



25
Silver Jubilee
Year



pnb Housing Finance Limited

Ghar Ki Baat

25 Years of Service
25 Years of Happiness

25 Years Journey of PNBHFL!

25 is a magical number, not too young and not too mature either. It is just the right age to be in one's lifetime. It is an age of exciting opportunities, an age for exciting adventures ahead and an age to learn from ones past mistakes.

Yes, PNBHFL has entered into its 25th year in 2013. But it seems the journey has just begun for the financial powerhouse to step out of the shadows and come in the limelight. The first step has been taken by entering the top 5 HFC club of India.

We have started walking a tightrope and are doing the right things; is partly endorsed by the accolades being received from Bloomberg and Franchisee India as the Fastest Growing HFC-North and West region and our Organisation Change Story has been awarded in the category of "Special Commendation Award" by Best Change Intervention of Asia Seminar 2013 - organisations that have successfully designed, executed and managed change. .

We have been recognised and acknowledged for our best in class human resource practices and enjoy strong equity in management talent market and makes us an" employer of choice" anchored in our core values of "**People First, Customer Centric and Ethical Standards**". Our human resource philosophy, strategy and processes have been designed to attract and retain quality management team and keep our people highly engaged, motivated and committed to bring customer delight.

Quality and Success should not be an event but should become a habit and we move towards that goal with standardization of processes and strengthening our internal systems.

Besides the branch delivery model, PNBHFL also developed a strong base of in-house sales team, a dedicated call centre and versatile e-medium to make its services available in a simple and easily accessible manner. Extending our reach is enabled through our rationalized geographical spread further augmented by a distribution model which is founded on the basic principles of quality, integrity and ingenuity.

Cherishing the solidity of its parent, PNB, and the tenacity of contemporary operating model to connect with our customers, PNBHFL displays élan and robustness of a caring organisation.

Our mission is to exhibit the highest standards of customer service. We have been investing in world-class technology, building robust processes, delivering personalised doorstep services, improved branch infrastructure and setting newer benchmarks for customer delight to differentiate us from our peers.

The Company's aspiration to enhance and sustain its position as one of the most preferred housing finance company is anchored in the quality and dynamism of our Human Capital.

Finally in the 25th year, for all of us at PNBHFL, "Sky is not the limit, for there are footprints on the moon too !!"



Message from the Managing Director



Dear Stakeholders,

Financial Year 2012-13 has been, remarkably an eventful and gratifying period for PNBHFL. We have been successful on almost all spheres of business activity and the re-building exercise that we had planned and designed during the previous year.

Some highlights for the year gone by:

- We sourced, processed and successfully underwrote 16170 loan applications out of which 10976 loans were approved, indicating an acceptance rate of 67% - a mature rate of acceptance.
- Out of those approvals, about 8200 loans got disbursed in the same period (75% disbursement to sanction ratio), which shows that these approvals were credit worthy and were in accordance to our customer expectations.
- The company disbursed loans worth INR 3682 crore, which reflects a growth of 142% over the previous year.
- The end net receivable (ENR) stands at INR 6620 crore as on March 31, 2013, which is 67% Yo Y growth at the portfolio level – making PNBHFL the fastest growing HFC in the country.
- Gross NPAs were at 0.56% of the ENR as on 31 March 2013, which is amongst the lowest in the industry.
- The Total income for the year was INR 661 crore, which marks a growth rate of 43%.
- On deposits, we reinforced the confidence in our brand and grew by almost 190%. Our deposit book today stands at INR 1050 crore (16% of our asset book).
- Profit after tax (PAT) grew by 22% at INR 91.5 crore.

During FY 2012-13 your Company has entered the top 5 HFC club in the country with one of the lowest delinquencies and NPA levels in the industry; it is indeed a very satisfying moment for us to have traversed this distance in portfolio quality and growth.

I sincerely thank all our devoted and talented employees for putting their heart and soul in achieving these milestones for the year. We are indeed privileged to have one of the best human capital in the industry.

We also enjoyed the glory and honour of being the “Fastest Growing HFC” in North & West as recognised and awarded by Annual Real Estate Awards instituted by Franchise India and Bloomberg in FY 2012-13.

The Year ahead:

FY 2013-14, is our “Silver Jubilee Year” during the year our main focus will be on “Total Quality” - while we are committed to significant growth during the year. We will continuously focus on quality measurement and quality monitoring.

Though the macroeconomics continues to be sluggish - sharing our business plan for FY 2013-14, we are targeting incremental disbursements to grow by 35% which should render a portfolio growth of 50%. Company deposits are going to be an area of business priority and the planned growth is significant in these challenging times.

We are also targeting a PAT growth in excess of 25% during the FY 2013-14.

I look forward to building a sustainable, profitable and well respected business - with a long term focus on customer delight.

However, achievements will not be at the cost of happiness index of our human capital. We will strive to have a working culture of inclusiveness, ecosystem of comfortable working environment; where everyone performs and grows with the organization - personally as well as professionally.

We will fail in our duty, of being a good corporate citizen, if we do not actively participate in social welfare – during FY 2013-14 organised efforts will be made to deliver to the society at large.

I would like to thank all the stakeholders, our learned and respected Directors who have displayed their unconditional faith in our vision and execution prowess and have steered us through the critical, maiden, year of business process reengineering (BPR). We are sure, their guidance and support will continue for a long time.

Finally we are once again poised to be the fastest growing HFC in the country - with the solid foundation created last year, it is now time that we attain greater heights keeping our core values and humility intact.

Sanjaya Gupta

Managing Director

Board of Directors



Sh. K. R. Kamath
Chairman of Board



Sh. Rakesh Sethi
*Member Business Process
& Appointments Committee*



Sh. Tejinder Singh Laschar
*Member Audit
& Business Process Committee*



Sh. G N Bajpai
Member Marketing Committee



Sh. P K Gupta
*Member Audit &
Appointments Committee*



Sh. S K Jain
Member Credit Committee



Sh. Anand Dorairaj
*Member Audit &
Appointments Committee*



Sh. Vivek Vig
*Member Credit &
Business Process Committee*



Sh. S S Bhatia
*Member Credit and
Marketing Committee*



Sh. Sanjaya Gupta
Managing Director



Senior Management



Shaji Varghese
Business Head



Ajay Gupta
Chief Risk Officer



Nitant Desai
Chief Operations &
Technology Officer



Anshul Bhargava
Chief People Officer



Sanjay Jain
Company Secretary &
Chief Finance Officer

Performance Highlights

Year	(Rs. in Crores)									
	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
Loan Approvals	350	354	463	750	731	756	850	1391	1668	6091
Loan Disbursement	285	298	393	652	677	683	805	1267	1508	3682
Loan Outstanding	776	899	1100	1541	1916	2186	2507	3167	3970	6620
Deposit Outstanding	155	165	166	191	224	264	304	220	363	1051
Total Income	90	87	102	153	227	277	316	364	463	661
Profit Before Tax	21	16	25	33	57	76	94	97	103	126
Profit After Tax	15	11	18	28	41	53	67	69	75	91
Dividend %	11	11	7	10	20	20	20	22	22	25
Earning Per Share Rs.	5	4	6	9	14	18	22	23	25	22
Net Worth	88	95	110	131	163	208	267	326	392	609



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DIRECTORS' REPORT TO THE MEMBERS

Your Directors have the pleasure in presenting the 25th Annual Report together with the Audited Accounts of the company for the year ended on March 31, 2013.

1. Silver Jubilee Year

The Company has entered its twenty fifth (silver jubilee year) of operations. Three years ago, the Company had started Business Process Transformation and Re-engineering Project (BPR) to transform the Company to an operationally robust enterprise to take on bigger and tougher challenges in the future.

Your Directors are happy to report that the Company has achieved these major objectives, which are reflected in business and financial numbers. The Company has re-vamped policies, systems and processes and is now poised for sustained growth in years to come.

2. New initiatives under BPR

A snapshot of few accomplishments for the year gone by is as under;

- A valuable core human capital pool was created which is self-motivated, inspired and knowledgeable.
- Refurbishment of physical infrastructure (important offices and hardware etc.) to facilitate future business growth. Additional space of more than 36500 sq. ft. was created.
- New processes and systems, operating nuances were implemented which will have a multiplier effect in enhancing efficiency, security, compliance and rendering better customer experience.
- In order to improve customer reach, there was a complete re-vamp of the business distribution strategy involving internal sales team and third party agencies.
- To improve the look and feel, the Company's website was revamped; standardization of marketing collaterals, signage and other customer communication documents were recreated to be contemporary and customer friendly. An outbound contact centre was also established.

- A team of seasoned underwriters and a technical support group with civil engineers was established to support underwriting variety of loan types. Risk containment unit was established to avoid frauds.
- Concerted efforts were made for creating a robust IT platform, which can support current as well as future flow of business needs.

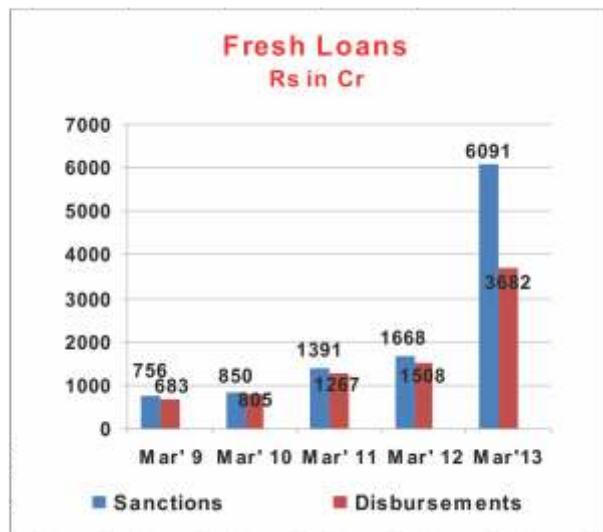
3. Awards and recognition

During the year Company has been awarded in the category of "outstanding contribution to real estate sector through growth in home loans in North and West region" by annual real estate awards for developers and brokers instituted by Franchisee India in association with Bloomberg.

4. Loans Performance

4.1 During the year, the Company has sanctioned loans to 10976 customers amounting to Rs. 6091 crore as compared to Rs. 1668 crore in previous year, recording a growth of 276%. Loans disbursed during the year were Rs. 3682 crore as compared to Rs. 1508 crore in previous year, recording a growth of 143%.

Out of the total fresh business, Rs. 4814 crore loans were sanctioned for housing and Rs. 1277 crore were sanctioned for non-housing purposes. Cumulative sanctions and disbursements as at March 31 2013 were Rs. 14617 crore and Rs. 11276 crore respectively.





In order to de-risk geographical concentration, 45% of incremental disbursements were from West and South zones. The geographical mix of outstanding portfolio is 62% North, 22% West and 16% South.

Out of total loan sanctions, loans amounting to Rs. 270 Crore are eligible under Golden Jubilee Rural Housing Scheme of Government of India, in respect of 3327 units.

4.2 Loans outstanding

During the year, Loans outstanding grew by 67% and stood at Rs. 6619 crore in respect of 37248 loan accounts. Loan outstanding comprises Rs. 4835 crore for Housing and Rs. 1784 crore for non-housing loans. The average ticket size, at portfolio level, for individual loans as on 31st March 13 was Rs. 17.77 lac. The average ticket size for fresh loans sanctioned during the year was Rs.55.50 lacs'.

During the year under review, Rs 1033 crore was received by way of scheduled re-payment and pre-payment of loan amount.

4.3 Asset Quality:

Company continues to maintain high quality of loan assets. Gross non-performing assets as on 31st March '13 were Rs. 37.09 crore (Rs 41.27 crore) and net non-performing assets (after provision as per NHB Directions) were Rs. 23.40 crore (Rs 26.61 crore).



The overall loan delinquencies is at 2.18%, gross and net non-performing assets at 0.56% and 0.35% respectively were amongst the lowest in the industry.

Company has 112 re-possessed properties under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) amounting to Rs. 32.03 crore (Rs 26.51 crore).

5. Financial Performance

	(Rs. in lacs)	
	March 13	March 12
Profit/Loss before tax	12604.48	10258.49
Less: Provision for Tax		
-Current year	3455.00	2896.00
-Deferred Tax	-1.66	-157.74
Profit/Loss After Tax	9151.14	7520.23
Add: Balance brought forward from the previous year	1170.06	936.90
	10321.21	8457.13
Appropriation of Profits		
Transfer to Special Reserve (including u/s 29C of NHB Act, 1987)	1900.00	1520.00
Transfer to General Reserve	6000.00	5000.00
Proposed Dividend	1026.11	660.00
Dividend distribution Tax	174.39	107.06
Balance carried to Balance Sheet	1220.71	1170.06
	10321.21	8457.13

5.1 Income

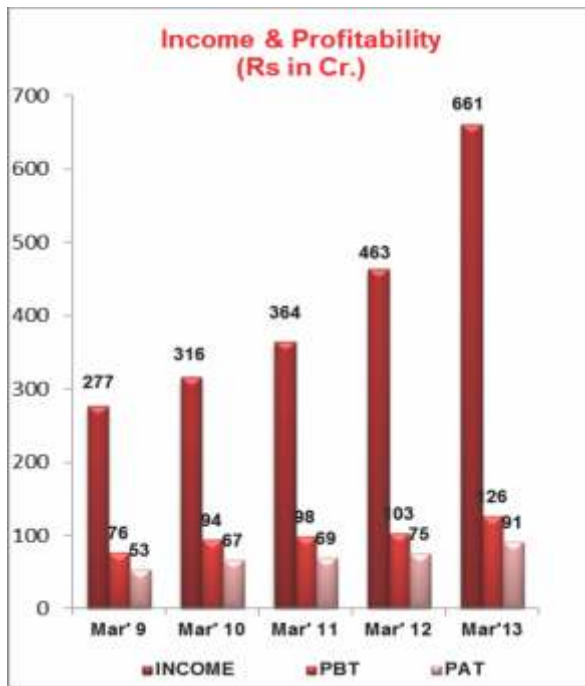
During the year, the Company earned total income of Rs. 661 crore as compared to Rs 463 crore in previous year, recording a growth of 43%. Out of total income, interest income on loans grew by 45% at Rs. 606 crore as against Rs. 419 crore in previous year. Investment and other income increased by 25% to Rs. 55 crore as against Rs. 44 crore in the previous year.

5.2 Expenditure

Total expenditure during the year was Rs. 523 crore as compared to Rs. 354 crore in previous year, a growth of 48%. Out of total expenditure, interest expenditure was Rs. 462 crore (Rs. 315 crore) and operating expenditure was Rs. 61 crore (Rs. 39 crore).

In addition, the Company has written off bad loans worth Rs. 2.55 crore and transferred a sum of Rs. 9.92 crore for non-performing and standard loans as per NHB Directions, 2010.

As on 31st March 2013, total provisions (on standard and non-performing loans) were Rs. 41.65 crore and provision coverage ratio increased from 75% to 112%.



6. Dividend

In order to commemorate the silver jubilee year, your Directors are pleased to recommend

a special dividend of 25% on equity shares, as against 22% paid in the previous year.

7. Increase in paid up equity share Capital

During the year, paid up equity share Capital of the Company increased from Rs. 30 crore to Rs. 50 crore as under;

7.1 Conversion of CCDs

Compulsory Convertible Debentures (CCDs) aggregating to Rs. 137.32 crore were converted into 1,35,29,411 equity shares of Rs. 10/- each at a premium of Rs.91.50 per share on 8th June 2012, as per terms of issue.

7.2 Issue of Bonus Shares

The Company allotted 64,70,589 bonus shares of Rs. 10/- each to existing shareholders in the ratio of their shareholding after capitalization of General Reserves of Rs. 6.47 crore after approval of the shareholders in EGM held on 30th March 2013.

8. Increase in Authorized Share Capital

The present authorized, issued and paid up share capital of the Company is Rs. 50 crore. In order to meet capital requirement of growing business, the Board has recommended increase in Authorized capital to Rs. 150 crore divided into 15 crore equity shares of Rs. 10/- each.

Your Directors recommend the resolution for your approval.

9. Resources

During the year, the Company raised Rs. 3919 crore of fresh resources from banks, NCDs, Deposits and refinance from NHB.

9.1 Non-Convertible Debentures (NCDs)

During the year, the Company raised Rs. 700 crore of secured NCDs on private placement basis in three series as under;

- 9.25% Series XII of Rs. 300 crore with 10 years maturity, issued on 29th June 2012.
- 9.15% Series XIII of Rs. 200 crore with 10 years maturity, issued on 14th September 2012.
- 9.00% Series XIV of Rs. 200 crore with 10 years maturity, issued on 21st December 2012.



The outstanding secured borrowings from NCDs were Rs. 1800 crore as on 31st March, 13 as against Rs. 1316 crore.

9.2 Subordinated debt

During the year, the Company had raised 9.10% subordinated NCDs of Rs. 200 crore with 10 years maturity. The outstanding of subordinated debt as on 31st March 2013 were Rs. 300 crore. Based upon balance maturity term, the book value of subordinated debt is considered at Rs. 260 crore to be eligible as Tier II capital under the guidelines issued by National Housing Bank.

The outstanding rating on bonds by CRISIL AA (positive) and CARE AA+ which means high safety regarding timely payment of interest and principal.

All NCDs issued by the Company are listed on wholesale debt segment of National Stock Exchange.

9.3 Bank borrowings

During the year, the Company has raised Rs. 1720 crore from commercial banks for onward lending operations. Company's bank loan facilities have been assigned CRISIL AA (positive).

9.4 NHB Refinance

During the year, the Company has availed Rs. 611 crore under various refinance schemes of NHB.

9.5 Deposits:

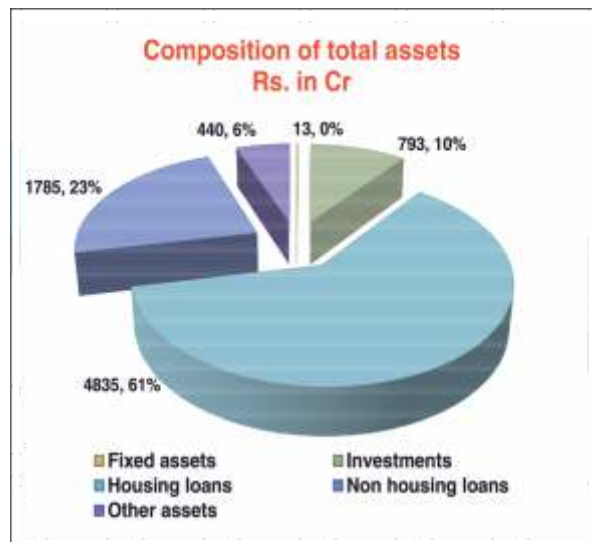
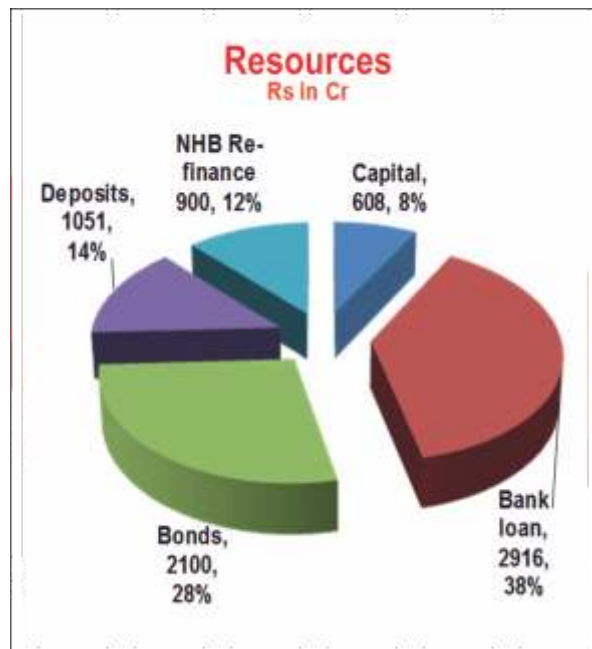
During the year, the Company recorded robust growth of Rs. 688 crore in deposits, which is 190% over last year. Total outstanding deposits (including unclaimed deposits) as at 31st March 13 were Rs. 1051 crore, which is 16% of loans portfolio. Company's public Deposits have been assigned CRISIL AA+ (positive).

9.6 Unclaimed Deposits

Out of the deposits, which became due for repayment up to March 31, 2013, deposits of Rs 13.14 crore, including interest accrued and due relating to 1926 depositors had not been claimed or renewed.

Since then, deposits of Rs. 1.93 crore relating to 338 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.

During the year, the Company transferred an amount of Rs. 12.97 lacs to Investor Education and Protection Fund (IEPF) established by the Central Government under section 205 C of the Companies Act, 1956. In terms of the said section, no claim would lie against the Company after transfer to IEPF.



10. Credit Rating

CRISIL has recently upgraded rating outlook of the Company from AA 'stable' to AA 'positive'. It has recognised Company's successful transition post BPR exercise.

11. Net worth and Capital Adequacy Ratio

The net worth of the company as on 31st March, 13 was Rs. 608 crore (Rs. 392 crore). The Capital Adequacy Ratio (CRAR) was 14.40%. NHB has prescribed minimum CRAR of 12% of total risk weighted assets.

12. Regulatory Compliance

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. as amended from time to time.

12.1 NHB has advised housing finance companies to ensure that lending practices adopted by them are simple, non-discriminatory, transparent and fair. NHB has also prescribed that pre-payment charges are not to be levied in case of housing loans being pre-closed. The Company has complied with the new directions from the date of its issuance.

12.2 The Know Your Customer (KYC) guidelines, Fair Practise Code and Anti Money Laundering (AML) standards as notified by the NHB are available on company's website. The Company has also adopted the model code of conduct for Direct Selling Agents and Guidelines for Recovery Agents as stipulated by NHB.

13. Change in Accounting Policies

During the year, the Company has changed its Accounting Policies relating to amortization of direct cost on loan and deposit origination over the average tenure of loan/deposit. Similarly, income as loan processing/ management fees is recognized over the average tenure of the loan. These changes have been disclosed in the Balance Sheet for the year.

14. Opening of new branch at Ahmedabad

During the year, the Company has opened a

branch office in Ahmedabad and its first office in state of Gujarat. The Company has expanded its operations in 15 states through a network of 31 branches. Besides, the Company has three hubs; North (at NOIDA), West (at Mumbai) and South (at Bangalore) to integrate credit underwriting operations of branches with their respective hubs.

During the current financial year, the Company plans to open a new branch at Coimbatore, Tamil Nadu. The Company also plans to start three sub-hubs at Chandigarh, Jaipur and Indore to ramp-up business from cluster of branches in close vicinity. This will bring in quality retail assets from tier II cities which are end user driven and are easier to be refinanced.

15. Human Resource

15.1 Company recognises that "Human Capital", is the only asset of the Organization. Towards this end, HR processes and initiatives were aligned to the business goals and objectives and were simultaneously aimed at talent acquisition, development, engagement, enhancing employee happiness and motivation at work, skill up-gradation and cross functional integration.

15.2 The year gone by has been a year of business growth and capacity building. In order to keep pace with business requirements, lateral talent were hired across functions from the industry. As on 31st March 2013, the company had a total of 346 employees on its rolls.

15.3 During the year, a comprehensive Training Need Analysis was done to understand training requirements at the organisational, functional and individual levels. Need based trainings were conducted for all functions using both internal & external trainers.

15.4 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.

16. Directors' responsibility Statement

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

- i. In preparation of annual accounts, the applicable accounting standards had been followed along with 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 31.03.2013 and the profit and loss account for the year ended 31.03.2013.
- 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.

17. Corporate Governance

17.1 The Company has been complying with the Standards of corporate governance required under the Companies Act, 1956. The Board discharges the duties and responsibilities as required under the applicable statute(s) including the Companies Act, 1956.

17.2 The Company has a Board of Directors, which has a formal schedule of matters reserved for its consideration and decision, apart from legally required matters. The Audit Committee reviews the financial statements besides other matters as per section 292A of Companies Act, 1956.

In addition, there are four Operational Matters Committees such as Appointments Committee, Credit Committee, Business Process Committee and Marketing Committee of the Board.

During the year, the Board of the Company had met five times and the Audit Committee met four times. The other Operational Matters Committees have met as per the business requirements of the Company.

18. Business Outlook

18.1 Country's GDP growth in FY 2012-13 was slower than the last nine years' rates, which has impacted investment mood and it is expected to have a hangover during FY 2013-14. Real estate is capital intensive and the macro economic factors are getting reflected in this sector too. There is a slow ramp up to bridge the demand and supply gap in urban centres.

18.2 Metropolitan cities are demonstrating an overhang in absorption – primarily due to spiralling of real estate prices and income growth not being able to match up. The CAGR of mortgage lending sector were phenomenally high at around 40-45% from 2002 up to mid-2008; thereafter, it has continuously receded and during 2012-13 growth is expected to be 15-18%. Though Housing Finance Companies (HFCs) have reported higher growth rates quarter on quarter and they are expected to grow at around 20-22%. Mortgages constitutes 7% penetration in GDP, low penetration implies room for growth. Neighbouring ASEAN countries have double digit penetration.

18.3 Inflationary pressure have somewhat started easing from the last quarter of FY 2012-13 but high interest rates remains an area of concern. The Company will do its best to fully tap business potential at the most competitive rates and ensure a reasonable profitability.

19. Board of Directors

19.1 Re-appointment of Directors

In accordance with the provisions of the Companies Act, 1956, Shri K R Kamath (Chairman), Shri P K Gupta and Shri Anand Dorairaj are due to retire by rotation in the forthcoming Annual General Meeting of the Company.

We have received nomination for re-appointment of these directors at the ensuing Annual General Meeting under section 257 of the Companies Act, 1956.

19.2 Additional Director

During the year, Shri S S Bhatia, General Manager, PNB joined the Board as additional director. Your Board recommends his appointment in the forthcoming Annual General Meeting.

20. Statutory Auditors

During the year the Comptroller and Auditor General of India has appointed Messrs Raj K Aggarwal & Associates as Auditors of the company for the financial year ended March 31, 2013. They have replaced Messrs S K Kapoor & Co., Chartered Accountants, who were statutory auditors of the Company for four years.

21. Re-view of accounts by C & AG

The accounts for the year ended 31st March, 13 were reviewed by Comptroller and Auditor General of India (C & A G). The C & A G has not made any comment on accounts for the year 2012-13.

22. 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 and expenditure during the year.

23. Acknowledgements

23.1 The Board of Directors thank the valued customers, shareholder, channel partners and well-wishers for their wholehearted support.

23.2 The Board acknowledges with gratitude the advice, guidance and support of Government of India, Reserve Bank of India, National Housing Bank and other statutory bodies/departments.

23.3 The Directors place on record their appreciation and gratitude to all the bankers of the Company, Depositors and Debenture Holders for their continued confidence and contribution to the growth of the company.

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

For and on behalf of the Board

Dated: 8 August, 2013
Place: New Delhi

(K R Kamath)
Chairman



संख्या / No. : एम.ए.बी.एस.सी.ए.डी.जी.१४-३/२०१३-२०१४/१६८
भारतीय लेखा तथा लेखापरीक्षा विभाग
कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II
नई दिल्ली

INDIAN AUDIT & ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD - II,
NEW DELHI

दिनांक / DATE 25/6/13

सेवा में,

प्रबन्ध निदेशक,
पी. एन. बी. हाउसिंग फाईनेन्स लिमिटेड,
9 वीं तल, अंतरिक्ष भवन,
22, कस्तूरबा गाँधी मार्ग,
नई दिल्ली - 110001

विषय:- कंपनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च 2013 को समाप्त वर्ष के लिए पी. एन. बी. हाउसिंग फाईनेन्स लिमिटेड के लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं कम्पनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च 2013 को समाप्त हुए वर्ष के लिए पी. एन. बी. हाउसिंग फाईनेन्स लिमिटेड के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

संलग्नक:- यथोपरि

भवदीया,

न. अ. कुमार
(नयना अ. कुमार) 25/6/13.

प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य, लेखा परीक्षा बोर्ड-II,
नई दिल्ली

**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 FOR THE YEAR ENDED 31 MARCH 2013.**

The preparation of financial statements of PNB Housing Finance Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 04 May 2013.

I, on behalf of the Comptroller and Auditor General of India have decided not to review the report of the Statutory Auditor on the accounts of PNB Housing Finance Limited for the year ended 31 March 2013 and as such have no comments to make under section 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller and Auditor General of India**



**(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi**

**Place: New Delhi
Date:**



RAJ K. AGGARWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

Phone : 41419973

: 27487547

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Head Office: Plot No. - 5, BN Block (W) Central Market, IInd Floor, Adjoining Bank of Baroda,
Shalimar Bagh (West), New Delhi-110088.

AUDITOR'S REPORT

To,
The Shareholders
PNB Housing Finance Limited
New Delhi

Report on the Financial Statements

We have audited the accompanying financial statements of **PNB HOUSING FINANCE LIMITED** which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

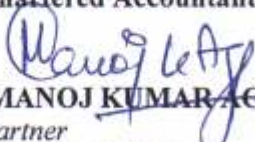
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For RAJ K. AGGARWAL & ASSOCIATES
Chartered Accountants


(**MANOJ KUMAR AGGARWAL**)
Partner

M. No: 511415

Firm Registration No : 002585N



Place: New Delhi

Dated: 04.05.2013



Annexure to Auditors' Report

Referred to in paragraph 1 of our report of even date

As required by the Companies (Auditor's Report) Order 2003 issued by the Company Law Board in terms of Section 227(4A) of Companies Act, 1956 on the basis of such checks as we considered appropriate and report that:-

- 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) There was no substantial disposal of fixed assets during the year.
- II. The provisions of para (ii) (a) to (c) of the Order are not applicable to the Company, being engaged in financial services sector.
- III. (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, and accordingly para (iii) (b) to (d) of the Order are not applicable for the financial year 2012-13.
- (d) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the clauses (f) & (g) of para (iii) of the Order are not applicable.
The 7.25% Compulsory Convertible Debentures (CCD's) amounting to Rs 137.32 crore issued to Destimoney Enterprises Private Limited (DEPL), which is holding 26% shares in the Company, issued in earlier years, have been converted in to equity on 08th June 2012. The year end balance in respect of the same as at March 31, 2013 stands NIL.
- (e) *The rate of interest paid by the Company on these CCD's, till 08th June 2012, 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.*
- IV. 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.

- V. 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 49% 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.
- VI. 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.
- VII. The Company has an internal audit cell comprising of experienced and qualified staff that carries out the internal audit of branches on rotation basis and 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.
- VIII. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- IX. (a) According to the records of the Company, undisputed statutory dues including Provident 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, etc. are not applicable to the Company at present.

However, an amount of Rs. Rs. 19,72,800/-, in respect of Works Contract Tax, is payable as of March 31, 2013, which shall be deposited in the due course as explained by the management.

- (b) 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, 2013 from the date they became payable.





- (c) 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, except for *Income Tax demand as given hereunder, which has not been deposited as the same is disputed.*

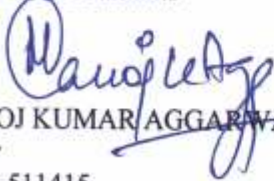
Name of the statute	Nature of dues	Amount (Rs.)	Assessment Year to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Allocation of Common Expenses for computation of deduction u/s 36 (1)(viii) of the Act.	52,15,202	2007-08	Commissioner of Income Tax (Appeals)
		74,53,195	2008-09	
		43,41,393	2009-10	
		51,95,570	2010-11	
		2,22,05,360		

- X. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- XI. 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.
- XII. (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. 22**. Adequate documents and records have been maintained.
- (b) The Company does not give any Loans/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.
- XIII. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- XIV. 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.



- XV. 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.
- XVI. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- XVII. 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.
- XVIII. 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.
- XIX. The Company did not have any outstanding debentures as at March 31, 2013.
- XX. The Company has not raised any money through public issue during the year.
- XXI. According to the information and explanations given to us, during the year ended on 31.03.2013, no fraud has been came to the noticed of management / reported to the Board of Directors / Audit Committee.

For **RAJ K. AGGARWAL & ASSOCIATES**
Chartered Accountants


(**MANOJ KUMAR AGGARWAL**)
Partner
M. No: 511415
Firm Registration No: 002585N



Place: New Delhi
Dated: 04.05.2013



BALANCE SHEET AS AT MARCH 31, 2013

	Notes	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
<u>EQUITY AND LIABILITIES</u>			
Shareholder's Funds			
Share Capital	2	500,000,000	300,000,000
Reserves and Surplus	3	5,707,958,851	3,739,658,956
		<u>6,207,958,851</u>	<u>4,039,658,956</u>
Non-Current Liabilities			
Long-term borrowings	4	55,357,136,516	28,023,503,133
Other long-term liabilities	5	148,764,846	-
Long term provisions	6	283,080,792	160,664,831
		<u>55,788,982,154</u>	<u>28,184,167,964</u>
Current Liabilities			
Short-term provisions	6	1,758,984,173	1,375,009,535
Trade payables	7	64,209,078	31,609,060
Other current liabilities	8	14,837,994,589	11,697,697,816
		<u>16,661,187,840</u>	<u>13,104,316,411</u>
TOTAL		<u><u>78,658,128,845</u></u>	<u><u>45,328,143,331</u></u>
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
Tangible assets	9	125,688,394	36,652,118
Capital work-in-progress		35,905,853	5,326,409
Non-current investments	10	737,935,626	535,998,459
Deferred tax assets (net)	11	123,300,924	123,135,183
Loans & Advances	12	63,183,549,270	37,737,086,259
Other non-current assets	13	285,594,214	8,033,411
		<u>64,491,974,281</u>	<u>38,446,231,839</u>
Current assets			
Current investments	14	7,188,212,307	3,246,891,739
Cash and cash equivalents	15	1,884,887,140	114,277,442
Short-term loans and advances	16	4,591,130,884	3,154,860,611
Other current assets	17	501,924,233	365,881,700
		<u>14,166,154,564</u>	<u>6,881,911,492</u>
TOTAL		<u><u>78,658,128,845</u></u>	<u><u>45,328,143,331</u></u>
Significant Accounting Policies	1		

Notes '2' to '17' and '22' 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

(S. S. Bhatia)
Director

(Vivek Vig)
Director

In terms of our report of even date
For Raj K. Aggarwal & Associates
Chartered Accountants

(Manoj K. Aggarwal)
Partner

PLACE: NEW DELHI
DATED: 4th May, 2013

M No : 511415
FR No : 002585N

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Notes	For the year Ended March 31, 2013 RUPEES	For the year Ended March 31, 2012 RUPEES
REVENUE FROM OPERATIONS	18	
Interest and Other Charges	6,424,318,405	4,543,689,766
Other Income	190,080,513	87,312,183
TOTAL REVENUE	6,614,398,918	4,631,001,949
EXPENSES		
Finance Cost	19 4,616,353,966	3,150,507,796
Employee benefit expense	20 259,739,123	158,315,023
Other expenses	21 336,584,965	229,903,122
Depreciation expense	9 16,600,395	3,678,923
Provision for Doubtful Debts & Contingencies	99,169,592	35,005,712
Bad Debts Written Off/Business Loss	25,502,439	27,742,813
TOTAL EXPENSES	5,353,950,480	3,605,153,389
Profit Before Tax	1,260,448,438	1,025,848,560
Less: Provision for Tax	-Current 345,500,000	289,600,000
	-Earlier years(Net) -	-
	-Deferred Tax(Net) (165,741)	(15,775,138)
Profit After Tax	915,114,179	752,023,698
Earning per equity share: (Point no.11 of Note 22)		
-Basic	22.30	25.07
-Diluted	22.30	18.82

Significant Accounting Policies 1
Notes '18' to '21' annexed hereto form part of the Profit & Loss Statement

(Krishan Gopal)
Sr. Manager

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

For and on behalf of the Board

(Sanjaya Gupta)
Managing Director

(S. S. Bhatia)
Director

(Vivek Vig)
Director

In terms of our report of even date
For Raj K. Aggarwal & Associates
Chartered Accountants

(Manoj K. Aggarwal)
Partner

PLACE: NEW DELHI
DATED: 4th May, 2013

M No : 511415
FR No : 002585N



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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 log in fee, other charges and Penal Interest on Overdues / Additional Interest on Defaults, Pre-payment charges etc. is recognised on receipt basis. Income on loan processing/management fees is recognised over the average tenure of the loan being the consideration received for continuing obligation over the life of loan.

(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.

Recovery in case of Non-Performing Loans is appropriated first towards interest portion of overdue EMIs and their-after towards principal portion of overdue EMIs.

4. FIXED ASSETS

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Costs include all expenses incidental to the acquisition of the fixed assets.

5. INTANGIBLE ASSETS

Intangibles are recognised where it is possible that the future economic benefit attributable to the asset will flow to the company and its cost can be reliably measured. Intangibles are stated at cost of acquisition less accumulated amortisation

6. DEPRECIATION/AMORTISATION

- (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, except the following items on which higher rates of depreciation have been charged:
- Intangible Assets are amortised over a period of five years except website development costs which are amortised over a period of three years.
 - Networking Equipments and Mobile phone instruments are depreciated over a period of five years.
 - Leasehold Improvements are depreciated over a period of five years.
- (ii) Assets costing upto Rs. 5000/- are charged to revenue.

7. 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.

8. EMPLOYEE BENEFITS

- (i) The company has taken LIC Policy to cover the accumulated gratuity liability till 31.03.2013 of its employees as Defined Contribution Plan. LIC has made actuarial valuation on renewal date i.e. 01-01-2013. 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)-Revised, issued by the Institute of Chartered Accountants of India.
- (ii) Provision for leave encashment is made on the basis of actuarial valuation as on 31.03.2013.
- (iii) Retirement benefits of employees on deputation from Punjab National Bank are borne by the Bank 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.
- (v) Incentive paid to employees in terms of performance linked incentive scheme is charged to Profit & Loss Account on accrual basis.

9. 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.



10. BORROWING COSTS

Borrowing costs are recognised as an expense in the year in which they are incurred. Expenditure incurred on issue of shares/bonds is charged to Statement of Profit and Loss in the year on accrual basis except brokerage costs directly attributable to a borrowing which are amortised over the period of borrowing.

11. OPERATING LEASES

Lease payments for assets taken on operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

12. EARNINGS PER SHARE

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

13. 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.

14. 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.

15. 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.

16. LOAN ORINATION / ACQUISITION COST

All direct costs incurred for the loan origination are amortised over the average tenure of the loan.

17. 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.

18. IMPAIRMENT OF ASSETS

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.



NOTE : 2
SHARE CAPITAL

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
a. Authorized shares capital		
50,000,000 (March 31, 2012 : 50,000,000) equity shares of Rs. 10/- each	500,000,000	500,000,000
b. Issued, subscribed and paid-up capital		
50,000,000 Equity Shares of Rs.10/- each fully paid up (Previous year 30,000,000)	500,000,000	300,000,000
Total issued, subscribed and fully paid-up shares capital	500,000,000	300,000,000

c. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2013 Numbers	As at March 31, 2013 RUPEES	As at March 31, 2012 Numbers	As at March 31, 2012 RUPEES
Equity shares				
At the beginning of the year	30,000,000	300,000,000	30,000,000	300,000,000
Issued during the year	20,000,000	200,000,000	-	-
Outstanding at the end of the year	50,000,000	500,000,000	30,000,000	300,000,000

d. Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
				% of Holding
Punjab National Bank (PNB) (Holding Company)	25,500,000	51%	22,200,000	74%
Destimoney Enterprises Pvt Ltd. (DEPL)	24,500,000	49%	7,800,000	26%

e. Description of the rights, preferences and restrictions attached to each class of shares

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.

f. Terms of securities convertible into equity/preference shares : The company had allotted 13,529,411 equity shares of Rs.10 each on conversion of 13,529,411 Compulsory Convertible Debentures (CCDs) at a premium of Rs. 91.50 per share on 08.06.2012 to DEPL.

g. Issue of Bonus Shares : The company had issued 6,470,589 equity shares of Rs. 10 each as fully paid up Bonus shares after capitalisation of General Reserves of Rs. 64,705,890 on 30th March 2013 to existing share holders in proportion of their shareholding (PNB - 3,300,000 equity shares and DEPL 3,170,589 equity shares)

NOTE : 3**RESERVES AND SURPLUS**

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
a. <u>Special Reserve</u>		
i) (Created under Section 36(1) (viii) of the Income Tax Act, 1961 for deduction admissible to HFCs)		
As per the last Balance Sheet	1,160,081,036	1,018,081,036
Add: Additions during the period	155,000,000	142,000,000
	<u>1,315,081,036</u>	<u>1,160,081,036</u>
ii) (Created under Section 29 C of NHB Act, 1987- Refer point no. 22.17)		
As per the last Balance Sheet	48,900,000	38,900,000
Add: Additions during the period	35,000,000	10,000,000
	<u>83,900,000</u>	<u>48,900,000</u>
b. <u>General Reserve</u>		
As per the last Balance Sheet	2,413,671,536	1,913,671,536
Less: Issuance of Bonus Shares	64,705,890	-
Add: Amount transferred from the Statement of Profit and Loss	600,000,000	500,000,000
	<u>2,948,965,646</u>	<u>2,413,671,536</u>
c. <u>Securities Premium Reserve</u>		
Balance as per the last financial statements	-	-
Add: Premium on issue of equity shares after conversion of CCDs	1,237,941,107	-
	<u>1,237,941,107</u>	<u>-</u>
d. <u>Surplus/(deficit) in the statement of profit and loss</u>		
As per the last Balance Sheet	117,006,384	93,689,536
Profit for the year	915,114,179	752,023,698
Total	<u>1,032,120,563</u>	<u>845,713,234</u>
Appropriations		
-Special Reserve - Under Section 36(1)(viii) of the Income Tax Act, 1961	155,000,000	142,000,000
-Special Reserve - Under Section 29C of NHB Act, 1987	35,000,000	10,000,000
-General Reserve	600,000,000	500,000,000
-Proposed Dividend	102,610,796	66,000,000
-Dividend Distribution Tax	17,438,705	10,706,850
Net surplus in the statement of profit and loss	<u>122,071,062</u>	<u>117,006,384</u>
	<u>1,032,120,563</u>	<u>845,713,234</u>
Total Reserves and Surplus (a to d)	<u>5,707,958,851</u>	<u>3,739,658,956</u>



**NOTE : 4
LONG-TERM BORROWINGS**

	Non Current Maturities		Current Maturities	
	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
A. SECURED				
1. Bonds				
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) 9.00% Secured Redeemable Bonds 2022 (Redeemable at par on 21.12.2022)	2,000,000,000	-	-	-
iii) 9.15% Secured Redeemable Bonds 2022 (Redeemable at par on 14.09.2022)	2,000,000,000	-	-	-
iv) 9.25% Secured Redeemable Bonds 2022 (Redeemable at par on 29.06.2022)	3,000,000,000	-	-	-
v) 9.55% Secured Redeemable Bonds 2021 (Redeemable at par on 12.09.2021)	2,000,000,000	2,000,000,000	-	-
vi) 9.50% Secured Redeemable Bonds 2021 (Redeemable at par on 26.07.2021)	2,000,000,000	2,000,000,000	-	-
vii) 8.85% Secured Redeemable Bonds 2019 (Redeemable at par on 09.11.2019)	1,250,000,000	1,250,000,000	-	-
viii) 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	-	-
ix) 8.70% Secured Redeemable Bonds 2016 (Redeemable at par on 09.08.2016)	1,000,000,000	1,000,000,000	-	-
x) 8.55% Secured Redeemable Bonds 2014 (Redeemable at par on 09.11.2014)	750,000,000	750,000,000	-	-
xi) 10.79% Secured Redeemable Bonds 2013 (Redeemable at par on 30.09.2013)	-	1,500,000,000	1,500,000,000	-
xii) 9.30% Secured Redeemable Bonds 2012 (Redeemed on 29.12.2012)	-	-	-	1,000,000,000
xiii) 9.50% Secured Redeemable Bonds 2012 (Redeemed on 10.10.2012)	-	-	-	1,000,000,000
xiv) 8.70% Secured Redeemable Bonds 2012 (Fully redeemed on 08.08.2012)	-	-	-	160,000,000

[Bonds at serial no. (ii) to (vi) 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/- (Refer Note 9)]

	Non Current Maturities		Current Maturities	
	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
2. INR Term loans (detail terms are given at the end) *				
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.)	11,676,876,461	6,533,333,334	3,366,666,667	3,124,427,594
ii) Refinance from National Housing Bank (The loan secured by Hypothecation of Loans /book debts against which refinance has been availed)	7,092,673,600	3,257,201,880	1,910,629,880	1,032,463,560
iii) Term Loan from South Indian Bank	-	-	-	107,982,777
iv) Term Loan from HDFC Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)	1,874,999,998	333,199,999	1,583,333,335	1,000,133,334
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	3,400,000,000	2,000,000,000	1,600,000,000
v) Term Loan from Vijaya Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)	1,400,000,000		400,000,000	
vi) Term Loan from ICICI Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)	1,165,760,000		291,440,000	
vii) Term Loan from Central Bank of India (Secured by Hypothecation of Loans /book debts against which loan has been availed)	1,800,000,000		200,000,000	
Total (Secured borrowings)	44,910,310,059	24,523,735,213	11,252,069,882	9,025,007,265
B. UNSECURED				
Fixed Deposit				
Non-cumulative	838,372,334	459,318,404	1,124,891,012	52,860,350
Cumulative	6,608,454,123	2,040,449,516	1,189,475,164	696,177,965
[Non Current & Current Fixed Deposits are secured by floating charge on SLR securities of Rs. 73.79 Crore (Previous year Rs. 53.60 Crore) as per NHB Guidelines]				
Tier II Subordinated Bonds				
- 9.10% Unsecured Redeemable Bonds, 2022 (Redeemable at par on 21.12.2022)	2,000,000,000	-	-	-
- 9.25% Unsecured Redeemable Bonds, 2016 (Redeemable at par on 22.03.2016)	1,000,000,000	1,000,000,000	-	-
Compulsorily Convertible Debentures				
- 7.25% Unsecured Compulsorily Convertible Debentures, 2012 (Refer Note 2)	-	-	-	1,373,235,217
Total (un secured borrowings)	10,446,826,457	3,499,767,920	2,314,366,176	2,122,273,532
	55,357,136,516	28,023,503,133	13,566,436,058	11,147,280,797
Current Maturity of Long term Borrowings disclosed under the head "Other current liabilities" (Refer Note 8)				
- Secured	-	-	(11,252,069,882)	(9,025,007,265)
- Un secured	-	-	(2,314,366,176)	(2,122,273,532)
	55,357,136,516	28,023,503,133	-	-



* Detail of INR Term Loans

Nature of Facility	Loan Outstanding March 31, 2013 RUPEES	Remaining Period	Installment amount RUPEES	Installment Frequency
Punjab National Bank				
Term Loan-I	3,000,000,000	2 Years	1,000,000,000	Annual
Term Loan-II	1,800,000,000	3 Years	600,000,000	Annual
Term Loan-III	2,166,666,000	2 Years	433,333,333	Half Yearly
Term Loan-IV	2,000,000,000	5 Years	200,000,000	Half Yearly
Term Loan-V	4,000,000,000	5 Years	500,000,000	Half Yearly
Over Draft	2,076,877,128		Actual	-
Union Bank of India				
Term Loan-I	1,000,000,000	1 year	500,000,000	Half Yearly
Term Loan-II	2,400,000,000	4 years	300,000,000	Half Yearly
Term Loan-III	2,000,000,000	5 years	300,000,000	Half Yearly
HDFC				
Term Loan -III	333,333,333	6 Months	333,333,334	Half Yearly
Term Loan -IV (A)	2,291,666,667	2 years	458,333,334	Half Yearly
Term Loan -IV (B)	833,333,333	2 years	166,666,667	Half Yearly
Vijaya Bank				
Term Loan	1,800,000,000	4 Years	200,000,000	Half Yearly
ICICI BANK				
Term Loan	1,457,200,000	5 Years	291,440,000	Annual
CENTRAL BANK OF INDIA				
Term Loan	2,000,000,000	5 Years	200,000,000	Half Yearly
National Housing Bank				
Refinance	76,903,000	3 years	6,411,000	Quarterly
Refinance	76,903,000	3 years	6,411,000	Quarterly
Refinance	631,500,000	1 year	157,900,000	Quarterly
Refinance	262,200,000	1 year	52,700,000	Quarterly
Refinance	189,400,000	3 years	15,800,000	Quarterly
Refinance	125,800,000	3 years	10,600,000	Quarterly
Refinance	252,100,000	3 years	19,500,000	Quarterly
Refinance	195,800,000	3 years	15,200,000	Quarterly
Refinance	275,410,000	5 years	13,115,000	Quarterly
Refinance	11,196,000	5 years	534,000	Quarterly
Refinance	388,880	5 years	18,520	Quarterly
Refinance	14,150,000	5 years	675,000	Quarterly
Refinance	120,840,000	5 years	5,760,000	Quarterly
Refinance	53,850,000	6 years	2,250,000	Quarterly
Refinance	221,715,000	3 years	15,837,000	Quarterly
Refinance	296,850,000	9 years	8,250,000	Quarterly
Refinance	51,666,600	6 years	2,066,700	Quarterly
Refinance	100,260,000	9 years	2,640,000	Quarterly
Refinance	183,054,000	6 years	7,323,000	Quarterly
Refinance	172,336,000	9 years	4,788,000	Quarterly
Refinance	319,600,000	9 years	8,700,000	Quarterly
Refinance	453,076,000	9 years	11,924,000	Quarterly
Refinance	1,168,840,000	9 years	30,760,000	Quarterly
Refinance	8,476,000	9 years	224,000	Quarterly
Refinance	32,100,000	10 years	824,000	Quarterly
Refinance	320,300,000	10 years	8,213,000	Quarterly
Refinance	300,000,000	10 years	7,693,000	Quarterly
Refinance	200,000,000	10 years	5,129,000	Quarterly
Refinance	38,518,000	6 years	1,482,000	Quarterly
Refinance	20,071,000	9 years	529,000	Quarterly
Refinance	2,150,000,000	10 years	55,130,000	Quarterly
Refinance	180,000,000	10 years	4,616,000	Quarterly
Refinance	500,000,000	10 years	12,821,000	Quarterly
Grand Total	38,162,379,941			

**NOTE : 5
OTHER LONG TERM LIABILITIES**

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
Unearned Revenue		
Unamortised Processing Fees: (Refer Note 1.3(a))		
Processing Fees	208,270,784	-
Less: Amortised during current year	29,752,969	-
Closing Balance	178,517,815	-
Less To be amortised during next year (Refer Note 8)	29,752,969	-
Closing balance	148,764,846	-

**NOTE : 6
PROVISIONS**

PROVISIONS	Long-term		Short-term	
	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
a. Provision for employee benefits				
Provision for leave encashment	14,735,053	14,102,987	3,082,648	2,189,529
Provision for Performance Linked Incentive	-	-	26,530,000	16,400,000
	14,735,053	14,102,987	29,612,648	18,589,529
b. Other provisions				
Provision for				
- Doubtful Debts & Contingencies	268,345,739	146,561,844	148,147,024	164,038,156
- Taxation	-	-	1,461,175,000	1,115,675,000
(Includes Rs. 345,500,000/- for current year. Previous year Rs. 289,600,000/-)				
- Proposed Dividend	-	-	102,610,796	66,000,000
- Tax on Proposed Dividend	-	-	17,438,705	10,706,850
	268,345,739	146,561,844	1,729,371,525	1,356,420,006
	283,080,792	160,664,831	1,758,984,173	1,375,009,535

**NOTE : 7
TRADE PAYABLES**

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
Sundry Creditors for expenses	64,209,078	31,609,060
	64,209,078	31,609,060

**NOTE : 8
OTHER CURRENT LIABILITIES**

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
Current Maturity of Long - Term borrowings		
- Secured	11,252,069,882	9,025,007,265
- Un secured	2,314,366,176	2,122,273,532
Total (Refer Note 4)	13,566,436,058	11,147,280,797
Unclaimed Deposits (Including unclaimed interest accrued and due Rs. 24,394,598/- Previous Year Rs. 27,214,199/-)	131,381,368	111,252,707
Interest Accrued & Due on Deposits	123,285,182	37,733,884
Interest Accrued But Not Due		
- Deposits	492,451,519	232,858,168
- Bonds/Loans	279,424,978	78,638,656
Statutory dues payable		
-Service Tax payable	-	639,633
-TDS payable	36,792,017	20,806,630
Unamortised Processing Fees (Refer point Note 1.3(a) and Note 5)	29,752,969	-
Other Liability	178,470,498	68,487,341
	14,837,994,589	11,697,697,816



NOTE : 9
TANGIBLE ASSETS

	Buildings	Furniture & Fixtures	Vehicles	Computers	Office Equipments - Others	Intangibles	Leasehold Improvements	Total
Cost or valuation								
At 01 April 2011	10,888,608	14,995,547	2,063,416	2,817,813	5,098,976	-	-	35,864,360
Additions	-	13,383,534	-	301,173	9,448,631	-	-	23,133,338
Disposals	-	40,371	1,360,941	-	58,630	-	-	1,459,942
At 31 March 2012	10,888,608	28,338,710	702,475	3,118,986	14,488,977	-	-	57,537,756
Additions	-	16,635,091	-	21,241,486	30,440,180	893,694	37,508,572	106,719,023
Disposals	-	2,010,465	42,549	-	1,205,421	-	-	3,258,435
At 31 March 2013	10,888,608	42,963,336	659,926	24,360,472	43,723,736	893,694	37,508,572	160,998,344
Depreciation								
At 01 April 2011	4,334,409	9,851,347	1,100,589	1,243,028	1,537,410	-	-	18,066,783
Charge for the year	327,710	1,733,767	111,358	646,062	860,026	-	-	3,678,923
Disposals	-	19,868	828,235	-	11,965	-	-	860,068
At 31 March 2012	4,662,119	11,565,246	383,712	1,889,090	2,385,471	-	-	20,885,638
Charge for the year	311,324	5,038,546	82,119	3,964,318	3,767,553	32,498	3,404,037	16,600,395
Disposals	-	1,956,395	30,588	-	189,100	-	-	2,176,083
At 31 March 2013	4,973,443	14,647,397	435,243	5,853,408	5,963,924	32,498	3,404,037	35,309,950
Net Block								
At 31 March 2012	6,226,489	16,773,464	318,763	1,229,896	12,103,506	-	-	36,652,118
At 31 March 2013	5,915,165	28,315,939	224,683	18,507,064	37,759,812	861,196	34,104,535	125,688,394

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

**NOTE : 10
NON-CURRENT INVESTMENTS**

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
OTHER INVESTMENTS (NON TRADE) (Refer point Note 1.7)		
QUOTED - (FULLY PAID)		
Investment in Government Securities		
i) 8.07% GOI Stock 2017 of Face Value of Rs.300,000,000/- (Previous Year Rs. 300,000,000/-)	310,904,266	313,777,954
ii) 10.25% GOI Stock 2021 of Face Value of Rs.100,000,000/- (Previous Year Rs.100,000,000/-)	120,524,599	123,037,675
Investment in Bonds		
iii) 6.85% India Infrastructure Finance Corporation Tax Free Bond 2014 of Face Value of Rs.150,000,000/- (Previous Year Rs. 100,000,000)	149,293,000	99,182,830
OTHERS		
Fixed Deposit- Union Bank of India of Face Value of Rs.150,000,000/- (Previous Year Rs.Nil)	157,213,761	-
Aggregate value of investments	<u>737,935,626</u>	<u>535,998,459</u>
Cost of Quoted investments	580,721,865	535,998,459
Market Value	563,613,000	505,687,978

**NOTE : 11
DEFERRED TAX ASSETS (NET)**

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
Deferred Tax Assets		
Depreciation on Fixed Assets	1,820,837	2,302,303
Provision for leave encashment	6,056,237	5,286,107
Provision for performance linked incentive	9,017,547	5,320,980
Provision for doubtful debts and contingencies	141,565,890	105,215,384
De-recognition of Interest	4,172,628	5,010,409
Unearned Revenue	60,678,205	-
Total Deferred Tax Assets -A	<u>223,311,344</u>	<u>123,135,183</u>
Deferred Tax Liabilities		
Unamortised Expenditure	100,010,420	-
Total Deferred Tax Liabilities- B	<u>100,010,420</u>	<u>-</u>
Deferred Tax Assets (Net A-B)	<u>123,300,924</u>	<u>123,135,183</u>

**NOTE : 12
LOANS AND ADVANCES**

	Non-current		Current Portion	
	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
LOANS - Secured, Considered Good				
Housing Loans	46,512,455,917	28,326,009,566	1,696,967,486	1,134,247,719
Non-Housing Loans	16,671,093,353	9,411,076,693	1,111,363,856	608,385,170
Current portion of Long term Loans & Advances disclosed under the head Current "Loans & Advances" (Refer Note 16)	-	-	(2,808,331,342)	(1,742,632,889)
	<u>63,183,549,270</u>	<u>37,737,086,259</u>	<u>-</u>	<u>-</u>

**NOTE : 13
OTHER NON CURRENT ASSETS**

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
Security Deposits		
Unsecured, Considered Good	9,560,951	8,033,411
Unamortised Expenditures:		
a. Unamortised Loan Acquisition Cost (Refer Note 1.16 and Note 22.18)	-	-
Add: Expenses incurred during the year	343,273,972	-
Less: Amortised during the year	49,039,138	-
Closing balance	294,234,834	-
Less: To be amortised during next year (Current Portion- Refer Note 17)	49,039,138	-
	<u>245,195,696</u>	<u>-</u>
b. Unamortised Brokerage on Borrowings (Refer Note 1.10 and Note 22.18)	-	-
Add: Expenses incurred during the year	74,393,005	-
Less: Amortised during the year	21,486,378	-
Closing balance	52,906,627	-
Less: To be amortised during next year (Current Portion- Refer Note 17)	22,069,060	-
	<u>30,837,567</u>	<u>-</u>
	<u>285,594,214</u>	<u>8,033,411</u>



NOTE : 14
CURRENT INVESTMENTS

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
QUOTED - OTHER THAN TRADE (FULLY PAID)		
Bonds and Debentures		
8.57% Mahanagar Telephone Nigam Limited Bonds 2023 of Face Value of Rs 1,150,000,000/- (Previous Year Rs. Nil)	1,150,000,000	-
8.69% Damodar Valley Corporation Bonds 2028 of Face Value of Rs 700,000,000/- (Previous Year Rs. Nil)	700,000,000	-
9.03% Gujarat State Petroleum Corporation Bonds 2022 of Face Value of Rs 500,000,000/- (Previous Year Rs. Nil)	500,000,000	-
9.41% Indian Infrastructure Finance Company Limited Bonds 2037 of Face Value of Rs 274,000,000/- (Previous Year Rs. Nil)	295,969,600	-
10.07% Nuclear Power Corporation Bonds 2019 of Face Value of Rs 285,000,000/- (Previous Year Rs. Nil)	294,690,000	-
9.45% Gujarat State Petroleum Corporation Bonds 2022 of Face Value of Rs 250,000,000/- (Previous Year Rs. Nil)	258,425,000	-
8.83% Indian Railway Finance Corporation Bonds 2022 of Face Value of Rs 250,000,000/- (Previous Year Rs. Nil)	250,000,000	-
10.00% Reliance Capital Ltd Bonds 2017 of Face Value of Rs 200,000,000/- (Previous Year Rs. Nil)	200,000,000	-
9.02% Rural Electrification Corporation Limited 2022 of Face Value of Rs 100,000,000/- (Previous Year Rs. Nil)	102,120,000	-
8.85% Power Grid Corporation Bonds 2026 of Face Value of Rs 100,000,000/- (Previous Year Rs. Nil)	101,106,800	-
7.18% Indian Railway Finance Corporation Limited Bonds 2023 of Face Value of Rs 80,000,000/- (Previous Year Rs. Nil)	80,184,000	-
8.70% Rural Electrification Corporation Limited 2018 of Face Value of Rs 70,000,000/- (Previous Year Rs. Nil)	70,030,000	-
8.85% Power Grid Corporation of India Bonds 2025 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	50,528,800	-
8.85% Power Grid Corporation of India Bonds 2024 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	50,502,050	-
8.85% Power Grid Corporation of India Bonds 2023 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	50,477,650	-
8.85% Power Grid Corporation of India Bonds 2022 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	50,290,000	-
8.85% Power Grid Corporation of India Bonds 2020 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	50,270,000	-
7.34% Indian Railway Finance Corporation Bonds 2028 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	50,210,000	-
8.78% Power Finance Corporation of India Bonds 2020 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	50,190,000	-
8.85% Power Grid Corporation of India Bonds 2027 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	50,141,141	-
8.90% Power Finance Corporation Bonds 2018 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	50,015,000	-
8.00% Indian Overseas Bank Bonds 2016 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	49,150,000	-
7.41% Indian Infrastructure Finance Company Ltd. Bonds 2032 of Face Value of Rs 50,000,000/- (Previous Year Rs. Nil)	46,450,800	-

CURRENT INVESTMENTS

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
7.45% Bank of Baroda Tier-II Bonds 2015 of Face Value of Rs 18,000,000/- (Previous Year Rs. Nil)	17,510,400	-
8.00% Indian Railway Finance Corporation Ltd. 2022 of Face Value of Rs. 100,000,000/- (Previous Year Rs. 80,000,000)	10,420,000	80,299,680
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
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
UNQUOTED - OTHER THAN TRADE (FULLY PAID)		
Certificate of Deposit of State Bank of Hyderabad of Face Value of Rs 1,000,000,000/- (Previous Year Rs. Nil)	981,646,025	-
Certificate of Deposit of Corporation Bank of Face Value of Rs. 1,000,000,000/- (Previous Year Rs. 250,000,000)	923,416,413	227,424,891
Certificate of Deposit of IDBI Bank Ltd. of Face Value of Rs 500,000,000/- (Previous Year Rs. Nil)	460,618,405	-
Certificate of Deposit of Indian Bank of Face Value of Rs 250,000,000/- (Previous Year Rs. Nil)	243,844,223	-
Certificate of Deposit of Bank of Maharashtra of Face Value of Rs. Nil (Previous Year Rs. 250,00,000/-)	-	244,489,471
Certificate of Deposit of Andhra Bank of Face Value of Rs. Nil (Previous Year Rs. 250,000,000/-)	-	227,204,667
Certificate of Deposit of Oriental Bank of Commerce of Face Value of Rs. Nil (Previous Year Rs. 500,000,000/-)	-	466,728,927
Certificate of Deposit of Punjab National Bank of Face Value of Rs. Nil (Previous Year Rs. 350,000,000/-)	-	328,547,503
Total	7,188,212,307	3,246,891,739
Aggregate value of quoted investments	4,578,687,241	1,752,496,280
Market Value of quoted investments	4,591,917,331	1,758,675,014
Aggregate value of unquoted investments	2,609,525,066	1,494,395,459



NOTE : 15
CASH AND CASH EQUIVALENTS

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
Cash and cash equivalents		
Cash in Hand	11,797,499	8,318,190
Balances with banks:		
-in Current Accounts	610,967,876	105,913,232
-in Fixed Deposits	500,410,959	-
Cheques on Hand	761,197,834	-
Stamps in hand	512,972	46,020
	1,884,887,140	114,277,442

NOTE : 16
SHORT TERM LOANS AND ADVANCES

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
Current Maturities of Long Term Loans & Advances (Refer Note 12)		
Secured, Considered Good		
Housing Loans	1,696,967,486	1,134,247,719
Non-Housing Loans	1,111,363,856	608,385,170
	2,808,331,342	1,742,632,889
Installments Due from Borrowers *	202,402,635	216,914,485
Demand Loan against Deposits	16,338,518	6,878,615
Advances recoverable in cash or kind		
Unsecured, Considered Good	12,326,464	5,137,793
Other Short Term Loans and Advances		
TDS and Advance Income Tax	1,546,671,402	1,175,598,302
Advance Fringe Benefit Tax	1,175,000	1,175,000
Loan to employees	2,103,889	4,302,604
Prepaid expenses	1,781,634	2,220,923
	4,591,130,884	3,154,860,611

* Net of interest de-recognised Rs.27,832,809/- (Previous Year Rs.29,250,231/-)

NOTE : 17
OTHER CURRENT ASSETS

	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
Assets acquired in extinguishment of loans (Held for sale or disposal)	327,215,296	278,824,066
Less: Provision for diminution in value	6,965,268	13,688,439
	320,250,028	265,135,627
Interest Accrued on Investments	110,566,007	100,746,073
Unamortised Loan Acquisition Cost (Refer Note 13)	49,039,138	-
Unamortised Brokerage on Borrowings (Refer Note 13)	22,069,060	-
	501,924,233	365,881,700

NOTE : 18
REVENUE FROM OPERATIONS

	RUPEES	For the year Ended March 31, 2013 RUPEES	For the year Ended March 31, 2012 RUPEES
INTEREST INCOME			
i) on Loans			
- Housing Loans	4,320,971,459		3,142,231,759
- Non-Housing Loans			
(TDS Rs 31,300,447/-)	<u>1,742,295,492</u>		<u>1,048,874,823</u>
Previous Year Rs 16,542,396/-)	6,063,266,951		4,191,106,582
ii) on Demand loans	<u>1,234,015</u>		<u>1,160,153</u>
	6,064,500,966		4,192,266,735
iii) on Deposits	25,922,106		66,726,182
(TDS Rs 801,529/-)			
Previous Year Rs.20,99,136/-)			
iv) on Investments			
(TDS Rs 169,296/- Previous Year Rs 218,426/-)			
- Long Term	38,341,830		35,810,485
- Current	<u>217,263,639</u>		<u>140,047,105</u>
		6,346,028,541	4,434,850,507
Fees & Other Charges (Refer Note 1.3(a) and Note 5)		<u>78,289,864</u>	<u>108,839,259</u>
		6,424,318,405	4,543,689,766
OTHER INCOME			
Dividend Income		36,921,529	41,716,596
Profit / (Loss) On Sale of Investment			
- Long Term		-	-
- Current		42,508,357	7,729,599
Interest on Income / Interest Tax Refund	-		-
Other Charges Recovered	9,201,898		7,545,006
Miscellaneous Income	101,535,454		30,238,232
(TDS Rs 1,794,049/- Previous Year Rs 1,647,317/-)			
Profit / (Loss) on sale of fixed assets	<u>(86,725)</u>		<u>82,750</u>
		<u>110,650,627</u>	<u>37,865,988</u>
		<u>190,080,513</u>	<u>87,312,183</u>
		<u>6,614,398,918</u>	<u>4,631,001,949</u>

NOTE : 19
FINANCE COST

	RUPEES	For the year Ended March 31, 2013 RUPEES	For the year Ended March 31, 2012 RUPEES
Interest on loans		3,971,374,025	2,899,319,967
Interest on deposits		600,170,152	234,655,695
Bank Charges		8,160,545	3,104,803
Brokerage and Incentive (Refer Note 1.10 and Note 22.18)		<u>36,649,244</u>	<u>13,427,331</u>
		<u>4,616,353,966</u>	<u>3,150,507,796</u>

NOTE : 20
EMPLOYEE BENEFIT EXPENSE

	RUPEES	For the year Ended March 31, 2013 RUPEES	For the year Ended March 31, 2012 RUPEES
Salaries and Allowances		237,137,291	141,603,414
Contribution towards Group Gratuity		3,944,791	1,545,525
Contribution to Provident Fund		11,554,045	7,234,114
Staff Welfare Expenses		<u>7,102,996</u>	<u>7,931,970</u>
		<u>259,739,123</u>	<u>158,315,023</u>



NOTE : 21
OTHER EXPENSES

	For the year Ended March 31, 2013 RUPEES	For the year Ended March 31, 2012 RUPEES
Office Running Expenditure		
Rent	45,782,973	28,492,970
Repairs & Maintenance - building	1,019,004	331,475
Repairs & Maintenance - others	12,845,619	4,239,045
Rates & Taxes	1,122,531	211,364
Registration and Filing Fees	3,444,549	3,416,965
Electricity and Water Charges	12,010,874	6,635,788
General Office Expenses	43,102,976	26,481,929
Insurance	464,214	250,209
Travelling	19,156,479	11,228,704
Conveyance	9,040,972	5,331,496
Printing & Stationery	8,138,225	4,563,565
Postage & Telephone	12,013,402	6,747,078
	<u>168,141,818</u>	<u>97,930,588</u>
Others		
Director's Sitting Fee	472,643	505,000
Legal Expenses	35,532,387	6,022,299
Professional Charges	59,327,813	46,076,496
Auditors Remuneration		
- Audit Fee	902,530	730,340
- Tax Audit Fee	318,540	280,900
- Out of Pocket Expenses	577,606	654,222
- Other Certifications	477,810	393,260
Publicity	18,421,210	7,556,697
Cost of Loan Acquisition (Refer Note 1.16 and Note 22.18)	49,038,718	66,518,409
Miscellaneous	3,373,890	3,234,911
	<u>168,443,147</u>	<u>131,972,534</u>
	<u><u>336,584,965</u></u>	<u><u>229,903,122</u></u>

NOTE: 22
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, 2013 RUPEES	For the year Ended March 31, 2012 RUPEES
Outstanding for over six months	52,864,976	57,871,323
Outstanding for six months or less	149,537,659	159,043,163
	202,402,635	216,914,486

2. 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. 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
Housing Loans (including instalments due from borrowers) (Previous Year)	480822.43 (293237.73)	841.74 (876.00)	1755.54 (1909.04)	59.28 (237.01)	483478.99 (296259.78)
Provisions made (Previous Year)	2037.15 (1173.41)	126.26 (131.40)	804.26 (819.15)	59.28 (237.01)	3026.95 (2360.97)
Non-Housing Loans (including instalments due from borrowers) (Previous Year)	*177411.26 *(99601.75)	266.44 (581.97)	786.15 (522.84)	- -	178463.84 (100706.56)
Provisions made (Previous Year)	758.64 (451.97)	39.97 (87.30)	339.37 (190.76)	- -	1137.98 (730.03)
Total Loans (Previous Year)	658233.69 (392839.48)	1108.18 (1457.97)	2541.68 (2431.88)	59.28 (237.01)	661942.83 (396966.34)
Total Provisions (Previous Year)	2795.79 (1625.38)	166.23 (218.70)	1143.63 (1009.91)	59.28 (237.01)	4164.93 (3091.00)

*includes portfolio purchased during the FY 11-12 (Current year Rs. Nil) through direct assignment by true sale from other institutions amounting to Rs. 34004 Lacs (Outstanding balance as on 31.03.2013 Rs. 22962 Lacs (Previous years Rs. 31940 Lacs).



4. 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:-

	For the year Ended March 31, 2013 Rupees	For the year Ended March 31, 2012 Rupees
Cumulative interest B/F from last Balance Sheet	29,250,231	29,950,825
Less: Recovered/ written back/ written off during the year	11,713,062	15,046,081
Add: Interest de-recognised for the year on		
- Sub Standard Assets (Net)	8,546,332	9,844,714
- Doubtful/ Loss Assets	1,749,308	4,500,773
Total interest de-recognised as on 31.03.2013	27,832,809	29,250,231

5. Capital to Risk Assets Ratio (CRAR)

	Items	For the year Ended March 31, 2013	For the year Ended March 31, 2012
i	CRAR (%)	14.40	17.77
ii	CRAR – Tier I Capital (%)	9.78	11.50
iii	CRAR – Tier II Capital (%)	4.62	6.27

6. Exposure to Real Estate Sector

(Rs. in crores)

	Category	For the year Ended March 31, 2013	For the year Ended March 31, 2012
a	Direct Exposure		
	(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 1208.44 crores Previous Year Rs 1224.14 crores)	6350.10*	3880.39*
	(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	269.33*	89.27*
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	A Residential	Nil	Nil
	B Commercial Real Estate	Nil	Nil
b	Indirect Exposure		
	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. 406.06 Crore (previous year Rs. 110.92 Crore)

7. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Rs. in crores)

	Liabilities			Assets		
	Borrowings from banks	Market Borrowings	Contractual Outflows	Net Advances *	Investments	Contractual Inflows
	A	B	A+B	C	D	C+D
1 day to 30-31 days (one month)	246	21	267	22	245	267
Over 1 month to 2 months	20	5	25	23	2	25
Over 2 months to 3 months	50	7	57	22	35	57
Over 3 months to 6 months	235	40	275	64	304	368
Over 6 months to 1 year	424	325	749	149	149	298
Over 1 year to 3 years	1591	651	2242	490	15	505
Over 3 years to 5 years	670	499	1168	542	31	573
Over 5 years to 7 years	46	154	199	584	0	584
Over 7 years to 10 years	79	1450	1529	926	12	938
Over 10 years	248	0	248	3797	0	3797
Total	3609	3151	6759	6620	793	7413

*As per Contractual maturity of Loans. Based upon past experience loans gets amortised in 7-8 years

8. 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		2012-13	2011-12
1.	Sh Sanjaya Gupta & Relatives Managing Director	Salary, Allowances	55.57	42.42
		Cont. to PF	2.31	1.58
		Reimbursements	6.27	2.65
		Variable Pay*	20.26	-

*Includes arrears of Rs. 9.17 Lacs relating to FY 10-11 and Rs. 11.09 Lacs relating to FY 11-12

b) Other Entities:

(Rs. in Lac)

S.No	Name of transacting related party		2012-13	2011-12
1.	Destimoney Enterprises Pvt Ltd	DMA Commission	511.83	192.26
		Interest on CCDs	185.48	996.96
		Dividend	171.60	171.60
		Reimbursements	2.66	-
		Conversion of CCDs	13732.35	-
		Issue of Bonus Shares	317.05	-

c) The Company has paid a sum of Rs. 4.73 lacs (Previous Rs. 5.05 lacs) to independent directors for attending Board/ Committee meetings towards sitting fees.



9. 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 15th 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.
10. The Future minimum lease payments in respect of premises taken under non-cancellable operating lease are as follows:

Period	As at March 31, 2013 RUPEES	As at March 31, 2012 RUPEES
Not later than one year	25,725,688	32,373,244
Later than one year but not later than 5 years	33,548,038	117,514,439

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

	Unit	2012-13	2011-12
a. Amount used as the numerator for Basic EPS Profit after tax	Rupees	915,114,179	752,023,698
Add: Interest on CCDs (net of tax)	Rupees	-	67,257,456
b. Amount used as the numerator for Diluted EPS Profit after tax	Rupees	915,114,179	819,281,154
c. Weighted average number of equity shares for Basic EPS	Number	41,044,318	30,000,000
Add: Weighted Average No. of Equity Shares in potential conversion of CCDs	Number	-	13,529,411
d. Weighted average number of equity shares for Diluted EPS	Number	41,044,318	43,529,411
e. Nominal value per share	Rupees	10	10
f. Earning per share			
-Basic (a/c)	Rupees	22.30	25.07
-Diluted (b/d)	Rupees	22.30	18.82

12. 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.
13. Details of movement in provisions (AS-29)

	(Rs. in lacs)			
Provision for Doubtful Debts & Contingencies	Opening as on 01.04.12	Addition	Reversal /Adjustment	Closing as on 31.03.2013
-On Loans	3106.00	1170.48	111.48	4165.00
-Others	136.88	-	67.33	69.65

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

14. 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'.
15. As per the information available with the company, there are no amounts payable to Micro, Small and Medium Enterprises.

16. With respect to company's borrowing in FCNR (B) - Term Loan Account, the company has paid/ incurred interest amounting to Rs. Nil (Previous year Rs. 257,828/-) 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. Nil being the liability (Previous year Rs. 139,050/-) 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.
17. 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. 15.50 crore to Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 and Rs. 3.50 crore to Additional Reserve (u/s 29C of NHB Act) during the year.
18. During the current financial year, the Company has changed its Accounting Policy with respect to accounting for loan origination cost (net of upfront processing fees collected) and Accounting of ancillary borrowing costs, from the hitherto followed policy of charging off the same to Statement of Profit and Loss, to amortise the loan origination cost (net of upfront processing fees collected) over the average tenure of the loan and amortising the ancillary borrowing cost on deposits/bonds over the average period of deposits/bonds. As a result thereof, the profit for the current year has increased by an amount of Rs. 11.55 crores (post tax) by virtue of carrying it forward for amortisation in future accounting periods over which the benefits are expected to accrue, which otherwise would have been charged to the Statement of Profit and Loss.
19. During the current year, the company has increased its paid up share capital from Rs. 30 Crore to Rs. 50 Crore by issue of 2 crore equity shares of Rs. 10 each as under:
- Conversion of 13,529,411 CCDs in to equal no. of equity shares on 8th June, 2012. (Refer Note 2)
 - Issue of 6,470,589 Bonus Shares on 30th March 2013. (Refer Note 2)

20. Contingent liabilities and Commitments

RUPEES		
Contingent Liabilities	As at March 31, 2013	As at March 31, 2012
- Income tax matters under dispute and others	22,205,360	22,205,360
Capital Commitments		
- Estimated amount of contracts remaining unexecuted (net of advance)	19,657,649	11,288,122

Claims against the Company not acknowledged as debt is Rs. Nil (Previous year Rs. Nil)



21. Disclosure in respect of Leave encashment liability

	Changes in the benefit obligation	31/03/2013	31/03/2012
a)	Liability at the beginning of year	1,41,02,987	1,13,68,802
b)	Interest cost	11,28,239	6,10,119
c)	Current service cost	67,63,316	76,44,597
d)	Benefits paid	(30,68,427)	(87,92,023)
e)	Actuarial (gain)/loss on obligation	(20,10,314)	32,71,492
f)	Liability at the end of year	1,69,15,801	1,41,02,987

	Amounts recognised in balance sheet	31/03/2013	31/03/2012
a)	Liability at the beginning of year	1,69,15,801	1,41,02,987
b)	Liability at the end of year	(1,69,15,801)	(1,41,02,987)

	Expense recognized in the statement of profit and loss	31/03/2013	31/03/2012
a)	Current service cost	67,63,316	76,44,597
b)	Interest cost	11,28,239	6,10,119
c)	Net actuarial (gain)/ loss recognized in the period	(20,10,314)	32,71,492
d)	Expenses recognized in the statement of profit & losses	58,81,241	1,15,26,208

	Movement in the liability recognized in the balance sheet	31/03/2013	31/03/2012
a)	Liability at the beginning of year	1,41,02,987	1,13,68,802
b)	Expense as above	58,81,241	1,15,26,208
c)	Benefits paid	(30,68,427)	(87,92,023)
d)	Liability at the end of year	1,69,15,801	1,41,02,987

	Assumptions	31/03/2013	31/03/2012
a)	Discounting Rate	8.00%	8.75%
b)	Future salary Increase	8.00%	7.50%
c)	Retirement Age (Years)	60	60
d)	Mortality Table	IALM (1994 - 96)	

22. Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010. During the current year, the company has:

- Neither been imposed any penalty by National Housing Bank
- Nor received any adverse comments from National Housing Bank

23. As per NHB refinance guidelines, the Company is required to submit half-yearly certificate as on 30th September and 31st 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 31.03.2013 is Nil Previous Year Rs. Nil).

24. Previous year figures have been rearranged / regrouped wherever necessary as per the revised schedule VI. The additional information pursuant to revised Schedule VI to the Companies Act, 1956 are either Nil or Not Applicable.
25. Figures have been rounded off to the nearest rupee.

(Krishan Gopal)
Sr. Manager

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

For and on behalf of the Board

(Sanjaya Gupta)
Managing Director

(S. S. Bhatia)
Director

(Vivek Vig)
Director

In terms of our report of even date
For **Raj K. Aggarwal & Associates**
Chartered Accountants

(Manoj K. Aggarwal)
Partner

PLACE: NEW DELHI
DATED: 4th May, 2013

M No : 511415
FR No : 002585N



CASH FLOW STATEMENT
(Indirect Method)

	YEAR ENDED ON	
	March 31, 2013	March 31, 2012
	RUPEES	RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	1,260,448,438	1,025,848,560
Adjustment for non-cash item/items, to be disclosed separately		
Add: Depreciation	16,600,395	3,678,923
Loss/(Profit) on sale of fixed assets	86,725	(82,750)
Provision for Doubtful Debts & Contingencies	99,169,592	35,005,712
Bad debts written off/ Business Loss	25,502,439	27,742,813
	141,359,151	66,344,698
	1,401,807,589	1,092,193,257
Less : Interest income	255,605,469	175,857,590
Dividend	36,921,529	41,716,596
Profit/ (loss) on sale of Investment	42,508,357	7,729,599
Interest on Income/ Interest Tax Refund	-	-
	335,035,355	225,303,785
Operating Profits before Changes in Working Capital	1,066,772,234	866,889,473
Adjustment for Changes in working capital and provisions		
Loans	(26,512,161,464)	(8,099,212,889)
Trade and other receivables	(462,460,768)	(62,818,644)
Trade payables	827,085,078	132,520,188
Provisions	1,525,185	3,599,402
	(26,146,011,969)	(8,025,911,943)
Cash Generated from Operations	(25,079,239,735)	(7,159,022,470)
Income/Interest Tax Paid/ (Refunds) during the year(Net)	(371,073,100)	(322,887,663)
	(371,073,100)	(322,887,663)
A. NET CASH FROM OPERATING ACTIVITIES	(25,450,312,835)	(7,481,910,133)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets :		
Purchase	106,719,024	28,459,746
Sale/Discarded	995,627	682,623
	(105,723,396)	(27,777,123)
Interest received	255,605,469	175,857,590
Dividend received	36,921,529	41,716,596
Investments :		
Purchase	(71,885,102,962)	(34,700,376,413)
Sale	67,784,353,584	34,032,791,433
Interest on Income / Interest Tax refund	-	-
B. NET CASH USED IN INVESTING ACTIVITIES	(3,913,945,776)	(477,787,917)

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from borrowings	-Bonds	9,000,000,000	4,000,000,000
	-Banks	23,316,900,000	7,668,500,000
	-Unsecured Loans (net)	8,597,937,696	1,396,465,621
Repayment of borrowings	-Bonds	(2,160,000,000)	(120,000,000)
	-Banks	(7,543,262,537)	(5,466,006,710)
	Dividend paid (including dividend distribution tax)	(76,706,850)	(76,706,850)
C. NET CASH USED IN FINANCING ACTIVITIES		31,134,868,309	7,402,252,061
NET CHANGES IN CASH & CASH EQUIVALENTS			
(A+B+C)		<u>1,770,609,698</u>	<u>(557,445,989)</u>
Cash or Cash equivalents (Opening Balance)		114,277,442	671,723,431
Cash or Cash equivalents (Closing Balance)		<u>1,884,887,140</u>	<u>114,277,442</u>
NET INCREASE OF CASH OR CASH EQUIVALENTS DURING THE YEAR		<u>1,770,609,698</u>	<u>(557,445,989)</u>

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

(S. S. Bhatia)
Director

(Vivek Vig)
Director

In terms of our report of even date
For **Raj K. Aggarwal & Associates**
Chartered Accountants

(Manoj K. Aggarwal)
Partner

PLACE: NEW DELHI
DATED: 4th May, 2013

M No : 511415
FR No : 002585N



New & Renovated Branches FY 2012-13

Six branches have been renovated in FY 12-13 to reflect the new standardized brand image & to provide employee & customer friendly infrastructure.



CSO 12th floor



New branch - Ahmedabad



Hyderabad Branch



Jaipur Branch



Contact Centre at Noida Hub



Delhi Branch



Indore Branch



South Processing Hub

Corporate Social Responsibility

Organized efforts to serve the society at large.



Employee participation in Blood Donation Camp



Sweets distribution at Old Age Home on the occasion of Diwali by Team Pune

Training Programmes

Regular training programmes to strengthen the Human Capital



Employee Training Workshop

Family Day



Employees and their families celebrating Family Day-out, organized across branches

Annual Budget Meet FY 2013-14

Launch of the TQM Puzzle Plate at the Annual Budget Meet - one of the biggest focus area for FY 2013-14



Business Head addressing the team at Annual Budget Meet



Mr. Sunil C, Branch Head, Bangalore, receiving the Best Branch Award FY 2012-13 'Mission 6000 Champions League' Category A City



Mr. Tushar Jariwala, Branch Head, Bhopal, receiving the Best Branch Award FY 2012-13 'Mission 6000 Champions League' Category B City



PNB HFL family at the Annual Budget Meet



Events & Exhibitions



MD at RICS International Conference on 'Global Real Estate 2020'



PNB HFL awarded as the 'Fastest Growing HFC' in North & West region by Annual Real Estate Awards instituted by Franchisee India and Bloomberg in FY 2012-13



PNB HFL - Main Sponsors at CREDAI Property Exhibition in Delhi



PNB HFL representation at Fairpro, 3 day property show organised by CREDAI at Bangalore



MD addresses the gathering at CREDAI Press Conference at Delhi



Channel Partners Meet at Mumbai



Our Network

S. No.	Branch	Address
1.	AGRA	Shop No 10-11, Vinayak Mall, 2nd floor, Near Diwani Crossing, M G Road, Agra - 282002
2.	AHEMDABAD	2nd Floor Megha House ,opp Kotak Bank Mithakhali Six Road,Ahemdabad - 380006
3.	BANGALORE	Property Bearing no. 5, Mathrushree Arcade, 100 ft Ring Road 1st Phase, 2nd stage BTM Layout, Bangalore - 560076
4.	BHOPAL	Mezzanine floor, 133, KayKay business Centre, Zone 1, MP Nagar, Bhopal- 462011
5.	BIKANER	Gokul Circle OutsideNathusar Gate, Bikaner - 334001
6.	CHANDIGARH	SCO 323-324, First Floor SEC 35 B Chandigarh - 160008
7.	CHENNAI	3rd floor, Sudershan Builidng, No. 14 Whites Road, Roayapettah, Chennai - 600014
8.	COCHIN	66/3402, 1st floor Nedumchalil Chambers, Mullassery Canal Road, Cochin - 682011
9.	DEHRADUN	Shop no. 203, Laxmi Chambers 69, Rajpur Road, Dehradun - 248001
10.	DELHI	8th Floor DCM Building 16, Barakhamba Road, C P New Delhi - 110001
11.	DWARKA	E-558, Palam Extension Near Ramphal Chowk, Vardhman Star City Mall, Sec 7 Dwarka, Delhi - 110075
12.	GHAZIABAD	SG, Beta Tower Plot no 10 Sector - 3, Vasundhara, Ghaziabad (UP) - 201011
13.	GURGAON	SCO No. 391, Sector - 29, Urban Estate Near Iffco Chowk Metro Station Gurgaon, Haryana - 122001
14.	HYDERABAD	6-1-73, First Floor Saeed Plaza Lakdi Ka Pool, Saifabad, Hyderabad - 500004
15.	INDORE	201, 2nd floor, megapolis building, 579, M G Road, Indore- 452001
16.	JAIPUR	SB - 59,UDB Towers, 1st Floor opp. Jaipur nagar nigam, Tonk Road, Jaipur - 302015
17.	JALLANDHAR	1st Floor, Nirmal Complex GT Road, Near BMC Chowk, Jalandhar - 144001
18.	JODHPUR	G-4, Samridhi Complex 1st C Road, Sardarpura, Jodhpur, Rajasthan - 342003
19.	KARNAL	Ambedkar Chowk, Opp. Old Session Court, GT Road, Karnal - 132001
20.	KOLKATTA	BG-16, Sector II, Salt Lake City, (Near Baisakhi), Kolkatta - 700091
21.	LUCKNOW	5, Forsyth Road, Opp. Dayanidhan Park, Lalbagh, Lucknow - 226001
22.	LUDHIANA	S C O-19, First Floor Feroze Gandhi Market, Master Trust Building, Ludhiana - 141001
23.	MEERUT	Near Eve's Chowk, Opp Aabkari Godown, 1st floor, Begum Bridge Marg
24.	MUMBAI	1st Floor, Kapur House,Near Mahila Sangh Hanuman Road,Ville Parle(East) Mumbai(400057)
25.	NAGPUR	PNB Complex, Ground Floor, Kingsway Near Railway Station, Nagpur - 440001
26.	NAVI MUMBAI	Shop no. 5, Arenja Arcade Sector - 17, Near Apna, Bazaar, Vashi, Navi Mumbai - 400703
27.	NOIDA	F -4 18/19, Wave first Silver tower Plot No. 6, Block - D, Sector - 18 Noida - 201301
28.	PUNE	2D Sheerang House, Opp. Jangli Maharaj Temple, J M Road, Shivaji Nagar, Pune - 411005
29.	RAIPUR	1st floor Millennium Plaza Banstal road, G E Road, Raipur - 492001
30.	TRIVANDRUM	4th floor, Capital Towers Statue Junction, Trivandrum - 695001
31.	VARANASI	D-64/132, K-A, 3rd floor Anant Complex, Sagra, Varanasi (U.P) - 221001

Hubs

32.	WEST HUB (MUMBAI)	Premises No. 9 & 10 First Floor, Bhoomi Saraswati Ganjawala Lane Borivalli (West), Mumbai- 400092
33.	NORTH HUB (NOIDA)	D-2, Sector - 3, Noida (U.P.) - 201301
34.	SOUTH HUB (BANGALORE)	Property Bearing no. 5, Mathrushree Arcade, 100 ft Ring Road 1st Phase, 2nd stage BTM Layout, Bangalore - 560076

Registered Office :

PNB Housing Finance Ltd.
9th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg,
Connaught Place, New Delhi - 110001
Website : www.pnbhfl.com

Bankers



Refinance Assistance



Auditors

Raj K. Aggarwal & Associates
Chartered Accountants

Plot No.- 5, BN Block (W), Central Market, 2nd flr.,
Shalimar Bagh (West), New Delhi - 110088

Legal Advisors



Rating Agencies



