



14th
ANNUAL REPORT
2001-2002



PNB HOUSING'S
HOME LOANS



PNB HOUSING FINANCE LTD.

(A wholly owned subsidiary of Punjab National Bank)



Hon'ble Union Minister for Urban Development Shri Ananth Kumar inaugurating company's stall in an exhibition. Shri R. Nambirajan, MD explaining about the company's loan schemes.



Hon'ble Minister of Forest, Environment and Urban Development Govt. of Uttranchal Shri Nav Prabhat inaugurating company's Dehradun branch. Shri R. Nambirajan standing to his left.



Shri T.S. Narayanasami, ED, PNB and Director of PNB Housing inaugurating company's Trivandrum branch.

14th Annual Report 2001-2002

(Rs. in Crores)

Performance Highlights

	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-2001	2001-2002	Cumulative
Loan Approvals	19.67	38.30	60.49	66.55	97.24	140.17	289.42	854.33
Loan Disbursements	15.65	20.44	50.78	63.06	87.17	130.29	267.62	771.03
Loan Outstanding	122.77	134.13	176.08	226.07	236.31	320.88	519.97	-
Deposit Outstanding	86.97	130.98	135.33	124.12	127.88	117.02	139.59	-
Total Income	19.02	33.17	34.89	34.90	49.98	52.41	66.92	-
Profit before tax	(8.01)	10.27	8.04	2.22	8.30	12.57	12.43	-
Profit after tax	(8.01)	9.86	6.43	0.23	5.63	9.87	9.17	-
Dividend (%)	-	15	15	-	10	10	11	-
Earnings per Share (Rs.)	-	9.86	6.43	-	1.88	3.29	3.06	-
Net Worth	16.29	24.50	29.28	51.70	54.00	60.20	67.61	-

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Exec. Vice President

V.K. Gupta

Company Secretary

Sanjay Jain

Auditors

Ramesh Kapoor & Co.

Ist-A, 180, First Floor

Lajpat Nagar

New Delhi - 110 024

Bankers

Punjab National Bank

Industrial Finance Branch

A-9, Connaught Circus

New Delhi - 110 001

Board of Directors



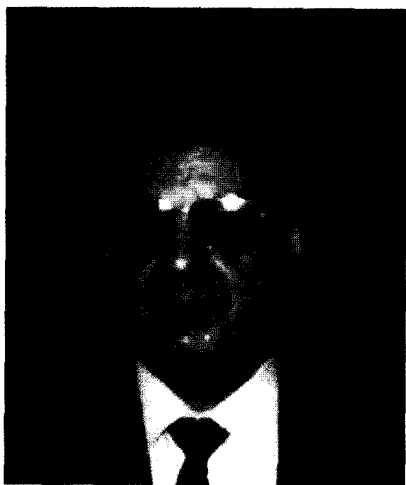
Sh. S.S. Kohli, Chairman



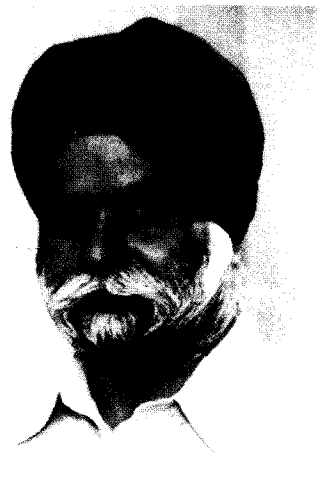
Sh. T.S. Narayanasami



Sh. Manu Chadha



Sh. K.B. Sharma



Sh. M.S. Rekhras



Sh. R.S. Awasthi



Sh. K.K. Bhargava



Sh. C.P. Swarnkar



Sh. R. Nambirajan

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Accounts of the company for the year ended March 31, 2002.

FINANCIAL RESULTS

	(Rs. in lacs)	
	For The Year Ended March 31, 02	For The Year Ended March 31, 01
Profit/Loss before tax	1230.48	1263.24
Less: Prior period expenditure	(4.28)	5.77
Add: Earlier year provision written back	7.84	0
	<u>1242.61</u>	<u>1257.48</u>
Less: Provision for Tax	280.00	270.00
Deferred Tax	45.23	0
Profit/Loss After Tax	917.38	987.48
Add: Balance brought forward from the previous year	60.38	23.20
	<u>977.76</u>	<u>1010.68</u>
Appropriation of Profits		
Transfer to Special Reserve	423.00	282.50
Transfer to General Reserve	200.00	300.00
Interim Dividend paid (Inc. Dividend Tax)	0	367.80
Proposed Dividend	330.00	0
Balance carried to Balance Sheet	24.76	60.38
	<u>977.76</u>	<u>1010.68</u>

Dividend

Your Directors are pleased to recommend a dividend of 11% for the year ended 31.03.02 as against 10% paid in 2000-01.

Review of Operations:

Income and Profit

During the year, the company earned a total income of Rs. 66.92 crores as compared to Rs.52.41 crores in the

previous year. The Profit before tax was Rs.12.43 crores and the Profit after provision for tax and deferred tax was Rs. 9.17 crores. Although, as compared to previous financial year, the Profit before tax declined by 1% but the Profit from operations improved by 45% because the company earned extraordinary income of Rs. 4 crores in the previous financial year.

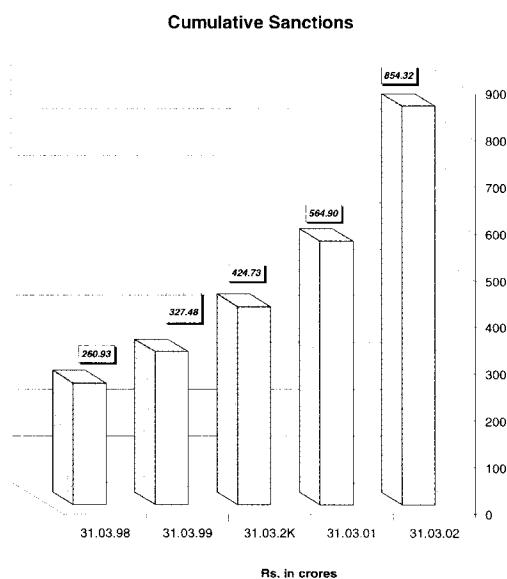
Loan Approvals

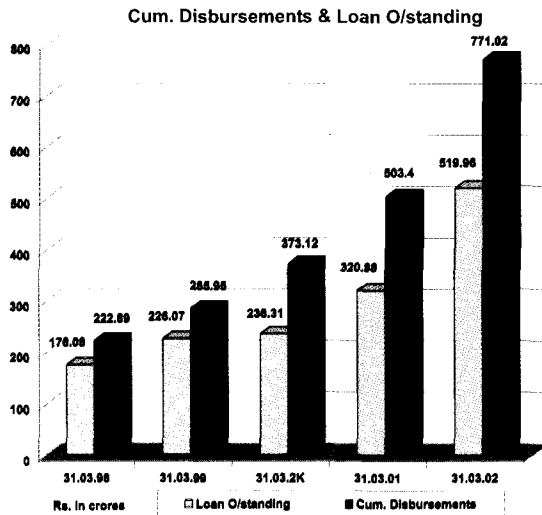
During the year, there was stiff competition from the banks that have become very aggressive in housing loans. In spite of increase in number of institutions giving housing loans, the Company has bettered the industry's growth. The loan approvals at Rs. 289.42 crores improved by 106% and total disbursements at Rs. 267.62 crores improved by 105% over previous financial year. During the year, the Company financed a total of 7623 units. The Company continued its focus on loans to individuals, who constitute 94.50% of the total loan outstanding.

The cumulative loan approvals as on 31.03.2002 were Rs.854.32 crores in respect of 40961 units and cumulative loan disbursements were Rs. 771.02 crores. As on 31.03.02 the total loans outstanding, including installments due from borrowers were Rs. 519.97 crores. During the year, the Company has financed 768 units involving a sum of Rs. 25.62 crores under Golden Jubilee Rural Housing Scheme.

Asset Liability Management:

During the year, the company raised long term resources of over Rs. 264 crores from NHB refinance, term loan, issue of bonds and recovery of principal on housing loan. Thus, the entire disbursements of Rs. 267.62 crores of long-term individual housing loan was raised through





long-term borrowings. Over the last five years, the ratio of long term resources to total loan outstanding has constantly improved from 29% as on 31.03.98 to 79% as on 31.03.02.

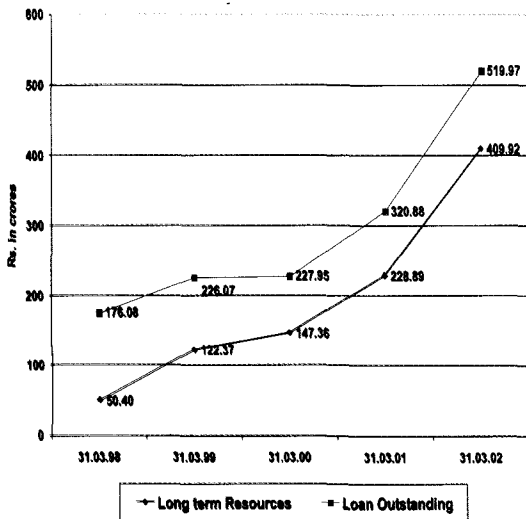
Long term Resources:

1. NHB Refinance

During the year, the company availed Rs. 52.74 crores refinance from NHB. The total refinance outstanding as on 31.03.2002 was Rs. 155.81 crores. The NHB has continued its financial support to the Company and sanctioned refinance limit of Rs. 75 crores for 2001-02 (July-June).

2. Term Loan

During the year, the Company availed fresh term loan of Rs. 93 crores from PNB. The outstanding term loan from PNB as on 31/3/2002 was Rs. 136.50 crores.



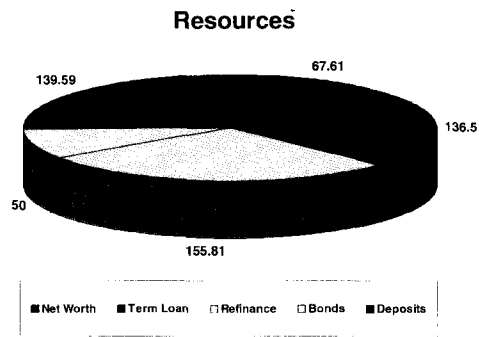
3. Bonds on private placement

In order to augment long term resources, the Company came out with an issue of 9.75% bonds of 7 years maturity with put and call option after 5 years on private placement. The total size of the issue was Rs. 25 crores with an option to retain 100% over-subscription.

The Company received very good response and 23 applications from 21 banks and other institutions were accepted and allotments were made with effect from 1.12.2001. The Company retained the full subscription of Rs. 50 crores. Your Directors wish to place on record their gratitude to all the applicants for subscribing to the issue.

4. Net worth

The net worth of the company as on 31/03/2002 was Rs. 67.61 crores.



Other Resources:

Public Deposits

The net deposit outstanding including interest accrued and due were Rs. 139.59 crores as against Rs. 117.02 crores as on 31.03.2001. Recently, the credit rating of public deposit program was upgraded by CRISIL by two notches from FAA- to FAA+ which means high safety regarding timely payment of interest and principal.

Unclaimed Deposits

Out of deposits which became due for repayment upto March 31, 2002, deposits of Rs. 10.71 crores, including interest accrued and due relating to 3588 depositors had not been claimed or renewed. Since then, deposits of Rs. 4.47 crores relating to 1545 depositors have been repaid or renewed. Other depositors have been intimated regarding the maturity of their deposits with request to either renew or claim the deposits.

Loan Recovery

During 2001-02 Rs. 121.51 crores were recovered towards housing loan installments. The Company maintained its good record of recovery in case of individuals and the recovery was 98.28%.

The Company also made good inroads in recovery of NPA accounts of Private Builders and during the period under review, three NPA accounts of private builders were settled. With the result, overall recovery percentage has improved to 95.10% as compared to 90.21% as on 31.03.2001. The net non-performing assets to total loans outstanding also declined to 3.43% from 4.25% as on 31.03.2001.

Compliance with guidelines of NHB

The National Housing Bank has issued fresh guidelines, The Housing Finance Companies (NHB) Directions, 2001, which were published in the Official Gazette on 29.12.2001.

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

Capital Adequacy Ratio

As on 31.03.2002, the capital adequacy ratio was 14.43% as against National Housing Bank requirement of minimum 12% of total risk weighted assets.

Business Outlook

Over the last few years, the housing finance industry has grown by over 28% per annum. The surge in the demand has been due to stable property prices, declining interest rates and tax benefits.

In the last few years, there has been continuous accretion in housing stock but the country still suffers from acute shortage of dwelling units. The only way to convert this demand into effective demand is through continuation of tax incentives, land reforms, simplification of laws etc. which will ultimately make owning a dwelling unit more affordable. The Government will have to continue housing sector reforms, initiated in the last few years, in an effort to make 'Housing for All' a reality.

The business outlook for 2002-03 is positive but there has been growing competition from the banks that have entered the housing finance business on a big scale. They have also taken over accounts of housing finance companies. Due to low cost of funds, banks have reduced the interest rates considerably. Although, the Company has reduced the interest rates, but it could not be matched with banks due to pressure on margins. The industry needs level playing field such as availability of long term funds at competitive rate, reduction in risk weight on housing loans to 50% as per RBI norms for banks and a favorable pre-payment policy of NHB refinance in order to compete with them.

The recovery in the housing sector will improve after the Government has notified Housing Finance Institutions Debt

Recovery Appellate Tribunal (Financial and Administrative Powers) Rules, 2002 on 7th May, 2002. The summary procedure through specialized Recovery Tribunal will ensure speedy realization of housing loan defaults.

New Branches

During the last financial year, the Company opened four new branches at Gurgaon, NOIDA, Navi Mumbai and Bangalore. The business response at all the four branches was very encouraging.

In line with Company's policy of expansion in the retail segment, so far in the current financial year, two new branches were opened at Trivandrum and Dehradun. With this, the total number of branches has increased to 21. The Company has now expanded its reach in the National Capital Territory, state of Kerala, Karnataka, Maharashtra and newly formed state of Uttranchal. The Company will shortly open two new branches at Cochin and Bhopal.

Development of new software

The work on development of new software for housing loan, deposits and financial accounting has been completed and new software was installed in all the branches for trial run. The package will be fully operational by the end of current financial year.

Particulars of Employees

As on 31/03/2002, the company had 124 employees including 29 employees on deputation from PNB. During the year, the Company recruited a fresh batch of Management Trainees and after induction training, they were posted to different branches.

In terms of provisions of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, no employee of the company whether employed for the full financial year or for a part of the year, was in receipt of remuneration equal to or exceeding the remuneration as prescribed under the said provisions.

Directors' responsibility statement

In terms of the provisions of section 217 (2AA) Board of Directors Report that;

- i. In preparation on annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures, if any.
- ii. The directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31.03.2002 and the profit and loss account for the year ended 31.03.2002.



PNB HOUSING
FINANCE LIMITED

- iii. That the Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. That the Company had prepared the accounts on a going concern basis.

Audit Committee

During the year, the Company expanded the Audit Committee to four members with the induction of Sh. K B Sharma, Chartered Accountant as one of its member. The Committee comprises of qualified and experienced persons from the field of banking, finance and taxation.

The Committee provides direction and oversees internal audit system and procedures, internal control systems, inspection and recovery in NPA accounts. It also reviews half-yearly and annual financial statements before submission to the Board. It also periodically reviews internal/ statutory/ tax audit reports, compliance of statutory and regulatory/ legal requirements.

Auditors

Messrs Ramesh Kapoor & Co., Chartered Accountants, New Delhi were appointed by the Comptroller and Auditor General of India as Auditors of the company for the financial year ended March 31, 2002.

Directors

Sh. K B Sharma, Chartered Accountant and Sh. Man Mohan Singh Rekhras retired Chief General Manager, RBI were co-opted on the Board as Additional Directors with effect from 30.01.2002 and 27.05.2002 respectively.

Pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) Shri K B Sharma and Shri Man Mohan Singh Rekhras would hold office upto the ensuing Annual General Meeting. The company has received notices under section 257 of the Act proposing the appointment of Shri K B Sharma and Shri Man Mohan Singh Rekhras respectively as Directors of the Company.

In accordance with the provisions of the Companies Act, 1956, Shri S S Kohli, Chairman, Sh. T S Narayanasami and Sh. C P Swarnkar, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

Comments from Comptroller and Auditor General of India (CAG)

The CAG in its report on Annual Accounts 2001-02 commented that the Provision for Non Performing Assets is understated by Rs. 45.57 lacs due to short provision in respect of loan assets, which remained doubtful for more than one year. Your Directors clarify as under:

The CAG comment relates to provisioning in two accounts where the company re-negotiated the terms and entered into settlements. In one account, the borrower was to pay Rs. 251.25 lakh from April 2001 to October 2002 as per settlement and all the installments due upto 31.03.2002 have been received. As per settlement, the account will be adjusted by October 2002. In respect of the other account, the borrower has agreed to deliver the possession of mortgaged property in full satisfaction of company's claim before 31.07.2002 as approved by the Board and the account will stand adjusted by 31st July 2002. MoU has already been signed by the borrower with us in this regard. The NHB's guidelines on Asset classification and provisioning require company to continue with the same asset classification and provisioning norms as were applicable prior to its re-negotiation for re-schedulement and not to upgrade/re-classify such NPA accounts where re-schedulement of loan has been made, until the expiry of one year of satisfactory performance. The Company has acted in accordance with these guidelines.

Further, since both the accounts are expected to be liquidated fully within the current financial year, even the existing provision made at 20% shall have to be written back during the year 2002-03. As such in the opinion of the management there is neither under statement of current liabilities and provisions nor over statement of profits by Rs. 45.57 lakh and creation of additional provision of 10% as suggested by CAG shall be un-necessary.

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

There is no information to disclose under the head 'Conservation of Energy and Technology Absorption' given in the above rules since the company is engaged in providing housing loans. There were no foreign exchange earnings during the year. The Company incurred a total expenditure of Rs. 2.03 lacs in foreign currency on account of exhibition in Dubai and Managing Director's tour to Canada as a member of study team deputed by NHB.

Acknowledgement

The Directors of the company place on record their appreciation for the co-operation and support received from the Government of India, Reserve Bank of India, National Housing Bank and Punjab National Bank.

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

For and on behalf of the Board

Place : New Delhi
Dated : 24.07.2002

**(S S Kohli)
Chairman**



PNB HOUSING
FINANCE LIMITED

कार्यालय-प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-III, नई दिल्ली

संख्या: स.ले.प. III/प्रति./अकाउंट्स/63-अ/2001.2002/406

दिनांक 8.7.2002

सेवा में,

प्रबंध निदेशक,

पी एन बी हाउसिंग फाइनेन्स लिमिटेड,

नई दिल्ली

विषय : कंपनी अधिनियम की धारा 619(4) के अधीन पी एन बी हाउसिंग फाइनेन्स लिमिटेड, नई दिल्ली, के वर्ष 2001-2002 के लेखाओं पर भारत के नियंत्रक-महालेखा परीक्षक की टिप्पणियां।

महोदय,

मैं पी एन बी हाउसिंग फाइनेन्स लिमिटेड, नई दिल्ली, के वर्ष 2001-2002 की समाप्ति हेतु कंपनी अधिनियम 1956 की धारा 619(4) के अधीन लेखों पर भारत के नियंत्रक एवं महालेखा परीक्षक की टिप्पणियां अद्योषित करती हूँ।

कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

भवदीया,

संलग्नक: थयोपरि

(रेवती बेदी)

प्रधान निदेशक

ए ब्लॉक हटमेंट्स, निकट साउथ ब्लॉक, नई दिल्ली - 110 011

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF PNB HOUSING FINANCE LIMITED, NEW DELHI, FOR THE YEAR ENDED 31ST MARCH 2002

BALANCE SHEET

1. Current Liabilities and Provisions (Schedule 8)

Provision for Non Performing Assets : Rs. 3.12 crore

Above is understated by Rs. 45.57 lakh due to short provision in respect of loan assets, which remained doubtful for more than one year. As per guidelines of the National Housing Bank, provision on such assets should have been made at the rate of 30 per cent instead of 20 per cent made by the Company. This resulted in understatement of Current liabilities and provisions and overstatement of profit by Rs. 45.57 lakh.

Dated : 8.7.2002
Place : New Delhi

(Revathi Bedi)
Principal Director of Commercial Audit
and ex-officio Member Audit Board - III,
New Delhi

AUDITORS'REPORT

TO THE MEMBERS OF PNB HOUSING FINANCE LTD.

We have audited the attached Balance Sheet of PNB HOUSING FINANCE LIMITED as at 31st March 2002 and the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We have conducted the audit in accordance with the auditing standards generally accepted in India, which require us to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as under :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such test checks of the books and reports of the company as were considered appropriate and on the basis of information and explanations given to us by the management during the course of the audit, we enclose in the 'Annexure A', a statement on the matters specified in paragraphs (4) & (5) of the said Order to the extent applicable to the company.
2. Further to our comments in the 'Annexure A' referred to in paragraph 1 above:-
 - a) We have 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 the books of accounts and unaudited returns, adequate for the purposes of our audit, have been received from the branches of the company, not visited by us ;
 - c) The Balance Sheet and Profit and Loss Account referred to in this Report are in agreement with the books of accounts ;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account comply with the requirements of Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable ;
 - e) On the basis of written representations received from the directors of the company as at 31st March, 2002 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
 - f) In our opinion and to the best of our information and according to the explanation given to us, the Balance Sheet and Profit and Loss Account read with the Notes on Accounts in Schedule 15 and Significant Accounting Policies in Schedule 14, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the STATE OF AFFAIRS of the Company as at 31st March, 2002 ;
 - ii) In the case of Profit and Loss Account, of the PROFIT of the Company for the year ended on that date.

For RAMESH KAPOOR & CO.
Chartered Accountants

Place: New Delhi
Dated : 27.05.2002

(RAMESH KAPOOR)
Partner



ANNEXURE 'A', referred to in paragraph (1) of our Audit Report of even date on the accounts of PNB HOUSING FINANCE LIMITED, for the year ended 31st March, 2002

1. The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the company have been physically verified by the Management during the year and as per the information and explanations given to us, no material discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The company has not taken any loans, secured or unsecured, from the companies, firms or other parties listed in the Register maintained under Section 301 and/or from the Companies under the same management as defined in Section 370 of the Companies Act, 1956, the rate of interest and other terms and conditions of which, prima facie, are prejudicial to the interest of the company.
4. The Company has not granted any loans, secured or unsecured to companies, firms or other parties, listed in the Register maintained under Section 301 of the Companies Act, 1956 and/or to the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
5. Parties to whom Loans or Advances in the nature of loans, have been given by the company are generally repaying the principal amount as per original stipulation or as per modified repayment schedule and are also regular in payment of interest except to the extent of overdue instalments as referred to in Note No.1 of Schedule 15, where necessary steps are being taken by the company for recovery of the principal and interest.
6. On the basis of selective checks carried out during the course of our audit, in our opinion and according to the information and explanations given to us, the internal control procedures are generally adequate and commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and other assets.
7. In our opinion, the Internal Audit System presently comprising of quarterly audit of transactions at branch level, by various firms of CHARTERED ACCOUNTANTS, besides periodic inspection by Corporate Office, the same is considered adequate and commensurate with the size and nature of the business of the company. With the manifold increase in business activities of the company, internal audit system and internal control system, need to be further strengthened and sharpened.
8. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58(A) of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 to the extent applicable and The Housing Finance Companies (NHB) Directions, 2001 with regard to acceptance of deposits from the public.
9. According to the records of the company, Provident Fund dues have been regularly deposited with the appropriate authorities during the year. In the management's view the Employees State Insurance Scheme is not applicable to the company.
10. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax and Excise Duty which is outstanding for a period of more than six months as at 31st March, 2002 from the date they became payable.
11. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
12. The company is not a 'Sick Industrial Company' within the meaning of clause (o) of the sub-section (1) of Section 3 of the Sick Industrial Companies(Special Provision) Act, 1985.
13. The company has granted loans and advances for housing on the security of equitable mortgage of properties, pledge of shares, debentures, its own deposits, other securities besides other collateral securities/guarantees as stated in Note No. 2 in Schedule 15. Adequate documents and records have been maintained.
14. As per the information and explanations given to us, the provisions of Special Statutes/Laws applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the company.
15. In respect of company's transactions for sale/purchase of securities, held as Investments, proper records of the transactions have been maintained and timely entries have been made therein. We confirm that company's investments are held in its own name.

FOR RAMESH KAPOOR & CO.
Chartered Accountants

Place: New Delhi
Dated : 27.05.2002

(RAMESH KAPOOR)
Partner



BALANCE SHEET AS AT MARCH 31, 2002

SCHEDULE

SOURCES OF FUNDS	SCHEDULE	RUPEES	As at	As at
			March 31, 2002	March 31, 2001
			RUPEES	RUPEES
SHAREHOLDERS' FUNDS				
Share Capital	1	300,000,000		300,000,000
Reserves & Surplus	2	376,078,502		301,958,937
			676,078,502	601,958,937
LOAN FUNDS				
Secured Loans	3	3,423,130,534		1,686,908,871
Unsecured Loans		1,396,075,336		1,170,501,904
			4,819,205,870	2,857,410,775
			5,495,284,372	3,459,369,712
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	4	47,696,102		36,419,991
Less: Depreciation		17,427,078		12,926,521
Net Block			30,269,024	23,493,470
LOANS	5		4,918,954,082	2,912,561,060
INVESTMENTS	6		431,253,400	502,634,700
CURRENT ASSETS, LOANS AND ADVANCES	7	450,587,946		401,311,371
LESS: CURRENT LIABILITIES AND PROVISIONS	8	347,150,914		380,630,889
NET CURRENT ASSETS			103,437,032	20,680,482
DEFERRED TAX ASSET(NET)			10,859,058	0
MISC. EXPENDITURE				
Bond Issue Expenses (to the extent not written off or adjusted)			511,776	0
			5,495,284,372	3,459,369,712

Significant Accounting Policies : Schedule '14'

Notes forming integral part of Accounts : Schedule '15'

Schedules '1' to '8' and '14' , '15' annexed hereto form part of the Balance Sheet.

(SANJAY JAIN)
COMPANY SECRETARY

(V.K. GUPTA)
EXEC. VICE PRESIDENT

(R. NAMBIKARAN)
MANAGING DIRECTOR

(K.K. BHARGAVA)
DIRECTOR

(R.S. AWASTHI)
DIRECTOR

(K.B. SHARMA)
DIRECTOR

(MAN MOHAN SINGH)
DIRECTOR

(T.S.NARAYANASAMI)
DIRECTOR

(S S KOHLI)
CHAIRMAN

In terms of our report of even date
For RAMESH KAPOOR & CO.
Chartered Accountants

(RAMESH KAPOOR)
Partner

PLACE : NEW DELHI
DATED : 27.05.2002



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2002

INCOME	SCHEDULE	For the year	For the year
		Ended March 31,2002 RUPEES	Ended March 31,2001 RUPEES
Operating Income	9	668,910,090	522,254,752
Other Income		276,320	1,838,722
		<u>669,186,410</u>	<u>524,093,474</u>
EXPENDITURE			
Interest and Other Charges	10	463,336,461	334,854,493
Personnel Expenses	11	19,893,841	17,783,803
Administrative Expenses	12	13,738,532	8,063,923
Other Expenses	13	19,369,436	9,909,265
Depreciation			
- Fixed Assets		4,914,276	3,099,123
- Investments		0	8,998,050
Provision for Non Performing Assets		10,654,816	6,339,080
Bad Debts Written Off		14,230,609	8,721,315
		<u>546,137,971</u>	<u>397,769,052</u>
PROFIT BEFORE TAX		123,048,439	126,324,422
Less: Prior period adjustments		(427,783)	576,885
Add: Earlier year provision written back		784,285	0
		<u>124,260,507</u>	<u>125,747,537</u>
Less: Provision for Tax -Current		28,000,000	27,000,000
-Deferred Tax		4,522,514	0
PROFIT AFTER TAX		91,737,993	98,747,537
Add- Balance brought forward from previous year		6,037,937	2,320,400
PROFIT AVAILABLE FOR APPROPRIATION		97,775,930	101,067,937
APPROPRIATIONS:			
Special Reserve - Under Section 36(1)(viii) of the Income Tax Act, 1961		42,300,000	28,250,000
General Reserve		20,000,000	30,000,000
Interim Dividend (including Dividend Tax Rs.6,780,000)		0	36,780,000
Proposed Dividend(subject to TDS)		33,000,000	0
Balance carried to Balance Sheet		2,475,930	6,037,937
		<u>97,775,930</u>	<u>101,067,937</u>

Significant Accounting Policies : Schedule '14'

Notes forming integral part of Accounts : Schedule '15'

Schedules '9' to '15' annexed hereto form part of the Profit & Loss Account

(SANJAY JAIN)
COMPANY SECRETARY

(V.K. GUPTA)
EXEC. VICE PRESIDENT

(R. NAMBIKARAN)
MANAGING DIRECTOR

(K.K. BHARGAVA)
DIRECTOR

(R.S. AWASTHI)
DIRECTOR

(K.B. SHARMA)
DIRECTOR

(MAN MOHAN SINGH)
DIRECTOR

(T.S.NARAYANASAMI)
DIRECTOR

(S S KOHLI)
CHAIRMAN

In terms of our report of even date
For RAMESH KAPOOR & CO.
Chartered Accountants

PLACE : NEW DELHI
DATED : 27.05.2002

(RAMESH KAPOOR)
Partner



SCHEDULE : 1

SHARE CAPITAL

	As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES
AUTHORISED		
50,000,000 Equity Shares of Rs.10/- each	500,000,000	500,000,000
ISSUED, SUBSCRIBED AND PAID UP		
30,000,000 Equity Shares of Rs.10/- each fully paid up (All the shares are held by Punjab National Bank and its nominees)	300,000,000	300,000,000

SCHEDULE : 2

RESERVES AND SURPLUS

	RUPEES	As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES
SPECIAL RESERVE			
(In terms of Section 36(1) (viii) of the Income Tax Act, 1961)			
As per last Balance Sheet	195,921,000		167,671,000
Add: Transfer from General Reserve	1,558,000		0
Transfer from Profit & Loss Account	42,300,000		28,250,000
		239,779,000	195,921,000
GENERAL RESERVE			
As per last Balance Sheet	115,381,572*		70,000,000
Less: Transfer to Special Reserve	1,558,000		0
Add: Transfer from Profit & Loss Account	20,000,000		30,000,000
		133,823,572	100,000,000
BALANCE IN PROFIT AND LOSS ACCOUNT		2,475,930	6,037,937
		376,078,502	301,958,937

*Includes deferred tax asset of Rs.15381572/- as on 1.4.2001



SCHEDULE : 3

LOAN FUNDS

	RUPEES	As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES
A. SECURED			
i) Term Loan from Punjab National Bank (Secured by a negative lien on the properties charged to/guarantees obtained by the company against Housing Loans disbursed).		1,365,000,000	555,000,000
ii) Refinance from National Housing Bank (Secured by Hypothecation of book debts against which refinance has been availed).		1,558,130,534	1,131,908,871
iii) Bonds 9.75% Secured Redeemable Bonds (Secured by Hypothecation of book debts to the extent of 1.25 times of outstanding amount and mortgage of buildings of Rs 7,723,100/-)		500,000,000	0
		3,423,130,534	1,686,908,871
B. UNSECURED			
FIXED DEPOSITS			
Non-cumulative	190,281,000		158,233,000
Cumulative	1,197,608,973		1,005,447,000
Home Loan Account Scheme	196,551		299,768
	1,388,086,524		1,163,979,768
Interest Accrued & Due on Deposits	7,988,812		6,522,136
		1,396,075,336	1,170,501,904
		4,819,205,870	2,857,410,775

SCHEDULE : 4

FIXED ASSETS

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at March 31, 2001 RUPEES	Additions RUPEES	Deductions RUPEES	As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES	For the Year RUPEES	Deduction during the year RUPEES	As at March 31, 2002 RUPEES	As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES
Furniture & Fixture	9,184,765	5,169,843	407,011	13,947,597	4,402,368	1,954,318	346,652	6,010,034	7,937,563	4,782,397
Office Equipment & Electrical Equipment	3,624,436	2,097,269	109,565	5,612,140	1,847,468	601,652	67,067	2,382,053	3,230,087	1,776,968
Vehicles	421,090	218,365	0	639,455	99,476	130,760	0	230,236	409,219	321,614
Computers	9,017,200	3,253,360	0	12,270,560	6,577,209	1,496,731	0	8,073,940	4,196,620	2,439,991
Building	14,172,500	1,053,850	0	15,226,350*	0	730,815	0	730,815	14,495,535	14,172,500
	36,419,991	11,792,687	516,576	47,696,102	12,926,521	4,914,276	413,719	17,427,078	30,269,024	23,493,470
Previous Year	17,574,028	19,217,127	371,164	36,419,991	10,081,201	3,099,123	253,803	12,926,521	23,493,470	7,492,827

* Includes Buildings of Rs. 7,723,100/- (Previous Year nil) mortgaged for securing 9.75% secured redeemable bonds (see schedule 3).



SCHEDULE : 5

HOUSING LOANS - Secured, Considered Good (See Note '2' Schedule '15')

	As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES
Individuals	4,833,475,594	2,740,217,651
Corporate Bodies	85,478,488	172,343,409
	4,918,954,082	2,912,561,060

SCHEDULE : 6

INVESTMENTS

	As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES
LONG TERM INVESTMENT		
A. QUOTED - OTHER THAN TRADE		
i) PNB Gilts Ltd.(A subsidiary of PNB) 328,600(Previous Year 328,600) Equity Shares of Rs.10/- each fully paid up	9,858,000	9,858,000
Less: Provision for diminution in value	4,271,800	4,271,800
	5,586,200	5,586,200
ii) Unit Trust of India 0 (Previous Year 5,060,000) Units of Rs. 10/- each of Unit Scheme, 1964	0	76,072,250
Less: Provision for diminution in value	0	4,726,250
	0	71,346,000
B. UNQUOTED - OTHER THAN TRADE (FULLY PAID)		
Bonds and Debentures		
i) 13.5% National Housing Bank Bond of the Face Value of Rs. 2,000,000/- (Previous Year Rs.2,000,000/-)	1,991,200	1,991,200
ii) 12.25% UP State Govt. Bond of Face Value of Rs. 423,676,000/- (Previous Year Rs. 423,676,000/-) received in satisfaction of housing loan of Ghaziabad Development Authority	423,676,000	423,676,000
Others		
0 Indira Vikas Patra(Previous year 128 of Rs. 100/- each and 9 of Rs.2500/- each).	0	35,300
	431,253,400	502,634,700
	Cost (RUPEES)	Market Value (RUPEES)
Aggregate value of quoted investments	5,586,200	5,832,650
Previous Year	76,932,200	76,932,200
Aggregate value of unquoted investments	425,667,200	
Previous Year	425,702,500	



SCHEDULE : 7

CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES
	<u> </u>	<u> </u>
CURRENT ASSETS		
Interest Accrued on Investments	28,110	57,265
Cash and Bank Balance		
Cash in Hand	1,217,299	603,459
With scheduled Bank		
- in Current Accounts	114,095,455	29,885,902
- Certificate of Deposit/ Fixed Deposit	0	30,000,000
Stamps in hand	44,231	12,075
LOANS AND ADVANCES		
LOANS		
(Secured, Considered Good excepting provision made for doubtful advances)		
Instalments Due from Borrowers *	280,710,302	296,233,839
(Note 2 & 3 of Schedule 15)		
Demand Loan against Deposits	13,195,629	9,733,355
ADVANCES		
(Unsecured, Considered Good)		
Staff Loan	180,383	174,005
Advances recoverable in cash or in kind or for value to be received	2,739,268	848,893
TDS and Advance Income Tax (net of provision Rs.81,700,000/- Previous Year Rs.73,600,000/-)	31,511,220	26,896,529
Advance Interest Tax (net of provision Rs.7,410,213/- Previous Year Rs.13,478,510/-)	6,866,049	6,866,049
	<u>450,587,946</u>	<u>401,311,371</u>

* Net of interest not recognised Rs.56,578,036/- (Previous Year Rs.53,882,863/-)



SCHEDULE : 8

CURRENT LIABILITIES AND PROVISIONS

		As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES
CURRENT LIABILITIES	RUPEES		
Interest Accrued but not due	165,129,067		248,182,013
Unclaimed Deposits (Including unclaimed interest accrued and due Rs.29,581,526/- Previous Year Rs. 28,422,297/-)	107,108,210		105,311,954
Sundry Creditors	6,212,092		3,037,326
Other Liabilities	3,499,701		1,033,698
		281,949,070	357,564,991
PROVISIONS			
Provision for			
- Non Performing Assets	31,208,571		22,553,755
- Contingencies	123,477		123,477
- Leave Encashment	869,796		388,666
- Proposed Dividend	33,000,000		0
		65,201,844	23,065,898
		347,150,914	380,630,889



SCHEDULE : 9

OPERATING INCOME

	RUPEES	For the year Ended March 31, 2002 RUPEES	For the year Ended March 31, 2001 RUPEES
INTEREST INCOME			
i) on Housing loans			
- Individuals	512,672,667		313,440,059
- Corporate Bodies			
(TDS Rs.2,253,822/- Previous Year Rs.3,456,343/-)	<u>52,373,003</u>		<u>98,959,088</u>
	565,045,670		412,399,147
ii) on Demand loans	1,202,833		1,330,042
	<u>566,248,503</u>		<u>413,729,189</u>
iii) on Deposits	851,561		3,412,793
(TDS Rs.1,76,870/- Previous Year Rs.2,105,289/-)			
iv) on Investments			
(TDS Rs.55,080/- Previous Year Rs.59,400/-)			
- Long Term	52,176,455		55,241,797
- Current	<u>0</u>		<u>12,738,974</u>
		619,276,519	485,122,753
DIVIDEND		920,080	6,957,500
FEES & OTHER CHARGES		48,713,491	28,052,249
PROFIT/(LOSS) ON SALE OF INVESTMENTS			
- LONG TERM	0		2,349,750
- CURRENT	<u>0</u>	<u>0</u>	<u>(227,500)</u>
		668,910,090	522,254,752
OTHER INCOME			
Interest on Income Tax Refund	0		1,569,728
Miscellaneous Income	328,077		288,550
Profit/(loss) on sale of fixed assets	<u>(51,757)</u>		<u>(19,556)</u>
		276,320	1,838,722
		<u>669,186,410</u>	<u>524,093,474</u>

SCHEDULE : 10

INTEREST AND OTHER CHARGES

	RUPEES	For the year Ended March 31, 2002 RUPEES	For the year Ended March 31, 2001 RUPEES
Interest on loans		289,397,058	154,397,170
Interest on deposits		165,474,448	175,911,080
Bank Charges		102,846	196,730
Brokerage on deposits		8,362,109	4,349,513
		<u>463,336,461</u>	<u>334,854,493</u>



SCHEDULE : 11

PERSONNEL EXPENSES

	For the year Ended March 31, 2002 RUPEES	For the year Ended March 31, 2001 RUPEES
Salaries and Allowances	18,181,064	16,436,925
Contribution to Provident Fund	1,160,188	975,389
Staff Welfare Expenses	552,589	371,489
	<u>19,893,841</u>	<u>17,783,803</u>

SCHEDULE : 12

ADMINISTRATIVE EXPENSES

	For the year Ended March 31, 2002 RUPEES	For the year Ended March 31, 2001 RUPEES
Rent	5,606,426	3,706,858
Repairs & Maintenance - building	713,468	0
Repairs & Maintenance - others	3,357,604	1,523,230
Registration and Filing Fees	44,787	236,501
Electricity and Water Charges	1,997,356	1,190,456
General Office Expenses	1,856,313	1,297,292
Insurance	162,578	109,586
	<u>13,738,532</u>	<u>8,063,923</u>

SCHEDULE : 13

OTHER EXPENSES

	For the year Ended March 31, 2002 RUPEES	For the year Ended March 31, 2001 RUPEES
Travelling*	1,467,446	918,511
Conveyance	665,395	460,891
Printing & Stationery	1,493,986	1,086,263
Postage & Telephone	1,769,204	1,169,422
Director's Sitting Fee	54,000	18,000
Legal & Professional Charges	2,037,723	772,874
Auditors Remuneration		
- Audit Fee	100,000	75,000
- Tax Audit Fee	30,000	25,000
- Out of Pocket Expenses	91,291	42,989
- Other Certifications	118,650	68,775
Publicity & Sales Promotion	10,962,252	4,612,164
Deferred revenue expenditure written off	127,944	0
Miscellaneous	451,545	659,376
	<u>19,369,436</u>	<u>9,909,265</u>

* Includes expenditure incurred in foreign currency Rs.202,977/- (Previous Year nil)



SCHEDULE : 14

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL METHOD AND SYSTEM OF ACCOUNTING

The accounts of the company are prepared under the Historical Cost convention on accrual method of accounting on the principle of going concern and in accordance with the Companies Act, 1956, the applicable accounting standards issued by the Institute of Chartered Accountants of India, and The Housing Finance Companies (NHB) Directions, 2001 issued by National Housing Bank.

2. (a) FEE AND OTHER CHARGES

Income from fee and other charges viz. Administrative Fee, Processing Fee, Penal Interest, Pre-payment charges etc. is recognised on receipt basis.

(b) DIVIDEND INCOME

Dividend is accounted for in the year in which the same is received.

(c) OTHER INCOME

Interest on tax refunds and other incomes are accounted for on receipt basis.

(d) INTEREST ON HOUSING LOANS

In case of housing loans to individuals, repayment is received by way of Equated Monthly Instalments (EMIs) comprising principal and interest. Interest is calculated on the outstanding balance at the beginning of the year. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month.

Interest computation/repayment in case of other housing loans is as per respective approvals/ arrangements and is calculated on the total amount due.

3. UNCLAIMED DEPOSITS

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

4. INVESTMENTS

Investments are capitalised at cost inclusive of brokerage and stamp charges excluding interest/dividend accruing till the date of purchase and have been classified as long term and current investments and have been valued in accordance with guidelines of National Housing Bank and Accounting Standard 13 - Accounting for Investments, issued by Institute of Chartered Accountants of India. Long term investments are valued at cost. However, when there is a decline, other than temporary, in the value of long term investment, the carrying amount is reduced to recognise the decline. Current investments have been valued at lower of cost or market value determined on individual investment basis.

5. FIXED ASSETS

Fixed Assets are capitalised at cost inclusive of all related expenses.

6. DEPRECIATION

Depreciation is calculated on the Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 on prorata basis. Assets costing upto Rs. 5000/- are being depreciated fully in the year of acquisition.

7. DEFERRED REVENUE EXPENDITURE

Expenditure incurred on issue of shares/bonds is treated as deferred revenue expenditure and is written off in five equal installments.

8. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of the taxable income for the period. Deferred tax is recognised in accordance with the provisions of Accounting Standard 22 - Accounting for taxes on income.

9. RETIREMENT BENEFITS AND LEAVE ENCASHMENT

(i) The company has taken LIC Policy to cover the accumulated gratuity liability till 31.3.2002 of its employees. Premium on this policy has been accounted for on accrual basis in line with the Accounting Standard 15 - Accounting for Retirement Benefits, issued by the Institute of Chartered Accountants of India.

(ii) Provision for leave encashment is made on the basis of actuarial valuation.

(iii) Retirement benefits of employees on deputation from Punjab National Bank are borne by PNB and hence no provision is considered necessary.

10. INSTALMENTS - ACCOUNTING OF LOANS

(i) Loans to the extent, the instalments have not become due as at the year end are being shown under "Housing Loans."

(ii) Loans to the extent the instalments have become due on or before 31st March 2002 are being shown under "Loans and Advances".

11. PRUDENTIAL NORMS

Income recognition and Provision for Non Performing Assets have been made on the basis of prudential norms laid down by National Housing Bank (NHB).



SCHEDULE : 15

NOTES ON ACCOUNTS

1. The age-wise analysis of loans in respect of which the instalments (including interest) have become due are as under :-

	For the year Ended March 31, 2002 RUPEES	For the year Ended March 31, 2001 RUPEES
Outstanding for over six months	200,444,157	235,149,485
Outstanding for six months or less	80,266,145	61,084,354
	280,710,302	296,233,839

2. Housing loans and instalments due from borrowers shown under Loans and Advances are secured wholly or partly by :

- Equitable Mortgage of Property
- Pledge of shares, units, NSCs, other securities, assignment of life insurance policies.
- Bank guarantees, corporate guarantees, government guarantee or personal guarantees.
- Undertaking to create a security.

3. Provision for non-performing assets has been made in accordance with guidelines on prudential norms issued by National Housing Bank (NHB). Classification of loans and provisions made for non performing assets is given hereunder :

(Rs. in lacs)

Loans	Standard	Sub Standard	Doubtful	Total
Housing Loans (including instalments due from borrowers)				
Individuals	48327.67	764.40	55.03	49147.10
(Previous Year)	(27577.03)	(210.56)	(9.05)	(27796.64)
Corporate Bodies	1571.78	522.04	755.72	2849.54
(Previous Year)	(2921.17)	(770.14)	(600.00)	(4291.31)
Other Loans	133.76	0.00	0.00	133.76
(Previous Year)	(99.07)	(0.00)	(0.00)	(99.07)
Total Loans	50033.21	1286.44	810.75	52130.40
(Previous Year)	(30597.27)	(980.70)	(609.05)	(32187.02)
Provisions	0.00	128.64	183.44	312.08
(Housing Loan)				
(Previous Year)	(0.00)	(98.07)	(127.47)	(225.54)
Total Provisions	0.00	128.64	183.44	312.08
(Previous Year)	(0.00)	(98.07)	(127.47)	(225.54)

4. Interest on non-performing assets is recognised on realisation basis as per the NHB Guidelines. Accordingly the total interest not recognised as at the Balance Sheet date is summarised as under:-

	RUPEES
Cumulative interest B/F from last Balance Sheet	53,882,863
Less : Recovered/ written back during the year	21,292,067
	32,590,796
Add : Interest not recognised for the current year on	
- Sub Standard Assets	9,240,637
- Doubtful Assets	14,746,603
Total interest not recognised as on 31.03.2002	56,578,036

5. The company had entered into "One Time Settlement" (OTS) with Allahabad Development Authority wherein, interalia, U.P. Government were to issue following Bonds during the year w.e.f.1-4-2000

- (a) 10% Bonds of Rs.500 lacs (Redeemable in 10 Equal Annual Instalments) and
(b) 0% Bonds of Rs.625 lacs (Redeemable in 6 Equal Annual Instalments).

Despite vigorous follow up by the company, U.P.Govt. has not yet issued these bonds on account of procedural & administrative delays. However, the interest on these Bonds alongwith Annual Instalments of redemption, as per OTS terms, for both kind of Bonds, have been received during the year. U.P.Govt. has assured that the Bonds for the balance amount due will be issued shortly and will be effective from 1.4.2002. Pending issuance of Bonds the remaining outstandings have been included in "Loans & Advances" in Schedule : 7 as shown in the previous years.

6. Managerial remuneration (paid in accordance with the regulations of PNB):-

	For the year Ended March 31, 2002 RUPEES	For the year Ended March 31, 2001 RUPEES
Salaries and Allowances	311,302	306,923
Contribution to Provident Fund	34,290	24,169
Total	345,592	331,092
Value of perquisites (Car,Accommodation,Telephone etc)	41,001	28,683
Travelling Expenses	426,106	226,911

7. Related Party Transactions:

In view of the exemption available to the company under para 9 of accounting standard 18 on Related Party Disclosures, related party relationships with other state controlled enterprises and transactions with such enterprises are not being disclosed . However, the company has identified all other related parties having transactions during the year as given below:

S.No	Name of transacting related party	Relationship	Nature of transaction	Volume of transaction (Rs. in lacs)	Outstanding Amount (Rs. in lacs)	Payable/ Receivable
1	Sh. K.B. Sharma & Relatives	Director	Sitting fee	0.09	N.A.	N.A.
			Out of pocket exp	0.12	N.A.	N.A.
2	Sh. R.S. Awasthi & Relatives	Director	Sitting fee	0.12	N.A.	N.A.
			Others	0.05	N.A.	N.A.
3	Sh. K.K. Bhargava & Relatives	Director	Sitting fee	0.12	N.A.	N.A.
			Out of pocket exp	0.17	N.A.	N.A.
4	Sh. Manu Chadha & Relatives	Director	Sitting fee	0.21	N.A.	N.A.
			Out of pocket exp	0.28	N.A.	N.A.
5	Sh. R. Nambirajan & Relatives	Managing Director	Deposits received	0.52	0.52	Payable
			Interest on deposit(Also see note 6 above)	0.02	0.02	Payable
6	Sh. V.K. Gupta & Relatives	Executive Vice President	Salary & Allowances	2.76	N.A.	N.A.
			Cont. to PF	0.19	N.A.	N.A.
			Value of perquisites	0.09	N.A.	N.A.
			Travelling exp.	0.62	N.A.	N.A.
			Housing loan	8.00	7.53	Receivable



8. Deferred Taxes

- i) The accumulated net deferred tax asset as at 1.4.2001 amounting to Rs.15,381,572/- on account of timing differences between book profits and tax profits has been credited to General Reserve Account.
- ii) The break up of net deferred tax asset as at 31.3.2002 is as under:

	(RUPEES)	
	Deferred Tax Asset	Deferred Tax Liability
Timing Differences on account of :		
Differences between book depreciation and depreciation under the Income Tax Act, 1961	0	410,225
Interest not recognised on NPAs	11,451,987	0
Deferred revenue expenditure(Bond Issue Expenses)	0	182,704
Total	11,451,987	592,929
Net deferred tax asset	10,859,058	

9. Earning per share (EPS) calculation (basic and diluted)

	Unit	2001-02	2000-01
a. Amount used as the numerator	Rupees	91,737,993	98,747,537
Profit after tax			
b. Weighted average number of equity shares used as the denominator	Number	30,000,000	30,000,000
c. Nominal value of shares	Rupees	300,000,000	300,000,000
d. Earning per share (EPS)	Rupees	3.06	3.29

10. All the operations of the company are considered as a single business segment . Further the company does not have any branch overseas. As such, all the activities are considered as a single business/geographical segment for the purposes of Accounting Standard 17 - Segment Reporting issued by Institute of Chartered Accountants of India.

11. Amount due from officers as at 31.3.2002 was Rs.757420/- including housing loan of Rs. 753,020/- (Previous year Rs.4400/-). Maximum amount due from officers at any time during the year was Rs. 787646/- including housing loan Rs. 783246/- (Previous year Rs. 5500/).

12. (a) During the year the company issued 9.75% Secured Redeemable Bonds worth Rs. 5000 lacs having a maturity of 7 years with a put and call option exercisable by Bondholder/ Company at the end of 5 years from the date of issue.

(b) The company has incurred issue expenses of Rs.6.40 lacs which has been treated as deferred revenue expenditure to be written off in 5 equal instalments.

13. During the year 2000-01, provision for diminution in value of investment in Unit Scheme, 1964 was made to the extent of Rs 4726250/-. These units were sold during current year and a loss of Rs 3967250/- is incurred on it, which is covered by the said provision. The excess provision has been written back .

14. Contingent liabilities not provided for

	As at March 31, 2002 RUPEES	As at March 31, 2001 RUPEES
- Estimated amount of contracts remaining unexecuted (net of advance)	1,495,300	66,196
- Claim against the company not acknowledged as debt	0	79,380
- Income tax matters under dispute*	62,826,785	46,930,635
- Interest tax matters under dispute*	6,089,470	53,44,559

* As advised by Tax Consultant, no provision has been made.

15. Previous year figures have been rearranged/regrouped wherever necessary.

16. Figures have been rounded off to the nearest rupee.



17. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	55-33856	State Code:	55
Balance Sheet Date	31.03.2002		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue	NIL	Right issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities:	5,495,284	Total Assets:	5,495,284
SOURCE OF FUNDS			
Paid up Capital :	300,000	Reserves & Surplus	376,078
Secured Loans :	3,423,131	Unsecured Loans :	1,396,075
APPLICATION OF FUNDS			
Net Fixed Assets	30,269	Housing Loans	4,918,954
Investments	431,253	Net Current Assets	114,296
Miscellaneous Expenditure	512	Accumulated Losses:	NIL

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover and other income:	669,186	Total Expenditure	546,138
Profit before tax:	123,048	Profit After Tax :	91,738
Earning per share :	3.06	Dividend Rate (%):	11

V. GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (As per Monetary terms)

Item code No.	N.A.
Product Description :	Housing Finance Activities

(SANJAY JAIN)
COMPANY SECRETARY

(V.K. GUPTA)
EXEC. VICE PRESIDENT

(R. NAMBI RAJAN)
MANAGING DIRECTOR

(K.K. BHARGAVA)
DIRECTOR

(R.S. AWASTHI)
DIRECTOR

(K.B. SHARMA)
DIRECTOR

(MAN MOHAN SINGH)
DIRECTOR

(T.S. NARAYANASAMI)
DIRECTOR

(S S KOHLI)
CHAIRMAN

In terms of our report of even date
For RAMESH KAPOOR & CO.
Chartered Accountants

PLACE : NEW DELHI
DATED : 27.05.2002

(RAMESH KAPOOR)
Partner

SHRI T.S. NARAYANASAMI INAUGURATING COMPANY'S BANGALORE BRANCH. SHRI V.K. NAGAR, ZM, PNB AND SHRI K.G. SHARMA, SRM, PNB SITTING TO HIS RIGHT



SHRI T.S. NARAYANASAMI INAUGURATING COMPANY'S NAVI MUMBAI BRANCH.



Shri D.P. Singh, ZM, PNB is standing to the left of Shri T.S. Narayanasami on the occasion.

Shri R. Nambirajan addressing the participants on the occasion.

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