars	Quarter ended March 2022		Month ended December 2021*	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
	Total Adjusted Value			
Total HQLA		**1,146.99**		**1,131.74**
Total Net Cash Outflows		**1,031.09**		**1,339.30**
Liquidity Coverage Ratio (%)		**111.24%**		**84.50%**
Required LCR	in %	50.00%	in %	50.00%
	in ₹	515.55	in ₹	669.65

* Since LCR has been made applicable for HFCs from December 01, 2021.

**Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

Note 36.34: Disclosure as per Annexure III of RBI directions:

(₹ in crore)

Particulars		Amount outstanding	Amount overdue
S.No	Liabilities side		
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**		
	(a) Debentures : Secured	4,098.77	-
	: Unsecured	1,239.44	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	31,331.38	-
	(d) Inter-corporate loans and borrowing	1,701.66	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	15,545.96	-
	(g) Other Loans (specify nature)	-	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	15,545.96	-

(₹ in crore)

Assets side		Amount outstanding
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
	(a) Secured	59,341.37
	(b) Unsecured	-
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**	
	(i) Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Assets on hire	-
	(b) Repossessed Assets	-

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ in crore)

	Assets side	Amount outstanding
	(iii) Other loans counting towards asset financing activities	
	(a) Loans where assets have been repossessed (net of provision)	-
	(b) Loans other than (a) above	-
5	**Break-up of Investments**	
	Current Investments	
	1. Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	457.67
	(iii) Units of mutual funds	-
	(iv) Government Securities	413.18
	(v) Others	-
	2. Unquoted	
	Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	
	(iv) Government Securities	-
	(v) Others (please specify)	-
	Long Term Investments	
	1. Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	2,276.42
	(v) Others (please specify)	-
	2. Unquoted	
	Shares	
	(a) Equity	0.30
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Security receipts in ACRE Trust)	40.45

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

(₹ in crore)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	57,908.53	-	57,908.53
Total	**57,908.53**	**-**	**57,908.53**

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in crore)

Category	Market Value / Break up or fair value or NAV	Total Book Value (net of provisions)
1. Related Parties		
(a) Subsidiaries*	130.12	0.30
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	3,275.17	3,187.72
Total	**3,405.29**	**3,188.02**

8 Other information

(₹ in crore)

Particulars	Amount
1. Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	2,271.36
2. Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	1,617.97
Assets acquired in satisfaction of debt	-

* Equity capital contributed by the Company has been considered as break up value for subsidiary formed under section 8 of the Company Act 2013 as the subsidiary is prohibited to give any right over its profits to any of its members.

Note 36.35: Breach of covenant of loans availed and debt securities issued

(₹ in crore)

Loans/debt securities	Current Year	Previous Year	Breach of Covenant	Status as on March 31, 2023	Status as on March 31, 2022	Details
External Commercial Borrowings - Asian Development Bank	246.61	614.04	Breach of NPA %	Waived off	Breach	Waiver received till March 31, 2023; Loan matures in June 2023
External Commercial Borrowings - SBI London	1655.72	1516.14	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto December 31, 2022.
External Commercial Borrowings - JICA	592.07	568.55	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto June 30, 2022.

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for the year ended March 31, 2023

(₹ in crore)

Loans/debt securities	Current Year	Previous Year	Breach of Covenant	Status as on March 31, 2023	Status as on March 31, 2022	Details
External Commercial Borrowings - PNB Dubai	789.42	758.07	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto June 30, 2022.
External Commercial Borrowings - PNB Hong Kong	1302.54	1250.82	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto June 30, 2022.
External Commercial Borrowings - Sumitomo Mitsui Banking Corporation	0.00	556.91	Breach of NPA %	-	Breach	The NPA financial covenant parameter was reset as on March 31, 2022.
Citi Bank-Term Loan	0.00	23.00	Breach of NPA %	-	-	Loan matured during Q4 FY 22
Bank of Baroda-Term Loan	0.00	1776.76	Breach of NPA %	-	Breach	The NPA financial covenant parameter was reset in fresh sanction received in Oct 2021.
Indian Bank-Term Loan	1275.00	1187.48	Breach of NPA %	No Breach	Breach	Covenant was waived off in fresh sanction received in September 2022
NCD-Karnataka Bank	50.00	50.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-SBI DFHI	30.00	30.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-Reliance General Insurance	50.00	50.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-IDBI Bank	250.00	250.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-UCO Bank	75.00	75.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
ISDA-IndusInd Bank (Interest Rate Swap)	124.00	114.00	Breach of NPA %	Waived off	Breach	The NPA financial covenant parameter was reset and waiver was received upto March 31, 2023.
ISDA-IndusInd Bank (Principal Only Swap)	124.00	114.00	Breach of NPA %	Waived off	Breach	The NPA financial covenant parameter was reset and waiver was received upto March 31, 2023.

Note 36.36: RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22, 2020 defined the principal business criteria for HFCs. Further, it also states that those HFCs which does not fulfil the defined criteria as on October 22, 2020 has an option to submit a board approved plan including a roadmap to fulfil the defined criteria and timeline for transition to RBI with in three months from the date of circular.
In compliance with the above circular, the Company has submitted board approved plan along with roadmap to fulfil the defined criteria and timeline for transition to RBI on January 21, 2021.

Details of principal business criteria as follows:

As at March 31, 2023		As at March 31, 2022	
% of total assets towards housing finance	% of total assets towards housing finance for individuals	% of total assets towards housing finance	% of total assets towards housing finance for individuals
64.91%	59.21%	63.54%	53.62%

Note 36.37: In compliance with RBI notification number RBI/DNBS/2016-17/49/Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016, during the year the Company has reported eight fraud cases in relation to loans advanced to the borrowers amounting to ₹5.44 crore to NHB (Previous year ₹4.04 crore in relation to four fraud cases for loans advanced to the borrowers and one fraud case in relation to deposits).

Note 36.38: In compliance with RBI circular number RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 is tabulated below:

(₹ in crore)

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS 109 (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
Performing Assets						
Standard	Stage 1	55,064.88	524.82	54,540.06	180.94	343.88
	Stage 2	2,005.13	254.63	1,750.50	6.95	247.68
Subtotal		**57,070.01**	**779.45**	**56,290.56**	**187.89**	**591.56**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**413.53**	**98.93**	**314.60**	**59.88**	**39.05**
Doubtful - up to 1 year	Stage 3	1,285.12	318.49	966.63	301.69	16.80
1 to 3 years	Stage 3	477.39	183.92	293.47	184.13	(0.21)
More than 3 years	Stage 3	88.48	45.21	43.27	68.95	(23.74)
Subtotal for doubtful		**1,850.99**	**547.62**	**1,303.37**	**554.77**	**(7.15)**
Loss	Stage 3	6.84	6.84	-	5.40	1.44
Subtotal for NPA		**2,271.36**	**653.39**	**1,617.97**	**620.05**	**33.34**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	757.04	2.40	754.64	-	2.40
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**757.04**	**2.40**	**754.64**	**-**	**2.40**
Total	Stage 1	55,821.92	527.22	55,294.70	180.94	346.28
	Stage 2	2,005.13	254.63	1,750.50	6.95	247.68
	Stage 3	2,271.36	653.39	1,617.97	620.05	33.34
Total		**60,098.41**	**1,435.24**	**58,663.17**	**807.94**	**627.30**

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for the year ended March 31, 2023

Note 36.39: In compliance with RBI circular number RBI/2020-21/16/DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020, the disclosure in relation to resolution plan implemented under the Resolution Framework for COVID-19-related stress is tabulated below:

For half-year ended March 31, 2023

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) ($)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (@)
Personal Loans*	1,909.40	86.52	11.11	160.04	1,738.25
Corporate persons					
of which, MSMEs					
Others^	237.79	-	-	132.01	105.78
Total	**2,147.19**	**86.52**	**11.11**	**292.05**	**1,844.03**

* Retail loans

$ Principal outstanding as on September 30, 2022.

@ Principal outstanding (including capitalised interest) for live restructured accounts as on March 31, 2023.

^Corporate finance loans

For half-year ended September 30, 2022

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) ($)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (@)
Personal Loans*	2,088.20	389.51	-	38.71	1,909.40
Corporate persons					
of which, MSMEs					
Others^	331.89	6.30	-	81.74	237.79
Total	**2,420.09**	**395.81**	**-**	**120.45**	**2,147.19**

* Retail loans

$ Principal outstanding as on March 31, 2022.

@ Principal outstanding (including capitalised interest) for live restructured accounts as on September 30,2022.

^Corporate finance loans

NOTE 37: LEASES

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020 which was further amended vide notification number G.S.R 419 (E) dated June 18, 2021. As per the amendment rules the Company has an option to apply practical expedients of paragraph 46A of Ind AS 116.

The Company had elected to use the practical expedient of paragraph 46A to not to assess whether a rent concession that meets the conditions of paragraph 46B is a lease modification and account for any change in lease payments resulting from the rent concession as if the change were not a lease modification. During the previous year the Company had applied the practical expedients to all rent concessions that meet the conditions specified in paragraph 46B of Ind AS 116.

The Company has recognised ₹ Nil (Previous Year ₹0.02) as other income for the year ended March 31, 2023 on account of applicability of the above practical expedients.

(i) Movement of lease liability

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liability as at the beginning of the year (a)	70.13	86.39
Additions (b)	34.71	8.87
Accretion of interest (c)	6.17	6.51
Payments (d)	33.50	31.65
Modification (e)	2.84	0.00
Lease liability as at the end of the year (a+b+c-d-e)	**74.67**	**70.13**

(ii) Maturity analysis of minimum undiscounted lease payments after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	28.51	34.26
Later than one year but not later than five years	54.78	53.19
Later than five years	7.94	2.13
Total	**91.23**	**89.58**

(iii) Maturity analysis of minimum discounted lease payments after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	23.44	21.89
Later than one year but not later than five years	44.20	46.19
Later than five years	7.03	2.05
Total	**74.67**	**70.13**

(iv) There are no gains or losses from sales and leaseback for the year ended March 31, 2023 and March 31, 2022.

(v) There are no variable lease payments for the year ended March 31, 2023 and March 31, 2022.

NOTE 38: DISCLOSURE ON TEMPORARY EXCEPTIONS FROM APPLYING SPECIFIC HEDGE ACCOUNTING REQUIREMENTS AS PER IND AS 109

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply the exceptions set out in paragraphs 6.8.4-6.8.12 of Ind AS 109.

The Company has elected to apply the exceptions as specified above. Disclosure with respect to paragraph 24H of Ind AS 107 in relation to uncertainty arising from interest rate benchmark reforms is as follows:

a) The Company has foreign currency borrowings in USD only and the interest rate benchmarks where the Company's hedging relationship is related are 3 month and 6 month USD LIBOR.

b) The Company has outstanding External Commercial Borrowing (ECB) principal of USD 670.00 million (equivalent to ₹5,508.53 crore) (March 31, 2022, USD 796.00 million (equivalent to ₹6,034.25 crore), which is directly linked or affected by the abovementioned two benchmarks. (USD 495.00 million – 3month USD LIBOR and remaining USD 175.00 million – 6 month USD LIBOR) (March 31, 2022, USD 546.00 million – 3month USD LIBOR and remaining USD 250.00 million – 6 month USD LIBOR).

c) USD 3 month & 6 Month LIBOR will cease to exist from June 30, 2023 and outstanding principal exposure as on that date will be USD 640.00 million (March 31, 2022 USD 640.00 million) for which the Company will discuss and negotiate the alternative reference rate with the respective lenders to incorporate or align the same in the corresponding hedging/derivative deals. The Company will do bilateral negotiation or sign the ISDA fall back protocol as the case may be with each of the derivative counterparties.

d) The outstanding borrowings are long term in nature and the Company hasn't yet received any specific communication from any of its lenders regarding the timelines to change to an alternate reference/benchmark rate. However, as soon as the Company receives any

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for the year ended March 31, 2023

communication or instruction from any of its lenders regarding the transition to an alternate reference rate other than the LIBOR, the Company will immediately take it up with the corresponding hedging counterparty/ies to effect the transition in the hedging/derivative deals also. However, this may result in higher pay out for the Company in the form of excess interest or hedging cost of the underlying borrowing for its remaining tenure.

e) The nominal amount of hedging instruments for outstanding principal as on March 31, 2023 is USD 670.00 million (March 31, 2022 is USD 796.00 million).

NOTE 39: 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 40: CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities in respect of Income-tax of ₹56.01 crore (Previous year ₹20.74 crore) is disputed and are under appeals. These includes contingent liability of ₹1.96 crore (Previous year ₹1.84 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 Delhi High Court . The Company expects the demands to be set aside by the Delhi High Court, 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 ₹21.51 crore (Previous year ₹7.60 crore).

iii) Claims against the Company not acknowledged as debt is ₹0.43 crore (Previous year ₹0.29 crore).

iv) Company had issued corporate financial guarantee amounting to ₹0.25 crore (Previous year ₹0.25 crore) to "UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)" against the Aadhar Authentication Services.

NOTE 41: DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS:

In accordance with Indian Accounting Standards on Employee Benefits" (Ind AS 19), the following disclosure have been made:

Defined Contribution Plans:

Note 41.1: The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The contribution has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 31.

(₹ in crore)

Particulars	Current Year	Previous Year
Contribution to Provident Fund and Other Funds	8.18	6.96

Note 41.2: Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the same is managed by Life Insurance Corporation of India. The liability of Gratuity is recognised on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2023. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Risks associated with defined benefit plan

Interest rate risk: A fall in the discount rate, which is linked to the Government Securities rate, will increases the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salary of members. As such, an increase in the salary of the members more than assumed level may increase the plan's liability.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

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	12.89	12.23
Interest cost	0.88	0.83
Current service cost	2.27	2.21
Past service cost including curtailment gains/losses	-	0.60
Benefits paid	(3.06)	(2.55)
Actuarial (gain) / loss on obligation	0.20	(0.43)
Present value of obligation as at the end of year	13.18	12.89

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	13.59	13.91
Actual return on plan assets	0.85	0.90
Variation in actual return and expected return considered in previous year	(0.95)	-
Fund charges	(0.09)	-
Contributions	3.14	1.33
Benefits paid	(3.04)	(2.55)
Fair value of plan assets as at the end of year	13.50	13.59
Funded status	1.23	1.47
Unfunded status	(0.91)	(0.77)

Expense recognised in the statement of Profit and Loss

(₹ in crore)

Particulars	Current Year	Previous Year
Service cost	2.27	2.81
Interest cost	0.88	0.83
Expected return on plan assets	(0.92)	(0.90)
Expenses recognised in the statement of profit and loss	2.23	2.74
Remeasurement (loss)/gain in Other Comprehensive Income (OCI)	(1.31)	0.43

Expected contribution for the next financial year is ₹3.10 crore.

Assumptions

Particulars	Current Year	Previous Year
a) Discounting Rate	7.36%-7.39%	6.80%-7.11%
b) Future salary Increase	3.00%-7.00%	3.00%-7.00%
c) Retirement Age (Years)	58-60 years	58-60 years
d) Mortality Table	IALM (2012-14)	IALM (2012-14)

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for the year ended March 31, 2023

Maturity profile of defined benefits obligation

(₹ in crore)

Particulars	Current Year	Previous Year
With in the next 12 months	1.42	1.28
above 1 year and upto 5 years	4.22	4.37
above 5 year	7.54	7.24

Sensitivity analysis of the defined benefit obligation**

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	(0.44)	0.47	0.43	(0.42)

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	(0.44)	0.47	0.44	(0.42)

*100% of the plan assets are managed by the insurer for current as well as previous year for employees on the Company payroll. However, for contractual employees there are no plan assets.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

NOTE 42: EXPENDITURE IN FOREIGN CURRENCY:

(₹ in crore)

Particulars	Current Year	Previous Year
Interest expense	229.63	88.44
Other expenses	6.15	1.47

NOTE 43: DERIVATIVE FINANCIAL ASSETS / LIABILITIES

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, 2023*	721.04	(61.00)	660.04	-	-	660.04	-	660.04	660.04
At 31 March, 2022	332.88	(90.63)	242.25	-	-	242.25	-	242.25	242.25

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, 2023*	(61.00)	61.00	-	-	-	-	-	-	-
At 31 March, 2022	(90.63)	90.63	-	-	-	-	-	-	-

* Including margin money received from counter party bank.

NOTE 44: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crore)

Particulars	As at April 01, 2022	Cash flows (net)	Exchange difference	Others	As at March 31, 2023
Debt securities & subordinated liabilities	7,640.15	(2,410.01)	-	2.30	5,232.44
Borrowings from bank	27,715.84	3,112.56	336.45	9.85	31,174.70
Deposits	17,648.97	(408.68)	-	3.61	17,243.90
Lease liabilities	70.13	(35.84)		40.38	74.67

(₹ in crore)

Particulars	As at April 01, 2021	Cash flows (net)	Exchange difference	Others	As at March 31, 2022
Debt securities & subordinated liabilities	11,795.08	(4,218.00)	-	63.07	7,640.15
Borrowings from bank	29,746.34	(2,229.10)	172.20	26.40	27,715.84
Deposits	16,747.42	901.39	-	0.16	17,648.97
Commercial paper	1,104.98	(1,125.00)	-	20.02	-
Lease liabilities	86.39	(31.64)	-	15.38	70.13

Note 44.1: The borrowings has been utilised for the purpose for which it has been taken from banks and financial institutions.

Note 44.2: The borrowings which has been repaid during the year whereby satisfaction is yet to be filed with Registrar of Companies (ROC):

Lender Name	Amount (₹ in crore)	Location of registar	Reason for delay
Punjab & Sind Bank	250.00	ROC- Delhi	Awating NOC from the lender
Sumitomo Mitsui Banking Corporation	601.41	ROC- Delhi	Awating NOC from the lender

Further, there are some old borrowings which have been fully repaid in past (other than tabled above) for which the Company is compiling the details in relation to which satisfaction is yet to be filed with Registrar of Companies.

Note 44.3: Quarterly returns/statements of current assets filed with banks or financial institutions against the underlying borrowings are in agreement with the books of accounts (principal outstanding).

NOTE 45: 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 and investements, the Company has used the contractual maturities for recovery/settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

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(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3,667.41	-	3,667.41	4,964.37	-	4,964.37
Bank balance other than cash and cash equivalents	25.16	-	25.16	150.47	-	150.47
Derivative financial instruments	524.63	135.41	660.04	38.23	204.02	242.25
Trade and other receivables	0.01	-	0.01	39.02	-	39.02
Loans	3,390.30	54,518.23	57,908.53	4,621.70	50,759.04	55,380.74
Investments	1,446.53	1,741.49	3,188.02	920.93	2,551.09	3,472.02
Other financial assets	166.78	587.86	754.64	125.30	548.61	673.91
Total (a)	**9,220.82**	**56,982.99**	**66,203.81**	**10,860.02**	**54,062.76**	**64,922.78**
Non-financial assets						
Current tax assets (net)	-	251.57	251.57	-	37.55	37.55
Deferred tax assets (net)	-	145.55	145.55	-	398.80	398.80
Investment property	-	0.52	0.52	-	0.53	0.53
Property, plant and equipment	-	66.05	66.05	-	71.33	71.33
Right of use assets	-	65.53	65.53	-	60.39	60.39
Capital work-in-progress	-	0.08	0.08	-	-	-
Intangible assets under development	-	3.08	3.08	-	3.54	3.54
Other Intangible assets	-	13.75	13.75	-	17.74	17.74
Other non-financial assets	51.50	3.52	55.02	25.65	2.16	27.81
Assets held for sale	-	-	-	108.83	-	108.83
Total (b)	**51.50**	**549.65**	**601.15**	**134.48**	**592.04**	**726.52**
Total asset c = (a+b)	**9,272.32**	**57,532.64**	**66,804.96**	**10,994.50**	**54,654.80**	**65,649.30**
LIABILITIES						
Financial liabilities						
Trade Payables	44.47	-	44.47	27.14	-	27.14
Debt Securities	900.00	3,094.09	3,994.09	2,359.91	3,842.06	6,201.97
Borrowings (other than debt securities)	14,908.20	16,266.50	31,174.70	10,933.17	16,782.67	27,715.84
Deposits	5,138.38	12,075.58	17,213.96	5,796.64	11,808.49	17,605.13
Subordinated liabilities	499.00	739.35	1,238.35	199.98	1,238.20	1,438.18
Other financial liabilities	1,737.98	206.00	1,943.98	2,315.34	231.44	2,546.78
Total (d)	**23,228.03**	**32,381.52**	**55,609.55**	**21,632.18**	**33,902.86**	**55,535.04**
Non-financial liabilities						
Provisions	2.30	15.09	17.39	2.37	14.75	17.12
Other Non-financial Liabilities	208.20	17.25	225.45	275.59	21.01	296.60
Total (e)	**210.50**	**32.34**	**242.84**	**277.96**	**35.76**	**313.72**
Total liabilities f = (d+e)	**23,438.53**	**32,413.86**	**55,852.39**	**21,910.14**	**33,938.62**	**55,848.76**
Net (c-f)			**10,952.57**			**9,800.54**

NOTE 46: 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 46.1: 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 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 CEO along with 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 Spoc 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. Spoc 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 principle. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

   Hubs and Spocs 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

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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. The expected credit loss on financial instruments has been presented in respective note.

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.

Note 46.2: 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 46.3: 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, 2023	As at March 31, 2022
Concentration by sector - Retail		
Housing loans	39,450.32	35,080.13
Non housing loans	16,089.44	15,484.34
Total (a)	**55,539.76**	**50,564.47**
Concentration by sector - Corporate		
Construction finance	3,492.64	6,088.92
Corporate term loan	273.25	941.82
Lease rental discounting	35.72	344.47
Total (b)	**3,801.61**	**7,375.21**
Total (a+b)	**59,341.37**	**57,939.68**

(ii) Risk concentrations on financial assets other than loans

(₹ in crore)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2023					
Cash and cash equivalents	-	3,665.92	-	1.49	3,667.41
Bank balance other than cash and cash equivalents	-	25.16	-	-	25.16
Derivative financial instruments	-	660.04	-	-	660.04
Trade and other receivables	-	-	0.01	-	0.01
Investments	2,517.06	-	630.51	40.45	3,188.02
Other financial assets	9.04	726.55	5.16	13.89	754.64
Total	**2,526.10**	**5,077.67**	**635.68**	**55.83**	**8,295.28**
As at March 31, 2022					
Cash and cash equivalents	-	4,963.25	-	1.12	4,964.37
Bank balance other than cash and cash equivalents	-	150.47	-	-	150.47
Derivative financial instruments	-	242.25	-	-	242.25
Trade and other receivables	-	-	38.99	0.03	39.02
Investments	3,075.46	100.02	296.54	-	3,472.02
Other financial assets	7.44	645.85	5.44	15.18	673.91
Total	**3,082.90**	**6,101.84**	**340.97**	**16.33**	**9,542.04**

Note 46.4: 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.

Note 46.4.1 Total market risk exposure

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022	Primary risk sensitivity
	Carrying amount		
ASSETS			
Financial assets			
Cash and cash equivalents	3,667.41	4,964.37	-
Bank balance other than cash and cash equivalents	25.16	150.47	-
Derivative financial instruments	660.04	242.25	-
Trade and other receivables	0.01	39.02	-
Loans	57,908.53	55,380.74	Interest rate
Investments	3,188.02	3,472.02	Interest rate
Other financial assets	754.64	673.91	Interest rate
Total	**66,203.81**	**64,922.78**	
LIABILITIES			
Financial liabilities			
Trade payables	44.47	27.14	-
Debt securities	3,994.09	6,201.97	Interest rate
Borrowings (other than debt securities)	31,174.70	27,715.84	Interest rate/ Currency risk
Deposits	17,213.96	17,605.13	Interest rate
Subordinated liabilities	1,238.35	1,438.18	Interest rate
Other financial liabilities	1,943.98	2,546.78	-
Total	**55,609.55**	**55,535.04**	

46.4.2 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 assesses 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 and (loss)
Loans	2022-23	100 bps / (100) bps	578.02 / (578.02)
	2021-22	100 bps / (100) bps	559.97 / (559.97)
Investments	2022-23	100 bps / (100) bps	4.19 / (1.38)
	2021-22	100 bps / (100) bps	9.26 / (4.78)
Other financial assets	2022-23	25 bps / (25) bps	68.22 / (68.22)
	2021-22	25 bps / (25) bps	74.20 / (74.20)
External Commercial Borrowing	2022-23	100 bps / (100) bps	(0.63) / 0.63
	2021-22	100 bps / (100) bps	(6.14) / 6.14
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2022-23	100 bps / (100) bps	(319.93) / 319.93
	2021-22	100 bps / (100) bps	(296.53) / 296.53

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46.4.3 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 into 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.

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 assesses the sensitivity of the assets and liabilities over the profit and loss and other comprehensive income with change in currency rates.

(₹ in crore)

Areas	Financial year	Increase / (decrease) in %	Sensitivity on profit and loss / other comperehensive income
External Commercial Borrowing	2022-23	10 % / (10) %	(0.32) / 0.32
Borrowing	2021-22	10 % / (10) %	(9.68) / 9.68

Note 46.4.4: Equity price risk :

The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment (if any). The expected cash flow from these entities are regularly monitored to identify impairment indicators.

Note 46.5: 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, also 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, government securities etc., 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 46.5.1: 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, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities						
Trade payables	44.47	-	44.47	27.14	-	27.14
Debt securities	900.00	3,094.09	3,994.09	2,359.91	3,842.06	6,201.97
Borrowings (other than debt securities)	14,908.20	16,266.50	31,174.70	10,933.17	16,782.67	27,715.84
Deposits	5,138.38	12,075.58	17,213.96	5,796.64	11,808.49	17,605.13
Subordinated liabilities	499.00	739.35	1,238.35	199.98	1,238.20	1,438.18
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,768.92	4,866.85	8,635.77	3,539.44	4,807.71	8,347.15
Other financial liabilities	1,471.80	206.00	1,677.80	1,961.58	231.44	2,193.02
Total	**26,730.77**	**37,248.37**	**63,979.14**	**24,817.86**	**38,710.57**	**63,528.43**

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, 2023			
Undrawn commitments relating to advances	2,618.62	1,696.80	4,315.42
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	1,210.00	-	1,210.00
As at March 31, 2022			
Undrawn commitments relating to advances	1,884.25	2,030.01	3,914.26
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	1,820.00	-	1,820.00

NOTE 47: 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 are significant and 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

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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

As at March 31, 2023

(₹ in crore)

Particulars	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	-	457.67	-	457.67
Government securities	-	413.18	-	413.18
Derivative financial instruments				
Forward contracts and currency swaps	-	658.02	-	658.02
Interest rate swaps	-	63.02	-	63.02
Total assets measured at fair value on a recurring basis (a)	**-**	**1,591.89**	**-**	**1,591.89**
Assets measured at fair value on a non-recurring basis				
Assets held for sale	-	-	-	-
Total assets measured at fair value on a non-recurring basis (b)	**-**	**-**	**-**	**-**
Total assets measured at fair value (a)+(b)	**-**	**1,591.89**	**-**	**1,591.89**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	38.67	-	38.67
Margin money received against derivative financial instruments	-	22.33	-	22.33
Total liabilities measured at fair value through profit or loss	**-**	**61.00**	**-**	**61.00**

As at March 31, 2022

(₹ in crore)

Particulars	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	100.02	-	-	100.02
Debt securities	-	92.69	-	92.69
Government securities	-	1,044.83	-	1,044.83
Derivative financial instruments				
Forward contracts and currency swaps	-	332.88	-	332.88
Total assets measured at fair value on a recurring basis (a)	**100.02**	**1,470.40**	**-**	**1,570.42**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	108.83	-	108.83
Total assets measured at fair value on a non recurring basis (b)	**-**	**108.83**	**-**	**108.83**
Total assets measured at fair value (a)+(b)	**100.02**	**1,579.23**	**-**	**1,679.25**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Spot and forward contracts	-	50.08	-	50.08
Interest rate swaps	-	40.55	-	40.55
Total liabilities measured at fair value through profit or loss	**-**	**90.63**	**-**	**90.63**

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.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. 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.

4. 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 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

As at March 31, 2023

(₹ in crore)

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	57,908.53	-	57,901.01	-	57,901.01
Investment#					
Government Securities (at amortised cost) & Equity (at cost)	2,276.72	-	2,285.62	-	2,285.62
Security Recipt in ACRE 122 trust	40.45	-	-	119.00	119.00
Total financial assets	**60,225.70**	**-**	**60,186.63**	**119.00**	**60,305.63**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities (including interest accrued)	4,098.77	-	4,087.55	-	4,087.55
Deposits (including interest accrued)	17,247.62	-	-	17,142.92	17,142.92
Subordinated liabilities (including interest accrued)	1,239.44	-	1,239.22	-	1,239.22
Total financial liabilities	**22,585.83**	**-**	**5,326.77**	**17,142.92**	**22,469.69**

NOTES TO STANDALONE FINANCIAL STATEMENTS
for the year ended March 31, 2023

As at March 31, 2022

(₹ in crore)

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	55,380.74	-	55,440.07	-	55,440.07
Investment#					
Government Securities (at amortised cost) & Equity (at cost)	2,234.48	-	2,321.27	-	2,321.27
Total financial assets	**57,615.22**	**-**	**57,761.34**	**-**	**57,761.34**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities (including interest accrued)	6,378.01	-	6,569.97	-	6,569.97
Deposits (including interest accrued)	17,687.04	-	-	17,831.26	17,831.26
Subordinated liabilities (including interest accrued)	1,439.27	-	1,493.54	-	1,493.54
Total financial liabilities	**25,504.32**	**-**	**8,063.51**	**17,831.26**	**25,894.77**

fair value has been disclosed for those valued at amortised cost.

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)**

   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 been recognised at amortised cost in the financial statements.
   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 been disclosed.

2. **Financial assets**

   Loans and advances to customers

   Substantial amount of the loans are based on floating rate of interest, carrying amount of which represents the fair value of these loans. Minuscule amount of loans are based on fixed to floating rate of interest, the fair values of these loans are computed by discounted cash flow models incorporating prevailing interest rate. The Company classifies these assets as Level 2.

   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.

3. **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 liabilities 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, 2023, and March 31, 2022.

NOTE 48: OTHER DISCLOSURES:

(i) There is no income which is required to be recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ii) The Company has not been declared willful defaulter by any Banks/Financial Institutions.

(iii) The Company has not traded or invested in Crypto currency or Virtual currency during the year.

(iv) There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Prohibition of Benami Properties Transactions Act, 1988 and the rules made thereunder.

(v) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(vi) The Company has not received any funds from any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

(vii) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and the Group has no CICs as part of the Group.

(viii) The Company has not entered into Scheme of Arrangement in terms of section 230 to 237 of the Company Act, 2013.

(ix) Disclosure in relation to Struck off Companies:

(₹ in crore)

Name of struck off Company/LLP	Nature of transactions with struck-off Company	Balance outstanding as at March 31, 2023	Balance outstanding as at March 31, 2022	Relationship with the Struck off company/LLP
A and B Fashions Private Limited	Interest credited on deposit received	0.15	0.14	Depositor
Payal Financial Services Private Limited	Professional services	-	-	Vendor
Akshda Well Wisher Advisory (OPC) Private Limited	Direct selling agent	-	-	Vendor
DNM Finserve Private Limited	Direct selling agent	-	-	Vendor

Note 49: Pursuant to the Board of Directors approval dated March 09, 2022 for issue of equity shares upto by way of Rights Issue ("Rights Issue") for an amount not exceeding ₹2,500 crore, the Company had filed Letter of Offer on March 29, 2023. The issue opened for subscription on April 13, 2023 and closed on April 27, 2023. The rights issue was oversubscribed 1.21 times. The Board on May 4, 2023 approved the allotment of 9,06,81,828 fully paid-up equity shares at a price of ₹275 per equity share (including premium of ₹265 per equity share) aggregating to ₹2,493.76 crore to the eligible shareholders. The estimated issue expenses (contractual commitment) in relation to Right Issue is ₹46.70 crore.

NOTE 50: AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules, 2015 from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015, applicable from April 1, 2023, as below:

(i) Ind AS 1 – Material accounting policies - The amendments mainly related to shifting of disclosure of erstwhile "significant accounting policies" in the notes to the financial statements to material accounting policy information requiring companies to reframe their accounting policies to make them more "entity" specific. This amendment aligns with the "material" concept already required under International Financial Reporting Standards (IFRS). The Company does not expect the amendments to have any impact in the financial statements.

(ii) Ind AS 8 – Definition of accounting estimates - The amendments specify definition of 'change in accounting estimate' replaced with the definition of 'accounting estimates'. The Company does not expect the amendments to have any impact in the financial statements.

(iii) Ind AS 12 – The amendment clarifies that in cases of transactions where equal amounts of assets and liabilities are recognised on initial recognition, the initial recognition exemption does not apply. Also, If a company has not yet recognised deferred tax asset and deferred tax liability on right-of-use assets and lease liabilities or has recognised deferred tax asset or deferred tax liability on net basis, that company shall have to recognise deferred tax assets and deferred tax liabilities on gross basis based on the carrying amount of right-of-use assets and lease liabilities existing at the beginning of April 1, 2022. The Company does not expect the amendments to have any impact in its recognition of deferred tax assets and deferred tax liabilities in its financial statements.

The MCA vide its notification dated March 24, 2021 had introduced the concept of audit trails, applicable from April 1, 2023, by inserting proviso to rule 3(1) of the Companies (Accounts) Rules, 2014. It mentioned that every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

Note 51: Previous year figures have been rearranged / regrouped wherever necessary to correspond with current year's classification disclosure.

In terms of our report of even date

For T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For **Singhi & Co.**
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: May 18, 2023

For and on behalf of the Board of Directors

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Neeraj Vyas
Director
DIN: 07053788

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

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	PHFL Home Loans and Services Limited was not acquired, however it was incorporated as wholly owned subsidiary of the Company as on August 22, 2017
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Reporting period of the subsidiary is the same as that of the holding i.e. April 01, 2022 to March 31, 2023
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not applicable as this is the domestic subsidiary
5	Share capital	0.25
6	Reserves and surplus	130.21
7	Total assets	154.44
8	Total Liabilities	23.98
9	Investments	8.52
10	Turnover	251.81
11	Profit before taxation	18.31
12	Provision for taxation	4.37
13	Profit after taxation	13.94
14	Proposed Dividend	-
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	Pehel Foundation was not acquired, however it was incorporated as wholly owned subsidiary of the Company as on October 14, 2019
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Reporting period of the subsidiary is the same as that of the holding i.e. April 01, 2022 to March 31, 2023
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	Not applicable as this is the domestic subsidiary
5	Share capital	0.05
6	Reserves and surplus	1.02
7	Total assets	2.71
8	Total Liabilities	1.64
9	Investments	0.68
10	Turnover	11.40
11	Loss before taxation / excess of expenditure over income	5.18
12	Provision for taxation	-
13	Loss after taxation / excess of expenditure over income	5.18
14	Proposed Dividend	-
15	Extent of shareholding (in percentage)	100

Notes:

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

PART B ASSOCIATES AND JOINT VENTURES

The Company has no associate company or joint venture.

For and on behalf of the Board of Directors

GIRISH KOUSGI
Managing Director & CEO
DIN: 08524205

NEERAJ VYAS
Director
DIN: 07053788

VINAY GUPTA
Chief Financial Officer
ACA: 500609

SANJAY JAIN
Company Secretary
FCS: 002642

Place: New Delhi
Date: May 18, 2023

INDEPENDENT AUDITORS' REPORT

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Financial Statements of PNB Housing Finance Limited ("hereinafter referred to as 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 2023, the Consolidated Statement of Profit and Loss, including Consolidated Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and 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") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as 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 Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

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 for the financial year ended March 31, 2023. 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. For each matter below, description of how the matter was addressed in our audit is provided in that context. Considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality, below Key Audit Matters have been reproduced from the Independent Auditors' report on the audit of Standalone Financial Statements of the Holding Company.

Key audit matters#	How our audit addressed the key audit matter
Expected Credit Loss (ECL) on loans and advances	
The Company has reported total gross loans of ₹59,272.63 crore and ₹1,432.84 crore of allowance for expected credit loss as on March 31, 2023 (Refer Note 6). The allowance for ECL on loan assets involves significant key judgements and estimates in respect of timing and measurement of expected credit loss (Refer Note 2.21). As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation, with a potential impact on the financial statements. The major elements of estimating ECL are the following: a) Application of ECL model requires several data inputs. b) Judgmental models used to estimate ECL which involves determining Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.	Our audit approach was a combination of test of internal controls and substantive procedures which included the following: a) Testing the design and effectiveness of internal controls over the following: – key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. – key controls over the application of the staging criteria consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors. – management's controls over authorisation and calculation of post model adjustments and management overlays to the output of the ECL model.

Key audit matters#	How our audit addressed the key audit matter
c) Qualitative and quantitative factors used in staging of loan assets. d) Ind AS 109 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. e) Completeness and valuation of post model adjustments. In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the standalone financial statements, it is considered as a key audit matter.	b) In addition to above the following audit procedures have been applied; – testing of key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data, reasonableness of economic forecasts, weights, and model assumptions applied; – with the support of the team of modelling specialists employed by the Company to make the models, we tested/relied upon 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. – tested mathematical accuracy and computation of the allowances by using the input data used by the Company; c) Evaluating the appropriateness of the Company's impairment methodologies as required under Ind AS 109 and reasonableness of assumptions used including management overlays ensuring that the adjustment to ECL Model was in conformity with the policy approved by the Audit Committee.
Information Technology (IT) Systems and Controls	
The Company uses ERP system for financial reporting which interface with other business operation softwares' that process transactions related to loans, deposits and borrowings. The Company's key financial accounting and reporting processes are highly dependent on the automated controls implemented in IT systems. If there exist gaps in the IT control environment, then it could result in the financial accounting and reporting records being materially misstated. Therefore, due to the complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	Our key audit procedures on this matter included, but were not limited, to the following: (a) obtained an understanding of the Company's information processing systems, IT General Controls and automated IT controls for applications, databases and operating systems relevant to our audit; (b) Also, obtained an understanding of the changes that were made to the IT applications during the audit period; (c) Also, performed following procedures: (i) tested the IT General Controls around user access management, changes to IT environment and segregation of duties around program maintenance and security administration relating to key financial accounting and reporting processes; (ii) tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization; and (iii) tested the automated controls like interfaces, configurations and information generated by the entity's information processing systems for loans, borrowings, deposits, interest income, interest expense and other significant financial statement items.

Above referred Key Audit Matters are in respect of the Holding Company only. The subsidiary in the group is unlisted entity.

Other Matter

a) We did not audit the financial statements/ financial information of PHFL Home Loans and Services Limited ("a subsidiary"), whose financial statements reflects total assets of ₹154.44 crore as at March 31, 2023, total revenues of ₹251.81 crore, total net profit after tax of ₹ 13.94 crore, total comprehensive income of ₹14.41 crore and net cash outflow of ₹90.83 crore for the year ended March 31, 2023.

The financial statement of the Subsidiary have been audited by other auditor, whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor after considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality.

Our opinion is not modified in respect of these matters.

Other Information

The Holding Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated 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 Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's 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 Companies in the Group have 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 Holding Company's Management 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 ability of the Group 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.

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 for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' 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 and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary as noted in the other matter paragraph, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including 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 relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 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 Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls with reference to consolidated financial statements.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 40 to the Consolidated Financial Statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. - Refer Note 15 to the Consolidated Financial Statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company;

iv. a. The respective managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and the other auditor that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or by the subsidiary to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or of the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. The respective Managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and the other auditor that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or by the subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or the subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiary, whose financial statements have been audited respectively, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Holding Company and its subsidiary has not declared and paid any dividend during the year and has not proposed any dividend for the year. Therefore, reporting in this regard is not applicable to the Group.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197 of the Act.

3. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, based on the CARO report issued by us for the Holding Company and CARO report issued by the auditor of the subsidiary included in the consolidated financial statements of the Holding Company, to which reporting under CARO is applicable, provided to us by the Management of the Holding Company and based on the identification of matters of qualifications or adverse remarks in the CARO reports, we report that in respect of those companies where audits have been completed under section 143 of the Act, the auditors of such companies have not reported any qualifications or adverse remarks.

For **Singhi & Co.**
Chartered Accountants
Firm Reg. No. 302049E

BIMAL KUMAR SIPANI
Partner
Membership No. 088926
UDIN: 23088926BGXBAH4512

Date: May 18, 2023
Place: New Delhi

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Reg. No. 006711N/N500028

NEENA GOEL
Partner
Membership No. 057986
UDIN: 23057986BGVLHJ7251

Date: May 18, 2023
Place: New Delhi

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of PNB Housing Finance Limited of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of PNB Housing Finance Limited (hereinafter referred to as the "Holding Company") and its subsidiary company (the Holding Company and its subsidiary together referred to as "the Group")., which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Boards of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "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 the respective 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 Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing, prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 judgment, 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 and the audit evidence obtained by the other auditor of the subsidiary company incorporated in India, in terms of their reports referred to in the 'Other Matters' paragraph is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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 company incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

OTHER MATTERS

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to Consolidated Financial Statements insofar as it related to subsidiary company, is based on the corresponding report of auditors of subsidiary company.

For **Singhi & Co.**
Chartered Accountants
Firm Reg. No. 302049E

BIMAL KUMAR SIPANI
Partner
Membership No. 088926
UDIN: 23088926BGXBAH4512

Date: May 18, 2023
Place: New Delhi

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Reg. No. 006711N/N500028

NEENA GOEL
Partner
Membership No. 057986
UDIN: 23057986BGVLHJ7251

Date: May 18, 2023
Place: New Delhi

CONSOLIDATED BALANCE SHEET

as at March 31, 2023

(₹ in crore)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	3	3,677.82	5,065.62
Bank balance other than cash and cash equivalents	4	118.38	150.47
Derivative financial instruments	15	660.04	242.25
Receivables	5		
Trade receivables		12.86	42.76
Other receivables		0.01	0.04
Loans	6	57,839.79	55,335.94
Investments	7	3,196.29	3,482.70
Other financial assets	8	754.64	673.91
		66,259.83	**64,993.69**
Non-financial assets			
Current tax assets (net)	9	264.03	47.30
Deferred tax assets (net)	10	145.67	398.90
Investment property	11	0.52	0.53
Property, plant and equipment	12	66.19	71.38
Right of use assets	12	65.59	60.47
Capital work-in-progress	12.1	0.08	-
Intangible assets under development	12.2	3.08	3.54
Other Intangible assets	13	14.01	18.02
Other non- financial assets	14	54.70	26.95
Assets held for sale	35	-	108.83
		613.87	**735.92**
Total		**66,873.70**	**65,729.61**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables			
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		1.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		28.51	16.29
Other payable			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	17	3,994.09	6,201.97
Borrowings (other than debt securities)	18	31,174.70	27,715.84
Deposits	19	17,214.24	17,605.14
Subordinated liabilities	20	1,238.35	1,438.18
Other financial liabilities	21	1,963.15	2,564.63
		55,614.78	**55,542.05**
Non-financial liabilities			
Provisions	22	17.72	17.33
Other non-financial liabilities	23	227.34	298.60
		245.06	**315.93**
Equity			
Equity share capital	24	168.86	168.60
Other equity	25	10,845.00	9,703.03
Total equity		**11,013.86**	**9,871.63**
Total		**66,873.70**	**65,729.61**
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 T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

For and on behalf of the Board of Directors

Neena Goel
Partner
M. No.: 057986

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Neeraj Vyas
Director
DIN: 07053788

For **Singhi & Co.**
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: May 18, 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2023

(₹ in crore)

Particulars	Notes	Current Year	Previous Year
Revenue from operations			
Interest income	26	6,199.07	5,822.00
Fees and commission income	27	283.26	262.55
Net gain on fair value changes	28	34.10	111.38
Income on derecognised (assigned) loans		10.90	-
Total revenue from operations		**6,527.33**	**6,195.93**
Other income		2.33	4.80
Total income		**6,529.66**	**6,200.73**
Expenses			
Finance costs	29	3,898.52	4,064.46
Impairment on financial instruments and write offs	30	691.28	576.36
Employee benefits expenses	31	265.96	216.61
Fees and commission expenses		11.52	11.12
Depreciation, amortisation and impairment		51.44	53.39
Others expenses:	32		
- Impairment/loss on assets held for sale		47.65	7.86
- Other expenses		202.38	186.97
Total expenses		**5,168.75**	**5,116.77**
Profit before exceptional items & tax		1,360.91	1,083.96
Exceptional items		-	-
Profit before tax		**1,360.91**	**1,083.96**
Tax expense/(credit)			
Current tax	33	87.78	249.15
Deferred tax [charge/(credit)]	33	227.13	(1.67)
Profit for the year		**1,046.00**	**836.48**
Other comprehensive income/(loss)			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan		(0.69)	1.34
(ii) Tax relating to items that will not be reclassified to profit or loss		0.17	(0.34)
Subtotal (A)		**(0.52)**	**1.00**
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		103.67	128.69
(ii) Tax relating to items that will be reclassified to profit or loss		(26.09)	(32.39)
Subtotal (B)		**77.58**	**96.30**
Other comprehensive income/(loss) (A+B)		**77.06**	**97.30**
Total comprehensive income for the year		**1,123.06**	**933.78**
Profit for the year, net of tax attributable to			
Owners of the parent		1,046.00	836.48
Non-controlling interest		-	-
Other comprehensive income/(loss) for the year, net of tax attributable to			
Owners of the parent		77.06	97.30
Non-controlling interest		-	-
Total comprehensive income for the year, net of tax attributable to			
Owners of the parent		1,123.06	933.78
Non-controlling interest		-	-
Earnings per equity share (Face value of ₹ 10 each fully paid up)			
Basic (₹)	34	62.01	49.64
Diluted (₹)	34	61.95	49.53
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 T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

For and on behalf of the Board of Directors

Neena Goel
Partner
M. No.: 057986

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Neeraj Vyas
Director
DIN: 07053788

For **Singhi & Co.**
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: May 18, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2023

A. Equity share capital*

As at March 31, 2023

(₹ in crore)

Particular	Balance as at April 01, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2022	Change during the year	Balance as at March 31, 2023
Equity share capital	168.60	-	168.60	0.26	168.86

As at March 31, 2022

(₹ in crore)

Particular	Balance as at April 01, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2021	Change during the year	Balance as at March 31, 2022
Equity share capital	168.27	-	168.27	0.33	168.60

*Refer note 24.

B. Other equity*

(₹ in crore)

Particular	Reserves and surplus						Other comprehensive income	Total other equity
	Share application money pending allotment	Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges	
Balances as at April 1, 2021	**-**	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,712.55**	**(216.71)**	**8,754.76**
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-
Restated balance at the beginning of the year	**-**	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,712.55**	**(216.71)**	**8,754.76**
Profit for the year	-	-	-	-	-	836.48	-	836.48
Fair value changes on derivatives	-	-	-	-	-	-	96.30	96.30
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	1.00	-	1.00
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**837.48**	**96.30**	**933.78**
Transfer to special reserve#	-	-	124.00	-	-	(124.00)	-	-
Transfer to statutory reserve##	-	-	-	41.00	-	(41.00)	-	-
Premium on shares issued during the year	-	10.82	-	-	-	-	-	10.82
Employee stock option exercised during the year (Refer Note 24.8)	-	3.69	-	-	(3.69)	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	3.67	-	-	3.67
Transfer on account of stock option lapsed/ expired	-	-	-	-	(17.73)	17.73	-	-
Balances as at March 31, 2022	**-**	**4,062.41**	**1,134.76**	**167.97**	**55.54**	**4,402.76**	**(120.41)**	**9,703.03**
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-
Restated balance at the beginning of the year	**-**	**4,062.41**	**1,134.76**	**167.97**	**55.54**	**4,402.76**	**(120.41)**	**9,703.03**
Profit for the year	-	-	-	-	-	1,046.00	-	1,046.00
Fair value changes on derivatives	-	-	-	-	-	-	77.58	77.58
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	(0.52)	-	(0.52)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,045.48**	**77.58**	**1,123.06**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2023

(₹ in crore)

Particular	Reserves and surplus						Other comprehensive income	Total other equity
	Share application money pending allotment	Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges	
Transfer to special reserve#	-	-	45.00	-	-	(45.00)	-	-
Transfer to statutory reserve##	-	-	-	167.00	-	(167.00)	-	-
Share application money received during the year	0.20	-	-	-	-	-	-	0.20
Premium on shares issued during the year	-	6.75	-	-	-	-	-	6.75
Employee stock option exercised during the year (Refer Note 24.8)	-	3.32	-	-	(3.32)	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	11.95	-	-	11.95
Transfer on account of stock option lapsed/ expired	-	-	-	-	(14.16)	14.16	-	-
Others	-	-	-	-	-	0.01	-	0.01
Balances as at March 31, 2023	**0.20**	**4,072.48**	**1,179.76**	**334.97**	**50.01**	**5,250.41**	**(42.83)**	**10,845.00**

*Refer Note 25 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 ₹ 45.00 crore (Previous year ₹ 124.00 crore) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹ 167.00 crore (Previous year ₹ 41.00 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 T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For **Singhi & Co.**
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: May 18, 2023

For and on behalf of the Board of Directors

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Neeraj Vyas
Director
DIN: 07053788

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended March 31, 2023

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,360.91	1,083.96
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	51.44	53.39
Net loss on sale of property, plant and equipment	0.19	0.19
Impairment on financial instruments	(1,046.92)	14.33
Impairment on assets held for sale	47.65	7.86
Net loss on financial asset at fair value through profit and loss	2.80	10.04
Share based payment expense	11.95	3.67
Effective interest rate on financial assets	(24.43)	(11.30)
Effective interest rate on financial liabilities	16.04	111.03
Interest expenses	3,892.34	4,057.94
(Income)/unwinding on derecognised (assigned) loans	(84.39)	232.13
Restructure loss/(gain) on financial assets	4.86	(13.93)
Interest on leases including modification gain/(loss)	5.67	6.52
Advances written-off	2.23	-
Bad debts written-off	1,738.20	562.03
	4,617.63	**5,033.90**
Operating profits before changes in working capital	5,978.54	6,117.86
Working Capital changes		
Increase/(decrease) in trade payables	13.96	(1.53)
Decrease/(increase) in provisions	(0.30)	0.28
(Decrease)/increase in other financial liabilities	(518.43)	205.67
(Decrease)/increase in non- financial liabilities	(71.26)	48.10
(Increase)/decrease in loans at amortised cost	(3,081.80)	4,769.22
Decrease/(increase) in receivables	29.97	2.16
Decrease in other financial assets	3.03	1.03
(Increase)/decrease in other non- financial assets	(27.75)	5.80
Proceeds from sale of asset held for sale	61.18	19.79
Decrease/(increase) in bank balance other than cash and cash equivalents	32.09	(150.40)
	(3,559.31)	**4,900.12**
Cash generated from / (used in) operations before adjustments for interest and taxes paid	**2,419.23**	**11,017.98**
Interest Paid	(3,979.92)	(4,404.01)
Taxes paid (net of refunds)	(304.34)	(359.71)
Net cash (used in) / generated from operating activities	**(1,865.03)**	**6,254.26**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(13.00)	(13.97)
Capital work-in-progress and intangible assets under development (net)	(1.85)	(1.16)
Proceeds from sale of property, plant and equipment and other intangible assets	0.17	0.13
Investments (net)	190.46	(1,459.99)
Net cash generated from / (used in) investing activities	**175.78**	**(1,474.99)**

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2023

(₹ in crore)

Particulars	Current Year	Previous Year
Cash flow from financing activities*		
Proceeds from		
Debt securities and subordinated liabilities	149.99	455.00
Borrowings from banks	17,771.75	19,648.26
Deposits (net)	(394.79)	903.21
Commercial paper	50.00	-
Repayment of		
Debt securities and subordinated liabilities	(2,560.00)	(4,673.00)
Borrowings from banks	(14,636.84)	(21,920.17)
Commercial paper	(50.00)	(1,125.00)
Lease Liability	(35.85)	(31.67)
Proceeds from issue of share capital including securities premium	7.21	11.15
Net cash generated from / (used in) financing activities	**301.47**	**(6,732.22)**
Net changes in cash & cash equivalents	**(1,387.78)**	**(1,952.95)**
Cash and cash equivalents at the beginning of the year	5,015.61	6,968.56
Cash and cash equivalents at the end the of the year	3,627.83	5,015.61
Net (decrease) / increase of cash & cash equivalents during the year	**(1,387.78)**	**(1,952.95)**
Components of cash and cash equivalents		
Cash on hand	1.49	1.12
Balances with banks in current accounts	558.72	512.19
Bank deposit with maturity of less than 3 months	3,117.61	4,552.31
Stamps on hand	0.00	0.00
Less: Overdraft facility against term deposits (as per note 18 to the financial statements)	(49.99)	(50.01)
	3,627.83	**5,015.61**

*Refer Note no 45 for change in liabilities arising from financing activities.

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 T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For **Singhi & Co.**
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: May 18, 2023

For and on behalf of the Board of Directors

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Neeraj Vyas
Director
DIN: 07053788

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

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.

PHFL Home and Loans Services Limited wholly owned subsidiary of the Company is primarily engaged in the business of rendering of professional /consultancy services including sourcing, marketing, promoting, publicising, advertising, soliciting, distributing any kind of financial instruments or classes of insurance product, syndicated credit products, investment products and wealth products.

These consolidated financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on May 18, 2023. However, the Shareholders have the power to amend the financial statement after issue.

1.2. Statement of Compliance and basis of preparation and presentation

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 as amended from time to time. The Statement of Cash Flows has been prepared and presented as per Ind AS 7 "Statement of Cash Flows".

The consolidated financial statements have been prepared under the historical cost convention on accrual basis except where quantum of accruals cannot be ascertained with reasonable certainty. Following are measured on each reporting date:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.
- Financial instrument - measured at fair value.

The consolidated financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act, 2013 and the relevant provisions of the National Housing Bank Act, 1987 as amended from time to time and the Non-Banking Financial Company–Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Directions') as amended from time to time and the RBI circular DOR.CRE.REC. No.60/03.10.001/2021-22 dated October 22, 2021 on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs"

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 (₹) which is the functional and presentation currency of the Company and all values are rounded to the nearest crore with two decimals, 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 46.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

1.3. Principles of consolidation

The Company consolidates an entity only when it has a control over the entity and has a right to receive variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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, cash flow and after eliminating the carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary, the intra company balances and transactions resulting in unrealised profits or losses.

Profit or loss and each component of OCI are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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 year. 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 behavioral 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 behavior and life-cycle of the instruments, as well as 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 2.21.

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.

f) **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

g) **Deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

h) **Useful Life of Property, Plant and Equipment (PPE) and Intangible assets**

The Company reviews its estimate of the useful life of PPE and intangible assets at each reporting date, based on the expected utility of the PPE and intangible assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of PPE and intangible assets. In case of a revision of useful life, the unamortised depreciable amount is charged over the remaining useful life of the PPE and intangible assets.

i) **Share-Based Payments**

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash/ stamp 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 consists 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 EIR on net amount (i.e. gross carrying amount less allowance for expected credit loss) . 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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) **Fees and commission 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 recognised in accordance with the terms of the relevant contracts / agreements and when it is probable that the Company will collect the consideration.

e) **Other income**

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals.

Interest on tax refunds and 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.

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) **PPE**

PPE are stated at cost (including directly attributable expenses) less accumulated depreciation and impairment losses, if any. Cost includes deemed cost which represents the carrying value of PPE recognised as at April 1, 2017 measured as per the previous Generally Accepted Accounting Principles (GAAP).The cost of PPE comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE 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. 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. Any gain or loss arising on derecognition 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.

Capital work in progress includes assets which are not ready for the intended use at the end of the reporting year and is carried at cost including directly attributable expenses.

b) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost (excluding tax credits availed, if any) 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. Cost comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to Intangible assets 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).

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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.

Intangible assets which are not ready for the intended use at the end of the reporting year are disclosed as Intangible assets under development.

2.5 Depreciation and amortisation

a) **Depreciation**

Depreciation on PPE 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 based on technical evaluation. Leasehold improvements are amortised over the period of five years however, where the lease term is less than five years amortisation is restricted to the underlying lease term.

All PPE individually costing ₹5,000 or less are fully depreciated in the year of purchase.

Depreciation on additions to PPE is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of PPE 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 PPE 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 or less 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 or the life whichever is less.

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 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 a registered 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

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 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(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.

Company as a Lessor

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 Borrowing costs

Borrowing costs consists of interest and other cost that the Company incurred in connection with the borrowing of funds. Borrowing costs charged to the Statement of Profit and Loss on the basis of effective interest rate method.

2.10 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/amortisation 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.

2.11 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.

2.12 Contingent liabilities, Contingent assets and Commitments

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.

c) Commitments are future liabilities for contractual expenditure and is disclosed in case of –

- Estimated amount of contracts remaining to be executed on capital account and not provided for;
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.13 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.

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, excluding amounts included in net interest on the net defined benefit liability, the effect of the asset ceiling, 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 and other long term employee benefits

A liability is recognised for benefits to employees in respect of wages and salaries, annual leave, sick leave and short-term employee benefits in the year the related service is rendered. 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.

In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

c) Share based payments

The Company operates a number of Employee Stock Option Scheme/ Restricted stock units ('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.

2.14 Taxes

Taxes on income

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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.

Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and the conditions to avail the credit are fulfilled as per the underlying law.

2.15 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 except where the result would be antidilutive.

2.16 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. Trade receivable that does not contain a significant financing component are measured at transaction price.

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 received and the 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 FVTOCI

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 or 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.

c) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the face value and proceeds received in excess of the face value are recognised as share premium.

Offsetting a Financial Asset and a Financial Liability

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.17 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.

2.18 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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.

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.

2.19 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. Further, whenever there is a change in the business model the underlying affected financial asset are reclassified. Financial liabilities has not been reclassified.

2.20 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 derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

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

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.

2.21 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 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. Reserve Bank of India defines NPA in Paragraph 8.3.5 in its Master Directions – Non Banking Financial Company – Housing Finance (Reserve Bank) Directions, 2021 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.

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.
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	90+/ NPA	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses regulatory definition 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 Ind AS 109. PD is defined as the probability that a borrower will be unable to meet their 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 assets 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.

– **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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	Asset coverage based / Expected Collateral Realisation (ECR)

Broadly, the Company has grouped the portfolio into retail and corporate category. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on 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 techniques of multinomial logistic regression Observed Default Rate based on customer classification etc 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. The Company has further stressed the PDs for such selective group of customers who are falling in early warning signal pool like customers who have had experienced delinquency with other financial institutions but remained good with us, customers showing very early signs of stress in emerging delinquencies.

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. Multiple factors are considered for determining the LGD including time taken for resolutions, geographies, collection feedback, underlying security etc.

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 behavioral analysis of the Company's historical experience.

Corporate Loans

Probability of Default

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 external ratings based statistical technique of Pluto-Tasche). PDs are further stressed basis operational variables like construction variance, sales velocity, resolution team feedback etc. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Loss Given Default

For LGD estimates, the Company has used ECR approach and have applied business logic based on security coverage ratio of existing portfolio. Sensitivity analysis, resolution feedbacks are applied on probability weighted scenarios 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 behavioral 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:

(i) Those stage 1 loan assets where underlying property is under construction and expected construction progress is likely to remain slow based on historical data / market feedback.

(ii) Those stage 1 assets which are restructured under RBI OTR scheme of Aug 2020 and May 2021 and have shown higher degree of risk basis their performance with us and/or with other financial institutions.

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, resolution team feedback etc. Basis the review and management overlay, the Company identifies 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 macro-economic scenarios taking into consideration possibility of favorable, neutral, adverse and stressed 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 macro-economic variables such as GDP at constant prices, Housing Price Index (HPI) inflation, Gross national savings, unemployment rate etc. were considered from the International Monetary Fund (IMF), NHB and RBI websites and the Company's historical data were analysed.

A model was then built, and forecasts were generated, and scenario creation carried out to finally arrive at the final macro-economic overlay. Identification of relevant macro economic variables was done combining statistical analysis (correlation) and business intuition (sign of correlation). The selected model incorporates the variables like Inflation, end of period consumer prices quarter on quarter change, general government revenue etc.

The macro-economic variables (MEVs) of the final model were used to generate multiple simulations for forecasting under different probabilistic scenarios, i.e., favorable, neutral, adverse and stress scenarios. Under each scenario, based on the independent variable forecasts, the forecasted default rates are obtained using the final model relationship between the default rates and macro-economic variables. The scenarios are identified based on the probability of occurrence, i.e. expected probability of the future economic state. An anchor variable (GDP) analysis was performed in order to select a particular scenario for future quarters. Accordingly, the probability weighted ECL is computed using the likelihood as weights.

2.22 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note 2.21.

2.23 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.

2.24 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.

2.25 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.

2.26 Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Deposit remaining unclaimed for more than seven years have been transferred to the Investor Education and Protection Fund (IEPF). 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.

2.27 Securities Premium

Securities premium is credited:

- when shares are issued at premium;
- with the fair value of the stock options which are treated as expense (if any), in respect of shares allotted pursuant to Employee Stock Options Scheme

Securities premium can be utilised only for limited purposes such as issuance of bonus shares or adjustment of share issue expenses, net of tax, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

2.28 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 SARFAESI 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 assets and they are measured at the lower of their carrying amount and the fair value less costs of disposal.

2.29 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. 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 as amended from time to time.

2.30 Investment in subsidiaries

Investments in subsidiaries are measured at cost as per Ind AS 27 – Separate Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

NOTE 3: CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	1.49	1.12
Balance with banks in current accounts	558.72	512.19
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	3,117.61	4,552.31
Stamps on hand	0.00	0.00
Total	**3,677.82**	**5,065.62**

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, 2023	As at March 31, 2022
Bank Deposits (More than 3 months & upto 12 months) (Refer Note 4.1)	118.31	150.40
Earmarked balances with bank (Refer Note 4.2)	0.07	0.07
Total	**118.38**	**150.47**

Note 4.1: Bank deposit amounting to ₹ 25.00 crore has been pledged against the bank gaurantee dated April 6, 2023 issued for Rights Issue of the Company.

Note 4.2: Earmarked balances with bank represents unclaimed dividend on equity shares.

NOTE 5: RECEIVABLES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables		
Receivable considered good- Secured	-	-
Receivable considered good- Unsecured	12.86	42.76
Receivables from related parties - Unsecured (Refer Note 5.2)	-	-
Receivables which have significant increase in credit risk	-	-
Receivables – credit impaired	0.01	0.05
	12.87	**42.81**
Other receivables		
Receivable considered good- Unsecured (Refer Note 5.2)	0.01	0.04
	0.01	**0.04**
Less : Provision for impairment	0.01	0.05
Total	**12.87**	**42.80**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

Note 5.1: Receivables ageing

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment					
		As at March 31, 2023					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade and other receivables – considered good	-	12.87	-	-	-	-	12.87
Undisputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade and other receivables – credit impaired	-	-	-	-	0.01	0.00	0.01
Disputed trade and other receivables– considered good	-	-	-	-	-	-	-
Disputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade and other receivables – credit impaired	-	-	-	-	-	-	-
Unbilled trade and other receivables	-	-	-	-	-	-	-

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment					
		As at March 31, 2022					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade and other receivables – considered good	-	42.80	-	-	-	-	42.80
Undisputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade and other receivables – credit impaired	-	-	-	0.02	0.03	-	0.05
Disputed trade and other receivables– considered good	-	-	-	-	-	-	-
Disputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade and other receivables – credit impaired	-	-	-	-	-	-	-
Unbilled trade and other receivables	-	-	-	-	-	-	-

Note 5.2: 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, 2023	As at March 31, 2022
Term Loans	59,272.63	57,894.88
Total Gross	**59,272.63**	**57,894.88**
Less: Impairment loss allowance	1,432.84	2,558.94
Total Net	**57,839.79**	**55,335.94**
Secured by tangible assets	59,272.63	57,894.88
Total Gross	**59,272.63**	**57,894.88**
Less: Impairment loss allowance	1,432.84	2,558.94
Total Net	**57,839.79**	**55,335.94**
Loans in India		
Public Sector	-	-
Others	59,272.63	57,894.88
Total Gross	**59,272.63**	**57,894.88**
Less: Impairment loss allowance	1,432.84	2,558.94
Total Net (a)	**57,839.79**	**55,335.94**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total Net (b)	**-**	**-**
Total Net (a+b)	**57,839.79**	**55,335.94**

Note 6.1: Detail of loans & advances sanctioned to Directors/KMP/Senior officers/Related Parties:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
KMP/Senior Officers and their relatives	2.65	-
	2.65	**-**

Note 6.2: Loans - Staging analysis#

Analysis of change in gross carrying amount of loans is as follows:

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Opening gross carrying amount	51,209.35	1,980.63	4,704.90	57,894.88	56,359.37	3,831.97	2,997.49	63,188.83
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	14,890.80	14.65	133.04	15,038.49	11,190.22	33.63	125.90	11,349.75
Asset paid in part or full (excluding write off) (net)	(10,603.84)	(279.49)	(636.41)	(11,519.74)	(15,731.77)	(252.18)	(100.37)	(16,084.32)
Stressed loans transferred to ARC	-	-	(271.70)	(271.70)	-	-	-	-
Asset derecognised/co-lending	(179.79)	-	-	(179.79)	-	-	-	-
Asset written off	(28.17)	(68.36)	(1,592.98)	(1,689.51)	(13.27)	(7.71)	(538.40)	(559.38)
Transfer to stage 1	883.37	(643.96)	(239.41)	-	1,638.57	(1,480.15)	(158.42)	-
Transfer to stage 2	(993.36)	1,141.20	(147.84)	-	(1,143.84)	1,169.86	(26.02)	-
Transfer to stage 3	(178.90)	(141.57)	320.47	-	(1,089.93)	(1,314.79)	2,404.72	-
Closing gross carrying amount	**54,999.46**	**2,003.10**	**2,270.07**	**59,272.63**	**51,209.35**	**1,980.63**	**4,704.90**	**57,894.88**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	52,043.77	2,003.10	1,424.15	55,471.02	46,593.50	1,959.25	1,966.81	50,519.56
Total	**52,043.77**	**2,003.10**	**1,424.15**	**55,471.02**	**46,593.50**	**1,959.25**	**1,966.81**	**50,519.56**
% of total	**93.82%**	**3.61%**	**2.57%**	**100.00%**	**92.23%**	**3.88%**	**3.89%**	**100.00%**

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	12.16%	16.61%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.52%	0.45%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	1.08%	0.33%
ii) Residual portfolio either remained in stage 3 or had backward flows		

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Corporate Loans	2,955.69	-	845.92	3,801.61	4,615.85	21.38	2,738.09	7,375.32
Total	**2,955.69**	**-**	**845.92**	**3,801.61**	**4,615.85**	**21.38**	**2,738.09**	**7,375.32**
% of total	**77.75%**	**0.00%**	**22.25%**	**100.00%**	**62.58%**	**0.29%**	**37.13%**	**100.00%**

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	18.20%	35.45%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.29%	0.24%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	26.73%	3.87%
ii) Residual portfolio either remained in stage 3 or had backward flows		

Note 6.3: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	244.87	254.63	466.66	966.16	283.21	197.35	527.83	1,008.39
Total	**244.87**	**254.63**	**466.66**	**966.16**	**283.21**	**197.35**	**527.83**	**1,008.39**

ECL movement as on March 31, 2022 and March 31, 2023

a) The loan assets in stage 2 were 3.61% as on March 31, 2023 as against 3.88% as on March 31,2022. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 584.00 Crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2023 would be 2.56% against 2.25% as on March 31, 2022.

b) ECL % POS has increased by 2.64% as on March 31, 2023 in stage 2.

c) Overall ECL % POS have decreased by 25 bps on accounts improvement in portfolio quality.

ECL movement as on March 31, 2021 and March 31, 2022

a) The loan assets in stage 2 were 3.88% as on March 31, 2022 as against 5.17% as on March 31, 2021. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 822.63 Crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2022 would be 2.25% against 3.46% as on March 31, 2021.

b) ECL % POS has decreased by 1.29% as on March 31, 2022 in stage 2 due to transition- of stage 2 accounts to stage 3 (as an impact of RBI Circular No. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22)

c) Overall ECL % POS have increased by 24 bps on accounts of conservatism approach adopted by the Company.

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Corporate Loans	279.95	-	186.73	466.68	300.10	3.07	1,247.38	1,550.55
Total	**279.95**	**-**	**186.73**	**466.68**	**300.10**	**3.07**	**1,247.38**	**1,550.55**

ECL movement as on March 31, 2022 and March 31, 2023

a) Stage 1 ECL % of POS increased from 6.50% to 9.47%.

b) The loan assets in stage 2 were decresed to 0.0% as on March 31, 2023 from 0.29% as on March 31,2022 majorly due to shift of stage 2 asset to stage 1 and stage 3 and decreasing corporate portfolio.

c) The Company's stage 3 asset ratio has decreased from 37.13% as on March 31, 2022 to 22.25% as on March 31, 2023 owing to this ECL has also decreased.

ECL movement as on March 31, 2021 and March 31, 2022

a) Stage 1 ECL % of POS increased from 4.31% to 6.50%. This is due to restructuring cases carrying higher provisions.

b) The loan assets in stage 2 were decresed to 0.29% as on March 31, 2022 from 9.90% as on March 31,2021 majorly due to shift of stage 2 asset to stage 3.

c) The Company's stage 3 asset ratio has increased from 13.46% as on March 31, 2021 to 37.13% as on March 31, 2022 owing to this ECL has also increased.

^ The restructuring was done for Stage 1 accounts, total restructured assets were ₹ 967 crore (previous year ₹ 1,647 crore),against which provision of ₹ 102 crore (Previous year ₹ 204 crore) is held.

Refer Note 2.21, 2.22, 2.23 and 47.1.

Note 6.4: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

Tangible securities

i) Equitable / Simple / English Mortgage of immovable property;

ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;

iii) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;

Intangible securities

i) Demand Promissory Note;

ii) Post dated cheques towards the repayment of the debt;

iii) Personal / Corporate Guarantees;

iv) Undertaking to create a security;

v) Letter of Continuity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

NOTE 7: INVESTMENTS

(₹ in crore)

Particulars	As at March 31, 2023			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	8.52	-	8.52
Government securities^ (Refer Note 36.31)	2,276.42	413.18	-	2,689.60
Debt securities	-	457.67	-	457.67
Subsidiaries				
50,000 (March 31, 2022 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	0.05	0.05
ACRE-122-Trust	-	119.00	-	119.00
Total gross	**2,276.42**	**998.37**	**0.05**	**3,274.84**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**2,276.42**	**998.37**	**0.05**	**3,274.84**
Less: Allowance for impairment loss (c)		(78.55)	-	(78.55)
Total net (a+b-c)	**2,276.42**	**919.82**	**0.05**	**3,196.29**

(₹ in crore)

Particulars	As at March 31, 2022			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	110.95	-	110.95
Government securities^ (Refer Note 36.31)	2,234.18	1,044.83	-	3,279.01
Debt securities	-	92.69	-	92.69
Subsidiaries				
50,000 (March 31, 2021 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	0.05	0.05
Total gross	**2,234.18**	**1,248.47**	**0.05**	**3,482.70**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**2,234.18**	**1,248.47**	**0.05**	**3,482.70**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**2,234.18**	**1,248.47**	**0.05**	**3,482.70**

Name of Subsidiaries	Principal place of business/operations	Ownership interest	
		As at March 31, 2023	As at March 31, 2022
PEHEL Foundation	India	100.00%	100.00%

*Others include investment in subsidiaries which have been carried at cost.

^Expected credit loss provision has not been recognised on investments made in government securities.

NOTE 8: OTHER FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Receivables considered good -Unsecured		
Receivables on assignment and co-lending of loans (Refer Note 8.1, 8.2 and 8.3)	728.37	647.47
Security deposits	16.79	16.95
Other Receivables	11.34	11.15
Security deposits - credit impaired	0.54	0.11
Total gross (a)	**757.04**	**675.68**
Less: Impairment loss allowance (b)	2.40	1.77
Total net (a-b)	**754.64**	**673.91**

Note 8.1: During the year ended March 31 2023, the Company has sold some loans and advances measured at amortised cost under co-lending deals through assignment mode, 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.

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, 2023	As at March 31, 2022
Carrying amount of derecognised financial assets	7,344.70	9,088.02

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 assets) is recognised at present value on the date of derecognition as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial assets.

Note 8.2: Includes receivable from related party ₹ 0.44 crore (previous year ₹ 0.61 crore.)

Note 8.3: Disclosure pursuant to RBI Notification dated September 24, 2021 on "Transfer of Loan Exposures" are given below:

(a) The Company has not acquired any stressed loans or loans not in default during the year ended March 31, 2023 and March 31, 2022.

(b) Details of loans not in default transferred:

(₹ in crore)

Particulars	Assignment through colending	
	Current Year	Previous Year
Total amount of loans transferred through colending	179.79	-
Weighted average residual maturity (in months)	220	-
Weighted average holding period (in months)	7	-
Retention of beneficial economic interest	20%	-
Coverage of tangible security coverage	100%	-
Rating-wise distribution of rated loans	unrated	-

(c) Details of stressed loans transferred:

(₹ in crore)

Particulars	To Asset Reconstruction Companies (ARC) - NPA- Retail	
	Current Year	Previous Year
Number of accounts	35	-
Aggregate principal outstanding of loan transferred	62.52	-
Weighted average residual tenor of the loans transferred (years)	12.66	-
Net book value of loans transferred (at the time of transfer)	43.76	-
Aggregate consideration	31.26	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Excess provisions reversed to the profit and loss account on account of sale	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

(₹ in crore)

Particulars	To Asset Reconstruction Companies (ARC) - NPA- Corporate*	
	Current Year	Previous Year
Number of accounts	2	-
Aggregate principal outstanding of loan transferred	186.96	-
Weighted average residual tenor of the loans transferred (years)	6.55	-
Net book value of loans transferred (at the time of transfer)	61.46	-
Aggregate consideration	140.00	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Excess provisions reversed to the profit and loss account on account of sale	-	-

* Security Receipts are rated as IVR RR2.

NOTE 9: CURRENT TAX (NET)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Net current tax asset / (liability) at the beginning (a)	47.30	(62.93)
Current tax expense (b)	87.57	296.90
Current tax paid (c)	313.31	359.72
Current tax refund (d)	8.97	-
Tax related to earlier years (e)	0.04	(47.41)
Net current tax asset / (liability) at the end (a-b+c-d-e)	**264.03**	**47.30**

NOTE 10: DEFERRED TAX ASSETS (NET)

As at March 31, 2023

(₹ 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	12.34	-	0.63	-
Provision for employee benefits	4.46	-	0.10	-
Impairment allowance for financial assets	380.39	-	(192.66)	-
Derivative instruments in cash flow hedge	14.40	-	-	(26.09)
Expenses paid in advance (net of income received in advance)	-	80.44	(15.85)	-
Interest spread on assigned loans	-	174.85	(21.24)	-
Fair valuation of financial instruments held for trading	4.29	-	0.71	-
Others temporary differences	3.00	17.92	1.18	-
Total	**418.88**	**273.21**	**(227.13)**	**(26.09)**

As at March 31, 2022

(₹ 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	11.71	-	1.15	-
Provision for employee benefits	4.36	-	(0.16)	-
Impairment allowance for financial assets	573.05	-	(11.69)	-
Derivative instruments in cash flow hedge	40.49	-	-	(32.39)
Expenses paid in advance (net of income received in advance)	-	64.59	(5.39)	-
Interest spread on assigned loans	-	153.61	58.42	-
Fair valuation of financial instruments held for trading	3.58	-	2.47	-
Others temporary differences	3.05	19.14	(43.13)	-
Total	**636.24**	**237.34**	**1.67**	**(32.39)**

NOTE 11: INVESTMENT PROPERTY

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2022	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at April 01, 2022	For the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Buildings	0.58	-	-	0.58	0.05	0.01	-	0.06	0.52	0.53
Total	**0.58**	**-**	**-**	**0.58**	**0.05**	**0.01**	**-**	**0.06**	**0.52**	**0.53**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings*	0.58	-	-	0.58	0.04	0.01	-	0.05	0.53	0.54
Total	**0.58**	**-**	**-**	**0.58**	**0.04**	**0.01**	**-**	**0.05**	**0.53**	**0.54**

*Assets pledged and hypothecated against borrowings.

Note 11.1: The Company has leased out its investments properties and same has been classified as operating leases on account that there was no transfer of substantial risk and rewards incidental to the ownership of the assets. Recognition of income and related expenses in profit or loss for investment properties are tabulated below:

(₹ in crore)

Particulars	Current Year	Previous Year
Rental Income	0.12	0.08
Profit from investment properties before depreciation	**0.12**	**0.08**
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.11**	**0.07**

Note 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum undiscounted lease payments receivable under non-cancellable leases of investment properties after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	0.04	0.11
Later than one year but not later than five year	**0.04**	**0.08**
Later than five years	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

Note 11.3: The fair value of the investment property has been determined on the basis of valuation carried out at the reporting date by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement for investment property has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research, contracted rentals, discount rates and comparable values, as appropriate. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

Reconciliation of fair value

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	5.55	5.55
Addition during the year	-	-
Deletion during the year	-	-
Fair value difference	0.09	-
Closing balance	**5.64**	**5.55**

NOTE 12: PROPERTY PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2022	Addition during the year	Disposal / modification during the year	As at March 31, 2023	As at April 01, 2022	For the year	Disposal / modification during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Buildings	37.72	-	-	37.72	2.81	1.20	-	4.01	33.71	34.91
Furniture & Fixtures	19.70	0.45	1.02	19.13	10.01	1.87	0.72	11.16	7.97	9.69
Vehicles	0.10	-	0.10	-	0.05	0.01	0.06	-	-	0.05
Computers	31.92	9.44	0.05	41.31	21.92	4.44	0.05	26.31	15.00	10.00
Office Equipment & Others	31.79	1.44	1.49	31.74	23.76	3.81	1.36	26.21	5.53	8.03
Leasehold Improvements	42.67	0.27	3.36	39.58	33.97	4.94	3.31	35.60	3.98	8.70
Total	**163.90**	**11.60**	**6.02**	**169.48**	**92.52**	**16.27**	**5.50**	**103.29**	**66.19**	**71.38**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Disposal / modification during the year	As at March 31, 2022	As at April 01, 2021	For the year	Disposal / modification during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings	37.72	-	-	37.72	1.61	1.20	-	2.81	34.91	36.11
Furniture & Fixtures	22.12	0.10	2.52	19.70	9.22	1.95	1.16	10.01	9.69	12.90
Vehicles	0.10	-	-	0.10	0.04	0.01	-	0.05	0.05	0.06
Computers	24.44	7.50	0.02	31.92	19.15	2.79	0.02	21.92	10.00	5.29
Office Equipment & Others	29.93	0.65	(1.21)	31.79	18.06	5.38	(0.32)	23.76	8.03	11.87
Leasehold Improvements	42.50	-	(0.17)	42.67	26.98	6.97	(0.02)	33.97	8.70	15.52
Total	**156.81**	**8.25**	**1.16**	**163.90**	**75.06**	**18.30**	**0.84**	**92.52**	**71.38**	**81.75**

(i) Buildings pledged and hypothecated against borrowings.
(ii) There were no revaluation carried out by the Company during the year reported above.

NOTE 12: PROPERTY PLANT AND EQUIPMENT (Contd.)

Right of use

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2022	Addition during the year	Disposal / modification during the year	As at March 31, 2023	As at April 01, 2022	For the year	Disposal / modification during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Building	141.12	34.71	5.96	169.87	80.65	27.26	3.63	104.28	65.59	60.47
Total	**141.12**	**34.71**	**5.96**	**169.87**	**80.65**	**27.26**	**3.63**	**104.28**	**65.59**	**60.47**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Disposal / modification during the year	As at March 31, 2022	As at April 01, 2021	For the year	Disposal / modification during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Building	132.26	8.87	0.01	141.12	54.17	26.49	0.01	80.65	60.47	78.09
Total	**132.26**	**8.87**	**0.01**	**141.12**	**54.17**	**26.49**	**0.01**	**80.65**	**60.47**	**78.09**

Note 12.1: Capital Work-in-Progress

(a) Capital Work-in-Progress ageing

(₹ in crore)

Particulars	As at March 31, 2023				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.08	-	-	-	0.08
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2022				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

(b) The Company does not have any material project which is overdue or has exceeded its cost compared to its original plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

Note 12.2: Intangible assets under development

(a) Intangible assets under development ageing

(₹ in crore)

Particulars	As at March 31, 2023				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.90	1.17	0.01	-	3.08
Projects temporarily suspended	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2022				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.35	1.32	0.87	-	3.54
Projects temporarily suspended	-	-	-	-	-

(b) For Intangible assets under development, where completion is overdue or has exceeded its cost compared to its original plan

(₹ in crore)

Particulars	As at March 31, 2023				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)	-	-	-	-	-

(₹ in crore)

Particulars	As at March 31, 2022				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)-Completion overdue	-	2.18	-	-	2.18

NOTE 13: OTHER INTANGIBLE ASSETS

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2022	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at April 01, 2022	For the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Software	57.81	3.89	-	61.70	39.79	7.90	-	47.69	14.01	18.02
Total	**57.81**	**3.89**	**-**	**61.70**	**39.79**	**7.90**	**-**	**47.69**	**14.01**	**18.02**

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	52.27	5.72	0.18	57.81	31.38	8.59	0.18	39.79	18.02	20.89
Total	**52.27**	**5.72**	**0.18**	**57.81**	**31.38**	**8.59**	**0.18**	**39.79**	**18.02**	**20.89**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

NOTE 14: OTHER NON-FINANCIAL ASSETS

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured considered good		
Prepaid expenses	12.00	7.45
GST input credit	31.54	16.31
Others	11.16	3.19
Total	**54.70**	**26.95**

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:						
Spot and forwards	734.17	0.73	38.67	729.17	0.01	50.08
Currency swaps	5,508.54	657.29	-	6,034.25	332.87	-
(i)	**6,242.71**	**658.02**	**38.67**	**6,763.42**	**332.88**	**50.08**
Interest rate derivatives:						
Forward rate agreements and interest rate swaps	3,823.08	63.02	-	3,525.03	-	40.55
(ii)	**3,823.08**	**63.02**	**-**	**3,525.03**	**-**	**40.55**
Margin money received from/(paid to) counter party bank	-	-	22.33	-	-	-
(iii)	-	-	**22.33**	-	-	-
Total derivative financial instruments (i)+(ii)+(iii)	**10,065.79**	**721.04**	**61.00**	**10,288.45**	**332.88**	**90.63**
Included in above are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
Currency derivatives	6,242.71	658.02	61.00	6,763.42	332.88	50.08
Interest rate derivatives	3,823.08	63.02	-	3,525.03	-	40.55
Total derivative financial instruments	**10,065.79**	**721.04**	**61.00**	**10,288.45**	**332.88**	**90.63**

* Refer Note 18.3, 43 and 47.2.

NOTE 16: TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	1.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	28.51	16.29
Due to related parties	-	-
Total	**30.25**	**16.29**

Note 16.1: Trade Payables ageing

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment					
	As at March 31, 2023					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro, Small, and Medium Enterprises	1.69	0.05	-	-	-	1.74
(ii) Others	28.08	0.43	-	0.00	-	28.51
(iii) Disputed dues – Micro, Small, and Medium Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment					
	As at March 31, 2022					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro, Small, and Medium Enterprises	-	-	-	-	-	-
(ii) Others	16.04	0.12	0.05	0.08	-	16.29
(iii) Disputed dues – Micro, Small, and Medium Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

Note 16.2: The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is as follows:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
1. Principal amount due and remaining unpaid	0.05	-
2. Interest due on (1) above and the unpaid interest	-	-
3. Interest paid on all delayed payment under the MSMED Act	0.00	-
4. Payment made beyond the appointed day during the year	0.10	0.05
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	0.00	0.00
7. Amount of further interest remaining due and payable in succeeding years	-	-
Total	**0.15**	**0.05**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

NOTE 17: DEBT SECURITIES

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	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	3,994.09	-	-	3,994.09	6,201.97	-	-	6,201.97
Total	**3,994.09**	-	-	**3,994.09**	**6,201.97**	-	-	**6,201.97**
Debt securities in India	3,994.09	-	-	3,994.09	6,201.97	-	-	6,201.97
Debt securities outside India	-	-	-	-	-	-	-	-
Total	**3,994.09**	-	-	**3,994.09**	**6,201.97**	-	-	**6,201.97**

Note 17.1: 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.

b) Terms of repayment

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
6.01% - 7.00%	-	455.00	-	-	-	455.00	-	-
7.01% - 8.00%	-	-	-	-	1,275.00	-	-	-
8.01% - 9.00%	600.00	650.00	1,000.00	1,000.00	555.00	600.00	1,000.00	1,500.00
9.01% - 10.00%	300.00	-	-	-	530.00	300.00	-	-
	900.00	**1,105.00**	**1,000.00**	**1,000.00**	**2,360.00**	**1,355.00**	**1,000.00**	**1,500.00**

Note 17.2: The rate of interest and amount of repayment appearing in note 17.1(b) are as per the term of the debt instruments (i.e. excluding impact of effective interest rate). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTE 18: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	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	3,046.20	-	-	3,046.20	4,665.21	-	-	4,665.21
Banks	18,029.00	-	-	18,029.00	13,385.84	-	-	13,385.84
External commercial borrowing	3,312.83	-	-	3,312.83	3,988.89	-	-	3,988.89
Bank overdraft	49.99	-	-	49.99	50.01	-	-	50.01
Loans from related party	4,636.68	-	-	4,636.68	4,325.89	-	-	4,325.89
Unsecured								
Term loans								
Banks	2,100.00	-	-	2,100.00	1,300.00	-	-	1,300.00
Total	**31,174.70**	**-**	**-**	**31,174.70**	**27,715.84**	**-**	**-**	**27,715.84**
Borrowings in India	25,683.12	-	-	25,683.12	21,718.06	-	-	21,718.06
Borrowings outside India	5,491.58	-	-	5,491.58	5,997.78	-	-	5,997.78
Total	**31,174.70**	**-**	**-**	**31,174.70**	**27,715.84**	**-**	**-**	**27,715.84**

Note 18.1: Refinance from National Housing Bank (NHB):

a) Nature of security

(i) 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.

(ii) During FY 23, the Company has availed ₹ Nil and during FY 22 ₹ 1490.00 crore was availed under "Special Refinance Facility 2021 Assistance Facility Scheme" of NHB for short term liquidity support to provide refinance assistance in respect of eligible individual Housing loans".

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	132.46	281.46	-	-	504.95	353.20	130.40	-
6.01% - 8.00%	418.04	821.19	400.42	155.12	583.41	1,369.76	946.08	777.41
8.01% - 10.00%	123.78	330.08	308.48	75.17	-	-	-	-
	674.28	**1,432.73**	**708.90**	**230.29**	**1,088.36**	**1,722.96**	**1,076.48**	**777.41**

Note 18.2: Term loan from Banks:

a) Nature of security

i) Term loan from Punjab National Bank (related party) are secured by hypothecation by way of exclusive charge on specific standard book debts of the Company with minimum asset cover of 1.10 times to be maintained at all times.

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 1.12 times of outstanding amount.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
5.10% - 5.89%	-	-	-	-	796.67	333.33	-	-
5.90% - 7.00%	-	-	-	-	412.49	574.50	200.00	-
7.01% - 9.00%	1,891.30	566.63	-	-	-	-	-	-
from others:								
4.00% - 7.00%	500.00	-	-	-	6,185.61	4,009.19	1,882.30	100.00
7.01% - 9.00%	7,570.34	6,693.26	3,823.27	559.55	1,445.57	1,040.94	30.00	-
9.01% - 9.11%	166.67	666.67	166.67		-	-	-	-
	10,128.31	**7,926.56**	**3,989.94**	**559.55**	**8,840.34**	**5,957.96**	**2,112.30**	**100.00**

Note 18.3: External commercial borrowing:

a) Nature of security

i) 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, 2023, the Company has outstanding ECB of USD 670.00 million (equivalent to ₹ 5,508.53 crore) (March 31, 2022 USD 796.00 million (equivalent to ₹ 6,034.25 crore)). The Company has undertaken cross currency swaps and principal only swaps to hedge the foreign currency risk of the ECB principal. 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, 2023				As at March 31, 2022			
	≤ 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 + 110 - 200 bps	2,178.75	-	-	-	-	2,008.89	-	-
from others:								
USD LIBOR + 110 - 200 bps	1,890.98	1,438.80	-	-	955.17	2,501.64	568.55	-
	4,069.73	**1,438.80**	**-**	**-**	**955.17**	**4,510.53**	**568.55**	**-**

Note 18.4: Bank overdraft:

a) Nature of security

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

b) Terms of Repayment

(₹ in crore)

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
6.50% -8.00%	49.99	-	-	-	50.01	-	-	-

Note 18.5:

The rate of interest and amount of repayment appearing in note 18.1(b), 18.2(b) and 18.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

NOTE 19: DEPOSITS

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	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 (Refer Note 36.31)	15,513.28	-	-	15,513.28	14,939.95	-	-	14,939.95
(ii) From banks (Refer Note 19.2)	325.84	-	-	325.84	411.91	-	-	411.91
(iii) From others	1,375.12	-	-	1,375.12	2,253.28	-	-	2,253.28
Total	**17,214.24**	**-**	**-**	**17,214.24**	**17,605.14**	**-**	**-**	**17,605.14**

Note 19.1: Refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

Note 19.2: Includes amount payable to related party ₹114.06 crore.

NOTE 20: SUBORDINATED LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	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	1,238.35	-	-	1,238.35	1,438.18	-	-	1,438.18
Total	**1,238.35**	**-**	**-**	**1,238.35**	**1,438.18**	**-**	**-**	**1,438.18**
Subordinated liabilities in India	1,238.35	-	-	1,238.35	1,438.18	-	-	1,438.18
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
Total	**1,238.35**	**-**	**-**	**1,238.35**	**1,438.18**	**-**	**-**	**1,438.18**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 20.1: 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, 2023, ₹337.70 crore (March 31, 2022 ₹577.50 crore) qualify as Tier II Capital under regulatory guidelines for assessing capital adequacy.

b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 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%	499.00	410.00	290.00	-	-	699.00	500.00	-
9.01% - 10.00%	-	-	-	39.70	200.00	-	-	39.70
	499.00	**410.00**	**290.00**	**39.70**	**200.00**	**699.00**	**500.00**	**39.70**

Note 20.2:

The rate of interest and amount of repayment appearing in note 20.1(b) are as per the term of the debt instruments. (i.e. excluding impact of effective interest rate). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission underlying returns/statements.

NOTE 21: OTHER FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on deposits	3.72	38.07
Interest accrued but not due on borrowings (Refer Note 21.1)	262.46	315.69
Unpaid matured deposits and interest accrued thereon	29.94	43.84
Amount payable under assignments (Refer Note 21.2)	167.11	265.15
Book overdraft	1,117.57	1,407.22
Unpaid dividends	0.07	0.07
Other liabilities	307.53	424.37
Lease liabilities (Refer Note 37)	74.75	70.22
Total	**1,963.15**	**2,564.63**

Note 21.1: Includes amount payable to related party ₹ 2.23 crore (previous year ₹ 0.49 crore).

Note 21.2: Includes amount payable to related party ₹ 79.29 crore (previous year ₹ 124.94 crore).

NOTE 22: PROVISIONS

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Retirement benefits	17.72	17.33
Total	**17.72**	**17.33**

NOTE 23: OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance received from customers	134.75	207.07
Statutory dues Payable	75.35	70.51
Other liabilities	17.24	21.02
Total	**227.34**	**298.60**

NOTE 24: EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
50,00,00,000 equity shares of ₹ 10 each (March 31, 2022: 50,00,00,000)	500.00	500.00
	500.00	**500.00**
Issued, subscribed and paid-up		
16,88,55,818 equity shares of ₹ 10 each fully paid up (March 31, 2022: 16,85,98,555)	168.86	168.60
Total	**168.86**	**168.60**

Note 24.1: 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, 2023		As at March 31, 2022	
	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	16,85,98,555	168.60	16,82,68,123	168.27
Add: Share allotted pursuant to exercise of stock option	2,57,263	0.26	3,30,432	0.33
Outstanding at the end of the year	**16,88,55,818**	**168.86**	**16,85,98,555**	**168.60**

Note 24.2: Detail of equity shareholding of Promoter

(₹ in crore)

Promoter name	As at March 31, 2023		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.52%	(0.05%)

(₹ in crore)

Promoter name	As at March 31, 2022		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.57%	(0.07%)

* Change during the year on account of exercise of ESOPs by employees.

Note 24.3: Details of shareholders holding more than 5% of equity shares in the Company:

(₹ in crore)

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.52	5,49,14,840	32.57
Quality Investments Holdings	5,41,92,300	32.09	5,41,92,300	32.14
Investment Opportunities V Pte. Limited	1,66,87,956	9.88	1,66,87,956	9.90
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.83	1,65,93,240	9.84

Note 24.4: 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 24.5: 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 24.6: 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 24.7: 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 the directives of the Regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB & RBI 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 into 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.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board of Director's at regular intervals.

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 intangible assets. The book value of investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate 10% of owned funds will be reduced while arriving at 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 to the extent of one and one fourth percent of risk weighted asset, hybrid capital instruments and subordinated debts.(Refer Note 36.1)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Debt securities	3,994.09	6,201.97
Borrowings (other than debt securities)	31,174.70	27,715.84
Deposits	17,244.18	17,648.98
Subordinated liabilities	1,238.35	1,438.18
Less: Cash and cash equivalents	(3,677.82)	(5,065.62)
Less: Bank balance other than cash and cash equivalents (other than earmarked balances)	(118.31)	(150.40)
Net debt	**49,855.19**	**47,788.95**
Total equity- Shareholder funds	11,013.86	9,871.63
Net debt to equity ratio	**4.53**	**4.84**

Note 24.8: Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details 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 - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019	August 19, 2020
Number of options granted	18,15,000	2,35,000	1,81,200	45,000
Exercise price per option	₹1333.35	₹1333.35	₹847.40	₹261.15
Date of vesting	The vesting will be as under:			
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020	10% on August 19, 2021
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021	20% on August 19, 2022
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022	30% on August 19, 2023
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023	40% on August 19, 2024
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 V	ESOS - 2016 Tranche VI	ESOS - Restricted stock units 2020 Tranche I	ESOS - Restricted stock units 2020 Tranche II
Date of Grant	August 19, 2020	October 21, 2022	February 15, 2021	April 26, 2022
Number of options granted	5,50,000	5,75,000	2,75,676	25,000
Exercise price per option	₹261.15	₹444.05	₹10.00	₹10.00
Date of vesting	The vesting will be as under:		The vesting will be as under:	
	10% on August 19, 2021	20% on October 21, 2023	10% on February 15, 2022	10% on April 26, 2023
	20% on August 19, 2022	20% on October 21, 2024	20% on February 15, 2023	20% on April 26, 2024
	30% on August 19, 2023	30% on October 21, 2025	30% on February 15, 2024	30% on April 26, 2025
	40% on August 19, 2024	30% on October 21, 2026	40% on February 15, 2025	40% on April 26, 2026
Exercise period	Within 3 years from the date of respective vesting		Within 1 years from the date of respective vesting	
Method of settlement	Through allotment of one equity share for each option granted		Through allotment of one equity share for each option granted	
Vesting conditions	Employee to remain in service on the date of vesting	Employee to remain in service on the date of vesting and other applicable performance conditions.	Employee to remain in service on the date of vesting and other applicable performance conditions.	

Particulars	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VII
Date of Grant	October 08, 2021	July 26, 2021	October 28, 2021
Number of options granted	22,000	1,00,000	75,000
Exercise price per option	₹644.70	₹690.35	₹507.20
Date of vesting	The vesting will be as under:		
	10% on October 08, 2022	10% on July 26, 2022	10% on October 28, 2022
	20% on October 08, 2023	20% on July 26, 2023	20% on October 28, 2023
	30% on October 08, 2024	30% on July 26, 2024	30% on October 28, 2024
	40% on October 08, 2025	40% on July 26, 2025	40% on October 28, 2025
Exercise period	Within 3 years from the date of respective vesting	Within 3 years from the date of respective vesting	
Method of settlement	Through allotment of one equity share for each option granted	Through allotment of one equity share for each option granted	
Vesting conditions	Employee to remain in service on the date of vesting	Employee to remain in service on the date of vesting and other applicable performance conditions.	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

Particulars	ESOS - 2018 Tranche VIII	ESOS - 2018 Tranche IX	ESOS - 2018 Tranche X	ESOS - 2018 Tranche XI
Date of Grant	December 10, 2021	June 09, 2022	August 08, 2022	October 27, 2022
Number of options granted	75,000	25,000	6,78,559	2,00,000
Exercise price per option	₹588.10	₹345.20	₹345.30	₹431.20
Date of vesting	The vesting will be as under:			
	10% on December 10, 2022	20% on June 09, 2023	20% on August 08, 2023	20% on October 27, 2023
	20% on December 10, 2023	20% on June 09, 2024	20% on August 08, 2024	20% on October 27, 2024
	30% on December 10, 2024	30% on June 09, 2025	30% on August 08, 2025	30% on October 27, 2025
	40% on December 10, 2025	30% on June 09, 2026	30% on August 08, 2026	30% on October 27, 2026
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 and other applicable performance conditions.			

Note: During the year the Company has approved Employee Stock Option Scheme III 2022 and Restricted stock unit Scheme 2022 where in maximum number of options/RSU available for grant in scheme are 20.00 lakh and 8.50 lakh respectively. However, no grant has been made under these schemes.

(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2023		
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	-	-	7,872
Options exercisable at the beginning of the year	(b)	1,14,871	1,12,025	36,113
Options granted during the year	(c)	-	-	-
Options lapsed / expired during the year	(d)	24,999	60,375	24,871
Options vested during the year	(e)	-	-	7,872
Options exercised during the year	(f)	79572*	-	-
Options forfeited during the year	(g)	-	-	-
Options outstanding at end of the year	(h) = (a+c-e-g)	-	-	-
Options exercisable at the end of the year	(i) = (b+e-d-f)	10,300	51,650	19,114
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1,333.35
Weighted average remaining contractual life	(year)	0.01	0.23	0.04

Particulars		As at March 31, 2023			
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Options Outstanding at the beginning of the year	(a)	3,23,759	14,875	23,375	40,500
Options exercisable at the beginning of the year	(b)	3,32,456	60,375	70,125	2,000
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	1,42,575	40,375	47,825	5,000
Options vested during the year	(e)	1,50,919	14,125	11,150	9,000
Options exercised during the year	(f)	-	-	-	-
Options forfeited during the year	(g)	33,640	750	12,225	17,500
Options outstanding at end of the year	(h) = (a+c-e-g)	1,39,200	-	-	14,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,40,800	34,125	33,450	6,000
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life	(year)	1.06	0.50	0.74	2.03

Particulars		As at March 31, 2023			
		ESOS - 2016 Tranche V	ESOS - 2016 Tranche VI	ESOS - Restricted stock units 2020 Tranche I	ESOS - Restricted stock units 2020 Tranche II
Options Outstanding at the beginning of the year	(a)	4,95,000	-	1,42,367	-
Options exercisable at the beginning of the year	(b)	55,000	-	14,204	-
Options granted during the year	(c)	-	5,75,000	-	25,000
Options lapsed / expired during the year	(d)	-	-	1,513	-
Options vested during the year	(e)	1,10,000	-	23,194	-
Options exercised during the year	(f)	165000**	-	12691***	-
Options forfeited during the year	(g)	3,85,000	-	37,964	-
Options outstanding at end of the year	(h) = (a+c-e-g)	-	5,75,000	81,209	25,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	23,194	-
Weighted Average Exercise Price per option	(₹)	261.15	444.05	10.00	10.00
Weighted average remaining contractual life	(year)	2.03	3.76	1.46	2.57

Particulars		As at March 31, 2023			
		ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Options Outstanding at the beginning of the year	(a)	1,00,000	22,000	75,000	75,000
Options exercisable at the beginning of the year	(b)	-	-	-	-
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	-	-	1,000	-
Options vested during the year	(e)	10,000	-	2,500	7,500
Options exercised during the year	(f)	-	-	-	-
Options forfeited during the year	(g)	-	22,000	59,000	-
Options outstanding at end of the year	(h) = (a+c-e-g)	90,000	-	13,500	67,500
Options exercisable at the end of the year	(i) = (b+e-d-f)	10,000	-	1,500	7,500
Weighted Average Exercise Price per option	(₹)	690.35	644.70	507.20	588.10
Weighted average remaining contractual life	(year)	2.86	-	3.10	3.21

Particulars		As at March 31, 2023		
		ESOS - 2018 Tranche IX	ESOS - 2018 Tranche X	ESOS - 2018 Tranche XI
Options Outstanding at the beginning of the year	(a)	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	25,000	6,78,559	2,00,000
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)	-	1,11,969	-
Options outstanding at end of the year	(h) = (a+c-e-g)	25,000	5,66,590	2,00,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-
Weighted Average Exercise Price per option	(₹)	345.20	345.30	431.20
Weighted average remaining contractual life	(year)	3.40	3.56	3.78

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars		As at March 31, 2022			
		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)	-	52,875	40,000	27,243
Options exercisable at the beginning of the year	(b)	5,07,527	1,60,875	60,000	28,492
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	64,724	99,350	60,000	8,750
Options vested during the year	(e)	-	50,500	-	16,371
Options exercised during the year#	(f)	3,27,932	-	-	-
Options forfeited during the year	(g)	-	2,375	40,000	3,000
Options outstanding at end of the year	(h) = (a+c-e-g)	-	-	-	7,872
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,14,871	1,12,025	-	36,113
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35
Weighted average remaining contractual life	(year)	0.14	0.53	-	0.21

Particulars		As at March 31, 2022			
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Options Outstanding at the beginning of the year	(a)	9,02,870	65,500	53,250	45,000
Options exercisable at the beginning of the year	(b)	1,60,455	65,500	55,750	-
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	1,34,989	37,000	9,000	-
Options vested during the year	(e)	3,06,990	31,875	23,375	4,500
Options exercised during the year##	(f)	-	-	-	2,500
Options forfeited during the year	(g)	2,72,121	18,750	6,500	-
Options outstanding at end of the year	(h) = (a+c-e-g)	3,23,759	14,875	23,375	40,500
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,32,456	60,375	70,125	2,000
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life	(year)	1.75	0.95	1.36	2.92

Particulars		As at March 31, 2022	
		ESOS - 2016 Tranche V	ESOS - Restricted stock units 2020
Options Outstanding at the beginning of the year	(a)	5,50,000	2,63,586
Options exercisable at the beginning of the year	(b)	-	-
Options granted during the year	(c)	-	-
Options lapsed / expired during the year	(d)	-	215
Options vested during the year	(e)	55,000	14,419
Options exercised during the year	(f)	-	-
Options forfeited during the year	(g)	-	1,06,800
Options outstanding at end of the year	(h) = (a+c-e-g)	4,95,000	1,42,367
Options exercisable at the end of the year	(i) = (b+e-d-f)	55,000	14,204
Weighted Average Exercise Price per option	(₹)	261.15	10.00
Weighted average remaining contractual life	(year)	2.92	2.39

Particulars		As at March 31, 2022			
		ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Options Outstanding at the beginning of the year	(a)	-	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-	-
Options granted during the year	(c)	1,00,000	22,000	75,000	75,000
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)	-	-	-	-
Options outstanding at end of the year	(h) = (a+c-e-g)	1,00,000	22,000	75,000	75,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-	-
Weighted Average Exercise Price per option	(₹)	690.35	644.70	507.20	588.10
Weighted average remaining contractual life	(year)	3.82	4.03	4.08	4.20

* Weighted average share price at the date of the exercise of the stock option is ₹ 520.28

** Weighted average share price at the date of the exercise of the stock option is ₹ 433.53

*** Weighted average share price at the date of the exercise of the stock option is ₹ 395.86

Weighted average share price at the date of the exercise of the stock option is ₹ 718.47

Weighted average share price at the date of the exercise of the stock option is ₹ 524.75

(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	ESOS - 2018 Tranche IV
Estimated Value of Stock Option (₹)	593.17	511.64	321.87	120.56
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40	261.15
Exercise Price (₹)	1,333.35	1,333.35	847.40	261.15
Expected Volatility (%)*	0.3560	0.3560	0.4102	0.4834
Dividend Yield Rate (%)	0.53	0.55	1.06	-
Expected Life of Options** (year)	5.21	4.00	4.00	4.50
Risk Free Rate of Interest (%)	7.90	7.79	6.97	5.06

Particulars	ESOS - 2016 Tranche V	ESOS - 2016 Tranche VI	ESOS - Restricted stock units 2020 Tranche I	ESOS - Restricted stock units 2020 Tranche II
Estimated Value of Stock Option (₹)	120.56	214.75	348.04	380.13
Share Price at Grant Date (₹)	261.15	444.05	356.40	388.20
Exercise Price (₹)	261.15	444.05	10.00	10.00
Expected Volatility (%)*	0.48	50.64	0.49	52.01
Dividend Yield Rate (%)	-	-	-	-
Expected Life of Options** (year)	4.50	4.21	3.50	3.50
Risk Free Rate of Interest (%)	5.06	7.26	5.10	6.07

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Estimated Value of Stock Option (₹)	332.79	308.88	243.69	282.65
Share Price at Grant Date (₹)	690.35	644.70	507.20	588.10
Exercise Price (₹)	690.35	644.70	507.20	588.10
Expected Volatility (%)*	0.5106	0.5077	0.5091	0.5104
Dividend Yield Rate (%)	-	-	-	-
Expected Life of Options** (year)	4.50	4.50	4.50	4.50
Risk Free Rate of Interest (%)	5.28	5.20	5.24	5.19

Particulars	ESOS - 2018 Tranche IX	ESOS - 2018 Tranche X	ESOS - 2018 Tranche XI
Estimated Value of Stock Option (₹)	166.72	166.16	208.11
Share Price at Grant Date (₹)	345.20	345.30	431.20
Exercise Price (₹)	345.20	345.30	431.20
Expected Volatility (%)*	51.30	51.03	50.65
Dividend Yield Rate (%)	-	-	-
Expected Life of Options** (year)	4.21	4.21	4.21
Risk Free Rate of Interest (%)	6.94	6.92	7.19

*Expected volatility has been computed basis the expected life.

**Expected life of the share option is based on the date of grant and is not necessarily indicative of exercise pattern that may occur.

(iv) The expenses recognised for the employee services received during the year are as follows:

(₹ in crore)

Particulars	Current Year	Previous Year
Expenses arising from equity settled share based payment transaction	11.95	3.67
Expenses arising from cash settled share based payment transaction	-	-
Total	**11.95**	**3.67**

Note 24.9: Dividend declared and paid

Particulars	Net Profit for the accounting period (₹ in crore)*	Rate of dividend (per cent)	Amount of dividend	Dividend pay out ratio (per cent)
April 2022- March 2023	1,056.27	-	-	-
April 2021- March 2022	821.92	-	-	-

Dividend paid during the financial year:

(₹ in crore)

Particulars	Current Year	Previous Year
Dividend on ordinary shares:		
Final dividend for 2023: ₹ Nil per share	-	-
Final dividend for 2022: ₹ Nil per share	-	-
Total	**-**	**-**

*Net profit for the accounting period is based on standalone financial statement of the Company.

NOTE 25: OTHER EQUITY (NATURE AND PURPOSE OF RESERVES)

Share application money

Share application money pending allotment whereby the amount has been received on the application, of which allotment is yet to be made.

Securities premium

Securities premium 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 securities premium can be utilised only for limited purposes such as issuance of bonus shares, issue expenses of securities which qualify as equity instruments in accordance with the provisions of the Companies Act, 2013.

Special reserve and Statutory 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 29C (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.

Retained Earnings

Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

Effective portion of cash flow hedges

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 26: 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	5,837.25	-	5,837.25	5,564.46	-	5,564.46
Investments						
Financial investments - Debt	169.82	-	169.82	158.45	-	158.45
Financial asset valued at fair value through profit and loss	-	81.22	81.22	-	44.92	44.92
Deposits with banks	107.27	-	107.27	50.82	-	50.82
Other Interest income						
Loan against deposits	3.51	-	3.51	3.35	-	3.35
Total	**6,117.85**	**81.22**	**6,199.07**	**5,777.08**	**44.92**	**5,822.00**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 27: FEES AND COMMISSION INCOME

(₹ in crore)

Particulars	Current Year	Previous Year
Fees Income	145.88	159.74
Other charges recovered	137.38	102.81
Total	**283.26**	**262.55**

NOTE 28: 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		
Others		
- Investments	34.10	111.38
Total	**34.10**	**111.38**
Fair value changes:		
- Realised	45.03	121.42
- Unrealised	(10.93)	(10.04)
Total	**34.10**	**111.38**

NOTE 29: 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	-	395.68	395.68	-	704.37	704.37
Interest on borrowings	-	2,051.22	2,051.22	-	1,913.08	1,913.08
Interest on deposits	-	1,315.39	1,315.39	-	1,307.06	1,307.06
Interest on subordinated liabilities	-	119.25	119.25	-	124.28	124.28
Interest on lease liabilities	-	6.18	6.18	-	6.52	6.52
Interest on Income tax	-	0.05	0.05	-	0.47	0.47
Fee and other charges	-	10.75	10.75	-	8.68	8.68
Total	**-**	**3,898.52**	**3,898.52**	**-**	**4,064.46**	**4,064.46**

NOTE 30: IMPAIRMENT ON FINANCIAL INSTRUMENTS AND WRITE OFFS

(₹ 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	-	(1,126.10)	(1,126.10)	-	14.84	14.84
Bad debts written off (net)	-	1,738.20	1,738.20	-	562.03	562.03
Investments	-	78.55	78.55	-	-	-
Other receivables	-	0.63	0.63	-	(0.49)	(0.49)
Trade receivables	-	-	-	-	(0.02)	(0.02)
Total	**-**	**691.28**	**691.28**	**-**	**576.36**	**576.36**

NOTE 31: EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	230.64	193.19
Contribution to provident and other funds	18.38	16.53
Share based payments to employees	11.95	3.67
Staff welfare expenses	4.99	3.22
Total	**265.96**	**216.61**

NOTE 32: OTHER EXPENSES

(₹ in crore)

Particulars	Current Year	Previous Year
Rent expenses	2.06	1.36
Rates and taxes	0.26	0.27
Electricity and water exepnses	8.73	7.45
Repairs and maintenance	24.59	17.65
Office running and mantinance expenses	30.08	25.53
Business support services	7.04	2.77
Legal and professional charges	53.53	61.37
Advertisement and publicity	19.99	18.44
Corporate social responsibility expenses (Refer Note 32.1)	18.76	23.22
Communication costs	9.07	9.73
Travelling and conveyance	9.52	5.10
Printing and stationery	5.48	3.89
Training and recruitment expenses	6.98	5.29
Director's fees, allowances and expenses	2.92	2.10
Auditor's fees and expenses (Refer Note 32.2)	1.08	0.84
Insurance	0.66	0.54
Bank charges	1.44	0.40
Net loss on derecognition of property, plant and equipment	0.19	0.19
Impairment/loss on assets held for sale	47.65	7.86
Miscellaneous expenses	-	0.83
Total	**250.03**	**194.83**

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for the year ended March 31, 2023

Note 32.1: Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2021 as amended, 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	18.76	23.19
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	11.22	22.06
- Expenditure on administrative overheads for CSR^	0.54	1.16
Total	**11.76**	**23.22**
c) Shortfall at the end of year	7.00	-
d) Total of previous years shortfall	-	-
e) Reason for shortfall	Refer note 32.1 (i)	NA
f) Details of related party transactions,contribution to a trust controlled by the company in relation to CSR expenditure trust		
- Pehel Foundation*	11.22	18.19
g) Nature of CSR activities		
Nature of CSR activities undertaken by the Company are in relation to: - Healthcare - Education - Women Empowerment - Environmental Sustainability - Promoting education for the differently abled - Employment enhancing vocational skills, training for women - Contribution towards Prime minister relief fund		
h) CSR amount spent or unspent for the financial year		
- Total Amount Spent for the Financial Year	11.76	23.22
- Total Amount transferred to Unspent CSR Account as per section 135(6)	7.00	-
- Amount transferred to Unspent Corporate Social Responsibility Account with in specified period	Yes	NA
- Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)	-	-

Note 32.1 (i): In relation to Financial Year 2022-23, for optimal and proper utilization of the CSR funds, projects were reviewed and to implement the project effectively and create long term impact, projects were revised as ongoing projects and funds for the same projects will be utilised as planned from unspent account in the subsequent financial years.

^The administrative overheads considered on the actual CSR amount spent and not on unspent account.

*Gross amount paid to PEHEL Foundation was ₹ 11.43 crore during the FY 2022-23, out of which ₹ 0.21 crore was received subsequently by PHFL Home Loan and Services Limited from PEHEL Foundation on account of unspent amount pertaining to ongoing project.

Note 32.2: Auditor's fees and expenses*

(₹ in crore)

Particulars	Current Year	Previous Year
Statutory audit fee	0.43	0.38
Tax audit fee	0.08	0.07
Limited review fee	0.32	0.24
Other certification fee	0.14	0.08
Out of pocket expenses	0.03	0.01
GST expenses on Auditor's fees and expenses	0.08	0.06
Total	**1.08**	**0.84**

*Excluding fees in relation to the Rights Issue related services by the statutory auditor's amounting to ₹ 0.65 crore plus applicable taxes (Previous year ₹ Nil).

NOTE 33: INCOME TAXES

The components of income tax expense are:

(₹ in crore)

Particulars	Current Year	Previous Year
Current tax	87.74	296.56
Adjustments in respect of current income tax of prior years	0.04	(47.41)
Deferred tax relating to origination and reversal of temporary differences	227.13	(1.67)
Total	**314.91**	**247.48**
Current tax	87.78	249.15
Deferred tax (Refer Note 10)	227.13	(1.67)

Note 33.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2023 and March 31, 2022 is as follows:

(₹ in crore)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,360.91	1,083.96
Statutory income tax rate (%)	(b)	25.168	25.168
Tax at statutory income tax rate	(c) = (a*b)	342.51	272.81
Adjustments in respect of current income tax of prior years	(d)	0.04	(47.41)
Impact of:			
– Income not subject to tax	(e)	(38.33)	(20.37)
– Non deductible expenses	(f)	(210.89)	89.80
– Deduction under section 36 (1) (viii)	(g)	(11.10)	(31.03)
– Other deductions	(h)	5.55	(14.65)
Total current tax expense	**(c+d+e+f+g+h)**	**87.78**	**249.15**
Effective tax rate (%)		**23.14**	**22.83**
Other comprehensive income			
Tax expense on re-measurement gains/ (losses) on defined benefit plan		0.17	(0.34)
Total tax on other comprehensive income		**0.17**	**(0.34)**

NOTE 34: EARNING PER SHARE

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

Particulars	Unit	Current Year	Previous Year
a) Amount used as the numerator for basic EPS profit for the year	(₹ in crore)	1,046.00	836.48
b) Weighted average number of equity shares for basic EPS	Number	16,86,79,926	16,85,05,508
c) Weighted average number of equity shares for diluted EPS	Number	16,88,44,989	16,88,74,383
d) Nominal value per share	(in ₹)	10	10
e) Earnings per share:			
- Basic (a/b)	(in ₹)	62.01	49.64
- Diluted (a/c)	(in ₹)	61.95	49.53

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ii) The basic earnings per share has 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 has 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 proceeds 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. Diluted earnings per share does not include conversion or exercise of potential ordinary shares that would have an antidilutive effect on earnings per share.

Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Weighted average number of equity shares at the beginning of the year	16,85,98,555	16,82,68,123
Weighted average number of equity shares issued during the year	81,371	2,37,385
Weighted average number of equity shares for computation of basic earnings per share	16,86,79,926	16,85,05,508
Effect of dilutive equity shares - share option outstanding	1,65,063	3,68,875
Weighted average number of equity shares for computation of dilutive earnings per share	**16,88,44,989**	**16,88,74,383**

NOTE 35: ASSETS HELD FOR SALE

The Company has taken possession of mortgage properties (residential / commercial) and is in the process of disposing the same. These properties are classified as assets held for sale.

Period	Particulars	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company
March 31, 2023	Assets held for sale	Land	-	NA	NA	NA	Possession of assets taken under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Security Interest (Enforcement) Rules, 2002
March 31, 2023	Assets held for sale	Building	-	NA	NA	NA	
March 31, 2022	Assets held for sale	Land	73.20	Respective borrowers	No	Between -January 2013 to March 2020	
March 31, 2022	Assets held for sale	Building	148.63	Respective borrowers	No	Between -January 2013 to March 2021	

NOTE 36: DISCLOSURE AS PER NON-BANKING FINANCIAL COMPANY-HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021

The following additional disclosures have been given in compliance with:

(i) Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021"" ('RBI directions"") issued by RBI vide notification number RBI/2020-21/73/DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021; and

(ii) RBI notification number RBI/2022-23/26/DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 in relation to Scale Based Regulation.

The above stated RBI directions and NHB Directions are applicable to the Company on standalone basis except note no. 36.10, hence these disclosures are on the basis of standalone financial statement of the Company.

Note 36.1: Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2023	As at March 31, 2022
i) CRAR (%)^	24.43	23.40
ii) CRAR – Tier I Capital (%)	22.40	20.73
iii) CRAR – Tier II Capital (%)	2.03	2.67
(iv) Amount of subordinated debt raised as Tier-II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

^The CRAR is computed by dividing the total capital fund of the Company with aggregated risk-weighted assets/exposure.

Note 36.2: 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	167.97	126.97
(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	1,134.76	1,010.76
(c) Total	**1,302.73**	**1,137.73**
Addition/ Appropriation/ Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	167.00	41.00
(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	45.00	124.00
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	334.97	167.97
(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 the NHB Act, 1987	1,179.76	1,134.76
(c) Total	**1,514.73**	**1,302.73**

Note 36.3: Investments

(₹ in crore)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	3,266.57	3,472.02
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	78.55	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	3,188.02	3,472.02
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	78.55	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-
(iv) Closing balance	78.55	-

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(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Current investments	870.85	1,237.54
Non-current investments	2,317.17	2,234.48
Total	**3,188.02**	**3,472.02**

Note 36.4: Derivatives

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

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) The notional principal of swap agreements	10,065.79	10,288.45
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	721.04	332.88
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	10,065.79	10,288.45
(v) The fair value of the swap book	660.04	242.25

@ 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, 2023	As at March 31, 2022
(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 in 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 (without underlying exposure). The Company has entered in to derivative transaction only for hedging its foreign currency and interest rate exposure against foreign currency borrowing which has been availed for financing prospective buyers of eligible housing units. The derivative transactions entered into for hedging the ECB borrowings are as per the applicable guidelines of RBI. The hedging is guided by the Board resolution authorising the Company to borrow through ECB route and hedging of the underlying exposure.
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	As at March 31, 2023		As at March 31, 2023	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	6,242.71	3,823.08	6,763.42	3,525.03
(ii) Marked to Market Positions				
(a) Assets (+)	658.02	63.02	332.88	-
(b) Liability (-)*	(61.00)	-	(50.08)	(40.55)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	3.25	3.25	96.84	4.82

* Including margin money received from counter party bank.

Note 36.5: 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	-	-
(ii) Aggregate value (net of provisions) of accounts assigned	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

During the year, the Company has sold some loans and advances measured at amortised cost under co-lending deals through assignment mode, the details of which has been given in note 8.3 (b).

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

v) During the year, the Company has sold non-performing financial assets details of which are given in note 8.3 (c) (Previous year ₹ Nil).

Note 36.6: Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the current estimates and assumptions regarding behavioural pattern of pre-payments/maturities and renewals. Maturity pattern of certain items of assets and liabilities are as follows:

As at March 31, 2023

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
1 day to 7 days	61.85	49.99	-	-	251.03	91.46	-
8 days to 14 days	60.41	30.00	-	-	660.38	103.00	-
15 days to 30/31 days	115.49	550.01	-	-	609.72	676.38	-
Over 1 month to 2 months	384.95	1,177.51	600.00	-	1,091.87	-	-
Over 2 months to 3 months	326.63	2,336.99	-	246.65	1,069.41	-	-
Over 3 months to 6 months	981.24	3,557.89	499.00	-	3,081.30	155.65	-
Over 6 months to 1 year	1,858.52	3,150.19	300.00	3,823.09	5,638.22	416.15	-

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(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
Over 1 year to 3 years	6,951.91	9,359.29	1,515.00	1,421.84	16,837.37	750.77	-
Over 3 years to 5 years	4,305.65	4,698.84	1,290.00	-	10,790.55	406.39	-
Over 5 years	2,197.25	772.41	1,028.44	-	17,878.68	588.22	-
Total	**17,243.90**	**25,683.12**	**5,232.44**	**5,491.58**	**57,908.53**	**3,188.02**	**-**

As at March 31, 2022

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
1 day to 7 days	84.58	50.01	-	-	215.67	100.02	-
8 days to 14 days	40.91	-	-	-	215.67	4.05	-
15 days to 30/31 days	146.45	1,789.99	350.00	-	492.96	14.85	-
Over 1 month to 2 months	390.97	912.58	225.00	-	907.72	351.33	-
Over 2 months to 3 months	399.36	950.19	300.00	51.17	891.45	63.28	-
Over 3 months to 6 months	1,216.92	2,379.68	1,255.00	619.72	2,579.66	59.72	-
Over 6 months to 1 year	2,167.12	3,896.26	430.00	284.28	4,758.27	370.20	-
Over 1 year to 3 years	6,839.39	7,680.93	2,054.00	4,510.52	14,633.45	1,344.30	-
Over 3 years to 5 years	4,285.23	3,188.78	1,500.00	532.09	11,516.28	470.00	-
Over 5 years	2,078.04	869.64	1,526.15	-	19,169.61	694.27	-
Total	**17,648.97**	**21,718.06**	**7,640.15**	**5,997.78**	**55,380.74**	**3,472.02**	**-**

Note 36.7: Exposure:

i) Exposure to Real Estate Sector

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
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. Exposure also include non-fund based (NFB) limits.	49,173.90	43,614.41
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure also include non-fund based (NFB) limits	10,167.47	14,325.27
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 NHB and Housing Finance Companies (HFCs)	-	-
Total exposures to real estate sector	**59,341.37**	**57,939.68**

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, 2023, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2023, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2023, the Company has not exceeded the prudential exposure limit for single borrower or group borrower (Previous year ₹ Nil).

v) As on March 31, 2023, the Company has not given any unsecured advances (Previous year ₹ Nil).

vi) As on March 31, 2023, all advances of the Company are secured against tangible assets and there are no advances against intangible assets (Previous year ₹ Nil).

vii) As on March 31, 2023, the Company has no exposures to group companies engaged in the real estate business (Previous year ₹ Nil).

viii) As on March 31, 2023, the Company has no Intra-group exposures with in the group companies as defined by RBI (Previous year ₹ Nil).

Note 36.8: Registration obtained from financial sector regulators

NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note 36.9: Disclosure of Penalties imposed by NHB/RBI and other regulators:

During the financial year ended March 31, 2023, Regulators have imposed a penalty of ₹ 0.08 crore for delay in appointment of Independent directors on Board pursuant to Regulation 17 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year ended March 31, 2022, Regulators has imposed a penalty of ₹ 0.06 crore on account of the below mentioned observations:

(i) NHB has levied a penalty of ₹ .01 crore for Non adherence of policy circular no. 58 and 75 with respect to upfront disbursal of sanctioned individual housing loan to the builders without linking the disbursals to various stages of construction of housing project.

(i) BSE Ltd & National Stock Exchange of India Ltd has imposed a penalty of ₹ 0.05 crore for delay in appointment of Independent directors on Board pursuant to Regulation 17 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Note 36.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Pehel Foundation	Wholly owned Subsidiary
ii) PHFL Home Loan and Services Limited	Wholly owned Subsidiary
iii) Punjab National Bank	Promoter/Enterprise having Significant Influence
iv) Quality Investment Holding Pcc (w.e.f. July 19, 2022) (formerly Quality Investment Holdings)	Enterprise having Significant Influence
v) PNB Investment Services Limited	Enterprise having Significant Influence
vi) PNB Gilts Limited	Enterprise having Significant Influence
vii) PNB Metlife India Insurance Co Ltd	Enterprise having Significant Influence
viii) Dakshin Bihar Gramin Bank	Enterprise having Significant Influence
ix) Assam Gramin Vikash Bank	Enterprise having Significant Influence
x) Tripura Gramin Bank	Enterprise having Significant Influence
xi) Bangiya Gramin Vikash Bank	Enterprise having Significant Influence
xii) Mr. Atul Kumar Goel (Non-Executive Nominee Director) (w.e.f. April 28,2022)	Key Management Personnel
xiii) Mr. Sunil Kaul (Non-Executive Nominee Director)	Key Management Personnel
xiv) Mr. Kapil Modi (Non-Executive Nominee Director)	Key Management Personnel
xv) Mr. Neeraj Madan Vyas (Non-Executive and Non-Independent Director)	Key Management Personnel
xvi) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Management Personnel
xvii) Mr. Nilesh S Vikamsey (Independent Director)	Key Management Personnel
xviii) Mr. Ashwani Kumar Gupta (Independent Director)*	Key Management Personnel
xix) Mr. Tejendra Mohan Bhasin (Independent Director)	Key Management Personnel
xx) Mr. Sudarshan Sen (Independent Director)	Key Management Personnel

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Name of the Related Party	Nature of Relationship
xxi) Ms. Gita Nayyar (Independent Director) (w.e.f. May 29, 2021)	Key Management Personnel
xxii) Mr Binod Kumar (Non- Executive, Nominee Director) (w.e.f. January 12, 2022)**	Key Management Personnel
xxiii) Mr. Pavan Pal Kaushal (Independent Director) (w.e.f. October 27,2022)	Key Management Personnel
xxiv) Mr. Dilip Kumar Jain (Non-Executive Nominee Director) (w.e.f. November 04,2022)	Key Management Personnel
xxv) Mr. CH. S. S. Mallikarjuna Rao (Chairman and Non-Executive Director)***	Key Management Personnel
xxvi) Mr. Rajneesh Karnatak (Non-Executive Nominee Director) (w.e.f. January 19, 2021)****	Key Management Personnel
xxvii) Dr. Gourav Vallabh (Independent Director)*****	Key Management Personnel
xxviii) Mr. Girish Kousgi (Managing Director and CEO) (w.e.f. October 21, 2022)	Key Managerial Personnel
xxix) Mr. Hardayal Prasad (Managing Director and CEO)******	Key Managerial Personnel
xxx) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xxxi) Mr. Kapish Jain (Chief Financial Officer)*******	Key Managerial Personnel
xxxii) Mr. Kaushal Mithani (Chief Financial Officer) (w.e.f. April 08, 2022)********	Key Managerial Personnel
xxxiii) Mr. Vinay Gupta (Chief Financial Officer) (w.e.f. October 26, 2022)	Key Managerial Personnel
xxxiv) Ms. Deepika Gupta Padhi (Director)	Key Management Personnel of PHFL Home Loan and Services Limited
xxxv) Mr. Amit Singh (Director) (w.e.f January 22,2022)	Key Management Personnel of PHFL Home Loan and Services Limited
xxxvi) Mr. Pankaj Jain (Director) (w.e.f December 07,2021)*********	Key Management Personnel of PHFL Home Loan and Services Limited
xxxvii) Anshul Bhargava (Director)**********	Key Management Personnel of PHFL Home Loan and Services Limited
xxxviii) Rajan Suri (Director)***********	Key Management Personnel of PHFL Home Loan and Services Limited

*Ceased to be Independent Director w.e.f. May 11, 2022

**Ceases to be Non-Executive Nominee Director w.e.f. October 21, 2022

***Ceases to be the Chairman and Non-Executive Director of the Company w.e.f. February 01, 2022

****Ceases to be Non-Executive Nominee Director w.e.f. October 21 2021

*****Ceases to be the Independent Director w.e.f. April 21, 2021

******Ceased to be Managing Director and CEO w.e.f. October 20, 2022

*******Ceases to be Chief Financial Officer w.e.f. April 07, 2022

********Ceases to be Chief Financial Officer w.e.f. August 23, 2022

*********Ceased to be a Key Management Personnel w.e.f November 24, 2022

**********Ceased to be a Key Management Personnel w.e.f June 11, 2021

***********Ceased to be a Key Management Personnel w.e.f December 7, 2021

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	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/ Relatives of Key Managerial Personnel		Key Management Personnel/ Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:										
Pehel Foundation										
- Donation paid	-	-	11.43	18.19	-	-	-	-	11.43	18.19
Punjab National Bank^										
- Principal paid on assignment of loans	916.47	1,440.11	-	-	-	-	-	-	916.47	1,440.11
- Interest & other charges paid on assignment of loans	313.41	403.93	-	-	-	-	-	-	313.41	403.93
- Servicing Fees received on assignment of Loan Portfolio	5.37	7.04	-	-	-	-	-	-	5.37	7.04
- Fixed deposit made/renewed	-	3,087.00	-	-	-	-	-	-	-	3,087.00
- Fixed deposit matured	-	4,787.00	-	-	-	-	-	-	-	4,787.00
- Interest received on Fixed Deposits	-	2.64	-	-	-	-	-	-	-	2.64
- Term loan raised	2,150.00	2,390.00	-	-	-	-			2,150.00	2,390.00
- Term loan repaid	2,009.06	2,773.56	-	-	-	-			2,009.06	2,773.56
- Interest Paid on Term Loan Instalment / ECB / OD	243.21	182.69	-	-	-	-	-	-	243.21	182.69
- Non Convertible debentures paid	90.00	-	-	-	-	-	-	-	90.00	-
- Interest on Non convertible debentures	7.35	-	-	-	-	-	-	-	7.35	-
- Rent & Maintenance Charges	0.38	0.38	-	-	-	-	-	-	0.38	0.38
- Bank Charges	0.34	0.22	-	-	-	-	-	-	0.34	0.22
PNB Investment Service Private Limited										
- Fees paid	0.02	0.02	-	-	-	-	-	-	0.02	0.02
PNB Gilts Limited										
- Purchase of securities (principal to principal)	-	294.99	-	-	-	-	-	-	-	294.99
- Purchase of securities (inter-mediatory)	165.40	1,062.36	-	-	-	-			165.40	1,062.36
- Redemption of securities	674.41	10.34	-	-	-	-	-	-	674.41	10.34
- Service charges	0.01	0.01	-	-	-	-	-	-	0.01	0.01
- Interest income on securities	231.71	164.76	-	-	-	-	-	-	231.71	164.76

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ in crore)

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/ Relatives of Key Managerial Personnel		Key Management Personnel/ Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
PNB Metlife India Insurance Co Ltd*										
- Insurance premium given on behalf of customer	122.51	-	-	-	-	-	-	-	122.51	-
- Insurance claims received on behalf of customer	2.77	-	-	-	-	-	-	-	2.77	-
- Insurance premium received back	6.55	-	-	-	-	-	-	-	6.55	-
Assam Gramin Vikash Bank*										
- Deposits received	15.00	-	-	-	-	-	-	-	15.00	-
- Interest on deposit received	4.68	-	-	-	-	-	-	-	4.68	-
- Deposits Matured (including interest)	5.80	-	-	-	-	-	-	-	5.80	-
Dakshin Bihar Gramin Bank*										
- Interest on deposit received	2.36	-	-	-	-	-	-	-	2.36	-
- Deposits Matured (including interest)	55.82	-	-	-	-	-	-	-	55.82	-
Tripura Gramin Bank*										
- Deposits received	20.00	-	-	-	-	-	-	-	20.00	-
- Interest on deposit received	2.59	-	-	-	-	-	-	-	2.59	-
- Deposits Matured	10.00	-	-	-	-	-	-	-	10.00	-
Bangiya Gramin Vikash Bank*										
- Interest on Non convertible debentures	0.34	-	-	-	-	-	-	-	0.34	-
Transactions with KMPs and relatives:										
Sitting Fee and Commission paid to Directors										
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	-	-	0.37	0.26	0.37	0.26
- Mr. Sudarshan Sen	-	-	-	-	-	-	0.36	0.21	0.36	0.21
- Mr. Nilesh S Vikamsey	-	-	-	-	-	-	0.43	0.29	0.43	0.29
- Mr. Ashwani Kumar Gupta	-	-	-	-	-	-	0.17	0.30	0.17	0.30
- Mr. Neeraj Madan Vyas	-	-	-	-	-	-	0.46	0.15	0.46	0.15
- Mr. Tejendra Mohan Bhasin	-	-	-	-	-	-	0.43	0.31	0.43	0.31
- Ms. Gita Nayyar	-	-	-	-	-	-	0.36	0.09	0.36	0.09
- Mr. Pavan Pal Kaushal	-	-	-	-	-	-	0.12	-	0.12	-
- Dr Gourav Vallabh	-	-	-	-	-	-	-	0.15	-	0.15
- Mr. Shital Kumar Jain	-	-	-	-	-	-	-	0.05	-	0.05
- Mrs. Shubhalakshmi Panse	-	-	-	-	-	-	-	0.11	-	0.11

(₹ in crore)

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/ Relatives of Key Managerial Personnel		Key Management Personnel/ Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Rental expense:										
- Mr. Tejendra Mohan Bhasin and Anjali Bhasin	-	-	-	-	-	-	0.23	0.21	0.23	0.21
Recovery against salary advance from KMP's										
- Mr. Sanjay Jain	-	-	-	-	0.03	-	-	-	0.03	-
Repayment of security deposit										
- Mr. Hardayal Prasad	-	-	-	-	0.04	-	-	-	0.04	-
Remuneration expense#:										
- Mr. Girish Kousgi	-	-	-	-	1.14	-	-	-	1.14	-
- Mr. Vinay Gupta	-	-	-	-	3.97	-	-	-	3.97	-
- Mr. Hardayal Prasad	-	-	-	-	2.62	3.07	-	-	2.62	3.07
- Mr. Sanjay Jain	-	-	-	-	0.81	0.70	-	-	0.81	0.70
- Mr. Kapish Jain	-	-	-	-	0.18	1.40	-	-	0.18	1.40
- Mr. Kaushal Mithani	-	-	-	-	0.40	-	-	-	0.40	-

^ Excluding running current / overdraft account transactions.

Excluding perquisites on exercise of stock options during the year.

(₹ in crore)

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/Relatives of Key Managerial Personnel		Key Management Personnel/Relatives of Key Management Personnel		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Outstanding balances#										
Pehel Foundation										
- Other receivables (net)	-	-	0.21	-	-	-	-	-	0.21	-
Punjab National Bank										
Receivables										
- Servicing fees receivable on assignment on loans	0.44	0.61	-	-	-	-	-	-	0.44	0.61
Payables										
- Term loans	2,457.93	2,317.00	-	-	-	-	-	-	2,457.93	2,317.00
- External Commercial Borrowings##	2,178.75	2,008.89	-	-	-	-	-	-	2,178.75	2,008.89
- Interest accrued on term loans and external commercial borrowings	2.23	0.49	-	-	-	-	-	-	2.23	0.49
- Payable on assignment on loans	79.29	124.94	-	-	-	-	-	-	79.29	124.94

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

(₹ in crore)

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/Relatives of Key Managerial Personnel		Key Management Personnel/Relatives of Key Management Personnel		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Outstanding balances#										
Assam Gramin Vikash Bank*										
- Deposits received	74.06	-	-	-	-	-	-	-	74.06	-
Tripura Gramin Bank*										
- Deposits received	40.00	-	-	-	-	-	-	-	40.00	-
Key Managerial Personnel										
Receivables										
- Mr. Hardayal Prasad	-	-	-	-	0.40	-	-	-	0.40	-
- Mr. Sanjay Jain	-	-	-	-	0.04	0.03	-	-	0.04	0.03
Payables										
- Mr. Hardayal Prasad	-	-	-	-	-	0.04	-	-	-	0.04
Retirement benefits (as per actuarial valuation)										
- Mr. Girish Kousgi	-	-	-	-	0.10	-	-	-	0.10	-
- Mr. Vinay Gupta	-	-	-	-	0.05	-	-	-	0.05	-
- Mr. Hardayal Prasad	-	-	-	-	-	0.27	-	-	-	0.27
- Mr. Sanjay Jain	-	-	-	-	0.33	0.31	-	-	0.33	0.31
- Mr. Kapish Jain	-	-	-	-	-	0.27	-	-	-	0.27

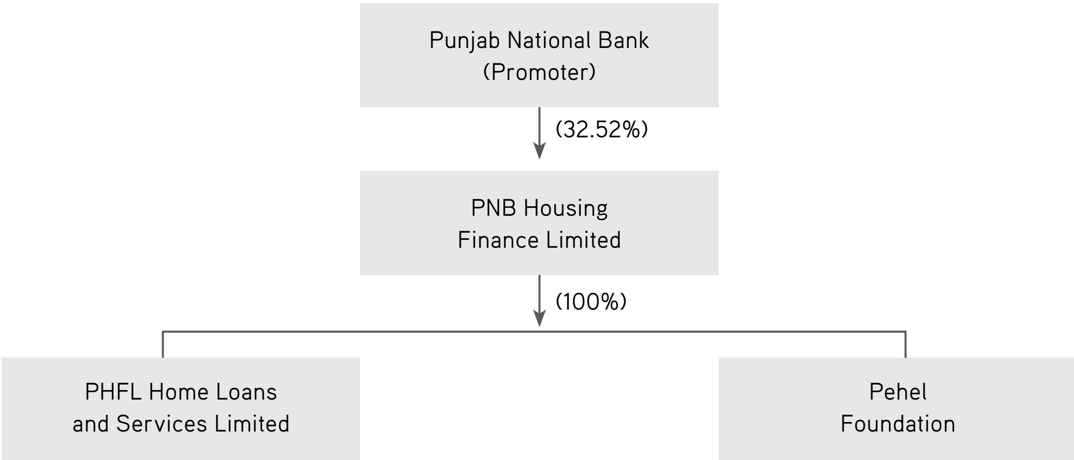
Excluding running current account balances.

Including mark to market adjustment.

* SEBI vide notification No. SEBI/LAD-NRO/GN/2021/55 dated November 9, 2021 has enhanced the definitation of related party with effect from April 1, 2022. Hence, the transactions and outstanding balances has been reported from the date of applicability.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note 36.11: Diagrammatic representation of group structure along with holding percentage is tabulated below. Further, the Company has complied with the provisions relating to number of layers as prescribed under clause (87) of section 2 of the Comapnies Act 2013, read with Companies (Restriction on number of Layers) Rules, 2017.



Note 36.12: Rating assigned by Credit Rating Agencies and migration of rating during the year are as follows:

Nature of Instrument	As at March 31, 2023	As at March 31, 2022	Migration during the year
Deposits	CRISIL AA (Outlook - Stable)	CRISIL FAA+ (Outlook-Negative)	Upgraded
	CARE AA (Outlook - Stable)	CARE AA (Outlook-Stable)	No change
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook - Stable)	CRISIL AA (Outlook-Negative)	Upgraded
	CARE AA (Outlook - Stable)	CARE AA (Outlook-Stable)	No change
	IND AA (Outlook - Stable)	IND AA (Outlook-Negative)	Upgraded
	ICRA AA (Outlook - Stable)	ICRA AA (Outlook-Negative)	Upgraded
Commercial Paper	CRISIL A1+	CRISIL A1+	No change
	CARE A1+	CARE A1+	No change
Bank Term Loan	CRISIL AA (Outlook - Stable)	CRISIL AA (Outlook-Negative)	Upgraded
	CARE AA (Outlook - Stable)	CARE AA (Outlook-Stable)	No change

Note 36.13: Remuneration of Directors: Details of Remuneration of Directors are disclosed in Form No. MGT - 7.

Note 36.14: Management: Management Discussion and Analysis report shall be referred for the relevant disclosures.

Note 36.15: During the year, no transaction was accounted which was related to prior period in terms of Ind AS 8 (Previous year ₹ Nil).

Note 36.16: 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 36.17: Consolidated Financial Statements (CFS): Refer note no. 1.3 “Principles of consolidation”.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 36.18: Provisions and Contingencies:

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

(₹ in crore)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	78.55	-
2. Provision made towards Income tax	87.78	242.56
3. Provision towards NPA	(1,121.82)	525.95
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	(10.11)	(150.16)
iii) CRE – RH	(14.86)	(302.84)
iv) Other Loans	20.69	(58.11)
Total (i+ii+iii+iv)	**(4.28)**	**(511.11)**
5. Other Provision and Contingencies (Refer Note 2.21)	0.59	(0.49)
6. Provision for Stock of Acquired Properties	-	7.86

Note 36.19: Break-up of Loan & Advances and Provisions thereon:

The Company has complied with the norms prescribed by the regulator 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 directions issued by the regulator.

Pursuant to the RBI circular dated November 12, 2021 "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications", the Company has implemented the requirements and aligned its definition of default accordingly.

(₹ in crore)

Particulars	Housing		Non-Housing	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Standard Assets				
a) Total Outstanding Amount	41,288.04	37,715.43	15,781.97	15,518.09
b) Provision made	496.44	489.83	283.01	293.91
Sub-Standard Assets				
a) Total Outstanding Amount	255.58	1,885.43	157.95	616.92
b) Provision made	72.95	467.79	25.98	252.93
Doubtful Assets - Category-I				
a) Total Outstanding Amount	1,080.94	567.82	204.18	270.02
b) Provision made	264.15	228.37	54.34	108.43
Doubtful Assets - Category-II				
a) Total Outstanding Amount	266.09	990.36	211.30	351.60
b) Provision made	114.65	603.64	69.27	101.17
Doubtful Assets - Category-III				
a) Total Outstanding Amount	49.98	9.04	38.50	9.86
b) Provision made	25.02	4.37	20.19	4.96
Loss Assets				
a) Total Outstanding Amount	2.33	0.98	4.51	4.13
b) Provision made	2.33	0.30	4.51	3.24
TOTAL				
a) Total Outstanding Amount	**42,942.96**	**41,169.06**	**16,398.41**	**16,770.62**
b) Provision made	**975.54**	**1,794.30**	**457.30**	**764.64**

Note 36.20: Draw Down from Reserves: During the year there were no draw down from Reserves (Previous year ₹ Nil).

Note 36.21: Concentration of Public Deposits

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total deposits of twenty largest depositors	2,070.75	2,217.83
Percentage of deposits of twenty largest depositors to total deposits	13.32%	14.77%

Note 36.22: Concentration of Loans & Advances

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total loans & advances to twenty largest borrowers	3,821.86	6,577.61
Percentage of loans & advances to twenty largest borrowers to total advances	6.44%	11.35%

Note 36.23: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to twenty largest borrowers /customers	3,950.27	7,123.01
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	6.30%	11.52%

Note 36.24: Concentration of NPAs

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to top ten NPA accounts	944.06	2,716.53

Note 36.25: Sector-wise NPAs

(₹ in crore)

	Percentage of NPAs to Total Advances in that sector	
Particulars	As at March 31, 2023	As at March 31, 2022
A. Housing Loans:	3.85	8.39
1. Individuals	2.00	3.38
2. Builders/Project Loans	24.22	36.97
3. Corporates	9.37	8.77
4. Others (specify)	-	-
B. Non-Housing Loans:	3.76	7.47
1. Individuals	3.68	4.85
2. Builders/Project Loans	-	37.87
3. Corporates	5.45	5.69
4. Others (specify)	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 36.26: Movement of NPAs

(₹ in crore)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	2.76%	5.22%
(II) Movement of NPAs (Gross)		
a) Opening balance	4,706.17	2,998.41
b) Additions during the year	743.44	3,962.68
c) Reductions during the year	3,178.25	2,254.92
d) Closing balance	2,271.36	4,706.17
(III) Movement of Net NPAs		
a) Opening balance	2,930.96	1,749.15
b) Additions during the year	506.38	3,013.97
c) Reductions during the year	1,819.37	1,832.16
d) Closing balance	1,617.97	2,930.96
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,775.21	1,249.26
b) Provisions made during the year	237.06	948.71
c) Write-off/write-back of excess provisions	1,358.88	422.76
d) Closing balance	653.39	1,775.21

Note 36.27: As on March 31, 2023, the Company does not have any assets outside the country (Previous year ₹ Nil).

Note 36.28: As on March 31, 2023, the Company does not have any Off-Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms (Previous year Nil).

Note 36.29: (A) Disclosure of Complaints

Particulars	Current Year	Previous Year
Complaints received by the Company from its customers		
a) No. of complaints pending at the beginning of the year	10	29
b) No. of complaints received during the year	1,804	2,281
c) No. of complaints disposed during the year	1,804	2,300
c) (i) Of which, no. of complaints rejected by the Company	168	129
d) No. of complaints pending at the end of the year	10	10

(B) Top five grounds of complaints received by the Company from customers:

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Number of complaints pending beyond 30 days
Current Year					
Ground - 1 Pre Closure Related	-	374	34.00	2	-
Ground - 2 ROI Conversion/ Rate repricing	-	145	(42.00)	-	-
Ground - 3 PMAY Application	-	101	(54.00)	-	-
Ground - 4 Property Papers Related	-	90	(27.00)	-	-
Ground - 5 Pre-EMI/EMI	-	81	(2.00)	-	-
Ground - 6 Others	10	1,013	(22.00)	8	
Total	**10**	**1,804**	**(21.00)**	**10**	**-**
Previous Year					
Ground - 1 Pre Closure Related	1	280	(2.00)	-	-
Ground - 2 ROI Conversion/ Rate repricing	1	248	(43.00)	-	-
Ground - 3 PMAY Application	6	218	(19.00)	-	-
Ground - 4 Property Papers Related	3	123	(19.00)	-	-
Ground - 5 Preclosure Charges Related	1	121	133.00	-	-
Ground - 6 Others	16	1,291	(19.00)	10	10
Total	**28**	**2,281**	**(22.00)**	**10**	**10**

Note 36.30: As on March 31, 2023, the Company has not granted any loans and has no outstanding loans against collateral gold jewellery (Previous year ₹ Nil).

Note 36.31: Deposit includes Public Deposits as defined in Paragraph 4.1.30 of RBI Directions, 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, 2023, the public deposits (including accrued interest) outstanding amounts to ₹ 15,545.96 crore (Previous year ₹ 15,019.95 crore).

The Company is carrying Statutory Liquid Assets amounting to ₹ 2,276.42 crore (Previous year ₹ 2,234.18 crore).

Note 36.32: As on March 31, 2023, the Company operates within India and does not have any joint venture or overseas subsidiary.

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio

(a) Liquidity Risk Management disclosures as at March 31, 2023:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in crore)

As at	Number of Significant Counterparties^	Amount	% of total deposits*	% of total liabilities
March 31, 2023	15	32,918	NA	58.94%
March 31, 2022	16	29,519	NA	52.85%

*Company does not have any depositor who would be eligible as significant counterparty

^Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using latest beneficiary position instead of original subscribers.

(ii) Top 20 large deposits

(₹ in crore)

Particulars	As at March 31, 2023	% of total deposits	As at March 31, 2022	% of total deposits
Total deposits of top twenty largest depositors	2,109	12.23%	2,761	15.64%

(iii) Top 10 borrowings

(₹ in crore)

Particulars	As at March 31, 2023	% of total liabilities	As at March 31, 2022	% of total liabilities
Total exposure of top ten lenders	28,429	50.90%	25,653	45.93%

(iv) Funding Concentration based on significant instrument/product

(₹ in crore)

Name of the instrument/product^^	As at March 31, 2023	% of total liabilities	As at March 31, 2022	% of total liabilities
1) Secured Non-Convertible Debentures	3,994.09	7.15%	6,201.97	11.10%
2) Commercial Papers	-	-	-	-
3) Refinance Facility from NHB	3,046.20	5.45%	4,665.21	8.35%
4) Bank Facilities (Long Term + Short Term)	22,636.92	40.53%	17,052.85	30.53%
5) External Commercial Borrowings	5,491.58	9.83%	5,997.78	10.74%
6) Deposits	17,243.90	30.88%	17,648.97	31.60%
7) Subordinated Tier-II Non-Convertible Debentures	1,238.35	2.22%	1,438.18	2.58%
Total Borrowings	**53,651.04**	**96.06%**	**53,004.96**	**94.91%**
Total Liabilities	**55,852.39**		**55,848.76**	

^^Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(v) Stock ratios

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	as a % of total public funds	as a % of total liabilities	as a % of total assets	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	-	-	-	-	-	-
Non-convertible Debentures (original maturity of less than 1 year)	NA	NA	NA	NA	NA	NA
Other short term liabilities*	7.91%	7.60%	6.35%	6.89%	6.54%	5.56%

* Includes short term funds with original maturity of less than 1 year and includes funds from Refinance from NHB, Short Term Lines / OD / WCDL

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee (ALCO) and the Risk Management Committee. The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating and monitoring the integrated risk management system of the Company including liquidity risk. The ALCO is responsible for ensuring adherence to the liquidity risk tolerance/limits set out in the Board approved Asset Liability Management (ALM) policy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile for assets & liabilities, responsibilities and controls for managing liquidity risk and overseeing the liquidity position of the Company. The ALM Policy is reviewed periodically to realign the same pursuant to any regulatory changes/changes in the economic landscape or business needs and tabled to the Board for approval.

Management regularly reviews the position of cash and cash equivalents by aligning the same with the projected maturity of financial assets and financial liabilities, economic environment, liquidity position in the financial market, anticipated pipeline of future borrowing & future liabilities and threshold of minimum liquidity defined in the ALM policy with additional liquidity buffers as management overlay.

(b) Disclosure pursuant to Reserve Bank of India Circular DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 pertaining to Liquidity Risk Management Framework for Housing Finance Companies

A. Qualitative Disclosure

As per above circular, all deposit taking HFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of Liquidity Coverage Ratio (LCR) which will promote resilience of HFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The timeline on adhering to LCR guidelines are tabulated below.

Periods	December 01, 2021	December 01, 2022	December 01, 2023	December 01, 2024	December 01, 2025
Minimum LCR (%)	50%	60%	70%	85%	100%

The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered HQLA which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the ALCO under the governance of Board approved Liquidity Risk Framework comprising of Asset Liability Management policy, Contingency Funding Policy, Funding Strategy and Resource Mobilization Policy, and Market Risk Management Policy. The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The main drivers of LCR are:

Outflows comprises of:

a) All the contractual debt repayments and interest payments

b) Expected operating expense based on FY 2021-22

c) Committed credit facilities contracted with customers for both sanctioned but partly disbursed cases and sanctioned but undisbursed cases based on historical experience and other expected or contracted cash outflows like expected pay-outs under contracted direct assignment deals.

The potential debt which may be recalled by the lenders on account of covenant breach has not been considered since the Company has not experienced such debt recall by any lender so far despite having breached covenants in the past.

Inflows comprises of:

a) Expected receipt (scheduled EMIs) from all performing loans

b) Liquid investment either in the form of short tenure Fixed Deposits with banks or in units of Debt Mutual Fund Schemes (like Overnight Liquid and Money Market Schemes) which are unencumbered and have not been considered as part of HQLA

c) Sanctioned and undrawn lines of credit from banks.

For the purpose of HQLA the Company considers unencumbered government securities and cash/bank balances with nil haircuts.

The unencumbered government securities held as part of HQLA are identified separately from the government securities which are lien marked in favour of Trustee for public deposits accepted by the Company. The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period.

LCR guidelines are effective from December 01, 2021. LCR has been calculated and monitored as per methodology prescribed in the RBI circular. LCR has been calculated as a simple average of the total number of days in a quarter on daily basis. The Company is compliant with maintenance of stipulated LCR. Further, the Company has been monitoring the LCR at monthly intervals for the period of April 2022 to March 2023. The maximum and minimum daily required HQLA for regulatory compliance has been ₹ 1,650.01 crore and ₹ 585.72 crore respectively for the period of April 22 to March 23.

The Company maintains diversified sources of funding comprising short/long term loans from banks, Non-Convertible Debentures (NCDs), External Commercial Borrowings (ECBs), Deposits, Refinance from National Housing Bank (NHB) and Commercial Papers (CPs). The funding pattern is reviewed on monthly basis by the management and on quarterly basis by the ALM Committee and Risk Management Committee.

Funding profile of the Company is tabulated below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	(₹ in crore)	%	(₹ in crore)	%
Secured Non-Convertible Debentures	3,994.09	6.55%	6,201.97	9.99%
Refinance Facility from NHB	3,046.20	5.00%	4,665.21	7.51%
Bank Facilities (Long Term + Short Term)	22,636.92	37.11%	17,052.85	27.46%
External Commercial Borrowings	5,491.58	9.00%	5,997.78	9.66%
Deposits	17,243.90	28.27%	17,648.97	28.42%
Subordinated Tier-II Non-Convertible Debentures	1,238.35	2.03%	1,438.18	2.32%
Total (a)	**53,651.04**		**53,004.96**	
Assignment of loans (b)	7,344.70	12.04%	9,088.02	14.64%
Total (a+b)	**60,995.74**	**100.00%**	**62,092.98**	**100.00%**

Derivative exposures and potential collateral calls: To hedge ECBs the Company enters into derivative transactions. All the derivatives of the Company are for hedging purpose and not for any speculative or trading purpose. As on March 31, 2023, the notional amount of outstanding derivatives is ₹ 10,065.79 crore (Previous year ₹ 10,288.45 crore) with net positive MTM of ₹ 682.37 crore (Previous year ₹ 242.25 crore). Further, the Company has executed bilateral Credit Support Agreement with one of its derivative counterparty.

As on March 31, 2023 there is no outstanding margin but there could be potential future margin calls based on MTM movements. However, the Company has received MTM of ₹ 22.33 crore (Previous year ₹ Nil).

Currency mismatch in LCR: There is no mismatch required to be reported in LCR as on March 31, 2023 and March 31, 2022 since all the Foreign Currency liabilities are reinstated to ₹ as per the corresponding derivative/ forward deals and closing RBI reference / FBIL exchange rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

B. Quantitative Disclosure

(₹ in crore)

Particulars	Quarter ended March 2023		Quarter ended December 2022	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	819.27	819.27	967.19	967.19
(i) Cash in hand & Bank balance	90.83	90.83	74.24	74.24
(ii) CP/Corporate Bond	247.68	247.68	250.66	250.66
(iii) Government securities	480.76	480.76	642.29	642.29
Cash Outflows				
Deposits	428.73	493.04	450.07	517.58
Unsecured wholesale funding	32.78	37.70	133.70	153.76
Secured wholesale funding	1,205.18	1,385.96	620.27	713.31
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	9.16	10.53	17.81	20.48
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,113.66	1,280.71	1,095.24	1,259.53
Other contingent funding obligations	111.76	128.52	134.43	154.59
Total Cash Outflows	**2,901.27**	**3,336.46**	**2,451.52**	**2,819.25**
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	790.32	592.74	765.79	574.34
Other cash inflows	5,941.67	4,456.25	5,081.98	3,811.49
Total Cash Inflows	**6,731.99**	**5,048.99**	**5,847.77**	**4,385.83**
	Total Adjusted Value			
Total HQLA		**819.27**		**967.19**
Total Net Cash Outflows		**834.11**		**704.81**
Liquidity Coverage Ratio (%)		**98.22%**		**137.23%**
Required LCR	**in %**	**60.00%**	**in %**	**60.00%**
	in ₹	**500.47**	**in ₹**	**422.89**

(₹ in crore)

Particulars	Quarter ended September 2022		Quarter ended June 2022	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	978.79	978.79	998.92	998.92
(i) Cash in hand & Bank balance	73.69	73.69	83.32	83.32
(ii) CP/Corporate Bond	239.92	239.92	63.38	63.38
(iii) Government securities	665.18	665.18	852.22	852.22
Cash Outflows				
Deposits	531.53	611.26	488.89	562.22
Unsecured wholesale funding	-	-	82.42	94.78
Secured wholesale funding	1,523.65	1,752.20	1,320.75	1,518.86

(₹ in crore)

Particulars	Quarter ended September 2022		Quarter ended June 2022	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	32.75	37.66	34.13	39.25
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,045.31	1,202.11	1,030.12	1,184.64
Other contingent funding obligations	120.60	138.69	114.37	131.52
Total Cash Outflows	**3,253.84**	**3,741.92**	**3,070.68**	**3,531.27**
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	739.79	554.84	753.55	565.16
Other cash inflows	6,205.08	4,653.81	7,029.65	5,272.24
Total Cash Inflows	**6,944.87**	**5,208.65**	**7,783.20**	**5,837.40**
	Total Adjusted Value			
Total HQLA		**978.79**		**998.92**
Total Net Cash Outflows		**935.48**		**882.82**
Liquidity Coverage Ratio (%)		**104.63%**		**113.15%**
Required LCR	**in %**	**50.00%**	**in %**	**50.00%**
	in ₹	**467.74**	**in ₹**	**441.41**

(₹ in crore)

Particulars	Quarter ended March 2022		Month ended December 2021*	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	1,146.99	1,146.99	1,131.74	1,131.74
(i) Cash in hand & Bank balance	108.67	108.67	90.45	90.45
(ii) Government securities	1,038.32	1,038.32	1,041.29	1,041.29
Cash Outflows				
Deposits	526.95	605.99	385.94	443.83
Unsecured wholesale funding	144.44	166.11	-	-
Secured wholesale funding	1,541.65	1,772.90	2,073.55	2,384.58
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,239.11	1,424.98	1,014.71	1,166.91
Other contingent funding obligations	134.25	154.39	214.03	246.13
Total Cash Outflows	**3,586.40**	**4,124.37**	**3,688.23**	**4,241.45**
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	732.31	549.23	795.55	596.66
Other cash inflows	7,729.09	5,796.82	3,074.00	2,305.50
Total Cash Inflows	**8,461.40**	**6,346.05**	**3,869.55**	**2,902.16**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

(₹ in crore)

Particulars	Quarter ended March 2022		Month ended December 2021*	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
	Total Adjusted Value			
Total HQLA		1,146.99		1,131.74
Total Net Cash Outflows		1,031.09		1,339.30
Liquidity Coverage Ratio (%)		111.24%		84.50%
Required LCR	in %	50.00%	in %	50.00%
	in ₹	515.55	in ₹	669.65

* Since LCR has been made applicable for HFCs from December 01, 2021.

**Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

Note 36.34: Disclosure as per Annexure III of RBI directions:

(₹ in crore)

Particulars		Amount outstanding	Amount overdue
S.No	Liabilities side		
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**		
	(a) Debentures : Secured	4,098.77	-
	: Unsecured	1,239.44	-
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	-	-
	(c) Term Loans	31,331.38	-
	(d) Inter-corporate loans and borrowing	1,701.66	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	15,545.96	-
	(g) Other Loans (specify nature)	-	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	15,545.96	-

(₹ in crore)

Assets side		Amount outstanding
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**	
	(a) Secured	59,341.37
	(b) Unsecured	-
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**	
	(i) Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Assets on hire	-
	(b) Repossessed Assets	-

(₹ in crore)

Assets side		Amount outstanding
	(iii) Other loans counting towards asset financing activities	
	(a) Loans where assets have been repossessed (net of provision)	-
	(b) Loans other than (a) above	-
5	**Break-up of Investments**	
	Current Investments	
	1. Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	457.67
	(iii) Units of mutual funds	-
	(iv) Government Securities	413.18
	(v) Others	-
	2. Unquoted	
	Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	
	(iv) Government Securities	-
	(v) Others (please specify)	-
	Long Term Investments	
	1. Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	2,276.42
	(v) Others (please specify)	-
	2. Unquoted	
	Shares	
	(a) Equity	0.30
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Security receipt in ACRE Trust)	40.45

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

(₹ in crore)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	57,908.53	-	57,908.53
Total	**57,908.53**	**-**	**57,908.53**

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in crore)

Category	Market Value / Break up or fair value or NAV	Total Book Value (net of provisions)
1. Related Parties		
(a) Subsidiaries*	130.12	0.30
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	3,275.17	3,187.72
Total	**3,405.29**	**3,188.02**

8 Other information

(₹ in crore)

Particulars	Amount
1. Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	2,271.36
2. Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	1,617.97
Assets acquired in satisfaction of debt	-

* Equity capital contributed by the Company has been considered as break up value for subsidiary formed under section 8 of the Company Act 2013 as the subsidiary is prohibited to give any right over its profits to any of its members.

Note 36.35: Breach of covenant of loans availed and debt securities issued

(₹ in crore)

Loans/debt securities	Current Year	Previous Year	Breach of Covenant	Status as on March 31, 2023	Status as on March 31, 2022	Details
External Commercial Borrowings - Asian Development Bank	246.61	614.04	Breach of NPA %	Waived off	Breach	Waiver received till March 31, 2023; Loan matures in June 2023
External Commercial Borrowings - SBI London	1,655.72	1,516.14	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto December 31, 2022.
External Commercial Borrowings - JICA	592.07	568.55	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto June 30, 2022.

(₹ in crore)

Loans/debt securities	Current Year	Previous Year	Breach of Covenant	Status as on March 31, 2023	Status as on March 31, 2022	Details
External Commercial Borrowings - PNB Dubai	789.42	758.07	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto June 30, 2022.
External Commercial Borrowings - PNB Hong Kong	1,302.54	1,250.82	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto June 30, 2022.
External Commercial Borrowings - Sumitomo Mitsui Banking Corporation	-	556.91	Breach of NPA %	-	Breach	The NPA financial covenant parameter was reset as on March 31, 2022.
Citi Bank-Term Loan	-	23.00	Breach of NPA %	-	-	Loan matured during Q4 FY 22
Bank of Baroda-Term Loan	-	1,776.76	Breach of NPA %	-	Breach	The NPA financial covenant parameter was reset in fresh sanction received in Oct 2021.
Indian Bank-Term Loan	1,275.00	1,187.48	Breach of NPA %	No Breach	Breach	Covenant was waived off in fresh sanction received in September 2022
NCD-Karnataka Bank	50.00	50.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-SBI DFHI	30.00	30.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-Reliance General Insurance	50.00	50.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-IDBI Bank	250.00	250.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-UCO Bank	75.00	75.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
ISDA-IndusInd Bank (Interest Rate Swap)	124.00	114.00	Breach of NPA %	Waived off	Breach	The NPA financial covenant parameter was reset and waiver was received upto March 31, 2023.
ISDA-IndusInd Bank (Principal Only Swap)	124.00	114.00	Breach of NPA %	Waived off	Breach	The NPA financial covenant parameter was reset and waiver was received upto March 31, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 36.36: RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22, 2020 defined the principal business criteria for HFCs. Further, it also states that those HFCs which does not fulfil the defined criteria as on October 22, 2020 has an option to submit a board approved plan including a roadmap to fulfil the defined criteria and timeline for transition to RBI with in three months from the date of circular.

In compliance with the above circular, the Company has submitted board approved plan along with roadmap to fulfil the defined criteria and timeline for transition to RBI on January 21, 2021.

Details of principal business criteria as follows:

As at March 31, 2023		As at March 31, 2022	
% of total assets towards housing finance	% of total assets towards housing finance for individuals	% of total assets towards housing finance	% of total assets towards housing finance for individuals
64.91%	59.21%	63.54%	53.62%

Note 36.37: In compliance with RBI notification number RBI/DNBS/2016-17/49/Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016, during the year the Company has reported eight fraud cases in relation to loans advanced to the borrowers amounting to ₹ 5.44 crore to NHB (Previous year ₹ 4.04 crore in relation to four fraud cases for loans advanced to the borrowers and one fraud case in relation to deposits).

Note 36.38: In compliance with RBI circular number RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 is tabulated below:

(₹ in crore)

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS 109 (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
Performing Assets						
Standard	Stage 1	55,064.88	524.82	54,540.06	180.94	343.88
	Stage 2	2,005.13	254.63	1,750.50	6.95	247.68
Subtotal		**57,070.01**	**779.45**	**56,290.56**	**187.89**	**591.56**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**413.53**	**98.93**	**314.60**	**59.88**	**39.05**
Doubtful - up to 1 year	Stage 3	1,285.12	318.49	966.63	301.69	16.80
1 to 3 years	Stage 3	477.39	183.92	293.47	184.13	(0.21)
More than 3 years	Stage 3	88.48	45.21	43.27	68.95	(23.74)
Subtotal for doubtful		**1,850.99**	**547.62**	**1,303.37**	**554.77**	**(7.15)**
Loss	Stage 3	6.84	6.84	-	5.40	1.44
Subtotal for NPA		**2,271.36**	**653.39**	**1,617.97**	**620.05**	**33.34**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	757.04	2.40	754.64	-	2.40
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**757.04**	**2.40**	**754.64**	**-**	**2.40**
Total	Stage 1	55,821.92	527.22	55,294.70	180.94	346.28
	Stage 2	2,005.13	254.63	1,750.50	6.95	247.68
	Stage 3	2,271.36	653.39	1,617.97	620.05	33.34
Total		**60,098.41**	**1,435.24**	**58,663.17**	**807.94**	**627.30**

Note 36.39: In compliance with RBI circular number RBI/2020-21/16/DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020, the disclosure in relation to resolution plan implemented under the Resolution Framework for COVID-19-related stress is tabulated below:

For half-year ended March 31, 2023

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) ($)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (@)
Personal Loans*	1,909.40	86.52	11.11	160.04	1,738.25
Corporate persons					
of which, MSMEs					
Others^	237.79	-	-	132.01	105.78
Total	**2,147.19**	**86.52**	**11.11**	**292.05**	**1,844.03**

* Retail loans

$ Principal outstanding as on September 30, 2022.

@ Principal outstanding (including capitalised interest) for live restructured accounts as on March 31, 2023.

^Corporate finance loans

For half-year ended September 30, 2022

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) ($)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (@)
Personal Loans*	2,088.20	389.51	-	38.71	1,909.40
Corporate persons					
of which, MSMEs					
Others^	331.89	6.30	-	81.74	237.79
Total	**2,420.09**	**395.81**	**-**	**120.45**	**2,147.19**

* Retail loans

$ Principal outstanding as on March 31, 2022.

@ Principal outstanding (including capitalised interest) for live restructured accounts as on September 30,2022.

^Corporate finance loans

NOTE 37: LEASES

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020 which was further amended vide notification number G.S.R 419 (E) dated June 18, 2021. As per the amendment rules the Company has an option to apply practical expedients of paragraph 46A of Ind AS 116.

The Company had elected to use the practical expedient of paragraph 46A to not to assess whether a rent concession that meets the conditions of paragraph 46B is a lease modification and account for any change in lease payments resulting from the rent concession as if the change were not a lease modification. During the previous year the Company had applied the practical expedients to all rent concessions that meet the conditions specified in paragraph 46B of Ind AS 116.

The Company has recognised ₹ Nil (Previous Year ₹ 0.02) as other income for the year ended March 31, 2023 on account of applicability of the above practical expedients.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2023

(i) Movement of lease liability

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liability as at the beginning of the year	70.22	86.50
Additions (b)	34.71	8.87
Accretion of interest (c)	6.18	6.52
Payments (d)	33.52	31.67
Modification (e)	2.84	0.00
Lease liability as at the end of the year (a+b+c-d-e)	**74.75**	**70.22**

(ii) Maturity analysis of minimum undiscounted lease payments after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	28.53	34.28
Later than one year but not later than five years	54.87	53.27
Later than five years	7.94	2.15
Total	**91.34**	**89.70**

(iii) Maturity analysis of minimum discounted lease payments after the reporting period:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	23.46	21.90
Later than one year but not later than five years	44.27	46.26
Later than five years	7.02	2.06
Total	**74.75**	**70.22**

(iv) There are no gains or losses from sales and leaseback for the year ended March 31, 2023 and March 31, 2022.

(v) There are no variable lease payments for the year ended March 31, 2023 and March 31, 2022.

NOTE 38: DISCLOSURE ON TEMPORARY EXCEPTIONS FROM APPLYING SPECIFIC HEDGE ACCOUNTING REQUIREMENTS AS PER IND AS 109

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply the exceptions set out in paragraphs 6.8.4-6.8.12 of Ind AS 109.

The Company has elected to apply the exceptions as specified above. Disclosure with respect to paragraph 24H of Ind AS 107 in relation to uncertainty arising from interest rate benchmark reforms is as follows:

a) The Company has foreign currency borrowings in USD only and the interest rate benchmarks where the Company's hedging relationship is related are 3 month and 6 month USD LIBOR.

b) The Company has outstanding External Commercial Borrowing (ECB) principal of USD 670.00 million (equivalent to ₹ 5,508.53 crore) (March 31, 2022, USD 796.00 million (equivalent to ₹ 6,034.25 crore), which is directly linked or affected by the abovementioned two benchmarks. (USD 495.00 million – 3month USD LIBOR and remaining USD 175.00 million – 6 month USD LIBOR) (March 31, 2022, USD 546.00 million – 3month USD LIBOR and remaining USD 250.00 million – 6 month USD LIBOR).

c) USD 3 month & 6 Month LIBOR will cease to exist from June 30, 2023 and outstanding principal exposure as on that date will be USD 640.00 million (March 31, 2022 USD 640.00 million) for which the Company will discuss and negotiate the alternative reference rate with the respective lenders to incorporate or align the same in the corresponding hedging/derivative deals. The Company will do bilateral negotiation or sign the ISDA fall back protocol as the case may be with each of the derivative counterparties.

d) The outstanding borrowings are long term in nature and the Company hasn't yet received any specific communication from any of its lenders regarding the timelines to change to an alternate reference/benchmark rate. However, as soon as the Company receives any communication or instruction from any of its lenders regarding the transition to an alternate reference rate other than the LIBOR, the Company will immediately take it up with the corresponding hedging counterparty/ies to effect the transition in the hedging/derivative deals also. However, this may result in higher pay out for the Company in the form of excess interest or hedging cost of the underlying borrowing for its remaining tenure.

e) The nominal amount of hedging instruments for outstanding principal as on March 31, 2023 is USD 670.00 million (March 31, 2022 is USD 796.00 million).

NOTE 39: 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 40: CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities in respect of Income-tax of ₹ 87.08 crore (Previous year ₹ 20.74 crore) is disputed and are under appeals. These includes contingent liability of ₹ 1.96 crore (Previous year ₹ 1.84 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 Delhi High Court. The Company expects the demands to be set aside by the Delhi High Court, 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 ₹ 21.51 crore (Previous year ₹ 7.60 crore).

iii) Claims against the Company not acknowledged as debt is ₹ 0.43 crore (Previous year ₹ 0.29 crore)

iv) Company had issued corporate financial guarantee amounting to ₹ 0.25 crore (Previous year ₹ 0.25 crore) to "UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)" against the Aadhar Authentication Services.

NOTE 41: DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS:

In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

Defined Contribution Plans:

Note 41.1: The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The contribution has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 31.

(₹ in crore)

Particulars	Current Year	Previous Year
Contribution to Provident Fund and Other Funds	15.24	12.96

Note 41.2: Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the same is managed by Life Insurance Corporation of India and Kotak Mahindra Life Insurance Company Limited. The liability of Gratuity is recognised on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2023. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Risks associated with defined benefit plan

Interest rate risk: A fall in the discount rate, which is linked to the Government Securities rate, will increases the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salary of members. As such, an increase in the salary of the members more than assumed level may increase the plan's liability.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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	15.41	14.65
Interest cost	1.06	0.99
Current service cost	3.21	3.05
Past service cost including curtailment gains / losses	0.01	0.60
Benefits paid	(3.22)	(2.54)
Actuarial (gain) / loss on obligation	(0.52)	(1.34)
Present value of obligation as at the end of year	15.95	15.41

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	16.40	16.54
Actual return on plan assets	0.95	1.08
Opening difference	(0.95)	-
Fund charges	(0.09)	-
Contributions	3.14	1.33
Benefits paid	(3.22)	(2.55)
Fair Value of plan assets as at the end of year	16.23	16.40
Funded status	1.24	1.76
Unfunded status	(0.96)	(0.77)

Expense recognised in the statement of Profit and Loss

(₹ in crore)

Particulars	Current Year	Previous Year
Service cost	3.22	3.65
Interest cost	1.06	0.99
Expected return on plan assets	(1.13)	(1.08)
Expenses recognised in the statement of profit and loss	3.15	3.56
Remeasurement (loss)/gain in Other Comprehensive Income (OCI)	(0.70)	1.34

Expected contribution for the next financial year is ₹ 4.51 crore.

Assumptions

Particulars	Current Year	Previous Year
a) Discounting rate	7.36%-7.39%	6.80%-7.26%
b) Future salary increase	3.00%-7.00%	3.00%-7.00%
c) Retirement age (Years)	58-60 years	58-60 years
d) Mortality table	IALM (2012-14)	IALM (2012-14)

Maturity profile of defined benefits obligation

(₹ in crore)

Particulars	Current Year	Previous Year
With in the next 12 months	1.53	1.29
Above 1 year and upto 5 years	4.71	4.87
Above 5 year	9.71	9.25

Sensitivity analysis of the defined benefit obligation**

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	(0.60)	0.64	0.60	(0.58)

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	(0.59)	0.64	0.61	(0.57)

*100% of the plan assets are managed by the insurer for current as well as previous year for employees on the Company payroll. However, for contractual employees there are no plan assets.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

NOTE 42: EXPENDITURE IN FOREIGN CURRENCY:

(₹ in crore)

Particulars	Current Year	Previous Year
Interest expense	229.63	88.44
Other expenses	6.17	1.47

NOTE 43: DERIVATIVE FINANCIAL ASSETS / LIABILITIES

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, 2023*	721.04	(61.00)	660.04	-	-	660.04	-	660.04	660.04
At 31 March, 2022	332.88	(90.63)	242.25	-	-	242.25	-	242.25	242.25

Derivative financial liabilities subject to offsetting, netting arrangements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ 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, 2023*	(61.00)	61.00	-	-	-	-	-	-	-
At 31 March, 2022	(90.63)	90.63	-	-	-	-	-	-	-

* Including margin money received from counter party bank.

NOTE 44: Additional information, as required under Schedule III to the Companies Act 2013, of enterprise consolidated as Subsidiary/Associates/Joint Ventures:

(₹ in crore)

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, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
Parent								
PNB Housing Finance Limited	99.44	10,952.57	100.98	1,056.27	99.40	76.60	100.87	1,132.87
Indian subsidiary								
PHFL Home Loans and Services Limited	1.18	130.46	1.33	13.94	0.60	0.46	1.28	14.40
Inter-Company elimination and other consolidated adjustments	(0.62)	(69.17)	(2.31)	(24.21)	-	-	(2.16)	(24.21)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**11,013.86**	**100.00**	**1,046.00**	**100.00**	**77.06**	**100.00**	**1,123.06**

(₹ in crore)

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, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
Parent								
PNB Housing Finance Limited	99.28	9,800.54	98.26	821.92	99.30	96.62	98.37	918.54
Indian subsidiary								
PHFL Home Loans and Services Limited	1.18	116.06	2.16	18.08	0.70	0.68	2.01	18.76
Inter-Company elimination and other consolidated adjustments	(0.46)	(44.97)	(0.42)	(3.52)	-	-	(0.38)	(3.52)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**9,871.63**	**100.00**	**836.48**	**100.00**	**97.30**	**100.00**	**933.78**

Note 44.1: Pehel foundation being the subsidiary of the Company is 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.

NOTE 45: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crore)

Particulars	As at April 01, 2022	Cash flows (net)	Exchange difference	Others	As at March 31, 2023
Debt securities & subordinated liabilities	7,640.15	(2,410.01)	-	2.30	5,232.44
Borrowings from bank	27,715.84	3,112.56	336.45	9.85	31,174.70
Deposits (net)	17,648.98	(408.68)	-	3.88	17,244.18
Lease liabilities	70.22	(35.85)		40.38	74.75

(₹ in crore)

Particulars	As at April 01, 2021	Cash flows (net)	Exchange difference	Others	As at March 31, 2022
Debt securities & subordinated liabilities	11,795.08	(4,218.00)	-	63.07	7,640.15
Borrowings from bank	29,746.34	(2,229.10)	172.20	26.40	27,715.84
Deposits (net)	16,746.04	901.39	-	1.55	17,648.98
Commercial paper	1,104.98	(1,125.00)	-	20.02	-
Lease liabilities	86.50	(31.67)		15.39	70.22

Note 45.1: The borrowings has been utilised for the purpose for which it has been taken from banks and financial institutions.

Note 45.2: The borrowings which has been repaid during the year whereby satisfaction is yet to be filed with Registrar of Companies (ROC):

Lender Name	Amount (₹ in crore)	Location of registar	Reason for delay
Punjab & Sind Bank	250.00	ROC- Delhi	Awaiting NOC from the lender
Sumitomo Mitsui Banking Corporation	601.41	ROC- Delhi	Awaiting NOC from the lender

Further, there are some old borrowings which have been fully repaid in past (other than tabled above) for which the Company is compiling the details in relation to which satisfaction is yet to be filed with Registrar of Companies.

Note 45.3: Quarterly returns/statements of current assets filed with banks or financial institutions against the underlying borrowings are in agreement with the books of accounts (principal outstanding).

NOTE 46: 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 and borrowing of 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, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3,677.82	-	3,677.82	5,065.62	-	5,065.62
Bank balance other than cash and cash equivalents	118.38	-	118.38	150.47	-	150.47
Derivative financial instruments	524.63	135.41	660.04	38.23	204.02	242.25
Trade receivables	12.87	-	12.87	42.80	-	42.80
Loans	3,321.56	54,518.23	57,839.79	4,576.90	50,759.04	55,335.94
Investments	1,454.80	1,741.49	3,196.29	931.86	2,550.84	3,482.70
Other financial assets	166.77	587.87	754.64	125.30	548.61	673.91
Total (a)	**9,276.83**	**56,983.00**	**66,259.83**	**10,931.18**	**54,062.51**	**64,993.69**
Non-financial assets						
Current tax assets (net)	-	264.03	264.03	-	47.30	47.30
Deferred tax assets (net)	-	145.67	145.67	-	398.90	398.90
Investment property	-	0.52	0.52	-	0.53	0.53

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for the year ended March 31, 2023

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Property, plant and equipment	-	66.19	66.19	-	71.38	71.38
Right of use assets	-	65.59	65.59	-	60.47	60.47
Capital work-in-progress	-	0.08	0.08	-	-	-
Intangible assets under development	-	3.08	3.08	-	3.54	3.54
Other Intangible assets	-	14.01	14.01	-	18.02	18.02
Other non-financial assets	51.18	3.52	54.70	24.78	2.17	26.95
Assets held for sale	-	-	-	108.83	-	108.83
Total (b)	**51.18**	**562.69**	**613.87**	**133.61**	**602.31**	**735.92**
Total asset c = (a+b)	**9,328.01**	**57,545.69**	**66,873.70**	**11,064.79**	**54,664.82**	**65,729.61**
LIABILITIES						
Financial liabilities						
Trade Payables	30.25	-	30.25	16.29	-	16.29
Debt Securities	900.00	3,094.09	3,994.09	2,359.91	3,842.06	6,201.97
Borrowings (other than debt securities)	14,908.20	16,266.50	31,174.70	10,933.17	16,782.67	27,715.84
Deposits	5,138.66	12,075.58	17,214.24	5,796.65	11,808.49	17,605.14
Subordinated liabilities	499.00	739.35	1,238.35	199.98	1,238.20	1,438.18
Other financial liabilities	1,756.79	206.36	1,963.15	2,332.60	232.03	2,564.63
Total (d)	**23,232.90**	**32,381.88**	**55,614.78**	**21,638.60**	**33,903.45**	**55,542.05**
Non-financial liabilities						
Provisions	2.63	15.09	17.72	2.58	14.75	17.33
Other Non-financial liabilities	210.09	17.25	227.34	277.59	21.01	298.60
Total (e)	**212.72**	**32.34**	**245.06**	**280.17**	**35.76**	**315.93**
Total liabilities f = (d+e)	**23,445.62**	**32,414.22**	**55,859.84**	**21,918.77**	**33,939.21**	**55,857.98**
Net (c-f)			**11,013.86**			**9,871.63**

NOTE 47: 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 47.1: 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 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 CEO along with 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 Spoc 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. Spoc 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 principle. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

   Hubs and Spocs 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. The excepted credit loss on financial instruments has been presented in respective note.

   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.

Note 47.2: 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 47.3: 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, 2023	As at March 31, 2022
Concentration by sector - Retail		
Housing loans	39,385.54	35,033.09
Non housing loans	16,085.48	15,486.58
Total (a)	**55,471.02**	**50,519.67**
Concentration by sector - Corporate		
Construction finance	3,492.64	6,088.92
Corporate term loan	273.25	941.82
Lease rental discounting	35.72	344.47
Total (b)	**3,801.61**	**7,375.21**
Total (a+b)	**59,272.63**	**57,894.88**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(ii) Risk concentrations on financial assets other than loans

(₹ in crore)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2023					
Cash and cash equivalents	-	3,676.33	-	1.49	3,677.82
Bank balance other than cash and cash equivalents	-	118.38	-	-	118.38
Derivative financial instruments	-	660.04	-	-	660.04
Trade receivables	-	-	12.87	-	12.87
Investments	2,517.06	8.52	630.26	40.45	3,196.29
Other financial assets	9.04	726.55	5.16	13.89	754.64
Total	**2,526.10**	**5,189.82**	**648.29**	**55.83**	**8,420.04**
As at March 31, 2022					
Cash and cash equivalents	-	5,064.50	-	1.12	5,065.62
Bank balance other than cash and cash equivalents	-	150.47	-	-	150.47
Derivative financial instruments	-	242.25	-	-	242.25
Trade receivables	-	-	42.77	0.03	42.80
Investments	3,075.46	110.95	296.29	-	3,482.70
Other financial assets	7.44	645.85	5.44	15.18	673.91
Total	**3,082.90**	**6,214.02**	**344.50**	**16.33**	**9,657.75**

Note 47.4: 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.

Note 47.4.1 Total market risk exposure

(₹ in crore)

Particular	As at March 31, 2023	As at March 31, 2022	Primary risk sensitivity
	Carrying amount		
ASSETS			
Financial assets			
Cash and cash equivalents	3,677.82	5,065.62	-
Bank balance other than cash and cash equivalents	118.38	150.47	-
Derivative financial instruments	660.04	242.25	-
Trade receivables	12.87	42.80	-
Loans	57,839.79	55,335.94	Interest rate
Investments	3,196.29	3,482.70	Interest rate
Other financial assets	754.64	673.91	Interest rate
Total	**66,259.83**	**64,993.69**	
LIABILITIES			
Financial liabilities			
Trade payables	30.25	16.29	-
Debt securities	3,994.09	6,201.97	Interest rate
Borrowings (other than debt securities)	31,174.70	27,715.84	Interest rate/ Currency risk
Deposits	17,214.24	17,605.14	Interest rate
Subordinated liabilities	1,238.35	1,438.18	Interest rate
Other financial liabilities	1,963.15	2,564.63	-
Total	**55,614.78**	**55,542.05**	

47.4.2 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 assesses 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 and (loss)
Loans	2022-23	100 bps / (100) bps	578.78 / (578.78)
	2021-22	100 bps / (100) bps	559.97 / (559.97)
Investments	2022-23	100 bps / (100) bps	4.19 / (1.38)
	2021-22	100 bps / (100) bps	9.26 / (4.78)
Other financial assets	2022-23	25 bps / (25) bps	68.22 / (68.22)
	2021-22	25 bps / (25) bps	74.20 / (74.20)
External Commercial Borrowing	2022-23	100 bps / (100) bps	(0.63) / 0.63
	2021-22	100 bps / (100) bps	(6.14) / 6.14
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2022-23	100 bps / (100) bps	(319.93) / 319.93
	2021-22	100 bps / (100) bps	(296.53) / 296.53

47.4.3 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 into 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.

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 assesses the sensitivity of the assets and liabilities over the profit and loss and other comprehensive income with change in currency rates.

(₹ in crore)

Areas	Financial year	Increase / (decrease) in %	Sensitivity on profit and loss / other comperehensive income
External Commercial Borrowing	2022-23	10 % / (10) %	(0.32) / 0.32
	2021-22	10 % / (10) %	(9.68) / 9.68

Note 47.4.4: 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 47.5: 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, also 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, government securities etc., 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 47.5.1: 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, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities						
Trade payables	30.25	-	30.25	16.29	-	16.29
Debt securities	900.00	3,094.09	3,994.09	2,359.91	3,842.06	6,201.97
Borrowings (other than debt securities)	14,908.20	16,266.50	31,174.70	10,933.17	16,782.67	27,715.84
Deposits	5,138.66	12,075.58	17,214.24	5,796.65	11,808.49	17,605.14
Subordinated liabilities	499.00	739.35	1,238.35	199.98	1,238.20	1,438.18
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,768.92	4,866.85	8,635.77	3,539.44	4,807.71	8,347.15
Other financial liabilities	1,490.61	206.36	1,696.97	1,978.84	232.03	2,210.87
Total	**26,735.64**	**37,248.73**	**63,984.37**	**24,824.28**	**38,711.16**	**63,535.44**

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, 2023			
Undrawn commitments relating to advances	2,618.62	1,696.80	4,315.42
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	1,210.00	-	1,210.00
As at March 31, 2022			
Undrawn commitments relating to advances	1,884.25	2,030.01	3,914.26
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	1,820.00	-	1,820.00

NOTE 48: 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 are significant and 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

As at March 31, 2023

(₹ in crore)

Particulars	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	8.52	-	-	8.52
Debt securities	-	457.67	-	457.67
Government securities	-	413.18	-	413.18
Derivative financial instruments				
Forward contracts and currency swaps	-	658.02	-	658.02
Interest rate swaps	-	63.02	-	63.02
Total assets measured at fair value on a recurring basis (a)	**8.52**	**1,591.89**	**-**	**1,600.41**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	-	-	-
Total assets measured at fair value on a non recurring basis (b)	**-**	**-**	**-**	**-**
Total assets measured at fair value (a)+(b)	**8.52**	**1,591.89**	**-**	**1,600.41**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	38.67	-	38.67
Margin money received against derivative financial instruments	-	22.33	-	22.33
Total liabilities measured at fair value through profit or loss	**-**	**61.00**	**-**	**61.00**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

As at March 31, 2022

(₹ in crore)

Particulars	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	110.95	-	-	110.95
Debt securities	-	92.69	-	92.69
Government securities	-	1,044.83	-	1,044.83
Derivative financial instruments				
Forward contracts and currency swaps	-	332.88	-	332.88
Total assets measured at fair value on a recurring basis (a)	**110.95**	**1,470.40**	**-**	**1,581.35**
Assets measured at fair value on a non-recurring basis				
Assets held for sale	-	108.83	-	108.83
Total assets measured at fair value on a non-recurring basis (b)	**-**	**108.83**	**-**	**108.83**
Total assets measured at fair value (a)+(b)	**110.95**	**1,579.23**	**-**	**1,690.18**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Spot and forward contracts	-	50.08	-	50.08
Interest rate swaps	-	40.55	-	40.55
Total liabilities measured at fair value through profit or loss	**-**	**90.63**	**-**	**90.63**

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. **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.

4. **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 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

As at March 31, 2023

(₹ in crore)

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	57,839.79	-	57,832.27	-	57,832.27
Investment#					
Government Securities (at amortised cost) & Equity (at cost)	2,276.72	-	2,285.37	-	2,285.37
Security Recipt in ACRE 122 trust	40.45	-	-	119.00	119.00
Total financial assets	**60,156.96**	**-**	**60,117.64**	**119.00**	**60,236.64**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities (including interest accrued)	4,098.77	-	4,087.55	-	4,087.55
Deposits (including interest accrued)	17,247.90	-	-	17,142.92	17,142.92
Subordinated liabilities (including interest accrued)	1,239.44	-	1,239.22	-	1,239.22
Total financial liabilities	**22,586.11**	**-**	**5,326.77**	**17,142.92**	**22,469.69**

As at March 31, 2022

(₹ in crore)

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	55,335.94	-	55,395.27	-	55,395.27
Investment#					
Government Securities (at amortised cost) & Equity (at cost)	2,234.23	-	2,321.02	-	2,321.02
Total financial assets	**57,570.17**	**-**	**57,716.29**	**-**	**57,716.29**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities (including interest accrued)	6,378.01	-	6,569.97	-	6,569.97
Deposits (including interest accrued)	17,687.05	-	-	17,831.27	17,831.27
Subordinated liabilities (including interest accrued)	1,439.27	-	1,493.54	-	1,493.54
Total financial liabilities	**25,504.33**	**-**	**8,063.51**	**17,831.27**	**25,894.78**

fair value has been disclsoed for those valued at amortised cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

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)

   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 been recognised at amortised cost in the financial statements.

   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 been disclosed.

2. Financial assets

   Loans and advances to customers

   Substantial amount of the loans are based on floating rate of interest,carrying amount of which represents the fair value of these loans. Minuscule amount of loans are based on fixed to floating rate of interest, the fair values of these loans are computed by discounted cash flow models incorporating prevalling interest rate.The Company classifies these assets as Level 2.

   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.

3. 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 prevalling interest rate. The Company classifies these liabilities 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, 2023 and March 31, 2022.

NOTE 49: OTHER DISCLOSURES:

(i) There is no income which is required to be recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ii) The Company has not been declared willful defaulter by any Banks/Financial Institutions.

(iii) The Company has not traded or invested in Crypto currency or Virtual currency during the year.

(iv) There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(v) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

   (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(vi) The Company has not received any funds from any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(vii) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and the Group has no CICs as part of the Group.

(viii) The Company has not entered into Scheme of Arrangement in terms of section 230 to 237 of the Company Act, 2013.

(ix) Disclosure in relation to Struck off Companies:

(₹ in crore)

Name of struck off Company/LLP	Nature of transactions with struck-off Company	Balance outstanding as at March 31, 2023	Balance outstanding as at March 31, 2022	Relationship with the Struck off company/LLP
A and B Fashions Private Limited	Interest credited on deposit received	0.15	0.14	Depositor
Payal Financial Services Private Limited	Professional services	-	-	Vendor
Akshda Well Wisher Advisory (OPC) Private Limited	Direct selling agent	-	-	Vendor
DNM Finserve Private Limited	Direct selling agent	-	-	Vendor

Note 50: Pursuant to the Board of Directors approval dated March 09, 2022 for issue of equity shares upto by way of Rights Issue ("Rights Issue") for an amount not exceeding ₹ 2500 crore, the Company had filed Letter of Offer on March 29, 2023. The issue opened for subscription on April 13, 2023 and closed on April 27, 2023. The rights issue was oversubscribed 1.21 times. The Board on May 4, 2023 approved the allotment of 9,06,81,828 fully paid-up equity shares at a price of ₹275 per equity share (including premium of ₹265 per equity share) aggregating to ₹2,493.76 crore to the eligible shareholders. The estimated issue expenses (contractual commitment) in relation to Right Issue is ₹46.70 crore.

NOTE 51: AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules, 2015 from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015, applicable from April 1, 2023, as below:

(i) Ind AS 1 – Material accounting policies - The amendments mainly related to shifting of disclosure of erstwhile "significant accounting policies" in the notes to the financial statements to material accounting policy information requiring companies to reframe their accounting policies to make them more "entity" specific. This amendment aligns with the "material" concept already required under International Financial Reporting Standards (IFRS). The Company does not expect the amendments to have any impact in the financial statements.

(ii) Ind AS 8 – Definition of accounting estimates - The amendments specify definition of 'change in accounting estimate' replaced with the definition of 'accounting estimates. The Company does not expect the amendments to have any impact in the financial statements.

(iii) Ind AS 12 – The amendment clarifies that in cases of transactions where equal amounts of assets and liabilities are recognised on initial recognition, the initial recognition exemption does not apply. Also, If a company has not yet recognised deferred tax asset and deferred tax liability on right-of-use assets and lease liabilities or has recognised deferred tax asset or deferred tax liability on net basis, that company shall have to recognise deferred tax assets and deferred tax liabilities on gross basis based on the carrying amount of right-of-use assets and lease liabilities existing at the beginning of April 1, 2022. The Company does not expect the amendments to have any impact in its recognition of deferred tax assets and deferred tax liabilities in its financial statements.

The MCA vide its notification dated March 24, 2021 had introduced the concept of audit trails, applicable from April 1, 2023, by inserting proviso to rule 3(1) of the Companies (Accounts) Rules, 2014. It mentioned that every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Note 52: Previous year figures have been rearranged / regrouped wherever necessary to correspond with current year's classification disclosure.

In terms of our report of even date

For T R Chadha & Co LLP Chartered Accountants FR No.: 006711N/N500028	**For and on behalf of the Board of Directors**	
Neena Goel Partner M. No.: 057986	**Girish Kousgi** Managing Director & CEO DIN: 08524205	**Neeraj Vyas** Director DIN: 07053788
For **Singhi & Co.** Chartered Accountants FR No.: 302049E		
Bimal Kumar Sipani Partner M. No.: 088926	**Vinay Gupta** Chief Financial Officer ACA: 500609	**Sanjay Jain** Company Secretary FCS: 002642

Place: New Delhi
Date: May 18, 2023

NOTES

CORPORATE INFORMATION

DIRECTORS ON BOARD

Mr. Atul Kumar Goel
Mr. Sunil Kaul
Mr. R Chandrasekaran
Mr. Nilesh S Vikamsey
Dr. Tejendra Mohan Bhasin
Mr. Neeraj Vyas
Mr. Sudarshan Sen
Mr. Kapil Modi
Ms. Gita Nayyar
Mr. Pavan Kaushal
Mr. Dilip Kumar Jain
Mr. Girish Kousgi,
Managing Director and CEO

STATUTORY AUDITORS

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B-30, Connaught Place,
Kuthiala Building,
New Delhi – 110 001

Singhi & Co., Chartered Accountants
1704, 17th Floor, World Trade Tower
DND, Flyway, C 01,
Sector 16, Noida- 201 301

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
Unit: PNB Housing Finance Limited
C-101, 247 Park L.B.S. Marg, Vikhroli (West)
Mumbai 400 083

TRUSTEE FOR DEBENTURE HOLDERS

IDBI Trusteeship Services Limited
Universal Insurance Building,
Ground Floor, Sir P.M. Road,
Fort, Mumbai – 400001
E-mail: itsl@idbitrustee.com
Tel No. (022) 40807000

SECRETARIAL AUDITOR

Chandrasekaran Associates
Company Secretaries
11-F, Pocket-IV, Mayur Vihar Phase-I,
Delhi-110 091

BANKERS AND FINANCIAL INSTITUTIONS

ANZ Bank
Asian Development Bank
Bandhan Bank
Bank of Baroda
Bank of India
Barclays Bank
Canara Bank
Citi Bank
Deutsche Bank
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank
IDFC First Bank
Indian Bank
Indus Ind Bank
International Finance Corporation
Japan International Cooperation Agency
Karnataka Bank Limited
Karur Vysya Bank
Kookmin Bank
National Housing Bank
Punjab & Sind Bank
Punjab National Bank
RBL Bank Limited
State Bank of India
The HSBC Limited
UCO Bank
Union Bank of India

CHIEF FINANCIAL OFFICER

Mr. Vinay Gupta

COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

Mr. Sanjay Jain

REGISTERED AND CENTRAL SUPPORT OFFICE

9th Floor, Antriksh Bhavan,
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pnb Housing
Finance Limited