

**PNB HOUSING FINANCE LIMITED**  
**Balance Sheet as at March 31, 2012**

	Notes	As at March 31, 2012 RUPEES	As at March 31, 2011 RUPEES
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	300,000,000	300,000,000
Reserves and Surplus	3	3,739,658,956	3,064,342,108
		4,039,658,956	3,364,342,108
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	28,023,503,133	24,981,315,854
Long term provisions	5	324,702,987	283,268,802
		28,348,206,120	25,264,584,656
<b>Current Liabilities</b>			
Short-term provisions	5	1,210,971,379	904,106,162
Trade payables	6	100,096,401	43,156,380
Other current liabilities	7	11,629,210,475	7,133,258,676
		12,940,278,255	8,080,521,218
<b>TOTAL</b>		45,328,143,331	36,709,447,982
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	36,652,118	17,797,577
Capital work-in-progress		5,326,409	-
Non-current investments	9	535,998,459	442,200,000
Deferred tax assets (net)	10	123,135,183	107,360,045
Loans & Advances	11	37,737,086,259	28,990,506,259
Other non-current assets	12	8,033,411	2,280,489
		38,446,231,839	29,560,144,370
<b>Current assets</b>			
Current investments	13	3,246,891,739	2,665,375,618
Cash and cash equivalents	14	114,277,442	671,723,431
Short-term loans and advances	15	3,154,860,611	3,545,968,888
Other current assets	16	365,881,700	266,235,675
		6,881,911,492	7,149,303,612
<b>TOTAL</b>		45,328,143,331	36,709,447,982
Significant Accounting Policies	1		
Notes '2' to '16' and '21' annexed hereto form part of the Balance Sheet			

(Krishan Gopal)  
Sr. Manager

(Sanjay Jain)  
DGM(F) & Co. Secretary

For and on behalf of the Board

(Sanjaya Gupta)  
Managing Director

Director

Director

In terms of our report of even date  
**For S K Kapoor & Co.**  
*Chartered Accountants*

PLACE: NEW DELHI  
DATED:

(V B Singh)  
**Partner**  
M No : 073124  
FR No : 000745C

**PNB HOUSING FINANCE LIMITED**  
**Profit and Loss Statement for the year ended March 31, 2012**

	Notes	For the year Ended March 31, 2012 RUPEES	For the year Ended March 31, 2011 RUPEES
<b><u>REVENUE FROM OPERATIONS</u></b>	17		
Interest and Other Charges		4,543,689,766	3,580,491,664
Other Income		87,312,183	61,859,850
<b>TOTAL REVENUE</b>		<b>4,631,001,949</b>	<b>3,642,351,514</b>
<b><u>EXPENSES</u></b>			
Finance Cost	18	3,150,507,796	2,296,471,128
Employee benefit expense	19	158,315,023	90,208,602
Other expenses	20	229,903,122	137,621,269
Depreciation expense		3,678,923	2,829,962
Provision for Doubtful Debts & Contingencies		35,005,712	82,899,228
Fixed Assets Discarded/Written Off		-	4,961,233
Bad Debts Written Off/Business Loss		27,742,813	52,226,970
<b>TOTAL EXPENSES</b>		<b>3,605,153,389</b>	<b>2,667,218,392</b>
<b>Profit Before Tax</b>		<b>1,025,848,560</b>	<b>975,133,122</b>
Less: Provision for Tax		289,600,000	309,000,000
-Current		289,600,000	309,000,000
-Earlier years(Net)		-	477,388
-Deferred Tax(Net)		(15,775,138)	(28,074,176)
<b>Profit After Tax</b>		<b>752,023,698</b>	<b>693,729,910</b>
Earning per equity share: (Point no.12 of Note 21)			
-Basic		25.07	23.12
-Diluted		18.82	18.46
Significant Accounting Policies	1		
Notes '17' to '21' annexed hereto form part of the Profit & Loss Statement			

(Krishan Gopal)  
Sr. Manager

(Sanjay Jain)  
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For and on behalf of the Board

(Sanjaya Gupta)  
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In terms of our report of even date  
**For S K Kapoor & Co.**  
*Chartered Accountants*

PLACE: NEW DELHI  
DATED:

**(V B Singh)**  
**Partner**  
M No : 073124  
FR No : 000745C

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

### **NOTE: 1 SIGNIFICANT ACCOUNTING POLICIES**

#### **1. GENERAL METHOD AND SYSTEM OF ACCOUNTING**

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The Financial Statements comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956, the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended from time to time.

Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

#### **2. USE OF ESTIMATES:**

The preparation of financial statements require the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

#### **3. REVENUE RECOGNITION**

##### **(a) FEE AND OTHER CHARGES**

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

##### **(b) INCOME FROM INVESTMENT**

Interest income on Bonds and Government Securities is recognized on accrual basis. Dividend income is accounted for in the year in which the same is received. The gain / loss on account of long term Investment at discount / premium in Debentures/Bonds and Government Securities, is amortised over the life of the security on a pro-rata basis.

##### **(c) OTHER INCOME**

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

##### **(d) INTEREST ON LOANS**

Interest Income is recognised on accrual basis except in case of non-performing assets where interest is accounted on realisation. In loans, the 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 month. EMIs generally commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is charged every month. Income on loans purchased through direct assignment is recognised on accrual basis.

#### **4. FIXED ASSETS**

Fixed Assets used in the business are capitalised at cost inclusive of all related expenses.

#### **5. DEPRECIATION**

- (i) Depreciation on Fixed Assets is provided on the Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 on prorata basis. Wherever the depreciation rates are not prescribed, the rates prescribed by Income Tax Act, 1961 & Rules are used.
- (ii) Assets costing upto Rs. 5000/- are charged to revenue.

## **6. INVESTMENTS**

Investments are capitalised at cost inclusive of brokerage and stamp charges excluding interest/dividend accruing till the date of purchase. The difference between the carrying amount and disposal proceeds of investments, net of expenses, is recognised in the Profit & Loss Account. Investments are classified as long term investments ( Non Current Investment ) and current investments and are valued in accordance with guidelines of National Housing Bank and Accounting Standard on Accounting for Investments (AS-13), issued by The Institute of Chartered Accountants of India. Long term investments are valued at cost net of amortisation of premium / discount. 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 are valued at lower of cost or market value determined on individual investment basis.

## **7. EMPLOYEE BENEFITS**

- (i) The company has taken LIC Policy to cover the accumulated gratuity liability till 31.03.2012 of its employees as Defined Contribution Plan. LIC has made actuarial valuation on renewal date i.e. 01-01-2012. The premium on this policy has been accounted for on accrual basis in line with the Accounting Standard on Accounting for Employee Benefits (AS-15), issued by the Institute of Chartered Accountants of India.
- (ii) Provision for leave encashment is made on the basis of actuarial valuation as on 31.03.2012.
- (iii) Retirement benefits of employees on deputation from Punjab National Bank are borne by PNB and hence no provision is considered necessary by the company.
- (iv) Provident Fund Contribution paid to recognized Provident Fund Trust and Govt Provident Fund is debited to the Profit and Loss Account on accrual basis.

## **8. TRANSACTION INVOLVING FOREIGN EXCHANGE**

- (i) Foreign currency monetary liabilities are translated at the rate which reflects the liability of the company in Indian Rupee which is likely to be repaid at the balance sheet date.
- (ii) Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction.
- (iii) Generally Exchange differences arising on Foreign Currency transactions are recognised as income or expense as the case may be in the period in which they arise. However, in case of forward exchange contracts, the Exchange difference between the forward rate and the exchange rate at the date of transaction is recognised as an income or expense over the life of the forward contract in line with Accounting Standard on Accounting for the Effects of Changes in Foreign Exchange Rates (AS-11) issued by The Institute of Chartered Accountants of India.

## **9. TAXES ON INCOME**

Taxes on Income are accounted for in accordance with Accounting Standard (AS) –22–“Accounting for taxes on income”, issued by the The Institute of Chartered Accountants of India. Income tax comprises both current and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

The tax effect of timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or

deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation.

## **10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (AS-29)**

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent Assets are neither recognised nor disclosed.

## **11. DERIVATIVE TRANSACTIONS**

- (i) The derivative transactions entered for hedging interest bearing liabilities are accounted for on accrual basis.
- (ii) Gains or losses on swaps are accounted for on the date of unwinding and are adjusted in the Interest Expenditure account.

## **12. POSSESSION OF SECURED ASSETS**

- (i) As per the National Housing Bank Directions 2010, the land and buildings, including Assets/ Properties acquired from NPA Advances in settlement of Loans, are held as 'Other Current Assets' till their disposal. These assets are required to be disposed off within 3 years from the date of acquisition (if it exceeds 10% of net owned funds of the company) unless and until extended by the NHB. All the expenses incurred on the upkeep of the property including safeguarding, insurance, rates & taxes etc are charged to Profit & Loss Account in the year of incurrence.
- (ii) Where the possession of the secured assets has been taken by the Company under SARFAESI Act, 2002 such assets are classified in 'Current Assets' at cost or market price (as per valuation report), whichever is less till its final disposal. The diminution in value is provided as 'Provision for Doubtful Debts & Contingencies'. The loss, if any, is ascertained and accounted for in the year of its disposal.

## **13. INSTALMENTS - ACCOUNTING OF LOANS**

- (i) Loans to the extent, the instalments have not become due as at the year end are being shown under "Loans and Advances"
- (ii) Loans to the extent the instalments have become due on or before 31<sup>st</sup> March, 2012 are being shown under "Short Term Loans and Advances".

## **14. PRUDENTIAL NORMS**

Income recognition and Provisions on Loans & Advances are being made on the basis of prudential norms laid down by National Housing Bank (NHB).

## **15. 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.

**16. SHARE/ BOND ISSUE EXPENDITURE**

Expenditure incurred on issue of shares/bonds is charged to Profit & Loss Account in the year on accrual basis.

**17. BROKERAGE / DMA COMMISION**

Brokerage on Deposits / DMA Commission on loans is charged to Profit & Loss Account on accrual basis.

**18. INCENTIVE PAID TO EMPLOYEES**

Incentive / Bonus paid to employees in terms of performance linked incentive scheme is charged to Profit & Loss Account on accrual basis.

<b>NOTE : 2</b>		<b>March 31, 2012</b>	<b>March 31, 2011</b>	
<b>SHARE CAPITAL</b>		<b>RUPEES</b>	<b>RUPEES</b>	
<b>a. Authorized shares capital</b>				
50,000,000 (31 March 2011 : 50,000,000) equity shares of Rs. 10/- each		500,000,000	500,000,000	
<b>b. Issued, subscribed and paid-up capital</b>				
30,000,000 Equity Shares of Rs.10/- each fully paid up		300,000,000	300,000,000	
<b>Total issued, subscribed and fully paid-up shares capital</b>		300,000,000	300,000,000	
<b>c. Reconciliation of shares outstanding at the beginning and at the end of the reporting period</b>				
	<b>As at</b>	<b>As at</b>	<b>As at</b>	
	<b>March 31, 2012</b>	<b>March 31, 2012</b>	<b>March 31, 2011</b>	
<b>Equity shares</b>	<b>Numbers</b>	<b>RUPEES</b>	<b>Numbers</b>	
At the beginning of the year	30,000,000	300,000,000	30,000,000	
Issued during the year	-	-	-	
Outstanding at the end of the year	30,000,000	300,000,000	30,000,000	
<b>d. Details of shareholders holding more than 5% shares in the company</b>				
<b>Name of Shareholder</b>	<b>As at March 31, 2012</b>		<b>As at March 31, 2011</b>	
	<b>No. of Shares</b>	<b>% of Holding</b>	<b>No. of Shares</b>	<b>% of Holding</b>
Punjab National Bank (Holding Company)	22,200,000	74%	22,200,000	74%
Destimoney Enterprises Pvt Ltd.	7,800,000	26%	7,800,000	26%
<b>e. Description of the rights, preferences and restrictions attached to each class of shares</b>				
The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of Equity shares is entitled to one vote per share.				
<b>f. Terms of securities convertible into equity/preference shares</b>	The company allotted 13,529,411 compulsorily convertible debentures on 25.06.2010 to Destimoney Enterprises Pvt Ltd. Each debenture is convertible into one equity share of Rs. 10/- each at a premium of Rs. 91.50 at anytime on or before 09.06.2012)			

<b>NOTE : 3</b>		<b>As at</b>	<b>As at</b>
<b>RESERVES AND SURPLUS</b>		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>a. Special Reserve</b>			
i) (Created under Section 36(1) (viii) of the Income Tax Act,1961 for deduction admissible to HFCs)			
As per the last Balance Sheet		1,018,081,036	889,181,036
Add: additions during the period		142,000,000	128,900,000
		1,160,081,036	1,018,081,036
ii) (Created under Section 29 C of NHB Act, 1987- refer point no. 21 of Note 21)			
As per the last Balance Sheet		38,900,000	23,600,000
Add: additions during the period		10,000,000	15,300,000
		48,900,000	38,900,000
<b>b. General Reserve</b>			
As per the last Balance Sheet		1,913,671,536	1,463,671,536
Add: amount transferred from the Statement of Profit and Loss		500,000,000	450,000,000
		2,413,671,536	1,913,671,536
<b>c. Surplus/(deficit) in the statement of profit and loss</b>			
As per the last Balance Sheet		93,689,536	70,866,476
Profit for the year		752,023,698	693,729,910
<b>Total</b>		845,713,234	764,596,386
<b>Appropriations</b>			
-Special Reserve - Under Section 36(1)(viii) of the Income Tax Act, 1961		142,000,000	128,900,000
-Special Reserve - Under Section 29C of NHB Act, 1987		10,000,000	15,300,000
-General Reserve		500,000,000	450,000,000
-Proposed Dividend		66,000,000	66,000,000
-Dividend Distribution Tax		10,706,850	10,706,850
<b>Net surplus in the statement of profit and loss</b>		117,006,384	93,689,536
		845,713,234	764,596,386
<b>Total Reserves and Surplus ( a to c)</b>		3,739,658,956	3,064,342,108

**NOTE : 4****LONG-TERM BORROWINGS**

	<b>Non Current Maturities</b>		<b>Current Maturities</b>	
	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>A. SECURED</b>				
<b>1. Bonds</b>				
i) 9.20% Secured Redeemable Bonds 2023 (Redeemable at par in five equal annual installments from 16.01.2019 to 16.01.2023)	1,500,000,000	1,500,000,000	-	-
ii) 9.55% Secured Redeemable Bonds 2021 (Redeemable at par on 12.09.2021)	2,000,000,000	-	-	-
iii) 9.50% Secured Redeemable Bonds 2021 (Redeemable at par on 26.07.2021)	2,000,000,000	-	-	-
iv) 8.85% Secured Redeemable Bonds 2019 (Redeemable at par on 09.11.2019)	1,250,000,000	1,250,000,000	-	-
v) 9.25% Secured Redeemable Bonds 2017 (Redeemable at par on 30.03.2017 with a put & call option exercisable on 30.07.2014)	1,000,000,000	1,000,000,000	-	-
vi) 8.70% Secured Redeemable Bonds 2016 (Redeemable at par on 09.08.2016 )	1,000,000,000	1,000,000,000	-	-
vii) 8.55% Secured Redeemable Bonds 2014 (Redeemable at par on 09.11.2014)	750,000,000	750,000,000	-	-
viii) 10.79% Secured Redeemable Bonds 2013 (Redeemable at par on 30.09.2013)	1,500,000,000	1,500,000,000	-	-
ix) 9.30% Secured Redeemable Bonds 2012 (Redeemable at par on 29.12.2012)	-	1,000,000,000	1,000,000,000	-
x) 9.50% Secured Redeemable Bonds 2012 (Redeemable at par on 10.10.2012)	-	1,000,000,000	1,000,000,000	-
xi) 8.70% Secured Redeemable Bonds 2012 (Redeemable at par between 2010 & 2012. Put & Call option exercisable on 08.08.2009 was not exercised by anyone)	-	160,000,000	160,000,000	120,000,000
[Bonds at serial no. (ii) and (iii) are secured by hypothecation of book debts to the extent of 1.10 times of outstanding amount and rest of the Bonds are secured by hypothecation of book debts to the extent of 1.25 times of outstanding amount. In addition, all the Bonds are also secured by mortgage of buildings of Rs. 7,723,100/-]				
<b>2. INR Term loans (detail terms are given at the end) *</b>				
i) Term Loan / Overdraft from Punjab National Bank (Loan is secured by hypothecation of book debts and negative lien on properties charged to/guarantees obtained by the company against Loans disbursed.).	6,533,333,334	6,400,000,000	3,124,427,594	2,094,836,147
ii) Refinance from National Housing Bank (The loan secured by Hypothecation of Loans /book debts against which refinance has been availed).	3,257,201,880	2,675,544,000	1,032,463,560	774,891,000



	Non Current Maturities		Current Maturities	
	As at March 31, 2012 RUPEES	As at March 31, 2011 RUPEES	As at March 31, 2012 RUPEES	As at March 31, 2011 RUPEES
iii) Term Loan from South Indian Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)	-	107,976,091	107,982,777	108,000,000
iv) Term Loan from HDFC Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)	333,199,999	1,333,333,333	1,000,133,334	1,666,666,666
v) Term Loan from Union Bank of India (Secured by Hypothecation of Loans /book debts against which loan has been availed)	3,400,000,000	1,999,989,501	1,600,000,000	1,000,000,000

### 3. Foreign Currency Loans

i) FCNR(B) Term Loan from State Bank of Travancore (Secured by Hypothecation of Loans against which loan has been availed)	-	-	-	25,012,450
<b>Total (secured borrowings)</b>	<b>24,523,735,213</b>	<b>21,676,842,925</b>	<b>9,025,007,265</b>	<b>5,789,406,263</b>

### B. UNSECURED

#### Fixed Deposit

Non-cumulative	459,318,404	311,578,228	52,860,350	106,720,719
Cumulative	2,040,449,516	619,659,484	696,177,965	830,821,269

[Non Current & Current Fixed Deposits are secured by floating charge on SLR securities of Rs. 53.60 Crore (Previous year Rs. 44.22 Crore) as per NHB Guidelines]

#### Tier II Subordinated Bonds

- 9.25% Unsecured Redeemable Bonds, 2016 (Redeemable at par on 22.03.2016)	1,000,000,000	1,000,000,000		
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#### Compulsorily Convertible Debentures

- 7.25% Unsecured Compulsorily Convertible Debentures, 2012	-	1,373,235,217	1,373,235,217	-
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(Convertible into equity shares of Rs 10/- each at a premium of Rs 91.50 at anytime on or before 09.06.2012)

<b>Total (un secured borrowings)</b>	<b>3,499,767,920</b>	<b>3,304,472,929</b>	<b>2,122,273,532</b>	<b>937,541,988</b>
	<b>28,023,503,133</b>	<b>24,981,315,854</b>	<b>11,147,280,797</b>	<b>6,726,948,251</b>

Current Maturity of Long term Borrowings disclosed under the head "Other current liabilities" (See Note 7)

- Secured	-	-	(9,025,007,265)	(5,789,406,263)
- Un secured	-	-	(2,122,273,532)	(937,541,988)
	<b>28,023,503,133</b>	<b>24,981,315,854</b>	<b>-</b>	<b>-</b>

#### \* Detail Terms of INR Term Loans

Nature of Facility	Loan Outstanding March 31, 2012 RUPEES	Remaining Period	Installment amount RUPEES	Installment Frequency
Punjab National Bank				
Term Loan	4,000,000,000	4 Years	1,000,000,000	Annual
Term Loan	2,400,000,000	4 Years	600,000,000	Annual
Term Loan	2,600,000,000	3 Years	433,333,333	Half Yearly
Over Draft	657,760,928		Actual	-
Union Bank of India				
Term Loan	2,000,000,000	2 years	500,000,000	Half Yearly
Term Loan	3,000,000,000	5 years	300,000,000	Half Yearly
South Indian Bank				
Term Loan	107,982,777	1 Years	27,000,000	Quarterly
HDFC				
Term Loan -II	333,333,333	1 Years	166,666,666	Half Yearly
Term Loan -III	1,000,000,000	1.5 Years	333,333,333	Half Yearly

<b>Nature of Facility</b>	<b>Loan Outstanding March 31, 2012 RUPEES</b>	<b>Remaining Period</b>	<b>Installment amount RUPEES</b>	<b>Installment Frequency</b>
National Housing Bank				
Refinance	305,075,000	9 Years	8,475,000	Quarterly
Refinance	96,136,000	4 Years	6,411,000	Quarterly
Refinance	96,136,000	4 Years	6,411,000	Quarterly
Refinance	310,600,000	4 Years	19,500,000	Quarterly
Refinance	241,400,000	4 Years	15,200,000	Quarterly
Refinance	314,755,000	6 Years	13,115,000	Quarterly
Refinance	12,798,000	6 Years	534,000	Quarterly
Refinance	444,440	6 Years	18,520	Quarterly
Refinance	16,175,000	6 Years	675,000	Quarterly
Refinance	138,120,000	6 Years	5,760,000	Quarterly
Refinance	60,600,000	7 Years	2,250,000	Quarterly
Refinance	1,105,200,000	2 Years	157,900,000	Quarterly
Refinance	420,300,000	2 Years	52,700,000	Quarterly
Refinance	236,800,000	4 Years	15,800,000	Quarterly
Refinance	157,600,000	4 Years	10,600,000	Quarterly
Refinance	269,226,000	4.5 Years	15,837,000	Quarterly
Refinance	321,600,000	10 Years	8,250,000	Quarterly
Refinance	186,700,000	10 Years	4,718,000	Quarterly
<b>Grand Total</b>	<b>20,388,742,478</b>			

**NOTE : 5**

PROVISIONS	Long-term		Short-term	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
<b>a. Provision for employee benefits</b>				
Provision for leave encashment	14,102,987	11,368,802	2,189,529	1,324,312
Provision for Bonus	-	-	16,400,000	-
	<u>14,102,987</u>	<u>11,368,802</u>	<u>18,589,529</u>	<u>1,324,312</u>
<b>b. Other provisions</b>				
Provision for				
- Doubtful Debts & Contingencies	310,600,000	271,900,000	-	-
- Taxation	-	-	1,115,675,000	826,075,000
(Includes Rs. 289,600,000/- for current year. Previous year Rs. 309,000,000 )				
- Proposed Dividend	-	-	66,000,000	66,000,000
- Tax on Proposed Dividend	-	-	10,706,850	10,706,850
	<u>310,600,000</u>	<u>271,900,000</u>	<u>1,192,381,850</u>	<u>902,781,850</u>
	<u>324,702,987</u>	<u>283,268,802</u>	<u>1,210,971,379</u>	<u>904,106,162</u>

**NOTE : 6****TRADE PAYABLES**

	As at March 31, 2012	As at March 31, 2011
Sundry Creditors	100,096,401	43,156,380
	<u>100,096,401</u>	<u>43,156,380</u>

**NOTE : 7****OTHER CURRENT LIABILITIES**

	As at March 31, 2012	As at March 31, 2011
Current Maturity of Long - Term borrowings		
- Secured	9,025,007,265	5,789,406,263
- Un secured	2,122,273,532	937,541,988
Total (see Note 4)	<u>11,147,280,797</u>	<u>6,726,948,251</u>
Unclaimed Deposits	111,252,707	122,611,467
(Including unclaimed interest accrued and due Rs. 27,214,199/- Previous Year Rs. 30,876,425)		
Interest Accrued & Due on Deposits	37,733,884	21,294,798
Interest Accrued But Not Due		
- Deposits	232,858,168	185,495,123
- Bonds/Loans	78,638,656	68,754,302
Statutory dues payable		
-Service Tax payable	639,633	-
-TDS payable	20,806,630	8,154,735
	<u>11,629,210,475</u>	<u>7,133,258,676</u>

**NOTE : 8**  
**TANGIBLE ASSETS**

	<b>Buildings</b>	<b>Furniture &amp; Fixtures</b>	<b>Vehicles</b>	<b>Office Equipments - Computers</b>	<b>Office Equipments - Others</b>	<b>Total</b>
<b>Cost or valuation</b>						
At 01 April 2010	10,888,608 *	24,287,928	2,063,416	8,630,667	10,910,275	<b>56,780,894</b>
Additions	-	1,811,693	-	1,252,516	1,185,127	<b>4,249,336</b>
Disposals	-	(11,104,074)	-	(7,065,370)	(6,996,426)	<b>(25,165,870)</b>
<b>At 31 March 2011</b>	<b>10,888,608</b>	<b>14,995,547</b>	<b>2,063,416</b>	<b>2,817,813</b>	<b>5,098,976</b>	<b>35,864,360</b>
Additions	-	13,383,534	-	301,173	9,448,631	<b>23,133,338</b>
Disposals	-	(40,371)	(1,360,941)	-	(58,630)	<b>(1,459,942)</b>
<b>At 31 March 2012</b>	<b>10,888,608</b>	<b>28,338,710</b>	<b>702,475</b>	<b>3,118,986</b>	<b>14,488,977</b>	<b>57,537,756</b>
<b>Depreciation</b>						
At 01 April 2010	3,989,451	17,935,734	764,229	6,734,153	5,622,729	<b>35,046,296</b>
Charge for the year	344,958	937,952	336,360	721,732	488,960	<b>2,829,962</b>
Disposals	-	(9,022,339)	-	(6,212,857)	(4,574,279)	<b>(19,809,475)</b>
<b>At 31 March 2011</b>	<b>4,334,409</b>	<b>9,851,347</b>	<b>1,100,589</b>	<b>1,243,028</b>	<b>1,537,410</b>	<b>18,066,783</b>
Charge for the year	327,710	1,733,767	111,358	646,062	860,026	<b>3,678,923</b>
Disposals	-	(19,868)	(828,235)	-	(11,965)	<b>(860,068)</b>
<b>At 31 March 2012</b>	<b>4,662,119</b>	<b>11,565,246</b>	<b>383,712</b>	<b>1,889,090</b>	<b>2,385,471</b>	<b>20,885,638</b>
<b>Net Block</b>						
<b>At 31 March 2011</b>	<b>6,554,199</b>	<b>5,144,200</b>	<b>962,827</b>	<b>1,574,785</b>	<b>3,561,566</b>	<b>17,797,577</b>
<b>At 31 March 2012</b>	<b>6,226,489</b>	<b>16,773,464</b>	<b>318,763</b>	<b>1,229,896</b>	<b>12,103,506</b>	<b>36,652,118</b>

\*Includes Buildings of Rs.7,723,100/- (Previous Year Rs.7,723,100/-) mortgaged for securing secured redeemable bonds (see note 4).

**NOTE : 9****NON-CURRENT INVESTMENTS**

	As at March 31, 2012 RUPEES	As at March 31, 2011 RUPEES
<b>OTHER INVESTMENTS (NON TRADE) refer point 6 of Note 1 QUOTED - (FULLY PAID)</b>		
<b>Investment in Government Securities</b>		
i) 8.07% GOI Stock 2017 of Face Value of Rs.300,000,000/- (Previous Year Rs. 300,000,000/-)	313,777,954	316,650,000
ii) 10.25% GOI Stock 2021 of Face Value of Rs.100,000,000/- (Previous Year Rs.100,000,000/-)	123,037,675	125,550,000
<b>Investment in Bonds</b>		
iii) 6.85% India Infrastructure Finance Corporation Tax Free Bond 2014 of Face Value of Rs.100,000,000/- (Previous Year Rs. Nil)	99,182,830	-
Aggregate value of quoted investments	<u>535,998,459</u>	<u>442,200,000</u>
Cost of Quoted investments	535,998,459	442,200,000
Market Value	505,687,978	414,850,000

**NOTE : 10****DEFERRED TAX ASSETS (NET)**

	As at March 31, 2012	As at March 31, 2011
<b>Deferred Tax Assets</b>		
Depreciation on Fixed Assets	2,302,303	2,685,990
Provision for leave encashment	5,286,107	4,118,281
Provision for Bonus	5,320,980	-
Provision for doubtful debts and contingencies	105,215,384	93,857,781
De-recognition of Interest	5,010,409	6,697,993
	<u>123,135,183</u>	<u>107,360,045</u>

**NOTE : 11****LOANS AND ADVANCES**

	Non-current		Current Portion	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
<b>LOANS - Secured, Considered Good</b>				
Housing Loans	28,326,009,566	23,117,228,076	1,134,247,719	1,682,660,978
Non-Housing Loans	9,411,076,693	5,873,278,183	608,385,170	707,339,022
Current portion of Long term Loans & Advances disclosed under the head Current "Loans & Advances" (refer Note 15 )	-	-	(1,742,632,889)	(2,390,000,000)
	<u>37,737,086,259</u>	<u>28,990,506,259</u>	<u>-</u>	<u>-</u>

**NOTE : 12****OTHER NON CURRENT ASSETS**

	As at March 31, 2012	As at March 31, 2011
<b>Security Deposits</b>		
Unsecured, Considered Good	8,033,411	2,280,489
	<u>8,033,411</u>	<u>2,280,489</u>

**NOTE : 13****CURRENT INVESTMENTS**

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>QUOTED - OTHER THAN TRADE (FULLY PAID)</b>		
<b>Bonds and Debentures</b>		
9.48% Rural Electrification Corporation Ltd. 2021 of Face Value of Rs. 98,000,000/- (Previous Year Rs. Nil)	99,460,200	-
9.38% Rural Electrification Corporation Ltd. 2016 of Face Value of Rs. 400,000,000/- (Previous Year Rs. Nil)	400,245,800	-
9.28% REC Bonds 2017 of Face Value of Rs. 250,000,000/- (Previous Year Rs. Nil)	250,278,000	-
8.00% Indian Railway Finance Corporation Ltd. 2022 of Face Value of Rs. 80,000,000/- (Previous Year Rs. Nil)	80,299,680	-
9.36% Power Finance Corporation Ltd. 2021 of Face Value of Rs. 50,000,000/- (Previous Year Rs. Nil)	50,114,050	-
9.46% Power Finance Corporation Ltd. 2026 of Face Value of Rs. 420,000,000/- (Previous Year Rs. Nil)	425,273,550	-
9.45% Power Finance Corporation Ltd. 2026 of Face Value of Rs. 225,000,000/- (Previous Year Rs. Nil)	226,125,000	-
9.35% Power Grid Corporation Of India Ltd. 2024 of Face Value of Rs. 50,000,000/- (Previous Year Rs. Nil)	50,150,000	-
9.35% Power Grid Corporation Of India Ltd. 2025 of Face Value of Rs. 50,000,000/- (Previous Year Rs. Nil)	50,150,000	-
9.35% Power Grid Corporation Of India Ltd. 2029 of Face Value of Rs. 50,000,000/- (Previous Year Rs. Nil)	50,000,000	-
9.35% Power Grid Corporation Of India Ltd. 2030 of Face Value of Rs. 50,000,000/- (Previous Year Rs. Nil)	50,000,000	-
8.20% National Highways Authority Of India 2022 of Face Value of Rs. 20,000,000/- (Previous Year Rs. Nil)	20,400,000	-
<b>UNQUOTED - OTHER THAN TRADE (FULLY PAID)</b>		
Certificate of Deposit of UCO Bank of Face Value of Rs. Nil (Previous Year Rs. 750,000,000/-)	-	748,861,179
Certificate of Deposit of Central Bank of India of Face Value of Rs. Nil (Previous Year Rs. 700,000,000/-)	-	685,515,796
Certificate of Deposit of Federal Bank Ltd of Face Value of Rs. Nil (Previous Year Rs. 500,000,000/-)	-	488,488,000
Certificate of Deposit of State Bank of Patiala of Face Value of Rs. Nil (Previous Year Rs. 500,000,000/-)	-	498,116,000
Certificate of Deposit of Bank of Maharashtra of Face Value of Rs. 250,000,000/- (Previous Year Rs. Nil)	244,489,471	-
Certificate of Deposit of Andhra Bank of Face Value of Rs. 250,000,000/- (Previous Year Rs. Nil)	227,204,667	-
Certificate of Deposit of Corporation Bank of Face Value of Rs. 250,000,000/- (Previous Year Rs. Nil)	227,424,891	-
Certificate of Deposit of Oriental Bank of Commerce of Face Value of Rs. 500,000,000/- (Previous Year Rs. Nil)	466,728,927	-
Certificate of Deposit of Punjab National Bank of Face Value of Rs. 350,000,000/- (Previous Year Rs. 250,000,000)	328,547,503	244,394,643
<b>Total</b>	<b>3,246,891,739</b>	<b>2,665,375,618</b>
Aggregate value of quoted investments	1,752,496,280	-
Market Value of quoted investments	1,758,675,014	NA
Aggregate value of unquoted investments	1,494,395,459	2,665,375,618

**NOTE : 14**  
**CASH AND CASH EQUIVALENTS**

	<u>As at</u> <u>March 31, 2012</u>	<u>As at</u> <u>March 31, 2011</u>
<b>Cash and cash equivalents</b>		
Cash in Hand	8,318,190	7,878,140
<b>Balances with banks:</b>		
-in Current Accounts	105,913,232	262,530,581
-in Fixed Deposits	-	401,261,075
Stamps in hand	<u>46,020</u>	<u>53,635</u>
	<u>114,277,442</u>	<u>671,723,431</u>

**NOTE : 15**  
**SHORT TERM LOANS AND ADVANCES**

	<u>As at</u> <u>March 31, 2012</u>	<u>As at</u> <u>March 31, 2011</u>
Current Maturities of Long Term Loans & Advances (Note 11)		
<b>Secured, Considered Good</b>		
Housing Loans	1,134,247,719	1,682,660,978
Non-Housing Loans	<u>608,385,170</u>	<u>707,339,022</u>
	1,742,632,889	2,390,000,000
Installments Due from Borrowers *	216,914,485	285,698,969
Demand Loan against Deposits	6,878,615	11,837,020
<b>Advances recoverable in cash or kind</b>		
Unsecured, Considered Good	5,137,793	500,723
<b>Other Short Term Loans and Advances</b>		
TDS and Advance Income Tax	1,175,598,302	852,710,639
Advance Fringe Benefit Tax	1,175,000	1,175,000
Loan to employees	4,302,604	3,986,034
Prepaid expenses	<u>2,220,923</u>	<u>60,503</u>
	<u>3,154,860,611</u>	<u>3,545,968,888</u>

\* Net of interest de-recognised Rs.29,250,231/- (Previous Year Rs.29,950,825/-)

**NOTE : 16**  
**OTHER CURRENT ASSETS**

	<u>As at</u> <u>March 31, 2012</u>	<u>As at</u> <u>March 31, 2011</u>
Assets acquired in extinguishment of loans (Held for sale or disposal)	278,824,066	275,151,389
Less: Provision for diminution in value	<u>13,688,439</u>	<u>17,382,727</u>
	265,135,627	257,768,662
Interest Accrued on Investments	<u>100,746,073</u>	<u>8,467,013</u>
	<u>365,881,700</u>	<u>266,235,675</u>

**NOTE : 17****REVENUE FROM OPERATIONS**

	<b>RUPEES</b>	<b>For the year Ended March 31, 2012</b>	<b>For the year Ended March 31, 2011</b>
<b>INTEREST INCOME</b>			
i) on Loans			
- Housing Loans	3,142,231,759		2,463,541,136
- Non-Housing Loans (TDS Rs 16,542,396/- Previous Year Rs 18,205,463/- )	<u>1,048,874,823</u>		<u>908,651,395</u>
	4,191,106,582		3,372,192,531
ii) on Demand loans	<u>1,160,153</u>		<u>1,272,246</u>
	4,192,266,735		3,373,464,777
iii) on Deposits (TDS Rs 20,99,136/- Previous Year Rs.1,486,987/-)	66,726,182		34,865,534
iv) on Investments (TDS Rs 218,426/- Previous Year Rs Nil)			
- Long Term	35,810,485		34,458,676
- Current	<u>140,047,105</u>		<u>9,277,405</u>
		4,434,850,507	3,452,066,392
Fees & Other Charges		<u>108,839,259</u>	<u>128,425,272</u>
		4,543,689,766	3,580,491,664
<b>OTHER INCOME</b>			
Dividend Income		41,716,596	8,290,447
Profit / (Loss) On Sale of Investment			
- Long Term		-	-
- Current		7,729,599	959,545
Interest on Income / Interest Tax Refund	-		63,495
Other Charges Recovered	7,545,006		6,709,095
Miscellaneous Income (TDS Rs 1,647,317/- Previous Year Rs 1,767,036/-)	30,238,232		46,121,425
Profit / (Loss) on sale of fixed assets	<u>82,750</u>		<u>(284,157)</u>
		<u>37,865,988</u>	<u>52,609,858</u>
		<u>87,312,183</u>	<u>61,859,850</u>
		<u>4,631,001,949</u>	<u>3,642,351,514</u>

**NOTE : 18****FINANCE COST**

	<b>For the year Ended March 31, 2012</b>	<b>For the year Ended March 31, 2011</b>
Interest on loans	2,899,319,967	2,062,129,463
Interest on deposits	234,655,695	227,969,360
Bank Charges	3,104,803	3,047,628
Brokerage on deposits	<u>13,427,331</u>	<u>3,324,677</u>
	<u>3,150,507,796</u>	<u>2,296,471,128</u>

**NOTE : 19****EMPLOYEE BENEFIT EXPENSE**

	<b>For the year Ended March 31, 2012</b>	<b>For the year Ended March 31, 2011</b>
Salaries and Allowances	141,603,414	74,873,415
Contribution towards Group Gratuity	1,545,525	2,968,736
Contribution to Provident Fund	7,234,114	6,456,697
Staff Welfare & Training Expenses	<u>7,931,970</u>	<u>5,909,754</u>
	<u>158,315,023</u>	<u>90,208,602</u>



**NOTE : 20**  
**OTHER EXPENSES**

	<b>For the year Ended March 31, 2012</b>	<b>For the year Ended March 31, 2011</b>
<b>Office Running Expenditure</b>		
Rent	28,492,970	15,145,660
Repairs & Maintenance - building	331,475	103,997
Repairs & Maintenance - others	4,239,045	4,917,475
Rates & Taxes	211,364	84,897
Registration and Filing Fees	3,416,965	723,227
Electricity and Water Charges	6,635,788	5,270,109
General Office Expenses	26,481,929	14,431,471
Insurance	250,209	26,915
Travelling	11,228,704	4,770,988
Conveyance	5,331,496	5,170,926
Printing & Stationery	4,563,565	2,346,701
Postage & Telephone	6,747,078	6,027,722
	<u>97,930,588</u>	<u>59,020,088</u>
<b>Others</b>		
Director's Sitting Fee	505,000	195,000
Legal Expenses	6,022,299	1,894,494
Professional Charges	46,076,496	30,972,232
Auditors Remuneration		
- Audit Fee	730,340	551,500
- Tax Audit Fee	280,900	220,600
- Out of Pocket Expenses	654,222	401,079
- Other Certifications	393,260	275,750
Publicity	7,556,697	4,698,388
DMA Commission	66,518,409	36,960,081
Prior Period adjustment	-	(393,861)
Miscellaneous	3,234,911	2,825,918
	<u>131,972,534</u>	<u>78,601,181</u>
	<u>229,903,122</u>	<u>137,621,269</u>

**NOTE: 21**  
**OTHER 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, 2012 RUPEES	For the year Ended March 31, 2011 RUPEES
Outstanding for over six months	57,871,323	43,913,693
Outstanding for six months or less	159,043,163	241,785,276
	<b>216,914,486</b>	<b>285,698,969</b>

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

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

3. Advances are classified as performing and non-performing assets in accordance with guidelines on prudential norms issued by National Housing Bank (NHB). Provisions on standard assets, sub-standard assets, doubtful assets and loss assets have been made as per NHB Directions 2010 as amended from time to time. Details are given hereunder:

(Rs. in lac)

Loans	Standard	Sub Standard	Doubtful	Loss	Total
<b><u>Housing Loans</u></b> (including installments due from borrowers) (Previous Year)	293237.73 (246856.61)	876.00 (1506.05)	1909.04 (1213.02)	237.01 (579.92)	296259.78 (250155.60)
Provisions made (Previous Year)	1173.41 (1235.00)	131.40 (153.64)	819.15 (347.99)	237.01 (579.92)	2360.97 (2316.55)
<b><u>Non-Housing Loans</u></b> (including installments due from borrowers) (Previous Year)	*99601.75 (65654.95)	581.97 (525.36)	522.84 (326.14)	- -	100706.56 (66506.45)
Provisions made (Previous Year)	451.97 (263.33)	87.30 (52.54)	190.76 (71.58)	- -	730.03 (387.45)
<b>Total Loans</b> (Previous Year)	<b>392839.48</b> (312511.56)	<b>1457.97</b> (2031.41)	<b>2431.88</b> (1539.16)	<b>237.01</b> (579.92)	<b>396966.34</b> (316662.05)
<b>Total Provisions</b> (Previous Year)	<b>1625.38</b> (1498.33)	<b>218.70</b> (206.18)	<b>1009.91</b> (419.57)	<b>237.01</b> (579.92)	<b>3091.00</b> (2704.00)

\*includes portfolio purchased through direct assignment by true sale from other institutions amounting to Rs. 340.04 crore (Outstanding balance as on 31.03.2012 Rs. 319.40 crore).

4. The company has retained a Provision for Contingencies of Rs. 0.15 crore made in March 08 in respect of fraudulent encashment of a cheque pending completion of investigation.

5. Interest on non-performing assets is recognised on realisation basis as per the NHB Guidelines. Accordingly the total interest de-recognised as at the Balance Sheet date is summarised as under:-

	RUPEES
Cumulative interest B/F from last Balance Sheet	29,950,825
Less: Recovered/ written back/ written off during the year	15,046,081
Add: Interest de-recognised for the year on	
- Sub Standard Assets (Net)	9,844,714
- Doubtful/ Loss Assets	4,500,773
<b>Total interest de-recognised as on 31.03.2012</b>	<b>29,250,231</b>

6. Capital to Risk Assets Ratio (CRAR)

	Items	For the year Ended March 31, 2012	For the year Ended March 31, 2011
i	CRAR (%)	17.77	20.83
ii	CRAR – Tier I Capital (%)	11.50	12.16
iii	CRAR – Tier II Capital (%)	6.27	8.67

7. Exposure to Real Estate Sector

(Rs. in crores)

	Category	For the year Ended March 31, 2012	For the year Ended March 31, 2011
a	<b>Direct Exposure</b>		
	(i) Residential Mortgages(including loan against residential property) -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Out of which Individual Housing Loans upto Rs 15 lacs – Rs 1224.14 crores Previous Year Rs 1252.40 crores)	3880.39*	3007.88*
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	89.27*	158.74*
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a Residential	Nil	Nil
	b Commercial Real Estate	Nil	Nil
b	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

\*in addition, there are loans sanctioned but not disbursed of Rs. 110.92 Crore (previous year Rs. 161.61 Crore)

## 8. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Rs. in crores)

	Liabilities		Assets	
	Borrowings from banks	Market Borrowings	Advances (Net of NPA Provision)	Investments
1 day to 30-31 days (one month)	226	9	17	325
Over 1 month to 2 months	0	6	14	-
Over 2 months to 3 months	53	141	14	-
Over 3 months to 6 months	160	44	42	-
Over 6 months to 1 year	248	232	87	-
Over 1 year to 3 years	855	347	284	10
Over 3 years to 5 years	470	418	284	-
Over 5 years to 7 years	19	40	310	31
Over 7 years to 10 years	8	615	503	12
Over 10 years	0	30	2,400	-
<b>Total</b>	<b>2039</b>	<b>1882</b>	<b>3955</b>	<b>378</b>

## 9. Related Party Transactions:

In view of the exemption available to the company under para 9 of Accounting Standard on Related Party Disclosures (AS-18), 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:

### a) Key Management Personnel

(Rs. in Lac)

S.No	Name of transacting related party	Amount
2.	Sh Sanjaya Gupta & Relatives Managing Director	Salary, Allowances & Reimbursements 42.42 Cont. to PF 1.58 Travelling exp. 2.65

### b) Other Entities:

(Rs. in Lac)

S.No	Name of transacting related party	Amount
1.	Destimoney Enterprises Pvt Ltd	DMA Commission 192.26 Interest on Debentures 996.96 Dividend 171.60

c) Only the independent directors are paid sitting fees for the Board / Committee meetings at the rate of Rs.10,000/- per Board meeting and Rs. 6,000 per Committee meetings besides out of pocket expenses. During the year the Company has paid a sum of Rs. 5.05 lac towards sitting fees.

10. The company has not created any deferred tax liability on Special Reserves created and maintained u/s 36(1)(viii) of the Income Tax Act,1961 in view of the resolution passed by the Board on 15<sup>th</sup> December, 2011 resolving for non-withdrawal of existing Special Reserve and also any sum that might be transferred to Special Reserve from time to time in future. Moreover, as per prevalent practice amongst Housing Finance Companies, the company has not created any deferred tax liability on Special Reserves maintained u/s 36(1)(viii) of the Income Tax Act,1961.
11. The Future minimum lease payments in respect of premises taken under non cancellable operating lease are as follows:

Period	As at March 31, 2012 RUPEES	As at March 31, 2011 RUPEES
Not later than one year	32,373,244	21,220,854
Later than one year but not later than 5 years	117,514,439	16,948,131

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

	Unit	2011-12	2010-11
a. Amount used as the numerator for Basic EPS Profit after tax	Rupees	752,023,698	693,729,910
Add: Interest on CCB (net of tax)	Rupees	67,257,456	51,650,118
b. Amount used as the numerator for Diluted EPS Profit after tax	Rupees	819,281,154	745,380,028
c. Weighted average number of equity shares for Basic EPS	Number	30,000,000	30,000,000
Add: Weighted Average No. of Equity Shares in potential conversion of CCB	Number	13,529,411	10,378,726
d. Weighted average number of equity shares for Diluted EPS	Number	43,529,411	40,378,726
e. Nominal value per share	Rupees	10	10
f. Earning per share			
-Basic (a/c)	Rupees	25.07	23.12
-Diluted (b/d)	Rupees	18.82	18.46

13. Segment Reporting: Company's prime business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/Commercial Properties etc. There are no business operations located "Outside India". Hence all the activities are considered as a "Single business/ Geographical Segment" for the purposes of Accounting Standard on Segment Reporting (AS-17), issued by The Institute of Chartered Accountants of India.
14. Impairment of Assets (AS 28): The management feels that the Accounting Standard (AS 28) would not apply to investment, inventories and financial assets such as loans and advances. However as regard to financial assets such as loans and advances the same has been covered by provision in accordance with guidelines on prudential norms issued by National Housing Bank (NHB).

15. Details of movement in provisions (AS-29)

(Rs. in lacs)				
Provision for Doubtful Debts & Contingencies	Opening as on 01.04.11	Addition	Reversal/Adjustment	Closing as on 31.03.2012
-On Loans	2719.00	387.00	-	3106.00
-Others	173.82	-	36.94	136.88

Outflow in respect of above provisions would depend on developments/outcome of these events.

16. The provision for Income Tax has been made on the basis of the accounting practices consistently followed by the Company after allowing benefits under section 36(1)(viii) of the Income Tax Act, 1961. The method of bifurcation of income & expenses for long term housing finance is the same as that of last years'.
17. As per the information available with the company, there are no amounts payable to Micro, Small and Medium Enterprises.
18. With respect to company's borrowing in FCNR (B) - Term Loan Account, the company has paid/incurred interest amounting to Rs. 257,828/- (Previous year Rs. 11,077,986/-) in foreign currency. Further the company has taken foreign currency fluctuation cover by way of Forward Exchange Contract from reputed approved dealers. A sum of Rs.139,050/- being the liability (Previous year Rs. 7,881,354/-) of company with respect to exchange difference for the Forward Exchange Contract has been paid and accounted for as per the guidelines laid down by the Accounting Standard on accounting for the effects of changes in Foreign Exchange rates (AS-11) issued by The Institute of Chartered Accountants of India.
19. All Computer Software purchased from outsiders are being amortised as per Accounting Standard 26 (AS-26) as laid down by The Institute of Chartered Accountants of India. Considering the technological risks and issues of technological obsolescence, the Depreciation on written down value at the rate of 60% p.a. is being provided.
- All subsequent expenditure on software after its purchase and /or installation are recognised as expenditure whenever incurred.
20. As per NHB refinance guidelines, the Company is required to submit half-yearly certificate as on 30<sup>th</sup> September and 31<sup>st</sup> March disclosing therein the difference between hypothecated book debts and NHB refinance outstanding. The adverse balance, if any, is being paid back to NHB as per their guidelines (Adverse Balance as on 31.03.2012 is Nil Previous Year Rs.Nil).
21. As per Section 29 C of 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 Income Tax Act, 1961 is considered to be an eligible transfer. Accordingly, the Company has transferred Rs. 14.20 crore to Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 and Rs. 1.00 crore to Additional Reserve (u/s 29C of NHB Act) during the year.
22. Government Notification about Cess payable u/s 441-A of the Companies Act, 1956, being not available, necessary provision has not yet been made.
23. Amount due from principal officers as at 31.03.2012 was Rs Nil (Previous year Rs. Nil). Maximum amount due from such officers at any time during the year was Rs Nil/- (Previous year Rs 764,881/-).

24. Contingent liabilities not provided for

	As at March 31, 2012 RUPEES	As at March 31, 2011 RUPEES
- Estimated amount of contracts remaining unexecuted (net of advance)	11,288,122	70,196
- Income tax matters under dispute	22,205,360	17,009,790

25. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956 has become applicable to the company. Previous year figures have been rearranged / regrouped wherever necessary as per the revised schedule VI.

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

## 27. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No.	55-33856	State Code	55
Balance Sheet Date	31.03.2012		

### II. CAPITAL RAISED DURING THE YEAR

Public Issue	NIL	Rights issue	NIL
Bonus Issue	NIL	Private Placement	NIL

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	45,328,143,331	Total Assets	45,328,143,331
<b>SOURCES OF FUNDS</b>			
Paid up Capital	300,000	Reserves & Surplus	3,739,658,956
Secured Loans	33,548,742,478	Unsecured Loans	5,659,775,336
<b>APPLICATION OF FUNDS</b>			
Net Fixed Assets	36,652,118	Investments	3,782,890,198
Net Current Assets	41,385,465,832	Miscellaneous Expenditure	0
Accumulated Losses	0		

**IV. PERFORMANCE OF COMPANY**

Turnover and other income	4,631,001,949	Total Expenditure	3,605,153,389
Profit before tax	1,025,848,560	Profit After Tax	752,023,698
Earnings per share (Rupees)	25.07	Dividend Rate (%)	22

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

(As per Monetary terms) : Company is a single product company as per details given below :

Item code No.	N.A.
Product Description	Loans for or against properties

(Krishan Gopal)  
Sr. Manager

(Sanjay Jain)  
DGM (F) & Co. Secretary

For and on behalf of the Board

(Sanjaya Gupta)  
Managing Director

Director

Director

In terms of our report of even date  
**S K Kapoor & Co.**  
*Chartered Accountants*

PLACE: NEW DELHI

DATED:

( V B Singh)

*Partner*

M No : 73124

FR No : 000745C



**PNB HOUSING FINANCE LTD.**

**CASH FLOW STATEMENT**

(Indirect Method)

**Y E A R E N D E D O N**

**March 31, 2012**

**March 31, 2011**

**RUPEES**

**RUPEES**

**RUPEES**

**CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit before tax		1,025,848,560	975,133,122
Adjustment for non-cash item/items, to be disclosed seperately			
Add: Depreciation	3,678,923		2,829,962
Loss/(Profit) on sale of fixed assets	(82,750)		284,157
Provision for Doubtful Debts & Contingencies	35,005,712		82,899,228
Bad debts written off/ Business Loss	27,742,813		52,226,970
		66,344,698	138,240,317
		1,092,193,258	1,113,373,439
Less : Interest income	175,857,590		43,736,081
Dividend	41,716,596		8,290,447
Profit/ (loss) on sale of Investment	7,729,599		959,545
Interest on Income/ Interest Tax Refund	-		63,495
		225,303,785	53,049,568
Operating Profits before Changes in Working Capital		866,889,473	1,060,323,871
Adjustment for Changes in working capital and provisions			
Loans	(8,099,212,889)		(6,615,628,319)
Trade and other receivables	(62,818,644)		76,852,018
Trade payables	132,520,188		6,180,295
Provisions	3,599,402		3,329,358
		(8,025,911,943)	(6,529,266,648)
Cash Generated from Operations		(7,159,022,470)	(5,468,942,777)
Income/Interest Tax Paid/ (Refunds) during the year (Net)	(322,887,663)		(328,403,171)
		(322,887,663)	(328,403,171)
<b>A. NET CASH FROM OPERATING ACTIVITIES</b>		<b>(7,481,910,133)</b>	<b>(5,797,345,948)</b>

**CASH FLOW FROM INVESTING ACTIVITIES**

Fixed Assets :			
Purchase	28,459,746		4,249,336
Sale/Discarded	<u>682,623</u>		<u>5,135,356</u>
	(27,777,123)		886,020
Interest received	175,857,590		43,736,081
Dividend received	41,716,596		8,290,447
Investments :			
Purchase	(34,700,376,413)		(3,428,888,278)
Sale	34,032,791,433		4,618,138,205
Interest on Income / Interest Tax refund	-		63,495
<b>B NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(477,787,917)</b>	<b>1,242,225,970</b>

**CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from borrowings	-Bonds	4,000,000,000	1,253,225,217
	-Banks	7,668,500,000	8,500,000,000
	-Unsecured Loans (net)	1,396,465,621	539,851,971
Repayment of borrowings	-Bonds	(120,000,000)	(120,000,000)
	-Banks	(5,466,006,710)	(4,945,585,893)
Dividend paid (including dividend distribution tax)		(76,706,850)	(69,965,400)
<b>C. NET CASH USED IN FINANCING ACTIVITIES</b>		<b>7,402,252,061</b>	<b>5,157,525,895</b>

**NET CHANGES IN CASH & CASH EQUIVALENTS**

A+B+C		<b>(557,445,989)</b>	<b>602,405,917</b>
Cash or Cash equivalents ( Opening Balance )		671,723,431	69,317,514
Cash or Cash equivalents ( Closing Balance )		114,277,442	671,723,431
<b>NET INCREASE OF CASH OR CASH EQUIVALENTS DURING THE YEAR</b>		<b>(557,445,989)</b>	<b>602,405,917</b>

NOTE : Minus (-) denotes application of cash

(Krishan Gopal)  
Sr. Manager

(Sanjay Jain)  
DGM(F)&Co. Secretary

For and on behalf of the Board

(Sanjaya Gupta)  
Managing Director

Director

Director

In terms of our report of even date

**For S K Kapoor & Co.**

*Chartered Accountants*

PLACE: NEW DELHI  
DATED:

(V B Singh)  
**Partner**

M No : 73124  
FR No : 000745C

# **S.K.KAPOOR & CO** CHARTERED ACCOUNTANTS

16/98 LIC BUILDING ;THE MALL ;KANPUR; Ph\* (0512) 2372244 ,3261222 , Fax:2372244  
Email:skkco@sancharnet.in: [kapoor\\_sk49@yahoo.com](mailto:kapoor_sk49@yahoo.com)

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The Members of,  
**PNB HOUSING FINANCE Ltd.,**  
**NEW DELHI – 110 001**

## **AUDITORS'REPORT**

We have audited the attached Balance Sheet of **PNB HOUSING FINANCE LIMITED** as at 31st March, 2012, the Statement of Profit & Loss and the Cash Flow Statement 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 Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) Order, 2004 (collectively the order) issued by the Central Government, in terms of sub-section (4A) of Section 227 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 statement on the matters specified in paragraphs (4) & (5) of the said Order to the extent applicable to the company.
2. Subject to the above and further to our comments in the 'Annexure' referred to in paragraph 1 above, we report that: -
  - 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, Statement of Profit & Loss and Cash Flow Statement referred to in this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement 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 31<sup>st</sup> March, 2012 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 explanations given to us, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement read with the Significant Accounting Policies-Note no “1” and Notes on Financial Statements- ( Nos. 2 to 20), 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, 2012;
  - ii) In the case of the Statement of Profit & Loss, of the **PROFIT** of the Company for the year ended on that date, and
  - iii) In the case of the Cash Flow Statement, of the **CASH FLOWS** for the year ended on that date.

**For S K Kapoor & Co**  
**Chartered Accountants**

**(V B Singh)**

*Partner*

M No :073124

FR No: 000745C

Place : New Delhi

Dated: 2.05.2012

## Annexure

Annexure referred to in paragraph (1) of our Audit Report of even date on the accounts of **PNB HOUSING FINANCE LIMITED**, for the year ended 31<sup>st</sup> March 2012.

- I. (a) The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
  - (b) 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.
  - (c) As insignificant part of the fixed asset has been sold or disposed off during the year, the Company continues to be a going concern.
- 
- II. (a) During the year, the company has not granted any loan to a party, listed in the Register maintained under Section 301 of the Companies Act, 1956.
  - (b) In view of para (a) above, this para is not applicable..
  - (c) In view of Para (a) above, this para is not applicable.
  - (d) In view of Para (a) above, this para is not applicable.
  - (e) During the year the company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956. Therefore the clauses (f) & (g) of para III of CARO as amended upto date are not applicable. However the 7.25% Compulsory Convertible Debentures ( CCD's) amounting to Rs 137.32 crore issued to Destimoney Enterprises Pvt Ltd (DEPL) which is holding 26% shares in the company in terms of the shareholder agreement dated 09-12-2009 between the Company ( PNBHFL) , Punjab National Bank and DEPL, continue in the books of the company till the same are converted into equity.

- (f) The rate of interest paid by the company on these CCD's is not prejudicial to the interest of the company. Other terms and conditions are as per the agreement between PNBHFL , Punjab National Bank and DEPL for conversion of CCD's into equity shares at a future date. The conversion price of the CCD's into equity shares is at a predetermined price as per the terms of the said shareholders agreement decided by a competitive bidding process, therefore we do not offer any comment on the reasonableness of the predetermined price.
  - (g) The party is paying the interest on CCD's regularly as per the terms and conditions.
- III. 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 system that are presently installed 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 for the sanction, disbursement and recovery of loans given by the company. We have not observed any continuing failure to correct major weaknesses in such internal controls.
- IV. a) According to the information and explanation given to us and on the basis of representation by the management, we are of the opinion that particulars of contract or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) The service contract for procurement of loan business to DEPL who is holding 26% shareholding in the company was given in previous year. The terms of the agreement with the party are prima facie reasonable having regard to the prevailing market price in view of the fact that the party is not using any facility of the company for business development.
- V. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 to the extent applicable and The Housing Finance Companies (NHB) Directions, 2010 with regard to acceptance of deposits from the public.
- VI. The company has an internal audit cell comprising of experienced and qualified staff that carry out the Internal audit of branches on rotation basis. During the year the company has also introduced a system of transaction (Internal) audit of its branches and head office by the firm of chartered accountants. In view of the above the system of internal audit appears to be in commensurate with the size of the company and the nature of its business.
- VII. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, investor education & protection fund, income tax, service tax, etc. have generally been regularly deposited with the appropriate authorities during the year. We have been informed that Government Notification about Cess payable is still awaited and

considering the business of the Company, in the management's view ESI, Excise Laws, Sales Tax etc. are not applicable to the Company at present.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax and Service Tax which is outstanding for a period of more than six months as at 31st March, 2012 from the date they became payable.

- (b) We have been informed that there are no dues in respect of Service Tax, Wealth Tax and Cess which has not been deposited on account of any dispute, however, Income Tax demand as given hereunder has not been deposited as the same is disputed.

Assessment year	Nature of Demand	Amount( Rs)
2008-09	Allocation of Common Expenses	5,730,638

- VIII. According to the information & explanations given & records examined by us, in our opinion, the Company has not defaulted in repayment of dues to Financial Institutions, Banks or Debenture Holders.
- IX. (a)The company grants loans and advances for housing interalia on the Main security of equitable mortgage of properties, its own deposits, other securities besides other collateral securities/guarantees as stated in Note No. 2 in Schedule 16. Adequate documents and records have been maintained.
- (b) The Company does not give any Loan & Advance against pledge of shares, debentures or other securities as primary security.
- (c) The Demand Loan granted by the Company under Public Deposit Scheme complies with requirements of the NHB Guidelines & that of Section 58A & Section 58AA of the Companies Act, 1956.
- X. 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.
- XI. In respect of company's transactions for sale / purchase of securities and other investments, 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.
- XII. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others / third parties from Banks or Financial Institutions.
- XIII. According to the information and explanations given to us, and based upon the test verification of the books & records of the Company, the term loans raised / applied during the year have been used for business purposes.

- XIV. According to the information and explanations given to us, with a view to bring down the overall cost of funds, we observe that funds raised from Overdraft/Term Loan from Banks etc. have been used to finance Housing/Non-Housing Loans, the average repayment of which ranges from 3 to 10 years. Further we have been explained that generally the Short –term funds are not used for Long–Term investments.
- XV. According to the information and explanations given to us, the company has not made any preferential allotment of shares to any party covered in the Register maintained under section 301 of Companies Act.
- XVI. Charge has been created by the company in respect of debentures and bonds wherever applicable.
- XVII. According to the information and explanations given to us, during the year ended on 31.03.2012, 2 Suspected Fraud case involving a sum of Rs 137 lacs has been noticed / reported to the Board of Directors / Audit Committee. Investigation & recovery action including taking possession of the underlying property is in progress and these accounts have been classified as NPA as per the NHB Provisioning Norms.
- XVII. As the company has not raised any funds by way of public issue , the end use of money needs no comment.
- XVIII. Other requirements of sub-para (ii), (viii), and (x) of para 4 of the order are not applicable.

**For S K Kapoor & Co**  
**Chartered Accountants**

**(V B Singh)**

*Partner*

M No: 073124

FR No: 000745C

Place: New Delhi

Dated: 02.05.2012