



INSPIRED

28th Annual Report 2015-16



AT PNB HOUSING, WE ARE INSPIRED BY NATURE

It is said that Mother Nature never stops teaching those who wish to learn. The endless variety of animals and birds around us are more than just generous gifts from her to mankind. We may bask in our self-proclaimed supremacy on planet earth, yet the fact remains undeniable that our species can learn a lot from these magnificent and selfless creatures.

Think about the bonding that holds the elephant herd together, or the dolphins who care not only for their own kind, but for other species as well. Such traits are worthy of being adopted in our daily living. Let us use our discretion to comprehend and learn the tutelage being offered by our natural surroundings.

At PNB Housing, we admire the laws of nature and draw inspiration from them. For instance, no matter what the species, it never rents a dwelling but builds its own home. This verisimilitude encourages us to be a facilitator in fulfilling housing dreams for lacs of people through our easy and hassle free home loans.

We dedicate the Annual Report 2015-16 to some of the magnificent animals who inspire us by their natural behaviour. These inspirations guide us in building our character and help us in finding our way into the hearts of our customers.



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Mother Nature is always speaking. She speaks in a language understood within the peaceful mind of the sincere observer. Leopards, cobras, monkeys, rivers and trees; they all served as my teachers when I lived as a wanderer in the Himalayan foothills.

-Radhanath Swami

Come forth into the light of things, let nature be your teacher.

-William Wordsworth

”

PNB HOUSING FINANCE, A LIMITED COMPANY PROMOTED BY PUNJAB NATIONAL BANK

The Company

... has an experience of over 28 years in the mortgage sector

... is the 5th largest housing finance company by loan portfolio*

... is the 2nd largest HFC in terms of deposit outstanding*

... is one of the fastest growing housing finance companies in the Country*

... offers retail home loans, non home loans and construction finance to real estate developers

... offers fixed deposits products

... has a healthy portfolio with one of the lowest NPAs in the Indian housing finance sector*

... provides easy accessibility through 47 branches present in 38 cities in 17 states of the Country

*as per IMAcs Report

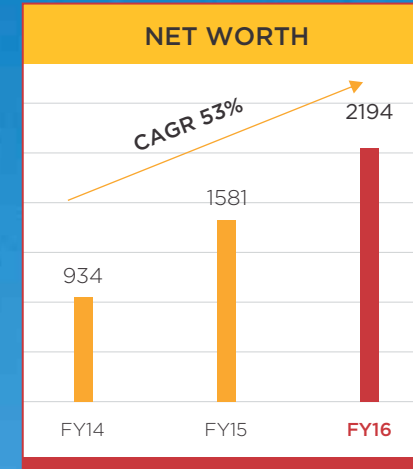


3 YEARS JOURNEY AT A GLANCE

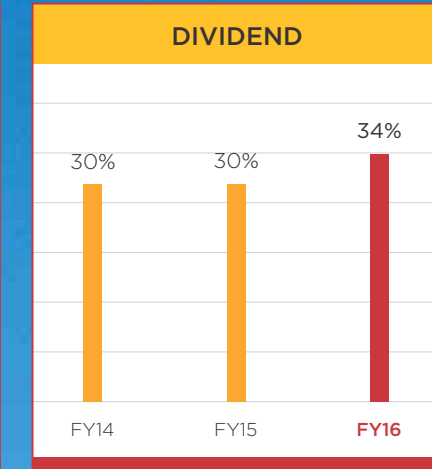
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	FY2013-14	FY2014-15	FY2015-16
Total Revenue	1116	1777	2697
Profit Before Tax	176	296	503
Profit After Tax	127	196	326
Net Worth	934	1581	2194
Dividend	30%	30%	34%
Deposits Outstanding	1712	4897	7116
Loan Approvals	8840	15076	23011
Loan Disbursements	5500	9440	14456
Loan Outstanding	10591	16819	27177
Gross NPA	0.32%	0.20%	0.22%
Net NPA	0.15%	0.07%	0.14%

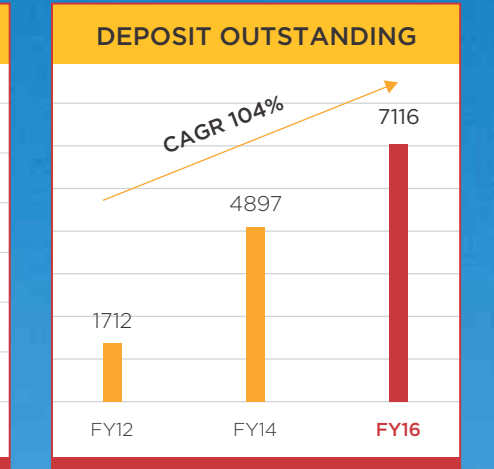
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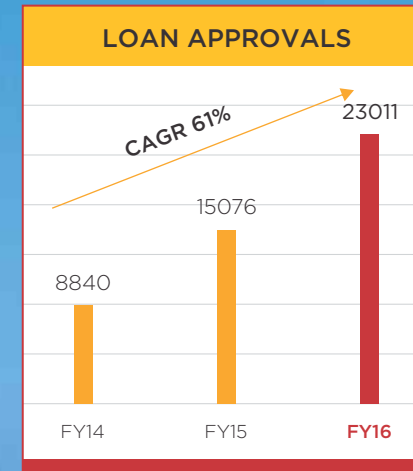
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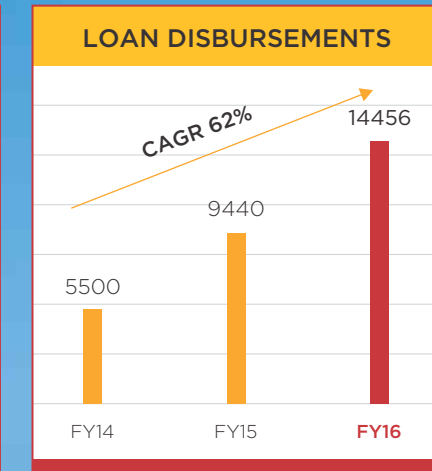
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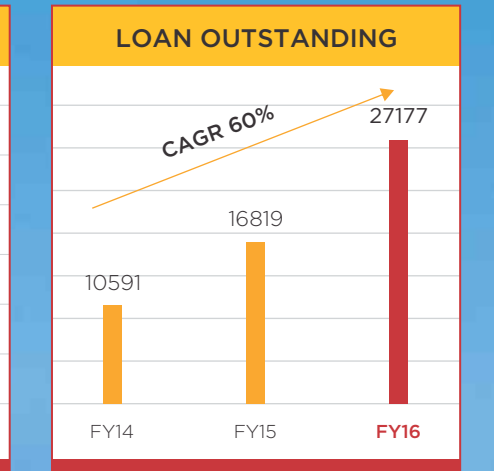
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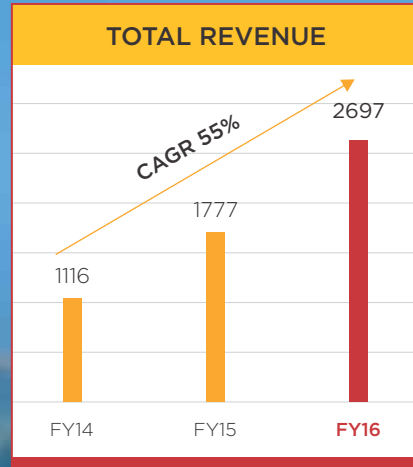
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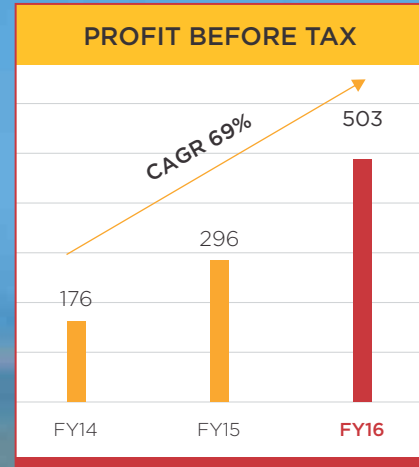
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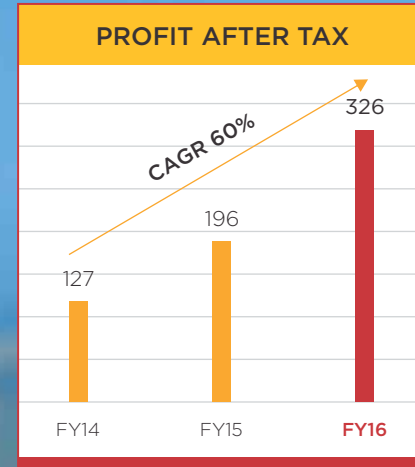
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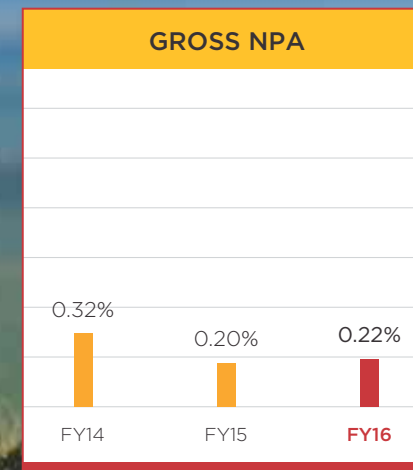
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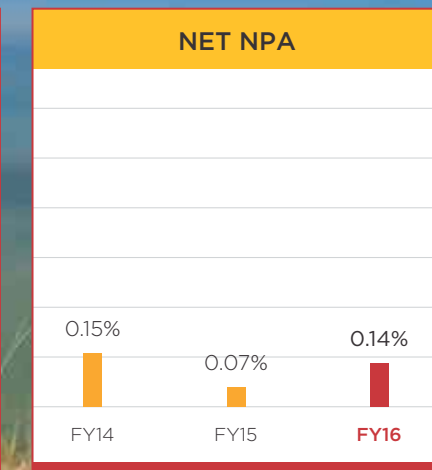
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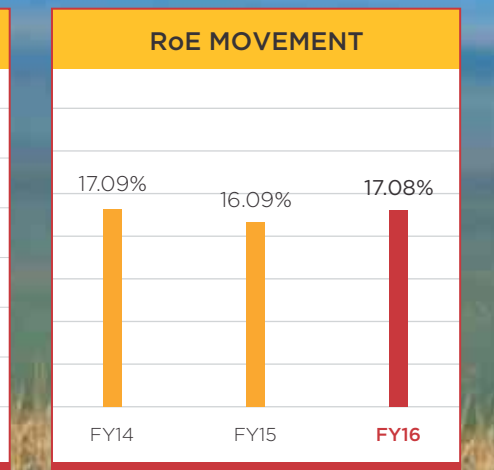
GROSS NPA



NET NPA



RoE MOVEMENT





HIGHLIGHTS FOR FY2015-16

During the year, the net interest margins stood at 2.98%

One of the industry's lowest gross NPAs ensured that the quality of portfolio remained high*

A judicious portfolio mix was maintained with exposure to housing and non housing loans at 70% and 30% of the total loan portfolio respectively

Further improvement in self-sufficiency was achieved with 55% incremental business sourced by in-house channels

In line with the expansion strategy, 9 new branches were opened in Nashik, Vadodara, Surat, Vijayawada, Vishakhapatnam, Hyderabad, Bhiwadi, Faridabad and Thrissur

Advancing on technology, fully functional enterprise system solution added new dimensions in customer service

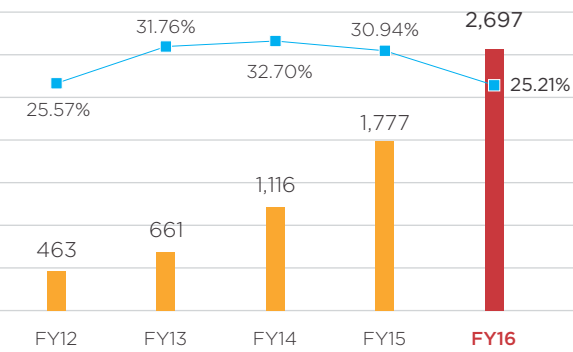
*as per IMAcs Report



OPERATIONAL EFFICIENCY OVER THE LAST FEW YEARS

(₹ in crores)

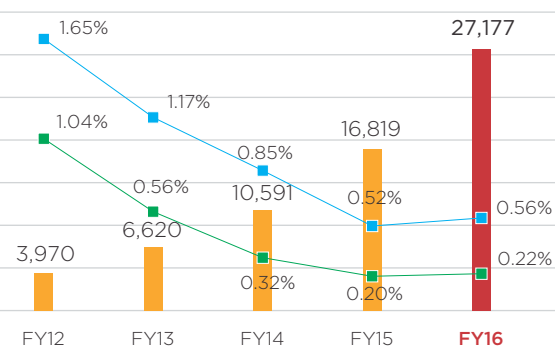
GROSS REVENUE & COST TO INCOME RATIOS



The gross revenues have risen exponentially while ensuring that the cost to income ratio continued a declining trend

(₹ in crores)

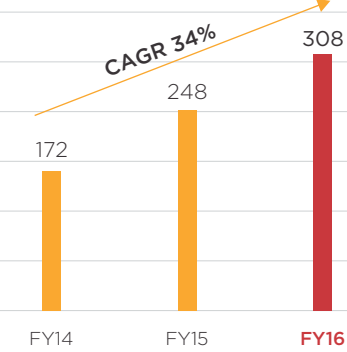
PORTFOLIO BUILT UP



The Company has maintained one of the finest quality portfolio

(₹ in crores)

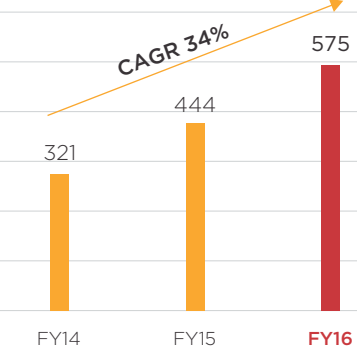
AVERAGE PER BRANCH DISBURSEMENT Y-O-Y



The average per branch disbursement has grown significantly

(₹ in crores)

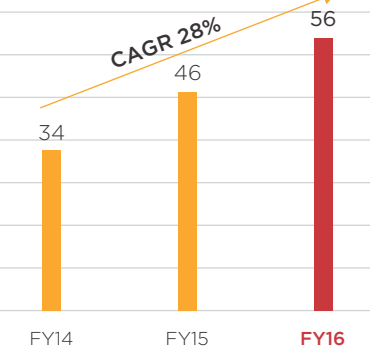
AVERAGE PER BRANCH PORTFOLIO Y-O-Y



The average per branch loan outstanding has been growing remarkably

(₹ in crores)

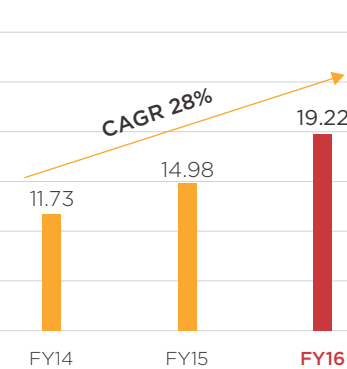
AVERAGE PER BRANCH REVENUE Y-O-Y



The average per branch revenue has increased significantly

(₹ in crores)

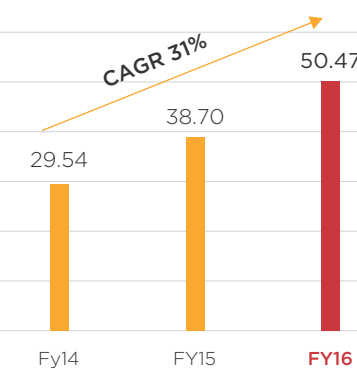
AVERAGE DISBURSEMENT PER EMPLOYEE Y-O-Y



The average annual disbursement per employee has crossed ₹ 19.22 crores

(₹ in crores)

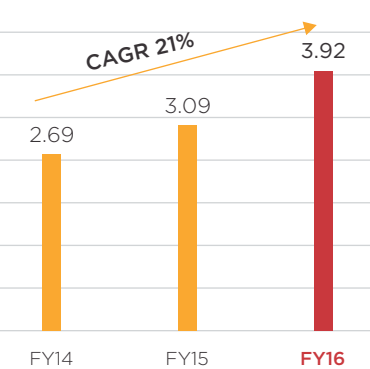
AVERAGE ASSETS & DEPOSITS PORTFOLIO OUTSTANDING PER EMPLOYEE Y-O-Y



The average book per employee has grown substantially

(₹ in crores)

AVERAGE REVENUE PER EMPLOYEE Y-O-Y



The average revenue per employee has reached close to ₹ 4 crores



AWARDS AND RECOGNITION

The year brought new laurels for the Company. These recognitions fuel our stride for excellence.



Felicitated for CSR at the Dainik Bhaskar Awards

PNB Housing awarded for contribution towards CSR at Dainik Bhaskar's India Pride Awards 2015-16.

Best Apprenticeship

PNB Housing bagged the Best Apprenticeship Gold Award at the 7th Annual (Tata Institute of Social Sciences) TISS Leapvault CLO (Chief Learning Officers) Awards.

Recognized by CREDAI for CSR Initiatives

PNB Housing was felicitated for 'Outstanding Contribution to CSR' at the CREDAI Conclave 2015.



A TEAM FORTIFIED BY TOGETHERNESS

Elephants epitomise strength. Yet more than the physical might, it is the spirit of togetherness that makes their herd a formidable unit. We are inspired by the collective fortitude of these giants.

We, at PNB Housing, not only focus on augmenting the individual competencies, but also make an effort to strengthen the sense of belongingness within the team. The company is a second home to its employees. Also, with new associates and business partners joining in, the PNB Housing family is growing into a force to reckon with.



SOARING HIGH, LOOKING BEYOND

The eagle flies the highest skies, yet it never loses focus over the ground below. Its ability to rise above and see the bigger picture inspires us.

Soaring on wings of determination, our stature in the housing finance sector has risen manifold in the last 5 years.



A TRANSFORMATION THAT GAVE US COLOURS

The caterpillar evolves into a butterfly after an onerous metamorphosis. This spectacular transformation inspires all those who want to 'be the change'.

We have undergone a rigorous five years long business process re-engineering. The evolution has helped us in emerging out of the shell and spreading our colours across the housing finance sector. Streamlining of processes, faster turnaround time and end-to-end business automation has resulted in better control over all levels of business and has enriched customer experience.



INVIGORATED TO STAY AHEAD

The stallion is admired for its capability to remain steadfast, even in tough conditions. Its resolute demeanour inspires to keep moving forward.

At PNB Housing, we continue to establish our presence by expanding in newer geographies and economies in the Country. Our persistence has earned us a place amongst the top 5 housing finance companies in the Country.*

*as per IMAcs Report



SERVING A BROADER PURPOSE

The honey bee collects nectar for its hive. While doing so, it carries pollen grains from one flower to another, which leads to production of fruits and seeds. Its contribution to the ecosystem inspires us.

We believe that our business helps in uplifting the socio-economic profile of the Country. While our retail loans help citizens of the Country in having homes they can call their own, construction finance offered by us strengthens the supply side of the housing sector. With our expanding business network, we are not only creating employment opportunities, but also aspire to bring a change in the society at large and work towards nation building.



CARING AS WE GROW

While most of the species exhibit caring, the Dolphin remains a class apart as it displays compassion not only for its own kind but for other species as well. Its altruism inspires us.

Our CSR initiatives focus on extending a helping hand to the underprivileged, especially the families of construction workers who build homes for us, by providing their children with education, hygiene and nutrition. We also provide skill training to construction workers to help them meet global standards in various trades.



CORPORATE INFORMATION

Directors on Board

Smt. Usha Ananthasubramanian
(w.e.f. 26th August 2015)
Chairperson

Dr. Ram S. Sangapure

Mr. Sunil Kaul

Mr. Devinjit Singh

Mr. S. K. Jain

Mr. R Chandrasekaran
(w.e.f. 7th October 2015)

Mr Nilesh S Vikamsey
(w.e.f. 22nd April 2016)

Prof. (Dr) Gourav Vallabh
(w.e.f. 22nd April 2016)

Mr. Tejinder Singh Laschar

Mr. Sanjaya Gupta
Managing Director

Directors retired during the year

Mr. Gauri Shankar
(w.e.f. 26th August 2015)
Past Chairman

Ms. Kalpana Gupta
(w.e.f. 7th October 2015)

Mr. P. K. Gupta
(w.e.f. 16th May, 2016)

Auditors

B. R. Maheswari & Co.
M-118 Connaught Circus,
New Delhi - 110 001

Trustees for debenture holders

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.

Legal Advisors

Vaish Associates, Advocates

Chief Financial Officer

Mr. Jayesh Jain

Company Secretary

Mr. Sanjay Jain

Registered and Central Support Office

9th Floor, Anriksh Bhawan,
22, K. G. Marg, New Delhi-110 001

Bankers & Financial Institutions

Australia and New Zealand Banking Group Limited

Bank of Baroda

Barclays Bank PLC

Deutsche Bank

HDFC Bank Limited

ICICI Bank Limited

International Finance Corporation

National Housing Bank (Refinance)

Punjab National Bank

State Bank of India

Union Bank of India

United Bank of India

Vijaya Bank

Profile of

DIRECTORS ON THE BOARD OF PNB HOUSING



Mrs. Usha Ananthasubramanian | DIN No.02784580

She is Chairperson of PNB Housing Finance Limited. She has been the Managing Director and Chief Executive Officer of Punjab National Bank since August 14th, 2015. Prior to that she was the Chairperson and Managing Director of the Bharatiya Mahila Bank. She also served as the Executive Director of Punjab National Bank. She is a Director on the Board of PNB Metlife India Insurance Company Limited. She also worked at Bank of Baroda and retired from the post of General Manager. She has significant experience in the fields of banking and financial services.



Dr. Ram S. Sangapure | DIN No. 03297417

He is a Non-Executive Director of PNB Housing Finance Limited. He is currently the Executive Director of Punjab National Bank. He has also worked at Central Bank of India and retired from the post of General Manager. Prior to that he worked at Industrial Development Bank of India for five years. He has also served as a visiting member of the Faculty of Economics, University of Pune. He has significant experience in the fields of banking and finance.



Mr. Sunil Kaul | DIN No. 05102910

He is a Non-Executive Director of PNB Housing Finance Limited. He has been the President of Citibank Japan and the Chairman of CitiCards Japan KK and CitiFinancial Japan KK. He was also the Head of retail banking for Citibank in Asia, the Head of international personal banking for Citibank in New York and the Head of Citi's global transaction services at Citibank, Japan. He is presently also the Managing Director of Carlyle Singapore Investment Advisors Pte Limited and is the Head of South East Asia for financial services sector of the Carlyle Asia Buyout Advisory Team and concurrently heads the financial services sector for the team in Asia. He is also a member of the Asia Pacific Infrastructure Partnership. He has 30 years of experience in the fields of private equity, corporate and consumer banking.



Mr. R Chandrasekaran | DIN No. 00580842

He is an Independent Director of PNB Housing Finance Limited. Apart from being on Company's Board of Directors, Mr. Chandrasekaran is also the Executive Vice Chairperson of Cognizant India since December 1st, 1994. Prior to joining Cognizant, he worked with Tata Consultancy Services for over nine years. He has 30 years of experience in the fields of information technology.



Mr. Devinjit Singh | DIN No. 02275778

He is a Non-Executive Director of PNB Housing Finance Limited. Prior to joining PNB Housing, he was the Managing Director and Head of Citigroup's mergers and acquisitions business in India. Mr. Devinjit has been working with Carlyle India Advisors Private Limited since 2008 and is presently its Managing Director. He has 26 years of experience in the fields of investment banking and financial services.



Mr Nilesh S Vikamsey | DIN No.00031213

He is an Independent Director of PNB Housing Finance Limited. He is a member of the Institute of Chartered Accountants of India since 1985. He has worked with Khimji Kunverji and Co. since 1985. He has 30 years of experience in the fields of auditing, taxation, corporate & personal advisory services, business & management consulting services, due diligence, valuations, inspections and investigations.



Mr. S. K. Jain | DIN No. 00047474

He is an Independent Director of PNB Housing Finance Limited. He was a member of the Beta Gamma Sigma Society of the Indiana University chapter. Prior to joining PNB Housing, he worked with Citibank in Hong Kong, Taiwan, Philippines and Canada. He has more than 31 years of experience in the field of banking.



Prof. (Dr) Gourav Vallabh | DIN No. 02972748

He is an Independent Director of PNB Housing Finance Limited. He is a qualified Company Secretary from the Institute of Company Secretaries of India since June, 2006. He is a Financial Risk Manager from Global Association of Risk Professionals, USA. He has worked at the Marwar College, Sojat City, Pali, Rajasthan as a lecturer in accounting and finance. Dr. Vallabh has been a member of the Institute of Chartered Accountants of India since December 18th, 2002 and a Director since November 26th, 2009. He has also worked at the Mody College of Management Studies, Lakshmangarh, Sikar, Rajasthan, at the Management Development Institute and the National Institute of Bank Management, Pune.



SENIOR MANAGEMENT TEAM



Mr. Tejinder Singh Laschar | DIN No. 00226860

He is an Independent Director of PNB Housing Finance Limited. Mr. Tejinder Singh Laschar joined the Indian Economic Service in 1973 and superannuated as the Senior Economic Advisor, heading the Office of Economic Adviser in the Ministry of Commerce and Industry, Government of India, on September 30th, 2007. He has more than 38 years of experience in economic and financial planning with the Government of India.



Mr. Sanjaya Gupta | DIN No. 02939128

He is the Managing Director of PNB Housing Finance Limited. He has significant experience in the mortgage industry in both retail and corporate assets. Prior to joining PNB Housing, he worked with AIG United Guaranty as the Country Head and Chief Executive Officer of the prospective mortgage guaranty business in India. He also worked with ABN Amro Bank N.V. as the National Product Head, Mortgages - Consumer Banking and with ABN AMRO Central Enterprise Services Private Limited as the Vice President, Mortgages. Prior to that he worked with HDFC Limited.



Mr. Shaji Varghese Business Head	Mr. Ajay Gupta Chief Risk Officer	Mr. Anshul Bhargava Chief People Officer	Mr. Nitant Desai Chief Operations & Technology Officer	Mr. Sanjay Jain Company Secretary & Head Compliance	Mr. Jayesh Jain Chief Financial Officer
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PNB HOUSING'S GROWTH STORY

1988	<ul style="list-style-type: none">• Obtained NHB license for home loans and retail deposits• Company commenced operations
2003	<ul style="list-style-type: none">• Notified under the SARFAESI Act
2006	<ul style="list-style-type: none">• Crossed ₹ 1,000 crores loan portfolio
2009	<ul style="list-style-type: none">• PNB sold 26% of its stake in the total issued, subscribed and paid-up share capital of the Company to Destimoney Enterprise Private Limited (DEL)
2010	<ul style="list-style-type: none">• Launched business process re-engineering project - 'Kshitij'
2012	<ul style="list-style-type: none">• DEL increased its shareholding to 49%, pursuant to the conversion of CCDs issued to DEL in 2009• Gross and net NPAs brought lower than 0.5% of the asset portfolio
2013	<ul style="list-style-type: none">• Crossed ₹ 1,000 crores retail deposits• 'CRISIL AA+' rating (for NCDs and bank terms loans) and 'FAAA' (for deposits)
2014	<ul style="list-style-type: none">• PAT crossed ₹ 100 crores and portfolio crossed ₹ 10,000 crores
2015	<ul style="list-style-type: none">• Pilot implementation of Enterprise System Solution• AAA rating by ICRA and India Ratings (Fitch Group) for NCD borrowing program
2016	<ul style="list-style-type: none">• Crossed ₹ 25,000 crores of loan portfolio• Crossed ₹ 7,000 crores of deposit book



Usha Ananthasubramanian
Chairperson, PNB Housing Finance Limited

CHAIRPERSON'S MESSAGE

“Growth is gratifying, especially when it is organic, sustainable and focussed on quality. PNB Housing has stood up as an outperformer.”

Dear Stakeholders,

It gives me immense pleasure to present the 28th Annual Report of PNB Housing Finance Limited (PNB Housing). The year marked yet another period of fine performance delivered by the Company.

It is gratifying to note that the year gone by has many milestones for the Company. The Company not only attained the status of the 5th largest housing finance company but also became 2nd largest deposit taking HFC. Amongst the fraternity of HFCs, the Company is now regarded as

a 'Large HFC' which is an achievement itself for the Company.

The growth in loan book is satisfying given the competition. The Company's NPAs are amongst the lowest in the industry. Over the years, the Company has built a strong base where its human capital is the core asset, its processes and delivery model is seamless and the Company has built a strong resource base. The Company now has all the ingredients to continue this momentum in the coming times. What the

Company needs is growth capital and the plans are now in place for infusion of the same.

India is a large economy and its growth is reflected by the performance of all the sectors. Despite weak global factors, the Indian Economy has been resilient and has been able to maintain its stature as one of the fastest growing economies in the world. The Country's GDP has grown by 7.6 per cent (at constant market prices) in 2015-16, which is fairly favourable in comparison to that of the previous three years. This stability has been augmented with fiscal prudence, lower inflation, lower current account deficit and robust foreign exchange reserves.

For an economy of our size, the 'housing and real estate sector' always play a key role. Over the years, the sector has grown consistently and has contributed both directly and indirectly to the growth of the economy. The country has a large base of middle class and lower middle class population. This section of the population require homes which are 'affordable'. Building such dwelling units for the masses require joint efforts of the government and the real estate developer community.

The government has initiated various schemes to make housing more affordable. The Government has launched the Pradhan Mantri Awas Yojna (PMAY) - "Housing for all by 2022". Under the scheme the interest is subsidised at 6.5% for 15 years for an amount up to ₹ 6 lacs. The Government in association with the National Housing Bank has been promoting other schemes to make housing finance more affordable for a common citizen.

Today our big cities are choked due to immense population pressure. It is difficult to provide affordable housing in the existing big cities. The Government has initiated the concept of 'Smart Cities

Mission'. Under the programme, the Government will develop 100 cities all over the country making them citizen friendly and sustainable. In the first round of this stage, 20 top cities were chosen for financing during 2015-16. These satellite towns of larger cities will be a major step in not only decongesting the large cities but will open new opportunities for housing and infrastructure development on a large scale.

Another step taken by the Government is The Real Estate (Regulation and Development) Act, 2016. There was long pending need for such a regulation in India. It promises to improve transparency, customer-centricity and adherence to processes by developers. It will add velocity to construction activity (and deliveries) which will create a win-win situation for the developers as well as the buyers. It also augurs well for housing finance companies as transparency improves inflow of funds both by local as well as foreign investors.

Housing has a long gestation period and requires huge investment in providing various related amenities. It is heartening to see that Investments have already started trickling into the Indian markets. Private Equity (PE) funds and Non-Banking Financial Companies (NBFCs) are increasingly investing in real estate projects.

Improvements in the sentiments for the residential sector are visible. This indicates well for housing finance companies. The Developers have now increased their focus on project completion, which is a welcome move from the customers' point of view. The commercial office space market is showing renewed optimism especially in terms of leasing volumes and rental appreciation, which are pre-cursor to employment generation hence, a green shoot for residential purchase.



Interest rates are one of the key factors in an economy. During the year gone by the interest rates had continued to see downward trend. Both the Government and the Reserve Bank of India had worked in tandem to ensure that interest rates continue to move southward. There were timely intervention by the Reserve Bank of India in bringing down repo and reverse repo rates, which reflected in lower G-Sec rates and deposit rates. The benefit of lower interest rates was ultimately passed on to the customers. This had a positive impact on the real estate sentiments.

In the long run, rate of interest plays a significant role in buying a house property. It is hoped that there is still room for some softening of interest rates as liquidity conditions are good, so far the monsoon has been favourable and inflation both wholesale and retail is under control. It is expected that this will further improve demand for housing.

I express my admiration for management team of PNB Housing, ably led by Mr. Sanjaya Gupta, which is steering the company with unparalleled skill and zeal. The team has truly established a business framework which is profitable, sustainable and scalable. I also extend my gratitude to the directors whose guidance continues to be of highest value to us.

PNB Housing has maintained a healthy portfolio in terms of revenues as well as returns. Its success is a result of the high service standards maintained by the team for which I extend my heartiest congratulations. The Company is determined to earn the trust of customers and to enhance their home loan experience through a host of conveniences.

It was an honour to take charge as Chairperson from my illustrious

predecessors whose contribution in the success of the Company is inspirational. During the year Mr. Gauri Shankar, Ms. Kalpana Gupta and Mr. P.K. Gupta have exited the Board of Directors. These directors have contributed to the success of the Company. In their place, Mr. R. Chandrasekaran, Prof (Dr) Gourav Vallabh and Mr. Nilesh S Vikamsey have joined us as members of the Board. The new directors on the Board bring with them a very rich experience from diverse fields. On behalf of the Company, I extend a warm welcome to them.

Over the years, the National Housing Bank (NHB), has played a key role in the development of housing sector in the country. Under its watchful eyes, the housing sector has been seeing a healthy growth, with transparency. It has been a pioneer to various housing finance schemes which have been channelized and executed through the NHB including 'Pradhan Mantri Awaas Yojana'. On behalf of PNB Housing I express my gratitude to the regulator.

I must commend the efforts made by Reserve Bank of India to initiate a virtuous cycle of consumption and growth which has resulted in lowering of interest rates/cost of funds and stabilising of inflation. The rising confidence will soon encourage the consumers to step into the housing market.

The new year has started on a positive note and I wish the Company and its management all the very best.

Yours Sincerely

Usha Ananthasubramanian
Chairperson, PNB Housing Finance Limited



Sanjaya Gupta
Managing Director

MANAGING DIRECTOR'S MESSAGE

“ Every time we disburse a home loan, our Country steps nearer to the day, when all its citizens would have homes of their own. We pride in belonging to the Indian mortgage sector and we are committed to play our part in fulfilling housing dreams for millions across the Country. ”

Dear Stakeholders,

Inspiration takes us half way... the actions that follow, guide us to the top. This tenet is a beacon that motivates team members of your Company, to strive for the highest level of excellence.

At PNB Housing, success is not just about improving the top and bottom lines; rather it is about serving a bigger purpose. We are engaged in a sector that contributes to

the development of our Nation. Every time we disburse a home loan, our Country steps nearer to the day, when all its citizens would have homes of their own. We pride in belonging to the Indian mortgage sector and are committed to play our part in fulfilling housing dreams for millions across the Country.

As custodians of the trust that our customers, stakeholders and associates



have reposed in the Company, we are enthused to walk the extra mile in meeting their expectations. The fact, that PNB Housing is maintaining its position as one of the fastest growing housing finance providers in the country, gives us the confidence that we are headed in the right direction.

It gives me pleasure to share with you the highlights of the year gone by, and how we perceive the way forward for the sector and for ourselves.

High notes struck in FY2015-16

The year began in the midst of a subdued external environment. Even though India has a strong long term outlook, the global pressure did have its impact on the Country's business sentiment, corporate profitability, sectorial growth & asset quality. Yet, we remained unperturbed by the testing times. Our business plan stood well against challenges and I am happy to report, that this year, your Company has delivered one of its best performances ever.

The charts are speaking for themselves. Your Company has bettered its figures significantly and the fundamentals have become appreciably stronger. We have been able to supersede several performance benchmarks set by the industry leaders. While the overall growth in Indian housing finance sector was about 18% in FY2015-16, our loan portfolio grew by over 62%. On the other hand, our gross NPAs were contained at 0.22%, which is one of the lowest in the sector. We have now earned a place in the elite group of India's large HFCs, with our loan portfolio crossing ₹ 27,000 crores and deposits surpassing ₹ 7,000 crores.

Your company's net interest margins have bounced back to earlier levels. This is a

result of the prudent borrowing strategy adopted by us which has lowered the cost of debt significantly. Our treasury operations have grown significantly and are now less vulnerable to short term debt market cycles. Adding to this, our ability to source business at portfolio yield of 11.17% and fee of 0.56% has enabled us to protect our gross margins. Hence, our ROE, at the end of the year, measured an impressive 17.08% and our cost to income ratio came down to 25.21%. Our net profits for the year reached an all-time high of ₹ 326 crores, marking a rise of around 66% over the previous year.

I would like to make special mention of the growth in our deposits. 27% of our borrowing mix is self-generated through these deposits, making it the 2nd largest contributor after bonds. We closed the year with a deposit book of more than ₹ 7,116 crores, 45% more than that of last year. Your Company continues to be the second largest HFC in terms of deposit outstanding.

The above score card was possible because of the combined efforts put in by our team in making PNB Housing a healthy and progressive business enterprise. We are strengthened by our values based work culture which is defined by 'people-first', 'customer centricity' and 'ethical standards'. Together these values constitute the character of the Company, and give us the courage to stand tall against all odds.

At the operations front, the financial year 2015-16 marked the successful completion of our business process re-engineering exercise. We are now primed to move onto the next orbit with nimble processes and improved scalability. Our expansion plans are apropos to our belief in maximising productivity of existing capacities rather

than spreading thinly into new markets. This approach has been a key factor in giving us the ability to acquire higher market share and build better customer-connect in the geographies we operate.

This year, we implemented the final leg of our target operating model, a single platform enterprise system solution running horizontally across all functions. We also launched new online interfaces for our customers and business associates, which have redefined 'ease of doing business with PNB Housing' and enabled us to render better customer experience. The integration of superior technology has resulted in faster turnaround time for our processes as it has trimmed redundancy to a bare minimum.

While digital advancements make our working more agile, we ensure that the human touch in our services, an attribute that your Company is known for, remains uncompromised. Every team member of PNB Housing is committed to uphold the brand promise of the Company and to deliver the highest level of customer satisfaction.

We care for our team members just as much as we want them to care for the customers. While we attract one of the best talent available in the industry, we also facilitate growth opportunities for our existing team members. This orientation is augmented by meticulously constructed training modules that make our team capable of meeting the ever changing needs of the sector. The Company believes in enhancing performance driven culture through formal reward and recognition schemes and various other employee engagement activities.

You will be happy to know that this year, we launched our first ever nationwide

brand campaign. The promotional exercise was intended to transform the brand perception of PNB Housing in terms of service delivery and to re-position it as a new age customer centric housing finance company.

Even as we continue to pursue ambitious targets, we remain conscious of the fact that our sector is exposed to multiple risks. To confront them we have woven together a resilient risk management framework, the effectiveness of which can be judged from the fact that in a scenario where bad debts are plaguing the entire sector, we have maintained the quality of our assets and have kept NPAs at very low levels.

Your Company is a socially responsible organisation. From the CSR perspective, we have an emotional inclination towards the families of construction workers. It is ironic that these workers, who build homes for us, remain deprived of a decent living themselves. PNB Housing has joined hands with various NGOs to provide children of construction workers, with access to education, nutrition and hygiene. This year we could touch lives of hundreds of families through our CSR initiatives.

During the year, we issued Green Bonds and we believe, this will further give a fillip to our intent to develop a committed green lending practice in the sector for a sustained growth of green home loan portfolio. This will foster a change in housing sector's approach towards climate change, environment protection and healthier living. As this fund will be exclusively used to support investments in green energy efficient residential buildings, it will help reduce greenhouse emissions, curb pollution and establish an ecosystem for green housing construction in India.

To sum up, I can state that the year 2015-16



has built for us a platform, upon which we are set to take the next leap forward.

The road ahead: for housing finance sector

I feel that the current stability in the Indian economy will stay conducive for a positive outlook of the sector. The only thing out of place, as of now, is the public sentiment, which if improved, will bring back vigour in the market.

In the present scenario, real estate is experiencing a dip in transaction velocity as the buyers in the luxury segment and investors are maintaining their distance from the market. The section which comprises of end users is fairly active even today. In my view, this is the right time for customers to fulfil their housing dreams. The unsold inventory is prompting real estate developers to re-orient themselves in favour of the customers, which is a very positive sign for the sector.

I place a lot of trust on the reforms taking place in the country, as they are doing a fairly good job in improving the sentiments of the home buyers. Missions like 'Smart Cities', 'Housing for all' etc. promise to bring back positivity within the country as well as with the investor community. Industrial progress through projects like 'Make in India' will lead to increase in demand for commercial spaces. New employment would pave way for migrations, which would subsequently translate into need for new homes. The real estate bill would be an instrument that will benefit both the developers and the customers as it will improve transparency and augment delivery and customer service standards.

I see a major positive impact to be created by REIT and InvITs. These investment vehicles, introduced in India in 2014, are

attracting private investment in real estate and infrastructure development sectors thus releasing the burden on banks and financial institutions. It is admirable that the real estate sector in India is drifting away from traditional borrowing methods and is raising funds through structured finance, private equity and public offering. This change will be very helpful in mitigating the financial risks associated with construction sector.

Yet, there are other matters that demand immediate attention. The rising number of collateral frauds in the sector are becoming a serious challenge. As a result, lending institutions are being forced to implement additional control measures which increase the underwriting expenses. If the government is able to devise mechanisms to eliminate irregularities, the cost of the loans will come down which will benefit not only the financial institutions but also the end users.

The Road Ahead: for the Company

Going forward, your Company is set to capitalise on its new found strengths. Our performance per branch and per employee in terms of loan disbursements, loan portfolio and revenues have grown in the current fiscal. With strong capital inflow, settling down of enterprise system solution and TOM, and enhanced capabilities of our branches and hubs, it is time for us to invest in expansion. We are firming up our presence in tier II and tier III cities as these markets have become promising considering the government's initiatives and the rise in demand of affordable housing.

In a face off against the current slowdown, we shall remain unruffled, as challenging environment inspires us to perform differently, to up the sentiment of the sector, while being conservative and

cautious. We shall take challenges in our stride and keep marching ahead.

Before I conclude this note, I wish to express my sincere thanks to our customers, for trusting PNB Housing to be their preferred solution provider for home finance and fixed deposit products. I express gratitude to our regulator, the National Housing Bank (NHB), our lenders, our rating agencies, our lawyers and our business partners for their valuable support. The Board of Directors, headed by our Chairperson Smt. Usha Ananthasubramanian, continues to lead the development of the Company along with the Independent Directors who have played a pivotal role in bringing about very

high standards of corporate governance. We thank CAG, statutory and internal auditors who have kept a keen vigil on all aspects of our operations while maintaining a pragmatic view on business growth. I also take this opportunity to thank the entire team of PNB Housing, who have galvanised the Company with their tenacity, self-belief, collaborative team spirit and swift manoeuvres.

Looking forward to your continued support,

Sanjaya Gupta
Managing Director



Management Discussion & Analysis

GLOBAL ECONOMY: STILL SUBMISSIVE

The global macroeconomic landscape is currently chartering a rough and uncertain terrain characterized by weak growth of world output. The weak growth across continents has been exacerbated by the declining prices of commodities, turbulent financial markets like those in emerging economies like China, and volatile currency exchange rates. In such uncertain times, global investors are averse to taking risks, which in turn, put the emerging markets under considerable stress.

Although the US economy has shown signs of revival, a non-aligned move by powerful world economies to spur up their domestic economies as a primary objective is leading to many undesired spill over effect. That has impacted global trade. Growth in advanced economies is projected to rise by 0.2% in 2016 to 2.1%, and hold steady in 2017.

Growth in emerging markets and developing economies is projected to increase from 4% in 2015 -the lowest since the 2008-09 financial crisis-to 4.3% in 2016 and 4.7% in 2017. International trade, especially commodities, slowed down considerably primarily because of economic slowdown in BRICS countries except India, and PIGS (Portugal, Italy, Greece and Spain), adversely impacting exports from China.

Global growth, estimated at 3.1% in 2015, is projected to reach 3.4% in 2016 and 3.6% in 2017. Rise in global activity is likely to remain gradual especially in emerging markets and developing economies.

INDIAN ECONOMY: PUTTING UP A BRAVE FRONT

Despite the uncertain international scenario, India's growth story has largely remained positive on the strength of domestic consumption. Our nation's economic growth in 2015-16 was robust and steady. Its macro-economic parameters like inflation, fiscal deficit and current account balance exhibited distinct signs of improvement. Inflation in wholesale prices has been negative for some time and the all-important consumer prices inflation has declined. Industrial production too is gaining strength.

India is poised to grow at approximately 8% to 8.60% in the year ahead with the current account deficit at a level of 1.3% and fiscal deficit at 3.9%. The Consumer Price Index (CPI) has been contained at 4.9% and policy rates are reasonable at 6.75%.

However, meaningful economic reforms are necessary to ensure there is no let-down in the current momentum. There are concerns over the fate of the GST bill, shortfalls in disinvestment programmes and slow progress in subsidy rationalisation. Corporate and bank balance sheets remain stressed affecting the prospects of reviving private investments. Dampened sentiments are adding shades of grey to positive projections even though the Country's true potential is yet to be unleashed.

With the world's largest economies setting their own divergent monetary policies, it remains to be seen if India can chart out an independent monetary policy in FY2015-16 since capital and asset prices are dependent on core financial centres. The rupee, like most other currencies in the world, has depreciated vis-à-vis the US dollar, although less so in magnitude. At the same time, it has appreciated against a number of other major currencies.

Looking forward, India is projected to continue growing at a robust pace despite the effect of China's economic re-balancing and weakness in global manufacturing.

INTEREST RATE SCENARIO

The year gone by, displayed significant dynamism in terms of interest rate. The policy rates were revised thrice leading to a reduction of 75 bps during the year. In a span of 16 months, the interest rate has lowered by 150 bps which is one of the most aggressive reductions seen in the recent past.

The current levels are likely to continue or reduce marginally in FY2016-17 on the back of macros such as low inflation, comfortable fiscal and current account deficit, relatively stable currency, and structural reforms in government expenses. Although the outlook can change adversely in case of unfavourable monsoon or strong external shocks like Federal Reserve increasing the rates etc.

In terms of liquidity, the FY2015-16 did not have any major volatility. Liquidity conditions were benign most of the time owing to availability of ample credit and slow corporate offtake. Money, bond and credit markets stayed largely insulated from global spill overs, while foreign exchange and equity markets did experience bouts of volatility.

For the year ahead, global and domestic factors are expected to condition movements in financial markets, though the latter are expected to be more dominating. Fiscal outlook of state and central government, market concerns relating to asset quality of banks and corporate balance sheets, corporate credit offtake, currency stability and financial savings by investors will have a prominent influence on liquidity condition. China's economic stability, US economic growth and Federal Reserve's stance on interest rates, commodities prices stability and subsequently emerging economies growth and Europe sovereign debt situation will also have an impact on the liquidity condition.

INDIA'S HOUSING FINANCE SECTOR POISED TO GROW

The real estate market appears to be gearing up for revival. Strong fundamentals of the Indian economy are creating a favourable environment for the mortgage sector. Housing finance market in India is estimated to grow at a rate of 20% to 22% over FY2015-22, with mortgage penetration up to 16% of the GDP and a market size of ₹ 31,50,000 crores to ₹ 34,00,000 crores portfolio outstanding by FY2021-22.

The housing sector is being influenced by both positive and negative indicators. The future of the sector will depend on which of these factors become dominant in the times ahead.

POSITIVE INDICATORS

MARKET SIZE

With India's population growing steadily, there will be need for more homes. The current urban housing shortage is estimated to be of about 22 million, indicating that the market opportunity is large and growing.

RISING FAMILY INCOMES

There has been an appreciable rise in income levels

of families in India due to various factors like increase in salaries, both women and youth becoming earning members and the growth in self-employment. This has made home loans more affordable.

GOVERNMENT INITIATIVES

To address shortage of homes, the Indian government has initiated the 'Housing for all by 2022' mission, through which it seeks to expand credit flow and increase home ownership. Another bold initiative by the current Government is the 'Smart Cities Mission' which has created a significant stir in urban development. Both these projects will provide fresh impetus to the housing sector.

Housing for All by 2022 Mission: Affordable Housing

This mission is aimed for urban areas and incorporates the following components:

- a) Encouraging private developers to participate in building homes for the underprivileged through SRA projects;
- b) Promotion of affordable housing for weaker section through credit linked subsidy;
- c) Affordable housing in partnership with public & private sectors; and
- d) Subsidy for beneficiary-led individual house construction or enhancement.

Smart Cities Mission: Urban development turning a new leaf

The Central Government has planned to spend ₹ 98,000 crores under two new urban missions "The Smart City Project" and "Atal Mission for Rejuvenation and Urban Transformation (AMRUT)".

The smart cities mission focuses on area-based development to accommodate the growing urban population, improve quality of life, create employment and enhance incomes for all, especially the poor and the disadvantaged. These changes will certainly translate in to a huge demand for housing and housing finance. The government has already shortlisted 109 cities for the project.



Schemes like the 'Jawaharlal Nehru National Urban Renewal Mission', 'Rural Housing Fund', 'Golden Jubilee Rural Housing Refinance Scheme' and 'Special Refinance for Urban Poor Scheme' will prove a boon for millions who have found housing and housing finance out of reach. The tax benefits extended to home loan borrowers will encourage salaried and self-employed individuals to opt for home loans.

IMPROVING SENTIMENTS

The slowdown in the real estate market has given hope to the lower and middle income groups that their budgets would once again be able to accommodate purchase/construction of homes of their own. Investors with a long-term outlook are considering the current lull in the market as an opportunity to build assets. The resilient players may strengthen the markets with fresh infusion of funds and new projects. Developers are focused on affordable housing through budget homes, townships, etc. These projects will present a sizeable business opportunity to housing finance companies.

The real estate bill has been a welcome relief for consumers facing agonising delays and defaults in residential projects. Under the watchful eye of the regulatory body, the construction sector is expected to gain transparency, clarity and velocity which will not only ensure steady and organised growth but will also boost the subdued sentiment in the Indian real estate market.

THREATS

Despite the positive indicators, it may not be smooth-sailing for the sector as certain aspects threaten to delay the revival. For instance, India's current resilience may be affected if there is a prolonged slowdown in the global economy. This could negatively impact the incomes of individuals. Another factor that may prompt home aspirants to put off their decision to purchase properties is the hope that real estate prices would downward correct in the near future.

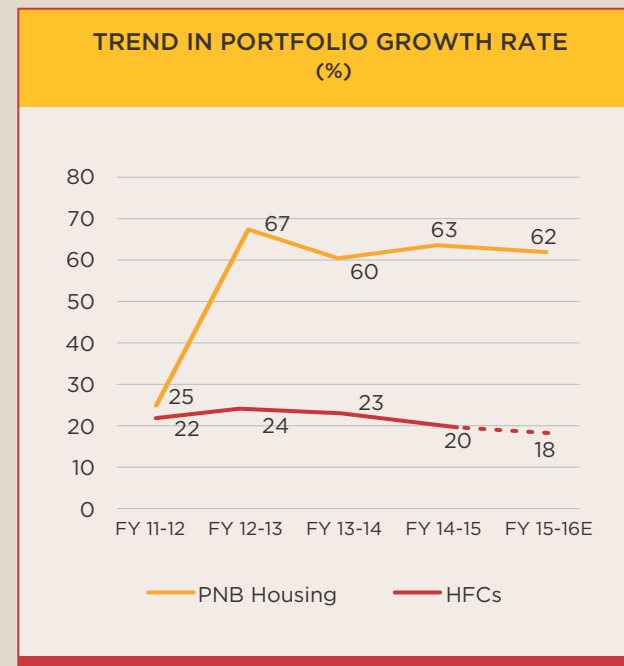
This year, several parts of the Country are facing drought or drought-like conditions which has put many development projects on the back-burner. Housing sector in these regions is likely to be affected negatively as people will be reluctant to reside in such locations.

Finance companies are fighting their own battles due a stiff competition from peers, loan takeovers, price wars and shrinking of margins that can adversely impact the growth of the entire sector.

PNB HOUSING: SUSTAINING GROWTH

The Company has established itself amongst the top five HFCs, as per IMAcS Report, with strong fundamentals, a scalable business model and a dynamic team determined to capitalise on the huge potential of the market.

Continuing its remarkable growth rate which is higher than the industry average, the Company attained the status of one of the leading housing finance player with its total loan portfolio crossing ₹ 27,177 crores this year. It has recorded a 5-year CAGR of 62% in loan portfolio which is higher than the industry average of 18%.



The growth in business volume has been aptly complemented by low NPA figures and reflects the quality of assets acquired by the Company.

The parameter, which PNB Housing prides itself most, is the growth rate of its customer base. The Company is determined to be recognised as customer's premier choice in the housing finance domain.

STRENGTHENING BUSINESS AND MARKET REACH

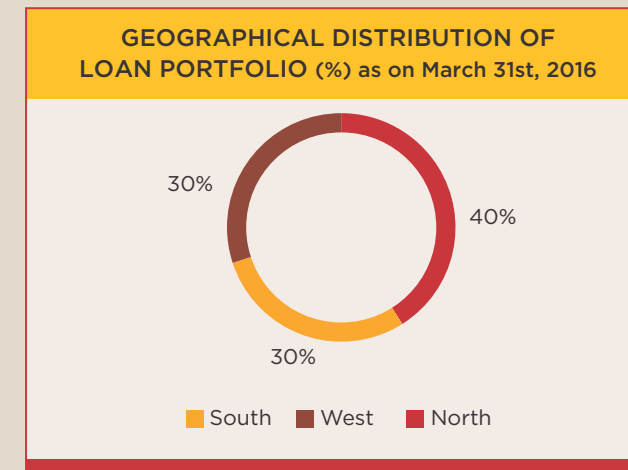
PNB Housing's business strategy centres around the ideology that customer centricity is the key to ascertain business longevity. The Company believes in prospering on a sustainable and profitable business model instead of chasing market share by resorting to price cuts, discounts etc.

Over the years, the Company has acquired the acumen to underwrite prudent risk exposures while ensuring that the quality of assets remains intact. This ascertains that scalability is backed by sustainability.

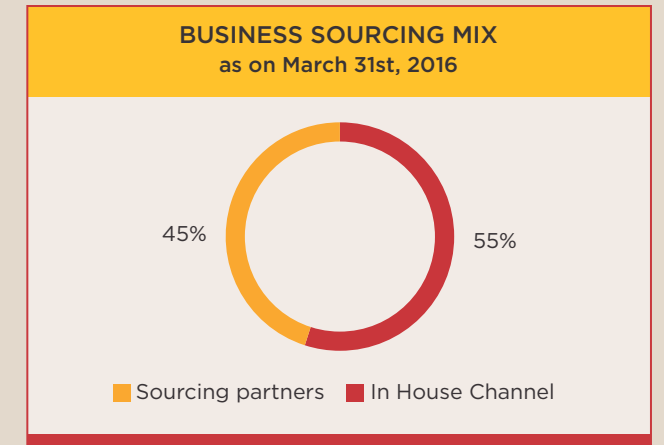
The expansion strategy of the Company is focussed towards building an evenly distributed geographical network backed by its scalable operating model. The Company is strengthening its presence by expanding in selective geographies. It is also penetrating deeper into the markets it is operating in.

In FY2015-16, 9 branches were operationalized at Vishakapatnam, Faridabad, Bhiwadi, Nasik, Surat, Vadodara, Vijaywada, Thrissur and Hyderabad. As on March 31st, 2016, PNB Housing has thrived on a network of 47 branches and 16 processing hubs.

It is also targeting exposure in cities selected under the 'Smart Cities' mission. These locations promise tremendous opportunities for urban development, leading to increase in demand for housing and housing finance.



The expansion is being capitalised upon by the Company's business sourcing network which comprises of over 5,000 members across different locations in India, including in-house sales

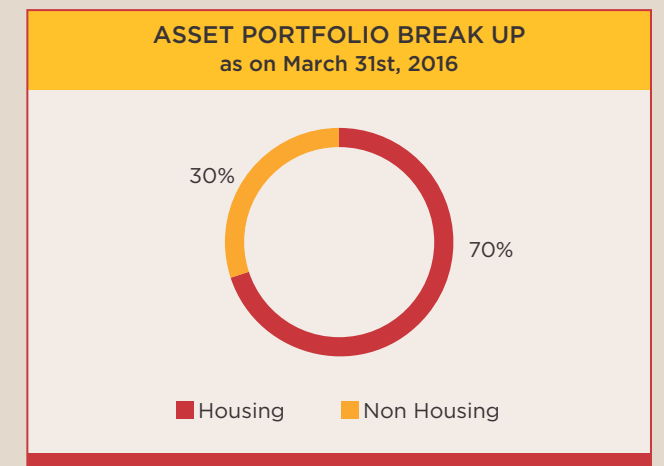


personnel, sourcing partners, deposit brokers etc. who render doorstep services to the customers.

The Company has established a healthy mix in its business sourcing with higher contributions being made by its in-house channels. The direct sales team (DST) of the Company is being reinforced in a bid to increase business self-sufficiency.

ASSET PORTFOLIO MIX

PNB Housing has a well-balanced basket of products which caters to a wide range of customer preferences. It includes loans for purchase of home, self-construction, home extension and residential plots. Non-housing loans include loan against property (LAP), loan for purchase of non-residential premises (NRP) and lease rental discounting (LRD). The Company also offers loans to real estate developers for construction of residential projects. It has introduced various mark-to-market products and programs to expand its product portfolio.





BRANDING AND MARKETING: ENHANCING CUSTOMER CONNECT



Brand Vision
Building a stronger nation by empowering citizens with a home of their own



Brand Delivery
Easy accessibility, efficient delivery, faster TAT, customized products, proactive communication, consistence experience



Brand Promise
Fulfil the dreams of owning a home with a convenient & hassle free home loan



Brand Positioning
Trust & convenience

Brand Strategy of PNB Housing

ENHANCED BRAND VISIBILITY

FY2015-16 was a landmark year for the Company, wherein it took a giant step towards changing its brand perception among the masses. Consequent to the inferences of a study conducted by market research company, Neilson, PNB Housing launched a nationwide brand campaign through adroit utilization of TV, radio, internet, outdoor and print media. The intent was to establish brand recognition amongst the masses in terms of service delivery and to reposition the Company as a new-age customer centric housing finance provider.

BRAND CAMPAIGN - 'DOOR TO YOUR DREAM HOME OPENS EASIER WITH US'

Mother Nature has no provision for rented homes, no matter what the species is. Yet we humans have moved away from this natural law by living in rented indoors. With PNB Housing, one can fulfill the dream of owning a home in an easy and hassle-free manner.

Woven around this central idea, the brand campaign 2015-16 brought to the target audience a visual extravaganza of exotic birds and animals in their unique dwelling spaces. It drew a parallel between animals and human beings.

'Service' was chosen as a theme for the campaign to reinforce the fact that besides trust and solidity, the Company offers quality services in line with the expectations of new age customers.

The rationale behind considering animals as central characters was to break away from the clutter and to emerge as a distinct brand in the financial services segment. Usually, in home loan advertisements, one sees staid campaigns based on the routine and expected lines of family members (humans) bonding together and 'living happily ever after' in their homes. Instead of following the trend, the Company's promotions presented visual hooks by depicting animals with human emotions.

DOOR TO YOUR DREAM HOME OPENS EASIER WITH US. HOME LOANS FROM PNB HOUSING



Painstaking efforts were taken to design and install giant bird nests in malls, airports and other prominent locations. The impressive, almost real-looking nests, combined with neatly designed billboards spun a visual treat for kids and adults alike.

Besides the above campaign, the marketing team has carried out various below the line activities. It has been gaining the mindshare of potential customers by participating in trade exhibitions, maintaining brand visibility at project development sites, sending direct mailers etc.

Exploring the limitless potential of online media, PNB Housing floated advertisements on popular



Innovative OOH advertising earned appreciation from all corners.

web pages and engaged in social media interactions. Search engine marketing, e-mail marketing and tie-ups with online business partners yielded considerable rise in loan enquiries. Improvements in the website have made it more user-friendly and compatible with various mobile communication devices.

In order to effectuate prompt responses, all business enquiries are directed to a dedicated Contact Centre. This unit focusses on creating a lasting 'first impression' by ensuring that the customer expectations are met with dexterity. The automated lead management process allows end-to-end intelligent tracking of leads and monitors the performance of advertising campaigns.



CLOSER TO CUSTOMER VIA TECHNOLOGY

The Company observes 'customer centricity' as a fundamental component of its business strategy. The relationships with clients has exemplified the ease and convenience of partnering with PNB Housing in pursuit of home ownership. The Company provides easy accessible options to its customers using which, they can avail account related services during the life cycle of loans and deposits.

In FY2015-16, the Company upgraded its customer interface with installation of customer-friendly modules in the Enterprise System Solution. These include the customer relationship management system (CRMS) and the customer portal (CP).

CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

The CRMS is an effective addition to PNB Housing's customer service initiatives as it provides prompt handling of customer service requests and complaints. It has pre-defined, in-built workflows with turnaround time for all stages of processing which helps in improving service quality and employee productivity.

CUSTOMER PORTAL

With the launch of the customer portal, the Company has moved onto a new level of customer centricity wherein it provides single window online view to customers. This digital platform provides customers an easy access to their account-related information such as IT certificates, EMI payment schedules etc at a click of a button. A host of other services can be availed by placing requests on the portal which is linked to the CRMS. These requests are instantaneously directed to the respective branches for swift action. Customers can also track the status of their requests on real-time basis.

CUSTOMER SERVICE FEEDBACK

Customer preferences are dynamic in nature. To live up to expectations, a service provider must remain abreast with the changing market environment. This year the Company availed services of a renowned agency to conduct a market survey and the inferences drawn from the study were highly beneficial in understanding the end users' perception of PNB Housing and in identifying areas of improvement.

RISK MANAGEMENT: ADDRESSING UNCERTAINTIES

PNB Housing assumes various kinds of risks in its business and support activities, in pursuit of attainment of its strategic objectives. The Company recognises that sound risk management contributes to its long-term financial stability. Prudent risk management will contribute to sustainable and profitable growth through informed business decision by facilitating a consistent assessment, measurement, quantification and management of material risks. Besides, pro-active risk management assists in improved decision making and optimisation of resource allocation.

The Company has a well-defined risk management structure which includes periodic reviews and close monitoring to enable business sustainability. The structure lays the procedure for risk assessment and mitigation. It focuses on proactively managing uncertainties and volatilities to protect the interest of the Company.

Broad risks perceived by the organization are as follows:

LIQUIDITY AND INTEREST RATE RISK

Liquidity and Interest Rate risk i.e. monitoring of the maturity profile of assets and liabilities by asset liability management committee (ALCO) - a strategic decision making body constituted by the Board, to mitigate the risks arising from cash flow mismatches. ALCO comprises of the Managing Director and other senior functionaries.

OPERATIONAL RISK

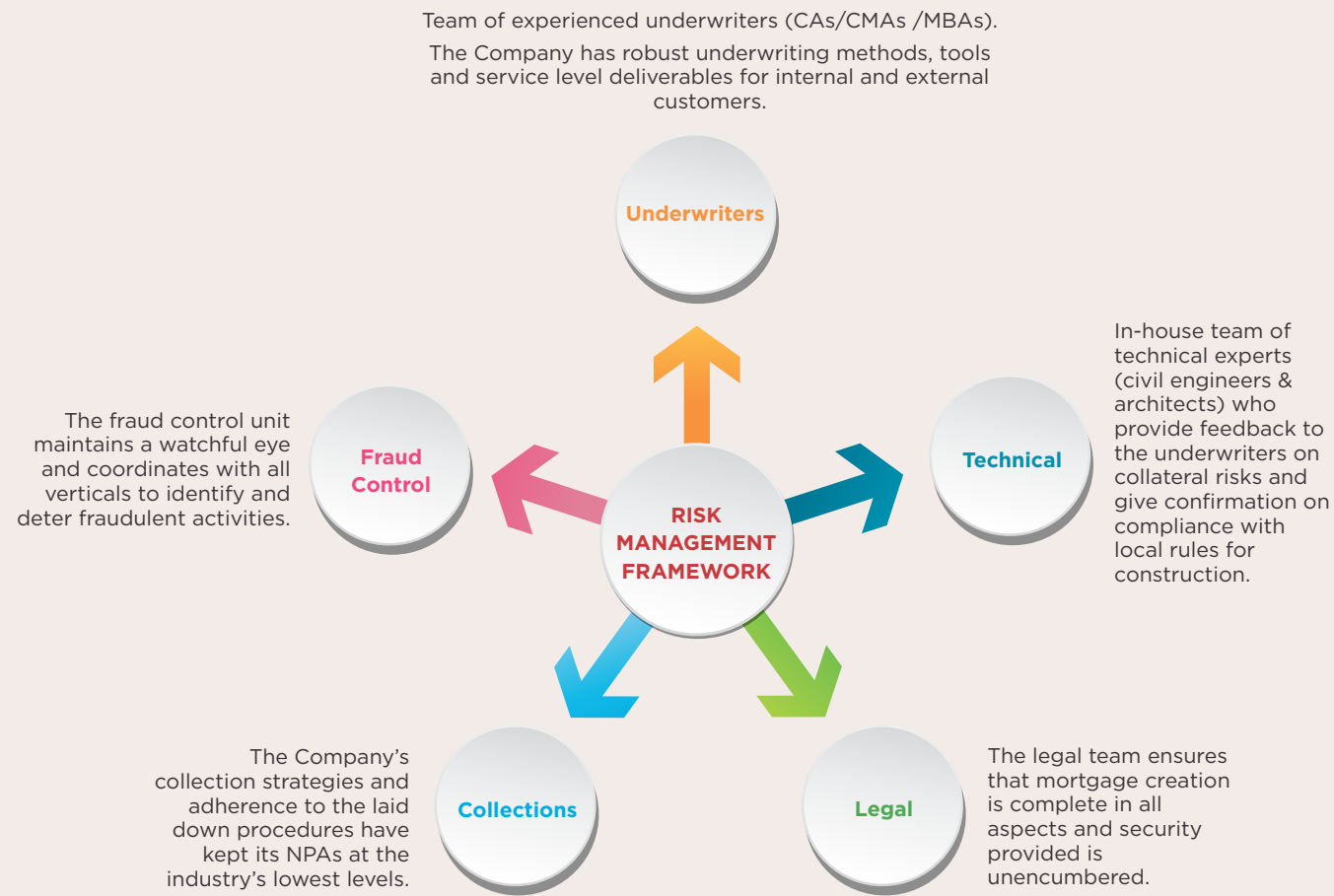
Operational risk is caused by insufficient or failed internal processes, systems, people, or from external events. The Company has implemented Enterprise System Solution to bring in efficiency and ensure that compliance with the provisions of all applicable laws are in place. The Company is using information technology extensively in its operations. The processes and controls are reviewed periodically on predefined dates. PNB Housing has a mechanism of testing the controls at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

CREDIT RISK MANAGEMENT

Credit risk refers to the inability or unwillingness of the customer to meet the financial obligations to the Company as per the stipulated time frame. The overall objective of credit risk management is to facilitate the Company to take appropriate risks in attainment of its business objectives within accepted level of risk tolerance.

In retail loan portfolio, the Company follows "maker-checker" concept for all the steps of loan processing. Post origination, the credit underwriting process is completely in-house through specialized HUBs located across cities/states.

RETAIL CREDIT RISK FRAMEWORK:



TARGET OPERATING MODEL

The Company's target operating model (TOM) as part of the business process re-engineering programme, christened as "Project Kshitij", structured its operations into a scalable operating model comprising of 47 branches, 16 processing hubs, 3 zonal offices and CSO. These are further supported by centralized operations (COPS) and central processing center (CPC). The Company's TOM enables both scalability and governance. The branches act as the primary point of sale and service while the processing hubs and zonal offices provide support function. CSO provides centralized support to the entire network and helps them act with precision. The hubs are manned by subject matter experts in underwriting, technical services, legal services, fraud control and recovery services. The framework offers significant resilience to

everyday challenges of the sector. These hubs and offices are scalable installations and are fully capacitated to add more branches for future growth. The Company has delegated loan sanctioning authorities to its underwriters based on their qualification, industry experience and overall vintage with the Company. The Company has broad level audit framework which undertakes assessment at various stages of loan life cycle.

RECOVERIES

The Company's collection philosophy is to 'cure' and not just to 'collect'. Along with rigorous implementation of collection efforts and best possible use of legal channels of recovery, the Company has maintained its expectations of lowest NPAs among leading HFCs, as per IMAcs Report. Structured early warning system, regular reviews

and prompt actions have helped in minimizing defaults and maximizing collections. The SARFAESI Act of 2002 has been very effective in improving the efficiency of the recovery unit. Appropriate legal actions and co-ordination with judiciary have resolved most of the default cases.

A special cadre has been created to steer the NPAs control process. This experienced team maintains stringent qualitative checks and plays a pivotal role in restricting the Company's NPAs to the lowest among leading HFCs in the sector, as per the IMAcs Report.

The Company observes fair standards while dealing with delinquent customers. Legal recourse is sought during such proceedings. PNB Housing ensures that its interaction with the customers remains professional, transparent and respectful.

PORTFOLIO PERFORMANCE

The portfolio performance in the past five years is marked by a high portfolio growth year on year and continuous reduction in NPAs to the lowest in the sector. The Company has ensured this stupendous portfolio performance by multi-pronged strategy comprising right selection of customers, optimum

product mix, scalable target operating model, underwriting through subject matter experts, mark to market policies and programs, empowerment of employees to make timely decisions, continuous training and feedback, strategy of curing and not only collecting etc. All this has been aided by advanced information technology and robust processes.

In retail finance lending arena, the Company has devised standardized processes and follows four eye principle in loan decisioning involving specialists from underwriting, technical, fraud control and legal. The complete chain of loan origination to servicing is being executed on a common technology platform.

In wholesale finance lending arena, the Company follows centralized decisioning approach where all decisions are undertaken at the central support office. For appraisal of large exposures, the Company undertakes various types of analysis like project analysis, financial appraisal, detailed legal review, customer feedback, background check, credit rating etc.

As a continuous process, the Company evaluates its portfolio on various single and cross sectional





variables. The portfolio management methodologies are designed with an objective of early identification of problematic loans using techniques such as bouncing analysis, product analysis, vintage analysis etc.

INVESTMENTS

The Board of Directors has approved Company's Investment Policy and has set out limits for investments. The authority to invest funds has been delegated to the Managing Director who is assisted by two senior executives. The investment function is carried out to maintain sufficient liquidity, to ensure carrying out of day-to-day operations of the Company smoothly and invest the surplus funds generated out of borrowings and operations in various securities with an objective to maximize return on liquid funds, with reasonable risk and expense.

Considering the time lag between raising of resources and its deployment, the surplus funds are generally parked with liquid fund schemes of mutual funds and PSU/Corporate Bonds. During the year, the Company has parked/redeemed ₹ 12,129 crores (Previous year ₹ 12,091 crores) with liquid fund schemes of mutual funds and earned ₹ 14.21 crores (Previous year ₹ 19.89 crores) as surplus from cash management schemes of mutual funds.

During the year, the Company has also made short-term investments of ₹ 4,386 crores (Previous year ₹ 4,187.80 crores) in PSU/Corporate Bonds and sold PSU/Corporate Bonds of ₹ 4,944 crores (Previous year ₹ 3,348.02 crores). The Company has earned interest of ₹ 34.01 crores (Previous year ₹ 44.74 crores) and profit on sale of investment of ₹ 10.00 crores (Previous year ₹ 15.68 crores) on these bonds.

As per NHB Directions, HFCs are required to maintain Statutory Liquid Ratio (SLR) in respect of deposits raised. Currently, the SLR requirement is 12.50% of the deposits. During the year, the Company has made fresh investments in SLR securities of ₹ 597.471 crores (Previous year ₹ 251.32 crores) and securities amounting to ₹ 121.21 crores (Previous year ₹ 25.00 crores) were redeemed on maturity. As at March 31st, 2016 the Company has invested ₹ 891.57 crores (Previous year ₹ 465.34 crores) in approved securities comprising

government securities, government guaranteed bonds, NHB bonds and deposits with scheduled banks, which is higher than the limits prescribed by the NHB.

FUNDING SOURCES

FY2015-16 was a transformational year for economy, as it shed concerns of high current account deficit, policy uncertainty and elevated inflation. The Indian economy started showing signs of revival in growth, the CPI fell from 5.5% in March, 2015 to 4.83% in March, 2016. The improvement in economic indicators also reflected in the softening of the interest rates and the 10 Year G-Sec yield has declined from 7.74% as on March 31st, 2015 to 7.46% as on March 31st, 2016. Similar impact was also witnessed on other fixed income securities and yields calibrated.

The Company has been raising funds for its lending activities from banks by way of term loans, from the NHB by way of refinance, by private placement of non-convertible debentures (NCDs), by issuance of commercial paper and mobilisation of deposits from the retail market.

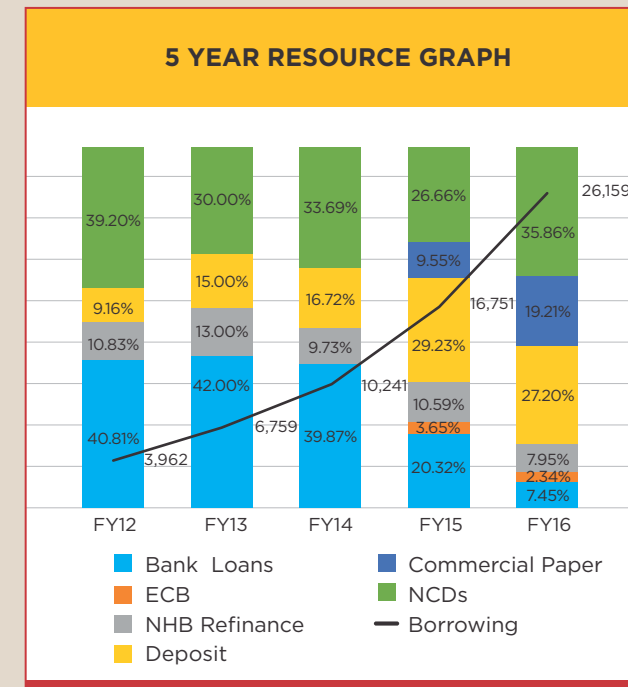
The Company has managed to contain its borrowing costs through prudent asset-liability management. Some of these measures were; the diversification of funding sources, tenure optimization, structured interest rates and prudent borrowing timing. The Company has diversified its funding sources with an objective to reduce borrowing cost, earn an adequate net interest margin and improve liquidity. As of March 31st, 2016, the Company's funding sources comprised 7.45% (Previous year 20.32%) from banks and financial institutions, 7.95% (Previous year 10.59%) from the NHB re-financing, 27.20% (Previous year 29.23%) from deposits, 35.86% from NCDs (Previous year 26.66%), 2.34% (Previous year 3.65%) from ECB and 19.21% (Previous year 9.55%) from commercial papers.

The borrowings that are maturing within twelve months from the end of the year, constitute 36% (Previous year 32%) of the total borrowings of ₹ 26,159 crores (Previous year ₹ 16,752 crores). The outstanding borrowings at fixed interest rates were ₹ 14,143 crores (Previous year ₹ 7,558 crores), which was 54% (Previous year 45%) of the total outstanding borrowings.

The average cost of total borrowings during the year was 8.67% per annum (Previous year 9.26%).

SUBORDINATED DEBT

During the year, the Company raised ₹ 210 crores (Previous year ₹ 200 crores) of long-term unsecured redeemable non-convertible subordinated debentures. The debt is subordinated to present and future senior indebtedness of the Company. It is rated "Ind AAA" and "CARE AAA", indicating high safety with regard to timely payment of interest and principal, with stable outlook. The outstanding subordinated debt as at March 31st, 2016 were ₹ 610 crores (Previous year ₹ 400 crores). Based on the balance term to maturity as at March 31st, 2016, ₹ 610 crores of the book value of subordinated debt is considered as Tier II capital under the guidelines issued by the NHB for the purpose of computation of CRAR.



GREEN BONDS

The Company raised ₹ 500 crores (Previous year ₹ Nil crores) through the issuance of "green bonds" to IDBI Trusteeship Services Limited (as trustee for the International Finance Corporation). The funds raised through the green bonds will be deployed for funding residential projects based on recognised green building standards.

FIXED DEPOSITS

During the year, the Company received net incremental deposits of ₹ 2,219 crores (Previous

year ₹ 3,185 crores). The outstanding deposits have increased from ₹ 4,987 crores at the beginning of the year to ₹ 7,116 crores by the end of the year, registering a growth of 45% (Previous year 186%). The outstanding balance of deposits now constitute 27% (Previous year 29%) of the total outstanding borrowings as at March 31st, 2016.

PNB Housing's Deposit Programme is rated "FAAA" by CRISIL. This rating indicates highest safety as regards repayment of principal and interest.

PNB Housing has been offering brokerage to its deposit referral associates. The brokerage structure is linked to the term of deposits mobilised. PNB Housing has been amortising the brokerage paid over the tenure of deposits mobilised.

TERM LOANS FROM BANKS, INSTITUTIONS AND REFINANCE FROM NHB

The Company has borrowed funds for both long and short-term maturities from the banking sector at competitive rates. This year fresh loans procured from banks were nil (Previous year ₹ 1,611 crores) while loans repaid amounted to ₹ 1,456 crores (Previous year ₹ 2,289 crores). Term loans from banks are secured by a negative lien on all assets of the Company excluding specific immovable property mortgaged in favour of the Debenture Trustees for issuance of NCDs and the Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against Public Deposits. The outstanding balance of bank loans was ₹ 1,948 crores (Previous year ₹ 3,404 crores) as at March 31st, 2016.

During the year, the Company has availed refinance of ₹ 900 crores (Previous year ₹ 1,010 crores) from the NHB. The outstanding refinance from the NHB as at March 31st, 2016 of ₹ 2,079 crores (Previous year ₹ 1,774 crores) and is secured by hypothecation of specific loans/books debts against which refinance has been availed.

SECURED NON-CONVERTIBLE DEBENTURE (NCD)

During the year under review, the Company has raised ₹ 5,015 crores (Previous year ₹ 900 crores) through secured non-convertible debentures via private placement. The Company's NCD issues have been listed on the wholesale debt market segment of the NSE. The NCDs are secured by mortgage of a specific immovable property and by hypothecation of book debts to the extent of 1.10 to 1.25 times of



outstanding amount. Company's NCDs are rated "CARE AAA", "CRISIL AA+/Negative" and "ICRA AA+/Stable" indicating high safety with regard to timely payment of interest and principal. The outstanding balance of secured NCDs as at March 31st, 2016 was ₹ 9,380 crores (Previous year ₹ 3,965 crores).

COMMERCIAL PAPER

Company uses commercial paper as a source of funding its working capital needs and to bridge financing till such time longer term securities are placed. During the year, the Company has raised ₹ 15,825 crores (Previous year ₹ 3,975 crores) via issuance of commercial paper and repaid ₹ 12,400 crores (Previous year ₹ 2,375 crores). Company's short-term borrowings including commercial paper are rated "CARE A1+". These ratings indicate highest safety regarding timely re-payment. The outstanding balance of commercial paper as at March 31st, 2016 was ₹ 5,025 crores (Previous year ₹ 1,600 crores).

OVERDRAFT FACILITIES

The Company has added new OD/CC lines, with total lines now available of ₹ 1,200 crores (Previous year ₹ 500 crores), which is equivalent to one month disbursement. These OD lines are at MCLR (marginal cost of funds/based lending rate) of the respective banks. These lines of credit act as backstop facility for CP issuance and also help in treasury operations of the Company.

ASSET LIABILITY MANAGEMENT

The ALM policy of the Company lays down the mechanism for assessment of various types of risks and alteration in the asset-liability portfolio to mitigate such risks. The asset liability management committee (ALCO) monitors asset-liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

PROVISION FOR STANDARD ASSETS, NPAs AND CONTINGENCIES

As per the prudential norms prescribed by the NHB for Standard Loan Assets, HFCs are required to carry a provision of 0.40% on individual home loans, 1% on individual non-residential property loans, 0.75% on developer loans for residential projects

and 1.25% on developer loans for commercial projects.

During the year, Company has made/reversed a provision of ₹ (1.13) crores (Previous year ₹ 5.46 crores) for non-performing assets (NPA). As on March 31st, 2016 the Company is carrying a provision of ₹ 21.68 crores (Previous year ₹ 22.81 crores) towards non-performing assets of ₹ 59.81 crores (Previous year ₹ 34.14 crores).

During the year, a further provision of ₹ 76.96 crores (Previous year ₹ 31.22 crores) has been made on standard assets. As on March 31st, 2016 the Company is carrying a provision of ₹ 154.96 crores (Previous year ₹ 78.00 crores) on standard assets, which is 0.48% (Previous year 0.46%) of standard assets of ₹ 27,141 crores (Previous year ₹ 78 crores provision on standard assets of ₹ 16,785 crores).

As on March 31st, 2016, the Company is carrying total provisions for non-performing assets and standard assets of ₹ 176.64 crores (Previous year ₹ 100.81 crores) as against gross non-performing assets of ₹ 59.81 crores (Previous year ₹ 34.14 crores). Accordingly, the provision coverage ratio is at 296% (Previous Year 295%).

During the year, a further provision of ₹ 2.71 crores (Previous year ₹ 40.28 crores) has been made on for diminution in the value of stock property acquired. As on March 31st, 2016 the value of acquired property against which such provision is made is ₹ 87.62 crores (Previous year ₹ 35.95 crores).

OVERVIEW OF PNB HOUSING PERFORMANCE IN FY2015-16

BUSINESS HIGHLIGHTS

- The Loan Portfolio outstanding stood at ₹ 27,177 crores; a 62% rise over FY2014-15.
The Loan approvals in FY2015-16 were at ₹ 23,011 crores, growing by 53% over FY2014-15. The Company has disbursed loans amounting to ₹ 14,456 crores, growing by 53% over the last year.

FINANCIAL HIGHLIGHTS

During the year, the Company has earned a profit before tax of ₹ 503.09 crores and the profit after tax of ₹ 326.47 crores.

- Profit before tax grew by 70% as against 68% in the previous year.

- Profit after tax grew by 66% as against 54% in the previous year.
Current year income tax provision (including provision for deferred tax) amounted to ₹ 176.61 crores as compared to ₹ 99.66 crores in the previous year. The effective income tax rate for the year is 35.11% as against 33.70% in the previous year.
Return on average net worth for the year was 17.11% as against 16.09% in the previous year.
Ratio of net interest margin to average assets was 2.98% for the current year as against 2.94% in the previous year.
Cost to income ratio was 25.21% as against 30.94% in the previous year.
The Earnings Per Share (Basic) for the current year was ₹ 27.48 as against ₹ 24.41 for the previous year.

SPREAD ON LOANS

The average yield on loan assets during the year was 10.80% per annum as compared to 11.37% per annum in the previous year. The average all-inclusive cost of borrowings was 8.67% per annum as compared to 9.26% per annum in the previous year. The spread on loans over the cost of borrowings for the year was 2.13% per annum as against 2.11% per annum in the previous year.

CAPITAL ADEQUACY RATIO

As per the regulatory norms, the minimum requirement for the capital to risk asset ratio (CRAR) is 12% and for and minimum Tier I capital, it is 6% on the risk weighted assets.

Company's capital adequacy ratio as at March 31st, 2016 was 12.70%. The capital adequacy on account of Tier I capital was 9.04% and the capital adequacy on account of the Tier II capital was 3.66%.

NHB GUIDELINES AND PRUDENTIAL NORMS

The Company is in compliance with all applicable norms and guidelines of the regulatory body, the National Housing Bank (NHB), which includes accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, 'know your customer' (KYC), fair practices code and grievance redressal mechanism, recovery

of dues, channel partners, real estate and capital market exposures.

INTERNAL AUDIT

The Company has put in place a strong system of internal control to commensurate with its growth and nature of operations. It has developed internal controls to provide high degree of assurance regarding effectiveness and efficiency of operations, adequacy of safeguards for assets, reliability of financial controls and compliance with applicable laws and regulations. The Company conducts risk-based internal audit of all its branches, hubs and central support office on a quarterly basis. Internal audit teams are supported by external chartered accountant firms while conducting transaction audits of its operations. The Company has a system to bring important observations of audit reports to the notice of the audit committee of the board. In order to ensure quality, audit reports are discussed with zonal functionaries to convey message at ground level. This has ensured improvement in overall quality of business.

HUMAN RESOURCES: UPHOLDING 'PEOPLE FIRST' CULTURE

The Company believes that the quality and dynamism of its human capital has enabled it to significantly enhance customer experience and stakeholder's value. In order to sustain its growth and emerge as the most admired housing finance company, PNB Housing works relentlessly towards being customer-focused, performance-driven and ready for the future. The talent management strategy of the Company strives to deliver its unique talent promise of 'building holistic business leaders'.





The Company is guided by an integrated management approach to facilitate talent identification, transparent performance management, individual growth and team development. Human resource development practices in the Company are guided by the principles of relevance, consistency and fairness based on the premise that 'what' is done is as critical as 'how' it is done. Taken together, these initiatives and processes have made a significant



impact on attracting talent, retaining it and ensuring commitment.

The human capital of the Company has been developed through meticulous accumulation of knowledge, skills, abilities, experience, intelligence, judgment, and wisdom. This wealth of talent is further augmented through structured training programmes to ensure that the team is contemporary and abreast with the ever-changing dynamics of the sector.

The Company's employee orientation is marked by its endeavour to build a progressive work environment which provides fair growth opportunities to every member of the team. The Company believes in enhancing performance-driven culture through formal reward and recognition (R&R) schemes and various other employee engagement activities to bring about cross functional synergy and alignment with organisational goals.

Employees at PNB Housing are the flag-bearers who ensure that the Company stands true on its brand promise. The Company is steered by a team that is motivated, competent, passionate and capable of building a high-performance organisation.

TECHNOLOGY: AUGMENTING BUSINESS OUTCOME

Technological advancement at PNB Housing during FY2015-16 was underscored by the successful installation of enterprise system solution (ESS) and its seamless integration with all activities of the organization. The ESS has enabled business automation eradicating manual efforts and improved operational efficiency across all functions leading to enhanced customer service standards.

The ESS is ornate with various modules designed to make the overall business framework more secure, scalable and supportive to sustainable business



growth. The customer portal module provides customers with a single-window online view of their relationship with the Company. Similarly, the asset liability management system, anti-money laundering system and human resource management system improves efficiencies and robustness in the processes whereas customer service system augments the service delivery standards.

Being custodians of a large customer data, it is imperative that the information shared is secure throughout the life cycle of a relationship. Through its network architecture, the Company ensures data security, integrity, availability and scalability. In the last year, the desired recovery point objective (RPO) of 30 minutes and recovery time objective (RTO) of 2 hours were successfully achieved.

The robust and secured backbone of IT infrastructure ensures reliable communication channels between branches and hubs all across the Country. The team has blended years of housing finance business experience with contemporary knowledge of IT to develop customised technology solutions, making the organization tech savvy, customer friendly and proactive in communicating its value proposition to the target market segment.

OPERATIONAL FRAMEWORK: BUILDING ROBUSTNESS

The dynamics of housing finance business demands that the HFCs have a sturdy operations framework. For a fast growing Company like PNB Housing, it becomes all the more vital that its ambitious growth plans are juxtaposed with prudent control measures. The pressure exposes it to various financial and operational risks. Given these risks, the Company has evolved to achieve optimum efficiencies by way of centralised control over certain important activities.

PNB Housing's operations have three main verticals - branch operations, the COPS and CPC. Centralization of activities such as deposit processing, file storage, etc. have allowed the Company to adhere to standard operating procedures thereby bringing in higher accuracy and eliminating wastages. Centralization of EMI banking has helped in timely collection of funds, better fund management, stronger control and early alarms to the collection department in a pro-active manner. Moreover, as all bulk customer correspondence is in

house and is devoid of any third party interference, the delivery standards and ethos are adequately maintained. With centralized operations, there has been a sharp increase in productivity and it has enabled the Company to follow a flexible delivery model along with achieving economies of scale.

This structure has facilitated the hubs and branches to focus on customer service and sales, as most of the back-end operations are now centralised and supported by the new enterprise system solution.

STRENGTHENING INFRASTRUCTURE

The Company believes that good infrastructure plays an important role in creating a productive work environment. The Company ensures that its brick and mortar infrastructure gives a pleasant experience to the customers and also remains ergonomically efficient for its staff members. Our offices are elegant, functional, secure and located in convenient areas. Employees are consulted for their inputs while determining work spaces, storage facilities, interiors, communication etc. Brand guidelines are followed to ensure that all premises have a reasonable degree of uniformity and brand visibility.

During FY2015-16, incremental work area of 35,465 sq.ft. was added, which has increased total work space from 1,54,780 sq.ft. to 1,90,245 sq.ft, an increase of 23% over the previous year.

CORPORATE SOCIAL RESPONSIBILITY: REACHING OUT

Growing together and responsibly is the motto of PNB Housing. The CSR policy of the Company aims





to create social and environmental value, while supporting Company's business objectives and enhancing relationships with key stakeholders and customers.

PNB HOUSING DAY-CARE CENTRE

The Company collaborated with Mobile Creches and various real estate developers to offer day-care services to children of construction workers on various construction sites, chiefly education, hygiene and nutrition. The effort ensures holistic development of children and enables workers, especially women, to focus on their jobs. Through these centres the Company has been able to impact lives of over 500 children across the Country.

KUSHAL - SKILLS PROGRAMME

CREDAI and Rustomjee Skill Cluster have been partnered by the Company to conduct on-the-job skill training programme for construction workers. The training led to improved productivity, reduction in wastage of material and improvement in the quality of work. The programme also included soft-skill trainings, health and sanitation awareness, work-safety aspects etc. Bank accounts were opened for the beneficiaries under the Pradhan Mantri Jan DhanYojna and Aadhar Cards were also issued.



EDUCATION

The Company has adopted Rainbow Montessori School, Delhi, which caters primarily to children coming from underprivileged families. With over 300 students and 30 staff members the school runs



in two shifts and teaches from nursery to class 5. The project ensures that once students pass out from class 5, they continue their education in government and private schools. Persistent follow-ups are done to ensure that there are minimal drop outs.

CONTRIBUTION TO 'HOUSING FOR ALL' MISSION

The Company's CSR Policy has prioritized poverty alleviation as one of its goals to be addressed through its CSR initiatives. It has collaborated with Habitat for Humanity and Indian Chamber of Commerce for capacity-building workshops to foster multi-stakeholder dialogues, address the housing shortfall and take home loans to the bottom of the pyramid.

RESPONSE TO NATURAL DISASTERS

Natural calamities are a bane and PNB Housing emphathises with the victims of such disasters. During the year, the Company extended its support to relief operations for people affected by Nepal Earthquake and Chennai floods.

THE FUTURE OUTLOOK

PNB Housing is proud to be engaged in a sector that symbolises national progress and offers an opportunity to make a contribution in the Country's development by fulfilling housing dreams of its citizens.

Guided by values, ethics and work culture, the Company continues to build upon the ambitious blue prints it has sketched for the future. Backed by sound capital inflow, settling down of the ESS & TOM and full capacity utilization of existing branches and hubs, it is establishing notable

presence in Tier II & III cities with special attention to smart cities in the making.

The business model of the Company is robust and elastic which is capable of catering to the widening business network. This expansion is in consonance with the Company's manifesto to participate in mass housing segment. Not only is it building presence in relevant locations, it is launching products such as 'Unnati loans' that are suited for home aspirants belonging to the informal income groups.

The Company has built enough capabilities and capacity in construction finance. It is reaching out to real estate developers to strengthen the supply side of the Indian housing sector. The Company continues to delight its customers with easy and hassle free home loan products.

The Company shall nourish stronger business relations with associates and partners and real estate developers. Efforts shall be made to increase contribution by in-house channels thus improving self-sufficiency in business sourcing. Infrastructure, human capital and technology shall be reinforced to improve service standards and performance.

PNB Housing will make efforts to improve the socio-economic landscape in the regions of its operations by generating employment and fulfilling its CSR commitments.

DISCLAIMER

PNB Housing Finance Limited is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares ("Equity Shares") and has filed the Draft Red Herring Prospectus ("DRHP") with the Securities and Exchange Board of India ("SEBI"). The DRHP is/will be available on the websites of SEBI, BSE, NSE at HYPERLINK "http://www.sebi.gov.in" www.sebi.gov.in, HYPERLINK "http://www.bseindia.com" www.bseindia.com, HYPERLINK "http://www.nseindia.com" www.nseindia.com, respectively and the GCBRLMs at HYPERLINK "http://www.investmentbank.kotak.com" www.investmentbank.kotak.com, HYPERLINK "http://www.dspml.com" www.dspml.com, HYPERLINK "http://www.jmfl.com" www.jmfl.com,

HYPERLINK "http://www.jpmpi.com" www.jpmpi.com and HYPERLINK "http://www.morganstanley.com/aboutus/global-offices/india" www.morganstanley.com/aboutus/global-offices/india. Potential investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, refer to the Red Herring Prospectus which may be filed with the Registrar of Companies in future, including the section titled "Risk Factors".

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DATA SOURCES

- The industry data, wherever mentioned in the annual report has been sourced from various published reports:
- Official website of Finance Department, Mizoram; www.mizofin.nic.in
- Official website of Reserve Bank of India; www.rbi.org.in
- Official website of International Monetary Fund; www.imf.org
- Bain and Company Report; http://www.consultancy.uk/news/11987/bain-real-estate-demand-in-india-to-grow-9-yearly-by-2020
- CRISIL reports
- ICRA reports



Directors' Report to the Members

Your Directors have the pleasure in presenting the 28th Annual Report together with the Audited Accounts of the company for the year ended 31st March, 2016.

1. Financial Performance

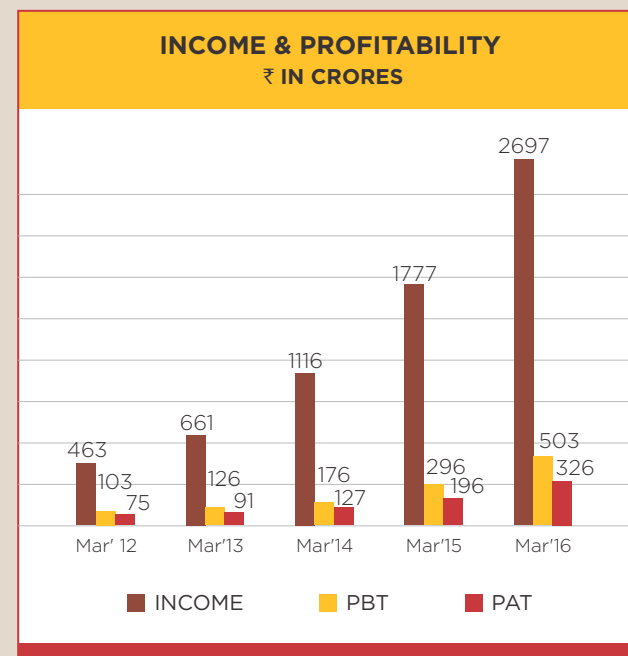
	As on March 31st, 2016	As on March 31st, 2015
(₹ in crores)		
Profit/Loss before tax	503.09	295.77
Less: Provision for Tax		
- Current year	165.98	89.80
- Earlier years	1.35	-
- Deferred Tax	9.29	9.86
Profit/Loss After Tax	326.47	196.11
Add: Balance brought for-ward from the previous year	111.66	11.50
	438.13	207.61
Appropriation of Profits		
Transfer to Special Reserve (including u/s 29C of the NHB Act, 1987)	65.30	39.25
Transfer to General Reserve	48.97	25.00
Proposed Dividend	40.39	24.10
Dividend distribution Tax	8.22	4.91
CSR Activities	-	2.69
Balance carried to Balance Sheet	275.25	111.66
	438.13	207.61

INCOME

During the year, the Company's revenue from operations was ₹ 2,696.59 crores as compared to ₹ 1,776.73 crores in previous year, recording a growth of 52%. Out of total revenue, interest income on loans was ₹ 2,460.03 crores, a growth of 54%, investment income was ₹ 107.35 crores, a reduction of 1% and other income was ₹ 129.21 crores, a growth of 99%.

EXPENSES

Total expenses (except provisions and write offs) during the year were ₹ 2,112.38 crores as compared to ₹ 1,442.85 crores in previous year, a growth of 46%. Out of total expenses for the year, interest expenditure was ₹ 1,860.29 crores (₹ 1,264.84 crores) and operating expenditure was ₹ 252.09 crores (₹ 178.01 crores).



DIVIDEND

Your Directors are pleased to recommend a dividend of 34% (last year 30%) on enhanced equity share capital, post Rights Issue. Total dividend, including dividend distribution tax is ₹ 48.61 crores which will be paid pro-rate on enhanced equity capital.

2. LOANS PERFORMANCE

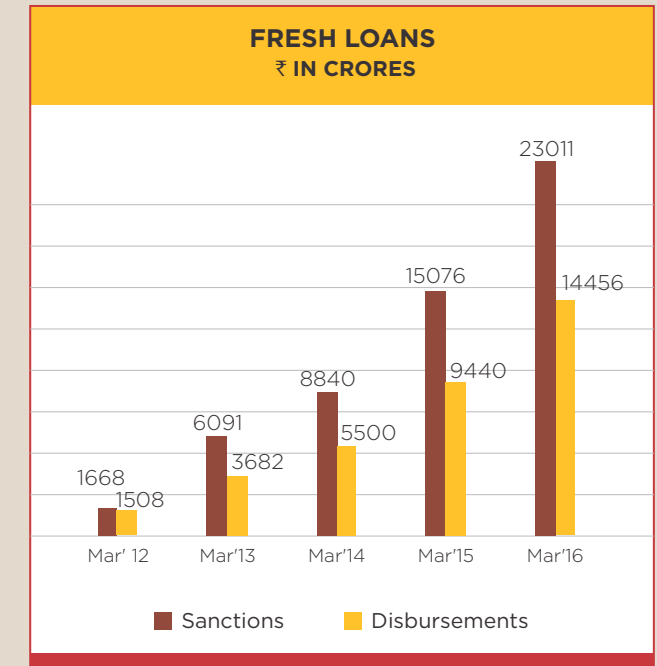
During the year, the Company has sanctioned loans amounting to ₹ 23,011 crores as compared to ₹ 15,076 crores in the previous year, recording a growth of 52.63%.

During the year, the Company has disbursed loans worth ₹ 14,456 crores as compared to ₹ 9,440 crores in the previous year, recording a growth of 53.14%.

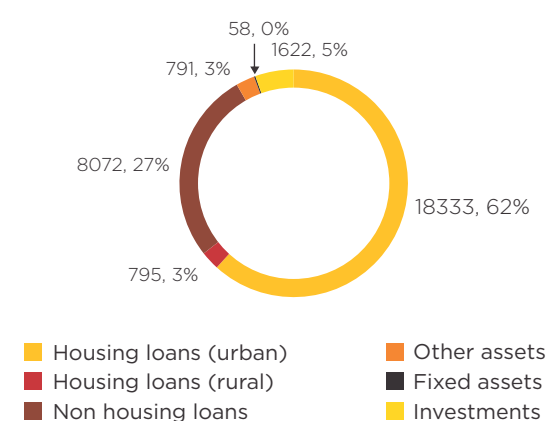
Out of total disbursements, ₹ 10,284 crores loans were disbursed for housing and ₹ 4,172 crores were disbursed for non-housing purposes.

Out of total loan sanctioned during the year, loans of ₹ 795 crores are eligible under Golden Jubilee Rural Housing Scheme of Government of India, in respect to 3,891 units.

During the year under review, an amount of ₹ 4,098 crores was received by way of scheduled re-payment and pre-payment of loan amount.



COMPOSITION OF TOTAL ASSETS ₹ IN CRORES



LOANS OUTSTANDING

Total loans outstanding as at March 31st, 2016 were ₹ 27,177 crores, recording a growth of 62% over last year.

NEW BRANCHES

During the year, the Company has opened nine branch offices; one branch in North at Faridabad; four branches in West at Nasik, Surat, Thane and Vadodara; and four branches in South at Hyderabad, Thrissur, Vijayawada and Vishakhapatnam. The Company has a network of 47 branches.

The Company has 3 Zonal Offices at NOIDA, Mumbai and Bengaluru for Northern, Western and Southern regions respectively, which are co-located with three processing hubs. Each of the zonal offices are supported by regional hubs; 6 in North, 4 in West and 3 in South.

RECOVERIES AND NON-PERFORMING LOANS

The Company has maintained low NPAs and delinquencies.

Gross non-performing assets were ₹ 59.81 crores i.e. 0.22% of outstanding loans and net non-performing assets (after provision as per the NHB Directions) were ₹ 38.13 crores i.e. 0.14% of outstanding loans.



The total delinquency for both retail and non-retail loans as on March 31st, 2016 was 1.58%.

During the year, recovery proceedings under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) was initiated for 521 loan accounts amounting to ₹ 201.80 crores. The Company re-possessed properties in 99 accounts amounting to ₹ 70.47 crores.

PROVISIONS AND WRITE OFF

During the year, the Company has made a provision of ₹ 51.37 crores towards non-performing and standard loans as per the NHB Directions, 2010. The Company has written off bad loans of ₹ 2.55 crores during the year.

As on March 31st, 2016, the Company is carrying total provision of ₹ 130.46 crores on standard loans. The Company is also carrying a provision of ₹ 21.68 crores on non-performing loans. The Company is thus carrying a total provision of ₹ 152.14 crores on loan assets.

4. RIGHTS ISSUE

During the year, the Board of Directors had made final call of ₹ 39/- per share (₹ 3/- balance face value and ₹ 36/- towards balance security premium). The 7,69,23,000 equity shares aggregating to ₹ 1,000 crores issued pursuant to the Rights issue now stands fully paid.

5. RESOURCES

During the year, the Company has raised ₹ 13,066 crores as under;

- Non-Convertible Debentures ₹ 5,015 crores.
- Deposits ₹ 3,726 crores.
- Commercial Paper ₹ 3,425 crores.
- Refinance from the National Housing Bank ₹ 900 crores.

GREEN BONDS

The Company has raised rupee denominated Green Bonds subscribed by International Finance Corporation, Washington. This was the first of its kind by any HFC in India. The Company has raised ₹ 500 crores on March

31st, 2016 with a coupon of 8.01% Series XXVI NCDs for 60 months maturity.

SECURED NON-CONVERTIBLE DEBENTURES (NCDs)

In addition to green bonds as mentioned above, the Company raised ₹ 4,305 crores of secured NCDs through private placements as under;

- 8.59% Series XX of ₹ 700 crores for 60 months maturity, issued on June 17th, 2015.
- 8.56% Series XXI of ₹ 700 crores for 60 months maturity, issued on July 28th, 2015.
- 8.23% Series XXII of ₹ 1,125 crores for 42 months maturity, issued on October 9th, 2015.
- 8.19% Series XXIII of ₹ 500 crores for 60 months maturity, issued on November 9th, 2015.
- 8.36% Series XXIV of ₹ 780 crores for 42 months maturity, issued on January 12th, 2016.
- 8.33% Series XXV of ₹ 500 crores for 65 months maturity, issued on February 3rd, 2016.

The outstanding balance of secured NCDs as on March 31st, 2016 was ₹ 8,770 crores as against, ₹ 3,965 crores in the previous year.

SUBORDINATE DEBT

The Company raised ₹ 210 crores of unsecured subordinated NCDs through private placement as under;

- 8.42% Series IV of ₹ 210 crores for 120 months maturity, issued on January 18th, 2016.

The debt is subordinated to present and future senior indebtedness of the Company. Based upon the balance term of maturity as on March 31st, 2016 an amount of ₹ 610 crores is considered as Tier II capital under the NHB Directions for the purpose of computation of capital adequacy ratio.

The Company has redeemed on maturity, unsecured NCDs Series I of ₹ 100 crores on March 22nd, 2016.

The NCDs and subordinate debts issued by the Company are listed on wholesale debt segment of National Stock Exchange.

DEPOSITS

The total outstanding deposits as at March 31st, 2016 were ₹ 7,115.85 crores (including inter corporate deposits) as against ₹ 4,897.43 crores (including inter corporate deposits) outstanding last year, registering a growth of 45%.

The Company has accepted public deposits as per the NHB Directions, 2010 and as per the provisions of the Companies Act, 2013. The Company has paid/accrued interest on all the outstanding deposits on due dates. There has been no default on repayment of deposits or payment of interest thereon during the year.

UNCLAIMED DEPOSITS AND NCDs

Out of the deposits, which became due for repayment up to March 31st, 2016, deposits of ₹ 45.57 crores, including interest accrued and due relating to 2,952 depositors had not been claimed or renewed.

Depositors have been intimated regarding the maturity of their deposits with request to either renew or claim the deposits and subsequent reminders have been sent.

During the year, the Company has transferred an amount of ₹ 2.97 lacs to Investor Education and Protection Fund (IEPF) established by the Central Government under section 125 of the Companies Act, 2013. In terms of the said section, no claim would lie against the Company after transfer to IEPF.

As at March 31st, 2016 there was no NCDs or interest thereon, remaining unclaimed or unpaid.

6. CREDIT RATING

DEPOSITS

CRISIL has revised credit rating outlook of fixed deposit programme from FAAA/stable to FAAA/Negative.

NCDs

During the year, different series of NCD

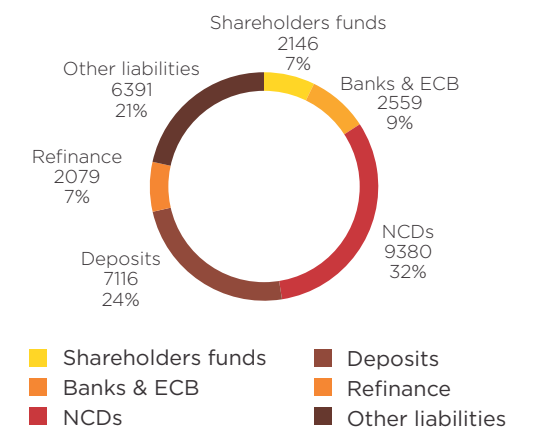
issuances were rated. The outstanding ratings are; CARE AAA, India Rating AAA, ICRA AA+ (outlook negative) and CRISIL AA+ (outlook negative).

COMMERCIAL PAPER

CARE has rated commercial paper programme at CARE A1+.

All the above ratings indicate very high to highest safety for the various instruments issued by the Company to the investors.

COMPOSITION OF LIABILITIES ₹ IN CRORES



7. 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.

The know your customer (KYC) guidelines, fair practise code and anti money laundering (AML) standards as notified by the NHB are available on the 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 the NHB.

8. CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CRAR) as on March 31st, 2016 was 12.70% (comprising Tier I capital of 9.04% and Tier II capital of 3.66%).



The NHB has prescribed minimum CRAR of 12% of total risk weighted assets.

9. INVESTMENT IN SLR

The Company has maintained its Statutory Liquid Ratio (SLR) as stipulated by the NHB. The Company is having total SLR investments of ₹ 895.79 crores as on March 31st, 2016. The Company has classified its SLR investments as per the NHB Directions, 2010.

10. RISK MANAGEMENT FRAMEWORK

The Company has adopted risk management framework for risk assessment associated with its business and risk management. The Board has constituted a Risk Management Committee of four directors. The Company will shortly frame risk management policy under the guidance of Risk Management Committee.

The Company has a Board approved asset liability management (ALM) policy, which lays down mechanisms for assessment of various types of risks and altering the asset-liability portfolio in a dynamic way to manage such risks. There is an on-going monitoring of the maturity profile of assets and liabilities by asset liability management committee (ALCO) - a strategic decision making body constituted by the Board, to mitigate the risks arising from cash flow mismatches, comprising of the Managing Director and other senior functionaries.

11. HUMAN RESOURCES

The human capital of the Company is its core capital. 'People First' is Company's motto. The human capital has enabled the Company to sustain high growth. We aim to become one of the most admired housing finance company, which is customer-focused, performance-driven and future-ready.

The human capital of the Company has been developed through accumulation of knowledge, skills, abilities, experience, intelligence, judgment, and wisdom. Company impart structured training programmes.

The Company has promoted performance driven culture through formal rewards and

recognition schemes and various other employee engagement activities. The Company has employed talent through an efficient recruitment program with individuals having the right skill sets and attitude.

In order to meet business requirement, fresh hiring were made across functions. As on March 31st, 2016, the company had a total of 752 full time employees on its rolls.

Company had five employees as at March 31st, 2016 employed throughout the year who were in receipt of remuneration of ₹ 60 lacs or more per annum. In terms of provisions of section 197 of the Companies Act, 2013 read with Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of such employees are set out in annex to the Directors' Report.

12. AWARDS AND RECOGNITION

During FY2015-16, the Company achieved few prestigious awards as under;

- PNB Housing was felicitated for 'Outstanding Contribution to CSR' at the CREDAI Conclave 2015 by Hon'ble Union Minister Shri Rajiv Pratap Rudy.
- PNB Housing received the 'Best Apprenticeship/On the Job training program' Gold Award at the 7th Annual TISS Leapvault CLO Awards.
- PNB Housing awarded for contribution towards CSR at Dainik Bhaskar's India Pride Awards 2015-16

13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the provisions of section 135 of the Companies Act, 2013 and rules framed thereunder the Company has constituted a CSR Committee of four directors; The Board has approved CSR policy which has been uploaded on Company's website.

The CSR Committee reviews the CSR policy, indicate activities to be undertaken by the Company towards CSR activities, and formulate a monitoring mechanism to ensure implementation of projects and activities undertaken by the Company.

During the year, the Company has spent a sum of ₹ 2.72 crores on various CSR activities. The annual report on CSR activities undertaken during the year forms part of Annexure "A" to the Board's Report.

14. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There is no information to disclose under the head 'Conservation of Energy and Technology Absorption' given in the above rules since the company is engaged in providing housing loans. There were no foreign exchange earnings and the Company incurred foreign exchange expenditure of ₹ 54.33 crores during the year.

15. CORPORATE GOVERNANCE

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

BOARD COMPOSITION

The Board of Directors comprise of ten directors, who are well experienced and professional in their own fields. The Board has five independent directors and one woman director. Only Managing Director is the Executive Director. The independent directors have confirmed that they satisfy the criteria prescribed for an independent director as per provisions of section 149(6) of the Companies Act, 2013. None of the directors have any pecuniary relationships or transactions with the Company. None of the directors are related to each other.

The Board has a formal schedule of matters reserved for its consideration and decision, apart from legally required matters. During the year, the Board had met nine times.

BOARD COMMITTEES

The Board is assisted by various committees; Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Credit

Committee. The Board has constituted two new committees; Stakeholders Relationship Committee and Risk Management Committee on May 12th, 2016.

The Board has also constituted an IPO Committee to take decisions on IPO related matters.

All the committees of the Board are in conformity with the Companies Act, 2013 and also Listing Obligation and Disclosure Requirements, 2015 (LODR).

AUDIT COMMITTEE

The Board has re-constituted the Audit Committee on May 12th, 2016. It comprises three independent directors; Dr Gourav Vallabh, Shri Nilesh S Vikamsey and Shri R Chandrasekaran. The Board has approved the new Charter for the Audit Committee as required under section 177 of the Companies Act, 2013 which is also in conformity with Regulation 18 of SEBI (LODR) Regulation, 2015.

During the year, the Audit Committee met four times.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Board has re-constituted the NRC on May 12th, 2016. It now comprises four directors; Shri Shital Kumar Jain, Shri Nilesh S Vikamsey, independent directors, Dr Ram S Sangapure and Shri Sunil Kaul. The powers role and terms of reference of NRC is as required under section 178 the Companies Act, 2013 which is also in conformity with SEBI (LODR) Regulation, 2015.

During the year, the NRC met six times.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Board has re-constituted the CSR Committee on May 12th, 2016. It now comprises four directors; Shri R Chandrasekaran, independent director, Dr Ram S Sangapure, Shri Sunil Kaul and Shri Sanjaya Gupta. The CSR Committee recommends CSR policy to the board and is responsible for implementation of CSR policy approved by the Board.

During the year, the CSR Committee met three times.



CREDIT COMMITTEE (CCB)

It comprises of three directors; Shri Shital Kumar Jain, Shri Devijit Singh and Shri Sanjaya Gupta. The committee sanctions loan proposals as per authorities delegated by the Board and also evaluates the loan portfolio and recovery performance of the Company.

During the year, the CCB met twenty one times.

STAKEHOLDERS RELATIONSHIP COMMITTEE

It comprises of three directors; Shri Devijit Singh, Dr Ram S Sangapure and Shri Sanjaya Gupta.

RISK MANAGEMENT COMMITTEE

It comprises of four directors; Dr Gourav Vallabh, Shri Shital Jumar Jain, Shri Sunil Kaul and Shri Sanjaya Gupta.

MEETING OF INDEPENDENT DIRECTORS

The independent directors met on May 12th, 2016 without the presence of non-independent directors. The independent directors evaluated the performance of non-independent directors and of the Board during the year and quality of board performance, timeliness of flow of information with the Board.

NEW POLICIES

The Board in compliance with SEBI (LODR), 2015 has framed policies on Vigil Mechanism, Code of Conduct for Senior Management and Executive Directors, Code of Conduct for Independent Directors and Materiality Policy of the Company.

16. BOARD OF DIRECTORS

Smt. Usha Ananthasubramanian, who is MD & CEO of Punjab National Bank took over as Chairperson of the Board on August 26th, 2015.

- Shri Gauri Shankar, resigned from the Board on August 26th, 2015.
- Smt. Kalpana Gupta, resigned from the Board on October 7th, 2015.
- Shri Pavan Kumar Gupta, an independent director resigned from the Board on May 16th, 2016. He was member of Audit Committee and Nomination and Remuneration Committee of the Board.

Your directors wish to place on record contributions made by these directors on the Board and its various Committees.

NEW DIRECTORS

- Shri R Chandarsekaran, who is executive vice chairman of Cognizant India was appointed as an independent director on the Board by the shareholders on October 7th, 2015.
- Shri Nilesh S Vikamsey, chartered accountant, who is senior partner with Khimji Kunverji & Co was appointed as an independent director on the Board by the shareholders on April 22nd, 2016.
- Dr Gourav Vallabh, who is professor of management was appointed as an independent director on the Board by the shareholders on April 22nd, 2016.

Your directors welcome appointment of four new directors on the board and the Company will benefit a lot through their rich and wide experience in diverse fields.

RE-APPOINTMENT OF DIRECTORS

Necessary resolutions for appointment/re appointment of directors have been included in the notice convening the ensuing Annual General Meeting and details of appointment/re-appointment of directors have been mentioned in the explanatory statement of the notice.

Your directors recommend their re-appointment in the forthcoming Annual General Meeting of the Company.

All the directors have confirmed that they are not disqualified from being appointed/re-appointed as directors in terms of Section 164 of Companies Act, 2013.

17. DISCLOSURE ON MANAGERIAL REMUNERATION

Details of Managerial remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as per Annexure B to this report.

18. STATUTORY AUDITORS

During the year, the Comptroller and Auditor

General of India has appointed Messrs B R Maheshwari & Co having registration no. 001035N as statutory auditors for the financial year ended March 31st, 2016. The report of statutory auditors on annual accounts is enclosed along with Directors' Report.

19. RE-VIEW OF ACCOUNTS BY C & AG

The annual accounts for the year ended March 31st, 2016 were reviewed by Comptroller and Auditor General of India (C & A G). The C & A G after review has not made any comment on accounts for the year 2015-16.

20. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of section 134 (3) (c) of the Companies Act, 2013 the Board of Directors Report that;

- In preparation of annual accounts, the applicable accounting standards has been followed.
- Company has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on March 31st, 2016 and the profit and loss account for the year ended March 31st, 2016.
- Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the Company has prepared the accounts on a going concern basis.
- Company has laid down internal controls which are adequate and are operating effectively.
- Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

21. EXTRACTS OF ANNUAL RETURN (FORM NO. MGT 9)

The details forming part of the extracts of the

Annual Return in Form MGT-9 is given in Annexure "B" to this Report.

22. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of section 204 of the Companies Act, 2013 the Company has appointed M/s Preeti Pahwa & Associates a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as Annexure "C".

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE

Since the Company is a housing finance company, the disclosure regarding particulars of loans given, guarantees given and security provided is exempt under the provisions of section 186(11) of the Companies Act, 2013.

The details of investments made by the Company are provided under note 12 and note 15 forming part of Annual Accounts of the Company for the year ended March 31st, 2016.

24. PARTICULARS OF CONTRACT OR ARRANGEMENTS ENTERED INTO WITH RELATED PARTIES

During the year, the Company paid a commission of ₹ 1.30 crore to Destimoney Enterprises Limited for the business sourced. The Company has renewed lease of its registered office with Punjab National Bank.

25. MATERIAL CHANGES, DETAILS OF SUBSIDIARIES AND LITIGATIONS

There has been no material changes and commitment, affecting the financial position of the Company which has occurred between the close of the financial year to which the financial statement relates and the date of the Report.

There has been no change in the nature of business of the Company. No material or significant order has been passed by the Regulator or Courts or Tribunals impacting the going concern status of the Company.

The Company does not have any subsidiary.

26. EMPLOYEES STOCK OPTION SCHEME (ESOS)

The Board of Directors in its meeting held on



March 19th, 2016 has approved 38,07,690 options constituting 3.00% of the share capital to the existing employees and 3,80,769 options constituting 0.30% of the share capital for new joiners and promotions. The ESOS Scheme was subsequently approved by the shareholders in the Extra General Meeting held on April 22nd, 2016.

27. MODIFICATION IN MEMORANDUM OF ASSOCIATION

The shareholders in the extra ordinary general meeting held on April 22nd, 2016 have approved increase in the Authorized Share Capital of the Company to ₹ 500. The necessary formalities in this regard have been completed.

The shareholders have also approved addition to clause 41 in "Objects incidental to attainment of main objects".

28. MODIFICATION IN ARTICLES OF ASSOCIATION

The shareholders in the extra ordinary general meeting held on April 22nd, 2016 have approved modification in Articles of Association of the Company to align the new Articles with the provisions of new Companies Act, 2013 and SEBI (LODR), 2015.

The shareholders have also approved new Articles of Association of the Company, which

will replace the existing Articles after listing of equity shares. The necessary formalities in this regard have been completed.

29. ACKNOWLEDGEMENTS

The Board of Directors thank the valued customers, shareholders, business partners and well-wishers for their wholehearted support.

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

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.

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

Usha Ananthasubramanian
Chairperson

Dated: August 3rd, 2016
Place: New Delhi

ANNEXURE A TO DIRECTORS' REPORT - ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A BRIEF OUTLINE OF COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS.

COMPANY'S CSR POLICY

The Company has an obligation to the society and is committed towards social responsibilities in a meaningful manner. PNB Housing shall be responsive, imaginative and sensitive to the social needs in the same manner in which it treats its customers, business associates, shareholders and employees.

OBJECTIVE

The CSR policy of the Company will ensure an effective and sustained CSR programme which will manifest in the form of a progressive, socially responsible and enlightened attitude. CSR activities will be environment friendly and conducive to growth.

GUIDING PRINCIPLES

CSR policy of the Company will create social and environmental value and enhancing relationships with key stakeholders and customers. The guiding principles for undertaking CSR framework by the Company are as under:

- (a) **Sustainability:** CSR projects will be closely linked with the principles of sustainable development.
- (b) **Accountability:** CSR initiatives of the Company will be guided by section 135 of the Companies Act, 2013, rules made thereunder and National CSR Guidelines issued by the Government of India from time to time.
- (c) **Transparency:** Company will undertake ethical business practices building on existing systems for maintaining transparency and accountability.

FOCUS AREAS FOR CSR INITIATIVES

The broad frame work for CSR initiatives recommended to be undertaken by the Company would be as per section 135 and schedule VII of Companies Act, 2013.

- 1) **Hunger, Malnutrition and Health:** Contribute towards eradicating extreme hunger, malnutrition, promoting healthcare and sanitation, and make available safe drinking water and general hygiene for the target segment. Establishing day care centres for underprivileged and differentially abled children.
- 2) **Education:** Promoting education for economically weaker section, migratory construction site workers and their children, women, differently abled and livelihood enhancement projects; monetary and material contributions to academic institutions promoting education for the underprivileged, with an aim of assisting students in their studies.
- 3) **Gender Equality, Empowerment of Women and care for Senior Citizens:** Promoting gender equality and empowering women; setting up homes and day care centres for women and orphans; assist/co-partner in setting up of old age homes for senior citizens.
- 4) **Environmental Sustainability:** Ensuring and encouraging environmental sustainability projects; encourage usage of environmental friendly alternate sources of energy and power. Protection of flora and fauna and animal welfare.
- 5) **National Heritage, Art and Culture:** Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and work of art. Participate and contribute towards activities promoting and developing traditional art and handicrafts.
- 6) **Others:** In case of any natural calamity/disaster contribute towards Prime minister relief fund or any specific fund maintained by Central/state Government of India; measures for welfare and benefit of armed forces veterans, war widows and their dependents.

For further details please refer to the link shared below-

<http://pnbhousing.com/pdf/CSR-policy-final.pdf>



During FY2015-16, Company has undertaken various activities in the sectors of;

I. Day Care Centres

Company has partnered with Mobile Creches to offer day care services to the children of construction workers on various construction sites and provide them with education, hygiene and nutrition. The intervention not only ensures a holistic development of the children but also enables the workers, especially the women workers to focus on their work and enhance their productivity. It also helps in reducing chances of accidents occurring at the sites. Company has participated in seven day care centres running in Delhi-NCR and one day care centre in Chandigarh. Company is also supporting three centres in semi urban slums of Delhi- Dakshinpuri, Madanpur Khadar and Kalyanpuri. The model is aimed to enthuse the concept of education in children and the community at large. It ensures that the children and parents understand the importance of formal education.

Company plans to expand this project in new geographies and establish more day care centres in cities like Ahmedabad, Bangalore, Mumbai and Pune in FY2016-17.

II. Kushal – Skilling Programme

Company has partnered with The Confederation of Real Estate Developers Association of India (CREDAI) and various reputed training institutes to conduct on the job skill training programme for construction workers. This training program aims to upskill the existing construction work force to meet global skill benchmark, which in return will increase quality and productivity of work.

The programme aims to upgrade skills in masonry, bar bending and shuttering to not only enhance workers’ professional capabilities, but also to improve their quality of life. Financial inclusion is also an important component of the programme. Bank accounts were opened for each beneficiary under the Pradhan Mantri Jan Dhan Yojna and Adhar Card were issued. Assessments are carried out by a neutral third party assessor in the panel of

Construction Skill Development Council of India (CSDCI) Directorate General of Employment and Training of India. Company has so far supported training and assessment of 500 construction workers and aims to train 2,000 more construction worker in FY2016-17.

III. Education

Company has adopted two school with Vidya- Rainbow Montessori School (Bal Vihar) in Panchsheel Park and Primary School of South Delhi Municipal Corporation, Adchini.

Bal Vihar imparts primary education to the children from underprivileged strata of the society. Bal Vihar is a well-structured school catering to children with age group of 3 to 12 years. There are 300 students, 21 staff members and 9 helpers. The school runs in two shifts for nursery to class 5. Company has partnered with Fortis Charitable Foundation and SRL Diagnostics to organize a four month long health care screening programme at Vidya Bal Vihar.

The second school is in collaboration with South Delhi Municipal Corporation and Vidya, in a Public Private Partnership to enhance the existing education system in a primary government school located in South Delhi.

IV. Improved access to Mental Health Services

It aims to provide access to mental health care system by renovating the rehabilitation and crisis intervention centre run by Sanjivini- Mental Health Care Society.

V. Response to Natural Disasters

Natural calamities are a bane and as an organization we can feel the pain of our fellow citizens. This indeed has pushed us to help in restoring the lives of the affected. Company had extended help to the victims of Nepal Earthquake with the help of NGO Save the Children. Company also extended help in another major calamity caused due to torrential rains in Chennai which had deprived many citizens from their homes.

VI. Decentralized Waste Management

The company has partnered with Residential Welfare Associations (in Delhi and Gurgaon) and Development

Alternatives (a not for profit organization) that has been working to reduce the amount of waste ending up in landfills by promoting decentralised waste management in urban centres. As part of this initiative, systems are set-up to reduce the amount of waste ending up in landfills and also educates and encourage residents towards segregation and management of organic waste.

VII. Direct contributions to the “PM National Relief Fund”.

Social Impact Created

Company’s participation under CSR activities are sustainable long term programmes, holistic in nature and aims to improve socio- economic condition of the community at large. The interventions have not only impacted the development of the direct beneficiaries, but has also enhanced the quality of lives of those who are present in the impact area. Through our CSR interventions, Company has touched the lives of 2,500 people. Company’s efforts were recognized by CREDAI for its CSR initiatives in December 2015 and by Danik Bhaskar CSR Excellence Award in April 2016.

2. THE COMPOSITION OF THE CSR COMMITTEE

The CSR Committee is comprised of Shri R Chandrasekaran, Dr Ram S Sangapure, Shri Sunil Kaul, and Shri Sanjaya Gupta.

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS:

₹ 199.18 crores.

4. PRESCRIBED CSR EXPENDITURE:

The Company was required to spend ₹ 3.99 crores for FY2015-16 and carry forward of ₹ 2.42 crores from FY2014-15 (total ₹ 6.41 crores).

5. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR:

- a. Total CSR Expense Incurred During FY2015-16:** ₹ 2.72 crores (Total Budget allocated for the projects was ₹ 4.12 crores which has already been committed to the implementation partner and the grants will be released in tranches).
- b. Amount unspent, if any:** ₹ 3.69 crores
- c. Manner in which the amount spent during the financial year is detailed below-**

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) or program wise (₹ Lacs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (2)overhead (₹ Lacs)	Cumulative expenditure up to the reporting period (₹ Lacs)	Amount spent: direct or through implementing agency
(1)	Promoting education	Education	Supporting VIDYA -Bal Vihar school with their school running cost	58.67	Direct Expenditure - 50.63 Overhead- 8.04	58.67	Through implementing agency- “ VIDYA Integrated Development for Youth and Adults”
(2)	Promoting education	Education	Supporting running cost of Primary Government School through Public Private Partnership	19.86	Direct Expenditure - 18.39 Overhead- 1.47	19.86	Through implementing agency- “ VIDYA Integrated Development for Youth and Adults



Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) or program wise (₹ Lacs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (2)overhead (₹ Lacs)	Cumulative expenditure up to the reporting period (₹ Lacs)	Amount spent: direct or through implementing agency
(3)	Promoting Preventive Health Care	Health	Health camps for the students of VIDYA Bal Vihar	3.55	Direct Expenditure - 3.55	3.55	Through implementing agency- "Fortis Charitable Foundation"
(4)	Promoting education	Education	Supporting construction of hostel for Tribal Girls in Pune	1.51	Direct Expenditure- 1.51	1.51	Through implementing agency- "VanavasiKalyan Ashram, Maharashtra"
(5)	Eradicating Poverty	Ensuring Housing for all	Capacity building workshop for multiple stakeholders to ensure housing for all	7.50	Direct Expenditure- 7.50	7.50	Through implementing agency- "Habitat For Humanity"
(6)	Eradicating Poverty	Ensuring Housing for all	Capacity building workshop for multiple stakeholders to ensure housing for all	4.58	Direct Expenditure- 4.58	4.58	Through implementing agency- "Indian Chamber of Commerce"
(7)	Ensuring access to better mental health care services	Health Care	Supporting renovation of rehabilitation centre to ensure better services and access	9.42	Direct Expenditure- 9.42	9.42	Direct
(8)	Promoting Education and Eradicating Malnutrition	Education and Health Care	Establishing eight day care centres at construction sites in Noida, Ghaziabad and Chandigarh	65.74	Direct Expenditure- 59.98 Overheard- 5.76	63.10	Implementing agency- "Mobile Creches"
(9)	Promoting Education and Eradicating Malnutrition	Education and Health Care	Establishing three day care centres in Delhi Urban Slums	18.94	Direct Expenditure- 17.22 Overheard- 1.72	18.94	Implementing agency- "Mobile Creches"
(10)	Natural Calamity	Disaster Management	Providing improved housing facilities for the victims	4.17	Direct Expenditure- 4.17	4.17	Implementing agency- Save the Children

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) or program wise (₹ Lacs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (2)overhead (₹ Lacs)	Cumulative expenditure up to the reporting period (₹ Lacs)	Amount spent: direct or through implementing agency
(11)	Natural Calamity	Disaster Management	Providing water and food packets for Chennai flood victims	0.51	Direct Expenditure- 51.49	0.51	Direct
(12)	Geriatric Care	Health	Supporting an activity based event for underprivileged elderly people	0.15	Direct Expenditure- 0.15	0.15	Implementing agency- "AJ Foundation"
(13)	Promoting Education	Promoting Skill Development	Kushal- an onsite training program for the upskilling of 1670 construction workers	165.32	Direct Expenditure- 150.28 Overhead- 15.04	45.24	Implementing agency- "CREDAI and Rustomjee Skill Cluster"
(14)	Environment Conservation	Ensuring Environmental Sustainability	To initiate 'Decentralized Solid Waste Management' mechanism with multiple Residential Welfare Associations	31.49	Direct Expenditure- 30.55 Overhead- 0.94	15.00	Implementing agency- "Development Alternatives"
(15)	Prime Minister Relief Fund		Supporting PM Relief Fund	20.00	Direct Expenditure- 20.00	20.00	Direct
(16)	Promoting Heritage, Art and Culture	Art and Culture	To use puppetry as a tool for behavioural change communication	0.21	Direct Expenditure- 0.21	0.21	Implementing agency- "SRCC Delhi"
Total				411.62		272.41	



4. REASONS FOR NOT SPENDING THE FULL AMOUNT.

The Financial year 2015-16 was the first full year for CSR related activities of the Company and the Company has made substantial progress in CSR related projects. The Company has articulated Construction workers and their immediate family members as key beneficiaries under its CSR scheme. However, there are handful of organizations working for the welfare of the construction workers. So the Company is in the process of strategizing with the partner organizations to roll out sustainable and scalable projects for the welfare of construction workers.

The Company is committed for further increase in spending on CSR related activities. The Company has set aside the unspent amount in FY2016-17. In the current financial year, there has already been good progress in CSR activities.

We state the implementation and monitoring of the CSR Policy is in accordance with CSR objectives and policy of the Company.

Managing Director

Chairman of CSR Committee

5. IMPLEMENTING AGENCY:

Mobile Creches for Working Mothers' Children (MC):

Over four decades ago Mobile Crèches (MC) came into being with the first crèche, at a construction site, for the children of migrant construction workers. Since 1969 MC has been providing health and childcare services to children at construction sites and urban slums in Delhi (NCR). MC has focused its energies into working closely with the urban slum communities in Delhi NCR.

PM National Relief Fund:

In pursuance of an appeal by the then Prime Minister, Pt. Jawaharlal Nehru in January, 1948, the Prime Minister's National Relief Fund (PMNRF) was established with public

contributions to assist displaced persons from Pakistan. The resources of the PMNRF are now utilized primarily to render immediate relief to families of those killed in natural calamities like floods, cyclones, earthquakes, etc. and to the victims of the major accidents and riots.

Vidya-Integrated Development of Youths and Adults:

VIDYA is a registered not-for-profit organization, started in 1985, at IIT Delhi campus, for education and empowerment of underprivileged children, youth and women through micro-level intervention. VIDYA has made a difference in the lives of more than 2,75,000 families over 30 years, by providing nationally recognized, grass-root level programmes that include schools, remedial education, computer training, adult literacy, skills training, micro finance and social entrepreneurship, in some of the poorest neighbourhoods of Delhi, Haryana, Mumbai and Bangalore.

Development Alternatives:

Development Alternatives (DA) is a non-profit research, development and consultancy organisation established in 1982 under the Societies Registration Act. DA believes that the key to achieve sustainable development lies in the creation of large numbers of sustainable livelihoods that provide a decent income and give meaning and dignity to life, produce goods and services for the local market, do not destroy the environment and bring the marginalized into the mainstream.

CREDAI:

Confederation of Real Estate Developers Association Of India ("CREDAI"), a company registered under the provisions of Section 25 of the Companies Act of 1956 (as amended from time to time). Established in 1999, CREDAI brings together more than 11,500 Real Estate Developers from 154 city chapters across 23 states of India. As the apex body for private sector developers, CREDAI has consistently worked to make the industry more organized and progressive.

ANNEXURE B

FORM MGT 9

Extracts of Annual return As on March 31st, 2016

(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies Management and Administration Rules, 2014)

1. REGISTRATION AND OTHER DETAILS

CIN	U65922DL1988PLC033856
Registration Date	November 11th, 1988
Name of the Company	PNB Housing Finance Limited
Category/Sub Category of the Company	Housing Finance
Address of the registered office and contact details	9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi - 110001, Tel: 011-23357172, Fax: 011-23357173
Whether Listed Company	No (Only NCDs are listed on NSE)
Name and Contact details of Registrar and Transfer Agent	Not applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and description of main	NIC code of the product/service products/services	% of the total turnover of the Company
1	Housing and non-housing loans	65,923	100%

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Punjab National Bank 7, Bhikhajji Cama Place New Delhi-110607	Bank	Holding Company	51%	2(46)



4. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

Category of shareholder	No. of shares held at the beginning of the year (De-mat.)		No. of shares held at the end of the year (D. mat.)		% change during the year
	Number	% age of shares	Number	% age of shares	
A. Promoters					
1) Indian					
k) Banks	6,47,30,700	51%	6,47,30,700	51%	Nil
j) Bodies Corp.					Nil
Total	6,47,30,700	51%	6,47,30,700	51%	Nil
2) Foreign	Nil	Nil	Nil	Nil	Nil
Total shareholding of promoters	6,47,30,700	51%	6,47,30,700	51%	Nil
B. Public shareholding	Nil	Nil	Nil	Nil	Nil
C. Shares held by custodian for GDRs and ADRs	Nil	Nil	Nil	Nil	Nil
D. Bodies Corporate	6,21,92,300	49%	6,21,92,300	49%	Nil
E. Grand Total	12,69,23,000	100%	12,69,23,000	100%	

II. SHAREHOLDING OF PROMOTERS

Category of shareholder	No. of shares held at the beginning of the year (De-mat.)			No. of shares held at the end of the year (D. mat.)			% change during the year
	No. of shares	% of total shares of the Co.	% of total shares encumbered/pledged	No. of shares	% of total shares of the Co.	% of total shares encumbered/pledged during the year	
Shareholder Name							% change in holding
1. Punjab National Bank	6,47,30,700	51%	Nil	6,47,30,700	51%	Nil	Nil

III. CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.		shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of the total shares of the Company	No. of shares	% of the total shares of the Company
1	At the beginning of the year	6,47,30,700	51%	6,47,30,700	51%
2	At the end of the year	6,47,30,700	51%	6,47,30,700	51%

IV. SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS

Category of shareholder	No. of shares held at the beginning of the year (De-mat.)			No. of shares held at the end of the year (D. mat.)			% change during the year
	No. of shares	% of total shares of the Co.	% of total shares encumbered/pledged	No. of shares	% of total shares of the Co.	% of total shares encumbered/pledged during the year	
Shareholder Name							% change in holding
1. Punjab National Bank	6,47,30,700	51%	Nil	6,47,30,700	51%	Nil	Nil
2. Destimoney Enterprises Limited (DEL)	6,21,92,300	49%	Nil	6,21,92,300	49%	Nil	Nil

V. SHAREHOLDING OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Mrs Usha Ananthasubramanian holds 10 equity shares as nominee of Punjab National Bank.

5. INDEBTEDNESS

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

	Secured loans excluding deposits	Unsecured loans	Deposits (including inter corporate deposits)	Total indebtedness
At the beginning of the financial year				
1. Principal amount	9,754.15	2,100.00	4,626.61	16,480.76
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	14.45	-	270.81	285.26
Total	9,768.59	2,100.00	4,897.43	16,766.02
Change in indebtedness during the financial year	3,648.31	3,540.31	2,218.42	9,407.07
At the end of the financial year				
1. Principal amount	13,402.71	5,640.31	6,970.65	26,013.67
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	14.22	-	145.20	159.42
Total	13,416.93	5,640.31	7,115.85	26,173.09



6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR

Sr. No.	Particulars of remuneration	Name of the Managing Director	Total amount (₹)
1	Gross Salary a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961	Shri Sanjaya Gupta	92,50,919/-
	b) Value of perquisites under section 17(2) of the Income tax Act, 1961	-	-
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission as % of profit	Nil	Nil
5	Performance Bonus	-	44,15,700/-
	Total A		1,36,66,619/-
	Ceiling as per Act		25,15,43,000/-

B. REMUNERATION TO OTHER DIRECTORS

Particulars of remuneration	Name of Directors				Total amount
	Sh. R Chandra-sekaran	Sh. Tejinder Singh Laschar	Sh. P K Gupta	Sh. S K Jain	
Independent Directors					
Fee for attending Board/Committee Meetings	2,00,000/-	6,35,000/-	5,45,000/-	11,60,000/-	25,40,000/-
Commission	0	0	0	0	0
Others	0	0	0	0	0
Other Non-executive directors directors	Paid to PNB for its nominee				
Fee for attending Board/Committee Meetings	12,70,000/-	-	-	-	12,70,000/-
Commission	0	0	0	0	0
Others	0	0	0	0	0
Total B					38,10,000/-
Total Managerial Remuneration	-	-	-	-	1,74,76,619/-
Overall Ceiling as per Act	-	-	-	-	55,33,96,000/-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD

Sr. No.	Particulars of remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961	36,53,069/-	48,75,450/-	85,28,519/-
	b) Value of perquisites under section 17(2) of the Income tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission as % of profit	Nil	Nil	Nil
5	Performance Bonus	10,28,530/-	10,00,000/-	20,28,530/-
	Total	46,81,599/-	58,75,450/-	1,05,57,049/-

7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief description	Details of penalty /punishment /compounding fee	Authority (RD/NCLT/ Court)	Appeal made, if any
A.	Company		Nil		
B.	Directors		Nil		
C.	Other Officers in default		Nil		

NO. OF MEETINGS OF BOARD AND COMMITTEES HELD DURING THE YEAR - 44

Board of Directors	9
Audit Committee	4
Credit Committee	21
Nomination and Remuneration Committee	6
CSR Committee	3
Business Process Committee	1

DECLARATION BY THE INDEPENDENT DIRECTORS

Company has received declaration under section 149 (3) of the Companies Act, 2013 from the three independent directors, which was placed before the Board on May 12th, 2016 i.e. the first meeting of the Board held for FY2016-17.



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

We have been appointed as Secretarial Auditor of the Company for conducting Secretarial Audit as per the provision of Companies Act 2013 for financial year 2015-16. We would like to inform that our report dated July 25th, 2016 in this regard is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Preeti Pahwa & Associates**

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

Secretarial Audit Report For The Financial Year Ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PNB Housing Finance Limited ("the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts or statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year commencing from 1st April, 2015 till 31st March, 2016, complied with the statutory provisions listed hereunder, wherever and to the extent applicable, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the above said financial year ended on 31st March, 2016, according to the provisions of:

Corporate Laws

- (i) The Companies Act, 2013 (the Act) and the rules made there under
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made hereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not Applicable)
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Not Applicable)
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable)
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable)
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 (Not Applicable)
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable); and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable)



We have also examined the applicable compliances with the applicable clauses of the following:

- The Listing Agreement entered into by the Company with the National Stock Exchange ("Stock Exchange") with respect to Non Convertible Debentures listed on the Stock Exchange.
- The Secretarial Standards I and II, as issued by the Institute of Company Secretaries of India.
- The Reserve Bank of India Master Circular – Guidelines for Issue of Commercial Paper.
- The Memorandum and Articles of Association of the Company.

During the period under review the Company has complied with all the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that we have also examined the requisite compliances of the following laws as specifically applicable on the Company:

- The National Housing Bank Act, 1987
- The Housing Finance Companies (NHB) Directions, 2010.
- The National Housing Bank Policy Circulars, including miscellaneous circulars.
- The NHB Notifications & Guidelines.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review, were carried out in compliance with the provisions of the Act.

We further report that adequate notices were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance and the system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that the resolutions were passed at all the meetings by the requisite majority and there were no instances of the dissent which were required to be captured and recorded as part of the minutes.

We further report that the systems and processes in the Company are commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines except to the extent mentioned above.

Other Key Corporate Actions

We further report that the following key corporate actions were held during the period under review:

- Issuance of Secured or Unsecured Non Convertible Debentures on private placement basis worth ₹ 5,015/- crores in 8 branches.
- Final call on 7,69,23,000 equity shares for ₹ 3/- was made along with proportionate premium of ₹ 36/- per share.
- Mrs. Usha Ananthasubramanian was appointed as the Chairman on the Board.
- The Board during the year approved to raise capital through further issue of capital upto ₹ 3,000/- crores.

For **Preeti Pahwa & Associates**

Preeti Pahwa

Practicing Company Secretary
Certificate of Practice No. 8263
Membership No. F-5846

Place:
Date:



संख्या/No.: MAB-II/CAD-II/98-3/2016-17/135
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: 28/6/2016

सेवा में,

अध्यक्ष

पी.एन.बी. हाउसिंग फाइनेन्स लि.

९ वीं मंजिल, अंतरिक्ष भवन,

२२, कस्तूरबा गाँधी मार्ग,

नई दिल्ली - ११०००२

विषय: कंपनी अधिनियम २०१३ की धारा १४३ (६)(b) के अधीन ३१ मार्च २०१६ को समाप्त वर्ष के लिए पी.एन.बी. हाउसिंग फाइनेन्स लि., के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं कम्पनी अधिनियम २०१३ की धारा १४३ (६)(b) के अधीन ३१ मार्च २०१६ को समाप्त हुए वर्ष के लिए पी.एन.बी. हाउसिंग फाइनेन्स लि., 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।

भवदीया

(सुपर्णा देब)

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

संलग्नक: यथोपरि

4th & 5th Floor, Annexe Building, CAG Office, 10, Bahadur Shah Zafar Marg, New Delhi - 110002.
Tel: 011-23239438 Fax: 011-23239433 E-mail: mabnewdelhi2@cag.gov.in



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF PNB HOUSING FINANCE LIMITED FOR THE
YEAR ENDED 31 MARCH 2016**

The preparation of financial statement of PNB Housing Finance Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 12 May, 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143 (6) (a) of the financial statements of PNB Housing Finance Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report

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



(Suparna Deb)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi

Place: New Delhi

Date : 28.06.2016

Independent Auditors' Report

TO THE MEMBERS OF PNB HOUSING FINANCE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of PNB Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the 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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

EMPHASIS OF MATTER

We refer to Note 3.2 to the financial statements, which describes the accounting treatment used by the Company in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax



Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure 'I' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'II'.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 (i) to the financial statements;
 - ii. The Company did not have any long term contracts including any derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by the Directions and Sub-Directions under section 143(5) of the Companies Act, 2013, refer Annexure 'III' on the matters specified.

For **B. R. Maheswari & Co.**
Chartered Accountants
Firm's Registration No. 001035N

Akshay Maheshwari
Partner
Membership No: 504704

Place: New Delhi
Date: 12th May, 2016

ANNEXURE 'I' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

- 1) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As informed, fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) Based upon the audit procedure performed and according to the records of the Company, the title deeds of all the immovable properties are held in the name of the Company.
- 2) The provisions of paragraph (ii) of the Order are not applicable to the Company, as the Company is engaged in the financial services sector.
- 3) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act for the financial year 2015-16, and accordingly clauses (a), (b) and (c) of para (iii) of the Order are not applicable.
- 4) As informed, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security.
- 5) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, provisions of section 73 to 76 and other relevant provisions of the Act, the Companies (Acceptance of Deposit) Rules, 2014 to the extent applicable, and The Housing Finance Companies (NHB) Directions, 2010, with regard to acceptance of deposits from the public. No order has been passed by the Company Law Board or the National Company Law Tribunal or Reserve Bank of India or by any other court or tribunal with regard to such deposits.
- 6) Since the Company is engaged in the financial services sector, provisions of sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the Company.
- 7) (a) According to the information and explanations given to us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2016 for a period of more than six months from the date they become payable.
 - (b) According to the information and explanations given to us, the details of disputed amount of Income Tax, Value Added Tax, Sales Tax, Excise Duty, Custom Duty, Service Tax and Cess not deposited by the Company are as follows :



Name of the statute	Nature of the dues	Amount under dispute not yet deposited (₹ in Lacs)	Period to which the amount relates (Assessment Year)	Forum where dispute is pending
Income tax Act, 1961	Income tax	42.63	2013-14	CIT (Appeals)
Income tax Act, 1961	Income tax	415.16	2012-13	CIT (Appeals)
Income tax Act, 1961	Income tax	32.02	2011-12	CIT (Appeals)
Income tax Act, 1961	Income tax	11.10	2009-10	ITAT
Income tax Act, 1961	Income tax	2.29	2008-09	ITAT
Total		503.22		

- 8) Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans and borrowings to the financial institutions, banks or debenture holders. The Company did not have any outstanding loans and borrowings from government during the year.
- 9) The Company has not raised any money by way of public offer during the year. In our opinion, the term loans have been applied for the purpose for which they were obtained.
- 10) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context and size of the Company and the nature of its business and which have been provided for.
- 11) In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 12) The Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of the Act wherever applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- 14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, therefore reporting under clause 3(xiv) of the Order are not applicable.
- 15) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not entered into any non-cash transaction with directors or persons connected with him.
- 16) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B. R. Maheswari & Co**
Chartered Accountants
Firm's Registration No: 001035N

Akshay Maheshwari
Partner
Membership No: 504704

Place: New Delhi
Date: 12th May, 2016

ANNEXURE 'II' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date)

Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PNB Housing Finance Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with



authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. R. Maheswari & Co**
Chartered Accountants
Firm's Registration No: 001035N

Akshay Maheshwari
Partner
Membership No: 504704

Place: New Delhi
Date: 12th May, 2016

ANNEXURE 'III' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 3 under the heading "Report on other legal and regulatory requirements" of our report of even date)

Directions and Sub-Directions under sub section (5) of section 143 of Companies Act, 2013 for the year 2015-16 for PNB Housing Finance Limited ("the Company")

A.	Directions	
1.	Whether the Company has clear title/ lease deeds for freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which the title/ lease deeds are not available.	The Company does not own any land.
2.	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons thereof and the amount involved.	The Company has written off ₹ 255.15 lacs as bad debts during the year due to non-recoverability.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant (s) from the Govt. or other authorities.	The Company, being in Housing Finance business, does not hold any inventory. The Company has not received any asset from government as gift/grant (s) during the year.
B.	Sub-Directions	
1.	Independent verification may be made of information /inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the actuary regarding discount rate, future cost increase, mortality rate, etc for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post retirement medical benefits etc.	Retirement benefits provided by the Company include Gratuity and Leave Encashment. Provision for Gratuity liability is made on the basis of an actuarial valuation done by the Life insurance Corporation of India (LIC), who manages the Company Gratuity fund. Liability for Leave Encashment is recognised on the basis of an actuarial valuation conducted by an independent actuary. We have independently verified the information furnished to LIC and the independent Actuary for calculation of liability on account of retirement benefits.

For **B. R. Maheswari & Co**
Chartered Accountants
Firm's Registration No: 001035N

Akshay Maheshwari
Partner
Membership No: 504704

Place: New Delhi
Date: 12th May, 2016



Balance Sheet as at March 31st, 2016

(₹ in Lacs)

	Notes	As at March 31st, 2016	As at March 31st, 2015
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	12,692.30	10,384.61
Reserves and Surplus	3	2,01,897.73	1,47,742.52
		2,14,590.03	1,58,127.13
Non-Current Liabilities			
Long-Term Borrowings	4	16,64,621.52	11,10,513.89
Deferred Tax Liabilities (Net)	5	3,046.97	795.32
Other Long-Term Liabilities	6	10,079.02	25,876.46
Long-Term Provisions	7	16,093.23	8,157.57
		16,93,840.74	11,45,343.24
Current Liabilities			
Short-Term Borrowings	8	7,44,840.96	3,44,726.54
Trade Payables	9	7,524.18	5,774.58
Other Current Liabilities	10	2,99,186.95	2,44,097.35
Short-Term Provisions	7	7,111.82	5,257.36
		10,58,663.91	5,99,855.83
TOTAL		29,67,094.68	19,03,326.20
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	4,815.13	3,829.93
Intangible Assets	11	996.16	127.55
Capital Work-in-Progress		405.23	1,810.32
Non-Current Investments	12	81,396.21	21,912.49
Long-Term Loans And Advances	13	25,62,356.12	14,38,217.24
Other Non-Current Assets	14	18,800.78	12,319.11
		26,68,769.63	14,78,216.64
Current Assets			
Current Investments	15	80,831.24	1,36,685.03
Cash and Bank Balances	16	24,853.59	29,314.20
Short-Term Loans and Advances	17	1,800.57	2,019.73
Other Current Assets	18	1,90,839.65	2,57,090.60
		2,98,325.05	4,25,109.56
TOTAL		29,67,094.68	19,03,326.20

Significant Accounting Policies 1
The accompanying notes are an integral part of the financial statements.

In terms of our report of even date
For B. R. Maheswari & Co.
Chartered Accountants

For and on behalf of the Board

Akshay Maheswari
Partner
M No : 504704
FR No : 001035N

Sanjaya Gupta
Managing Director

Sunil Kaul
Director

Usha Ananthasubramanian
Chairperson

Place: New Delhi
Date: May 12, 2016

Jayesh Jain
Chief Financial Officer

Sanjay Jain
Company Secretary

Statement of Profit and Loss for the year ended March 31st, 2016

(₹ in Lacs)

	Notes	Year Ended March 31st, 2016	Year Ended March 31st, 2015
INCOME			
Revenue from Operations	19	2,69,659.36	1,77,672.61
TOTAL REVENUE		2,69,659.36	1,77,672.61
EXPENSES			
Interest Expenses and Other Charges	20	1,86,028.53	1,26,484.30
Employee Benefit Expense	21	7,528.33	6,706.26
Office Operating Expenses	22	5,643.41	4,480.71
Other Expenses	23	10,533.65	6,090.44
Depreciation & Amortisation	11	1,503.94	522.75
Provision for Doubtful Debts & Contingencies		7,857.57	3,708.37
Bad Debts Written Off		255.15	102.29
TOTAL EXPENSES		2,19,350.58	1,48,095.12
PROFIT BEFORE TAX		50,308.78	29,577.49
Less: Provision for Taxation -Current Tax		16,598.00	8,980.00
-Earlier years		135.25	-
-Deferred Tax(Net)		928.41	986.52
PROFIT AFTER TAX		32,647.12	19,610.97
Earnings Per Share:	27		
-Basic (Face Value ₹ 10/- per share)(in ₹)		27.48	24.41
-Diluted (Face Value ₹ 10/- per share)(in ₹)		27.48	24.41

Significant Accounting Policies 1
The accompanying notes are an integral part of the financial statements.

In terms of our report of even date
For B. R. Maheswari & Co.
Chartered Accountants

For and on behalf of the Board

Akshay Maheswari
Partner
M. No : 504704
FR No : 001035N

Sanjaya Gupta
Managing Director

Sunil Kaul
Director

Usha Ananthasubramanian
Chairperson

Place: New Delhi
Date: May 12, 2016

Jayesh Jain
Chief Financial Officer

Sanjay Jain
Company Secretary



Cash Flow Statement for the year ended March 31st, 2016 (Indirect Method)

	(₹ in Lacs)	
	Year Ended March 31st, 2016	Year Ended March 31st, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	50,308.78	29,577.49
Adjustment for non-cash item/items, to be disclosed separately		
Add: Depreciation	1,503.94	522.75
Loss on sale of fixed assets	11.83	22.08
Provision for Doubtful Debts & Contingencies	7,857.57	3,708.37
Bad debts written off/ Business Loss	255.15	102.29
	9,628.49	4,355.49
Operating Profits before Changes in Working Capital	59,937.27	33,932.98
Adjustment for Changes in working capital and provisions:		
Increase/ (Decrease) in Trade Payables	1,749.60	1,682.58
Increase/ (Decrease) in Long-Term Provision	239.39	168.28
Increase/ (Decrease) in Short-Term Provision	7.86	1,941.39
Increase/ (Decrease) in Other Current Liabilities	49,996.07	22,819.83
Increase/ (Decrease) in Other Long-Term Liabilities	(9,772.67)	16,399.06
(Increase)/ Decrease in Long-Term Loans & advances	(11,24,394.03)	(5,74,254.74)
(Increase)/ Decrease in Short-Term Loans & advances	30.26	(4,147.84)
(Increase)/ Decrease in Other Non-Current Assets	(6,481.67)	(5,500.68)
(Increase)/ Decrease in Other Current Assets	65,980.34	(55,348.01)
Investments (Net)	(3,633.85)	(94,050.19)
(Increase)/ Decrease in Other Bank Balances	16,438.88	(13,254.50)
	(10,09,839.82)	(7,03,544.82)
Cash Generated from Operations	(9,49,902.55)	(6,69,611.84)
Taxes Paid (net of refunds)	(16,544.35)	(8,937.25)
CSR expenses	-	(269.58)
NET CASH USED IN OPERATING ACTIVITIES	(9,66,446.90)	(6,78,818.67)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,971.33)	(3,747.63)
Sale of Fixed Assets	6.83	13.69
	(1,964.50)	(3,733.94)
NET CASH USED IN INVESTING ACTIVITIES	(1,964.50)	(3,733.94)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings:		
- Bonds	5,01,500.00	1,10,000.00
- Banks	-	3,07,069.50
- Unsecured Loans (net)	5,77,434.84	4,64,432.34
Repayment of borrowings:		
- Bonds	(10,000.00)	(8,500.00)

(₹ in Lacs)

	Year Ended March 31st, 2016	Year Ended March 31st, 2015
-Banks	(1,15,644.03)	(2,35,971.65)
Proceeds from issue of Share Capital	2,307.69	3,815.39
Share Premium Received	27,692.28	45,784.58
Share Premium Utilised	-	(100.65)
Dividend paid (including dividend distribution tax)	(2,901.11)	(1,759.45)
NET CASH FROM FINANCING ACTIVITIES	9,80,389.67	6,84,770.06
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	11,978.27	2,217.45
Cash or Cash equivalents (Opening Balance)	4,692.44	2,474.99
Cash or Cash equivalents (Closing Balance)	16,670.71	4,692.44
NET INCREASE OF CASH OR CASH EQUIVALENTS DURING THE YEAR	11,978.27	2,217.45

NOTE : Figures in bracket denotes application of cash

Significant Accounting Policies
The accompanying notes are an integral part of the financial statements. 1

In terms of our report of even date
For **B. R. Maheswari & Co.**
Chartered Accountants

For and on behalf of the Board

Akshay Maheshwari
Partner
M. No : 504704
FR No : 001035N

Sanjaya Gupta
Managing Director

Sunil Kaul
Director

Usha Ananthasubramanian
Chairperson

Place: New Delhi
Date: May 12, 2016

Jayesh Jain
Chief Financial Officer

Sanjay Jain
Company Secretary



Notes forming part of the Financial Statements

for the year ended March 31st, 2016

NOTE: 1

SIGNIFICANT ACCOUNTING POLICIES

1.1 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 specified under section 133 of Companies Act, 2013 read with rule 7 of the Company (Accounts Rules 2014 and the relevant provisions of the Companies Act, 2013, the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended from time to time, unless stated otherwise hereinafter.

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

1.2 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.

1.3 SYSTEM OF ACCOUNTING

The Company adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Company are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III.

1.4 OPERATING CYCLE

Based on the nature of its activities, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.5 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.6 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash-on-hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

1.7 REVENUE RECOGNITION

i) INTEREST ON LOANS

Interest income is recognised on accrual basis except in case of non-performing assets where

interest is accounted on realisation. Interest on loans is computed either on an annual rest, on a monthly rest or on a daily rest basis depending upon loan product. EMIs commence once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. Pending commencement of EMIs, Pre-EMI interest is charged every month. Interest on loans purchased through direct assignment is recognised on accrual basis.

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.

Interest on loan assets classified as “non-performing” is recognised only on actual receipt.

ii) INCOME FROM INVESTMENT

Interest income on Investment is recognised 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.

iii) FEE AND OTHER CHARGES

Income from login fee, other charges and penal interest on defaults, pre-payment charges etc. is recognised on receipt basis. Processing Fee on loans is recognised over the average tenure of the loan. The average tenure of loan has been arrived at based on the past experience of repayment behaviour of the borrowers.

iv) OTHER INCOME

Other income and interest on tax refunds except service fee on securitised portfolio are accounted for on receipt basis.

1.8 TANGIBLE ASSETS

Tangible Assets are capitalised at cost including all expenses incidental to the acquisition/installation.

1.9 INTANGIBLE ASSETS

Intangibles Assets 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 capitalised at cost including all expenses attributable for bringing the same in its working condition.

1.10 DEPRECIATION / AMORTISATION

Depreciation on Tangible Assets is provided on the Straight Line Method at the lives prescribed in Part C of Schedule II of the Companies Act, 2013 on pro-rata basis, except the following items on which different useful lives for depreciation have been charged:

- i) Networking Equipment and Mobile phone instruments are depreciated over a period of five and three years respectively.
- ii) Leasehold Improvements are depreciated over a period of five years.
- iii) Assets costing up to ₹ 5,000/- is fully depreciated in the year of purchase.

Intangible Assets are amortised over a period of five years except website development costs which are amortised over a period of three years.



1.11 INVESTMENTS

Investments are capitalised at cost inclusive of brokerage and stamp charges. 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.

1.12 EMPLOYEE BENEFITS

- i) The Company has taken Policy from Life Insurance Corporation of India to cover the accumulated gratuity liability of its employees as Defined Benefit Plan. 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) Leave benefits for both short-term and long-term compensated absences are accounted for on actuarial valuation determined as at the year end. Actuarial gains and losses comprising of experience adjustments and effects of changes in actuarial assumptions, are recognised immediately in Statement of Profit and Loss as income or expense.
- iii) Provident Fund Contribution paid to Employees Provident Fund Organisation is debited to the Statement of Profit and Loss on accrual basis.
- iv) Incentive paid to employees in terms of performance linked incentive scheme is charged to Statement of Profit and Loss on accrual basis.

1.13 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.

1.14 BORROWING COSTS

- i) Interest of borrowings are recognised as an expense in the period in which they are incurred.
- ii) Ancillary cost in connection with long-term borrowing are amortised to the Statement of Profit and Loss over the tenure of the borrowing. Issue expenses of certain securities are charged to Securities Premium account.

1.15 OPERATING LEASES

Lease payments for assets taken on operating lease are recognised as an expense in the Statement of Profit and Loss as per terms of lease agreement.

1.16 EARNINGS PER SHARE

The basic earnings per share is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. 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.

1.17 TAXES ON INCOME

Taxes on Income are accounted for in accordance with Accounting Standard (AS)-22-"Accounting for taxes on income", issued by 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 and rules made thereunder.

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. Such deferred tax is quantified using the tax rates and laws enacted of substantively enacted as at Balance Sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out.

Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation.

1.18 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- i) 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. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- ii) 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.
- iii) Contingent Assets are neither recognised nor disclosed.

1.19 PROVISION FOR STANDARD ASSETS, NON-PERFORMING ASSETS (NPAs) AND CONTINGENCIES

The Company's policy is to carry adequate amounts towards Provision for Standard Assets, Non-Performing Assets (NPAs) and other contingencies. All loans and other credit exposures where the instalments are overdue for more than ninety days are classified as NPAs in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines. Excess provisions over and above provisioning requirement for Standard Assets and NPAs are carried under Provision for Contingencies Account.

1.20 STOCK OF ACQUIRED PROPERTIES

The assets acquired by the Company under SARFAESI Act, 2002 are classified as 'Stock of Acquired Properties' and are valued at outstanding dues or net realisable value, whichever is lower.

1.21 LOAN ORIGATION / ACQUISITION COST

All direct costs incurred for the loan origination are amortised over the average tenure of the loan. The average tenure of loan has been arrived at based on the past experience of repayment behaviour of the borrowers.

1.22 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.

1.23 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.

1.24 SECURITISATION OF LOANS

Securitised and assigned assets are de-recognised in the books of the Company based on the principle of transfer of ownership over the assets.

Transfer of pool of loan assets under the current RBI guidelines involve transfer of proportionate shares in the pool of loan assets. Such transfers result in de-recognition only of that proportion of the loan assets which meets the de-recognition criteria. The portion retained by the Company continue to be accounted for as loan assets as described above.

On de-recognition, the difference between the book value of the securitised loan assets and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

NOTE: 2

SHARE CAPITAL

	(₹ in Lacs)	
	As at March 31st, 2016	As at March 31st, 2015
Authorised Share Capital		
15,00,00,000 Equity Shares of ₹ 10/- each (Previous year 15,00,00,000 Equity Shares)	15,000.00	15,000.00
Equity Share Capital		
Issued, Subscribed and Paid-up Capital		
12,69,23,000 Equity Shares of ₹ 10/- each fully Paid up (Previous year 5,00,00,000 Equity Shares of ₹ 10/- each)	12,692.30	5,000.00
Nil Partly Paid-Up Equity Shares of ₹ 10/- each (Previous year ₹ 7/- Partly Paid-up on 7,69,23,000 Equity Shares)	-	5,384.61
	12,692.30	10,384.61

2.1 RECONCILIATION OF NUMBER OF SHARES

	As at March 31st, 2016		As at March 31st, 2015	
	No. of Shares	(₹ in Lacs)	No. of shares	(₹ in Lacs)
Equity Shares				
At the beginning of the year	12,69,23,000	10,384.61	8,92,30,700	6,569.22
Issued during the year	-	2,307.69	3,76,92,300	3,815.39
Outstanding at the end of the year	12,69,23,000	12,692.30	12,69,23,000	10,384.61

2.2 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

	As at March 31st, 2016		As at March 31st, 2015	
	No. of Shares	% of Holding	No. of shares	% of Holding
Punjab National Bank (Holding Company)	6,47,30,700	51.00	6,47,30,700	51.00
Destimoney Enterprises Limited	6,21,92,300	49.00	6,21,92,300	49.00

2.3 TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of Equity Shares having a par value of ₹ 10/- per Share. Each Shareholder is entitled to one vote per Share held.

2.4 RIGHTS ISSUE OF EQUITY SHARES

During the financial year 2013-14, the Company approved Rights Issue of 7,69,23,000 Equity Shares of ₹ 10/- each along with premium of ₹ 120/- per share. The Company had allotted 3,92,30,700 Equity Shares in financial year 2013-14 and 3,76,92,300 Equity Shares in financial year 2014-15.

During the financial year 2014-15, the Company had called ₹ 3/- along with proportionate premium of ₹ 36/- per share on 7,69,23,000 equity shares.

During the financial year 2015-16, the Company has called third and final call of ₹ 3/- along with proportionate premium of ₹ 36/- per share on 7,69,23,000 Equity Shares and the call was fully received.

2.5 ISSUE OF BONUS SHARES

During the financial year 2012-13, the Company had issued 64,70,589 Equity Shares of ₹ 10/- each as fully paid up Bonus Shares after capitalisation of General Reserves of ₹ 647.06 Lacs to shareholders in proportion of their shareholding.



NOTE: 3

RESERVES AND SURPLUS

	(₹ In Lacs)	
	As at March 31st, 2016	As at March 31st, 2015
Special Reserve		
Created under Section 36(1) (viii) of the Income Tax Act, 1961		
Opening Balance	18,135.81	15,025.81
Add: Transferred from the Statement of Profit and Loss	5,840.00	3,110.00
	23,975.81	18,135.81
Statutory Reserve		
As per Section 29 C of National Housing Bank Act, 1987		
Opening Balance	2,334.00	1,519.00
Add: Transferred from the Statement of Profit and Loss	690.00	815.00
	3,024.00	2,334.00
General Reserve		
Opening Balance	39,212.84	37,989.66
Add: Transferred from the Statement of Profit and Loss	4,897.00	2,500.00
Less: Utilised for creating Deferred Tax Liability on Special Reserve	1,323.25	1,276.82
	42,786.59	39,212.84
Securities Premium Reserve		
Opening Balance	76,894.08	31,210.15
Add: Premium on issue of equity shares	27,692.28	45,784.58
Less: Share Issue Expenses	-	100.65
	1,04,586.36	76,894.08
Surplus in the Statement of Profit and Loss		
Opening Balance	11,165.79	1,150.51
Profit for the year	32,647.12	19,610.97
Amount Available for Appropriation	43,812.91	20,761.48
Appropriations:		
-Special Reserve	5,840.00	3,110.00
-Statutory Reserve (U/s. 29C of the NHB Act)	690.00	815.00
-General Reserve	4,897.00	2,500.00
-Proposed Dividend	4,038.75	2,410.41
-Dividend Distribution Tax	822.19	490.70
-Corporate Social Responsibility Activities (Refer Note 31)	-	269.58
Net Surplus in the Statement of Profit and Loss	27,524.97	11,165.79
	2,01,897.73	1,47,742.52

3.1 As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹ 5,840.00 Lacs (Previous year ₹ 3,110.00 Lacs) to Special Reserve in terms of Section 36 (1)(viii) of the Income Tax Act, 1961.

3.2 Vide circular NHB (ND)/DRS/Policy Circular 65/2014-15 dated August 22, 2014, the National Housing Bank ("NHB") has directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to "Special Reserve" created under section 36(1) (viii) of the Income Tax

Act, 1961. As per the above circular, NHB has advised HFCs to create deferred tax liability in respect of accumulated balance of Special Reserve as at April 1, 2014 from the free reserves over a period of 3 years starting with financial year 2014-15, in a phased manner in the ratio of 25:25:50. Accordingly, the Company has adjusted the balance in free reserves as at April 01, 2015 by ₹ 1,323.25 Lacs (Previous year ₹ 1,276.82 Lacs) with respect to second tranche of deferred tax liability on Special Reserve balance as at April 01, 2014.

Company has charged its Statement of Profit and Loss for the year ended March 31, 2016 by ₹ 2,040.33 Lacs (Previous year ₹ 1,057.09 Lacs) with the deferred tax liability on an additional amount appropriated towards Special Reserve out of current year's profit. This amount is reflected under the head "Tax Expenses".

3.3 The Company has transferred an amount of ₹ 690.00 Lacs (Previous year ₹ 815.00 Lacs) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

3.4 In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under section 29C of NHB Act, 1987 is provided :

	(₹ In Lacs)	
	As at March 31st, 2016	As at March 31st, 2015
Particulars		
Balance at the beginning of the year		
Statutory Reserve u/s 29C of NHB Act, 1987	2,334.00	1,519.00
Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	18,135.81	15,025.81
Total	20,469.81	16,544.81
Addition / Appropriation / Withdrawal during the year		
Add :		
Amount transferred u/s 29C of the NHB Act, 1987	690.00	815.00
Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	5,840.00	3,110.00
Less :		
Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
	26,999.81	20,469.81
Balance at the end of the year		
Statutory Reserve u/s 29C of NHB Act, 1987	3,024.00	2,334.00
Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	23,975.81	18,135.81
Total	26,999.81	20,469.81



NOTE: 4

LONG-TERM BORROWINGS

(₹ In Lacs)

	Non-Current Maturities		Current Maturities	
	As at March 31st, 2016	As at March 31st, 2015	As at March 31st, 2016	As at March 31st, 2015
Secured Borrowings				
Term Loans:				
- National Housing Bank	1,82,639.79	158,254.21	25,244.97	19,163.42
- Banks	58,683.80	195,962.67	57,261.57	1,18,369.13
- External Commercial Borrowing	61,069.50	61,069.50	-	-
Redeemable Non-Convertible Debentures	8,58,000.00	3,96,500.00	19,000.00	-
	11,60,393.09	8,11,786.38	1,01,506.54	1,37,532.55
Unsecured Borrowings				
Redeemable Non-Convertible Subordinated Debentures	61,000.00	40,000.00	-	10,000.00
Public Deposits	4,43,228.43	2,58,727.51	90,397.78	45,303.01
	5,04,228.43	2,98,727.51	90,397.78	55,303.01
Current Maturity of Long-Term Borrowings disclosed under the head "Other Current Liabilities" (Refer Note 10)	-	-	(1,91,904.32)	(1,92,835.56)
	16,64,621.52	11,10,513.89	-	-

4.1 REFINANCE FROM NATIONAL HOUSING BANK (NHB) AND TERM LOANS FROM BANKS:

Nature of Security

- Refinance from National Housing Bank (NHB) and Term Loans from Banks other than Punjab National Bank are secured by hypothecation of specific loans/ book debts against which Refinance/ Term Loan has been availed.
- Term Loan from Punjab National Bank is secured by hypothecation of book debts and negative lien on properties charged to the Company against loans disbursed.

Maturity Profile of Term Loans from National Housing Bank

(₹ In Lacs)

Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Rate of interest					
6.00% - 8.00%	996.73	1,328.97	845.89	-	3,171.59
	(1,380.81)	(2,657.94)	(845.89)	-	(4,884.64)
8.01% - 10.00%	17,937.00	23,916.00	46,007.96	1,16,852.21	2,04,713.17
	(17,767.91)	(41,228.51)	(38,772.76)	(74,602.21)	(1,72,371.39)
10.01% - 12.00%	-	-	-	-	-
	(14.70)	(39.20)	(39.20)	(68.50)	(161.60)

(Previous year figures are in bracket)

Maturity Profile of Term Loans from Banks:

(₹ In Lacs)

Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Rate of interest					
9.25% - 11.00%	57,261.57	53,683.80	5,000.00	-	1,15,945.37
	(1,18,369.13)	(1,64,672.54)	(31,290.13)	-	(3,14,331.80)

(Previous year figures are in bracket)

4.2 EXTERNAL COMMERCIAL BORROWING

During the financial year 2014-15, the Company has availed External Commercial Borrowing of USD 100 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India guidelines dated December 17, 2012. This facility is secured against eligible affordable housing loans. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and interest payable (fixed coupon) have been swapped into Rupees for the entire maturity by way of interest only swaps.

As at March 31, 2016, the Company has foreign currency borrowings of USD 100 million equivalent (Previous year USD 100 million). The Company has undertaken currency swap contracts on a notional amount of USD 100 million equivalent (Previous year USD 100 million) to hedge the foreign currency risk. Further, interest rate swaps (fixed coupon only) on a notional amount of USD 100 million equivalent (Previous year USD 100 million) are outstanding, which have been undertaken to hedge the foreign currency risk arising out of interest payment on the said External Commercial Borrowing.

4.3 SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

Nature of Security

Redeemable Non-Convertible Debentures are secured by hypothecation of book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, all the Redeemable Non-Convertible Debentures are also secured by mortgage of buildings of ₹ 77.23 Lacs (Refer Note 11).

Terms of Repayment

(₹ In Lacs)

Maturities	≤ 1 year	1 - 3 years	3 - 5 years	5 - 10 years	Total
Rate of interest					
8.00% - 9.00%	10,000.00	30,000.00	4,43,000.00	1,30,000.00	6,13,000.00
	-	(40,000.00)	(12,500.00)	(80,000.00)	(1,32,500.00)
9.01% - 10.00%	9,000.00	1,23,000.00	6,000.00	126,000.00	2,64,000.00
	-	(99,000.00)	(36,000.00)	(1,29,000.00)	(2,64,000.00)

(Previous year figures are in bracket)

4.4 UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

Redeemable Non-Convertible Subordinated Debentures, for value aggregating to ₹ 61,000.00 Lacs are subordinated debt to present and future senior indebtedness of the Company and qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2016, 100% (Previous year 80%) of the book value of Subordinate debt is considered as Tier II capital.



Terms of Repayment

(₹ In Lacs)

Maturities	≤ 1 year	1 - 3 years	3 - 5 years	5 - 10 years	Total
Rate of interest					
8.00% - 9.00%	-	-	-	41,000.00	41,000.00
				(20,000.00)	(20,000.00)
9.01% - 10.00%	-	-	-	20,000.00	20,000.00
	(10,000.00)	-	-	(20,000.00)	(30,000.00)

(Previous year figures are in bracket)

4.5 PUBLIC DEPOSITS

- Public deposits as defined in Paragraph 2(1) (y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.
- The Company is carrying Statutory Liquid Assets amounting to ₹ 89,579.09 Lacs (Previous year ₹ 46,534.25 Lacs) comprising of Investment of ₹ 81,396.21 Lacs (Previous year ₹ 21,912.49 Lacs) in Central/State Government Securities and Fixed Deposits of ₹ 8,182.88 Lacs (Previous year ₹ 24,621.76 Lacs).

NOTE: 5

DEFERRED TAX LIABILITIES (NET)

In accordance with Accounting Standard on 'Accounting for Taxes on Income' (AS 22), the Company is accounting for Deferred Tax.

(₹ In Lacs)

	As at March 31st, 2016	As at March 31st, 2015
Deferred Tax Liabilities		
Expenses Paid in Advance (Net of Income Received in Advance)	3,906.95	2,147.65
Depreciation on Fixed Assets	112.72	37.91
Special Reserve	5,697.49	2,333.91
Total Deferred Tax Liabilities- (A)	9,717.16	4,519.47
Deferred Tax Assets		
Provision for Leave Encashment	235.24	146.99
Provision for Doubtful Debts and contingencies	6,244.99	3,464.02
Others	189.96	113.14
Total Deferred Tax Assets - (B)	6,670.19	3,724.15
Net Deferred Tax Liabilities/ (Assets) (Net A-B)	3,046.97	795.32

NOTE: 6

OTHER LONG-TERM LIABILITIES

(₹ In Lacs)

	Non-Current Maturities		Current Maturities	
	As at March 31st, 2016	As at March 31st, 2015	As at March 31st, 2016	As at March 31st, 2015
Interest Accrued but not Due on Borrowings	3,674.19	21,497.21	10,845.70	5,584.10
Income Received in Advance	6,404.83	4,379.25	2,256.23	1,493.06
Amount disclosed under the head "Other Current Liabilities" (Refer Note 10)	-	-	(13,101.93)	(7,077.16)
	10,079.02	25,876.46	-	-

NOTE: 7

PROVISIONS

(₹ In Lacs)

	Non-Current Maturities		Current Maturities	
	As at March 31st, 2016	As at March 31st, 2015	As at March 31st, 2016	As at March 31st, 2015
Provision for Employees Benefits	596.96	357.57	82.76	74.89
Provision for Standard Assets as per NHB norms	13,046.27	7,800.00	-	-
Provision for Contingencies	2,450.00	-	-	-
Provision for NPAs as per NHB norms	-	-	2,168.12	2,281.36
Proposed Dividend	-	-	4,038.75	2,410.41
Tax on Proposed Dividend	-	-	822.19	490.70
	16,093.23	8,157.57	7,111.82	5,257.36

NOTE: 8

SHORT-TERM BORROWINGS

(₹ In Lacs)

	As at March 31st, 2016	As at March 31st, 2015
Secured Borrowings		
Term Loans Banks	-	10,000.00
Bank Overdraft	78,371.00	16,095.73
	78,371.00	26,095.73
Unsecured Borrowings		
Public Deposits	1,63,438.96	1,58,630.81
Commercial Paper	5,02,500.00	1,60,000.00
Others	531.00	-
	6,66,469.96	3,18,630.81
	7,44,840.96	3,44,726.54



8.1 NATURE OF SECURITY

- Term Loans from Banks are secured by hypothecation of specific loans / book debts against which Term Loan has been availed.
- Bank Overdraft is secured by hypothecation of book debts and negative lien on properties charged to the Company against Loans disbursed.

NOTE: 9

TRADE PAYABLES

	As at March 31st, 2016	As at March 31st, 2015
Sundry Creditors for Expenses	7,524.18	5,774.58
	7,524.18	5,774.58

- 9.1 Trade Payables ₹ Nil (Previous Year ₹ Nil) payable to “Suppliers” registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the Company during the year to the “Suppliers” covered under the Micro, Small and Medium Enterprise Development Act, 2006.

NOTE: 10

OTHER CURRENT LIABILITIES

	As at March 31st, 2016	As at March 31st, 2015
Current Maturity of Long-Term Borrowings (Refer Note 4)	1,91,904.32	1,92,835.56
Current Portion of Other Long-Term Liabilities (Refer Note 6)	13,101.93	7,077.16
Interest Accrued but not Due on Borrowings	1,422.59	1,444.62
Book Overdraft	70,600.50	31,372.95
Statutory Dues Payable	2,197.31	1,108.06
Security Deposit	-	839.58
Other Liabilities	19,960.30	9,419.42
	2,99,186.95	2,44,097.35

NOTE: 11

FIXED ASSETS

Description	Gross Block		Depreciation/ Amortisation		Net Block	
	As at March 31st, 2015	Additions Deductions	As at March 31st, 2016	As at March 31st, 2015	For the year	As at March 31st, 2016
Tangible:						
Buildings*	108.88	-	108.88	19.21	2.18	87.49
Furniture & Fixtures	965.47	304.94	1,255.76	136.45	105.50	233.22
Vehicles	6.59	-	6.59	3.87	0.97	4.84
Computers	734.27	958.62	1,692.89	300.65	442.93	743.58
Office Equipment & Others	1,242.46	358.04	1,585.94	302.15	298.51	592.15
Leasehold Improvements	1,991.64	720.95	2,700.59	457.05	488.60	940.34
Subtotal	5,049.31	2,342.55	7,350.65	1,219.38	1,338.69	2,535.52
Intangible:						
Computer Software	170.47	1,033.86	1,204.33	42.92	165.25	208.17
Grand Total	5,219.78	3,376.41	8,554.98	1,262.30	1,503.94	2,743.69
Previous Year	3,078.92	2,239.39	5,219.78	802.31	522.75	1,262.30

(₹ In Lacs)

*Includes Buildings of ₹ 77.23 Lacs (Previous year ₹ 77.23 Lacs) mortgaged for securing Secured Redeemable Non-Convertible Debentures (Refer Note 4.3).

During the Previous Year ended March 31, 2015, the Company has reviewed its policy of providing for depreciation on its fixed assets and has also reassessed their useful lives. On and from April 1, 2014, the straight line method is being used to depreciate all class of fixed assets. Previously, fixed assets were being depreciated using reducing balance method except leasehold improvements, intangibles etc. The revised useful lives, as assessed match those specified in Part C of Schedule II of the Companies Act, 2013, for all classes of assets other than leasehold improvements, intangible assets etc. As a result of the change, the charge on account of Depreciation for the year ended on March 31, 2015 was lower by ₹ 280.16 Lacs.



NOTE: 12

NON-CURRENT INVESTMENTS

OTHER INVESTMENTS (NON TRADE) QUOTED - (FULLY PAID)	Number of Bonds/Units	Face Value per Bonds/Units	As at March 31st, 2016 (₹ In Lacs)	Number of Bonds/Units	Face Value per Bonds/Units	As at March 31st, 2015 (₹ In Lacs)
Investments in Government Securities						
Government of India Stock						
10.71% Government of India Stock 2016	8,000	100	8.57	8,000	100	8.57
10.25% Government of India Stock 2021	10,05,000	100	1,261.19	10,05,000	100	1,261.19
10.03% Government of India Stock 2019	7,000	100	7.72	7,000	100	7.72
8.97% Government of India Stock 2030	50,000	100	56.79	50,000	100	56.79
8.33% Government of India Stock 2036	26,000	100	28.20	26,000	100	28.20
8.32% Government of India Stock 2032	25,000	100	26.93	25,000	100	26.93
8.30% Government of India Stock 2023	30,000	100	30.74	30,000	100	30.74
8.28% Government of India Stock 2032	19,000	100	20.24	19,000	100	20.24
8.26% Government of India Stock 2027	10,000	100	10.66	10,000	100	10.66
8.15% Government of India Stock 2022	14,000	100	14.66	14,000	100	14.66
8.13% Government of India Stock 2022	10,000	100	10.15	10,000	100	10.15
8.08% Government of India Stock 2022	15,000	100	15.52	15,000	100	15.52
8.07% Government of India Stock 2017	30,05,000	100	3,171.59	30,05,000	100	3,171.57
7.94% Government of India Stock 2021	7,900	100	8.11	7,900	100	8.11
7.50% Government of India Stock 2034	18,000	100	17.92	18,000	100	17.92
5.69% Government of India Stock 2018	10,000	100	9.05	10,000	100	9.05
State Development Loans						
9.79% Maharashtra SDL 2023	15,00,000	100	1,550.65	15,00,000	100	1,550.65
9.72% Kerala SDL 2023	40,00,000	100	4,153.60	40,00,000	100	4,153.60
9.60% Maharashtra SDL 2023	14,00,000	100	1,401.82	14,00,000	100	1,401.82
8.93% Haryana SDL 2022	22,200	100	23.90	22,200	100	23.90
8.89% West Bengal SDL 2022	25,000	100	26.88	25,000	100	26.88
8.73% Madhya Pradesh SDL 2022	12,000	100	12.73	12,000	100	12.73
8.66% Andhra Pradesh SDL 2021	10,000	100	10.54	10,000	100	10.54
8.55% Uttar Pradesh SDL 2017	10,000	100	10.30	10,000	100	10.30
8.53% Maharashtra SDL 2020	25,000	100	26.08	25,000	100	26.08
8.40% Madhya Pradesh SDL 2019	10,000	100	10.30	10,000	100	10.30
8.39% Uttar Pradesh SDL 2020	20,000	100	20.65	20,000	100	20.65
8.30% Gujarat SDL 2017	10,000	100	10.18	10,000	100	10.18
8.25% Rajasthan SDL 2020	30,000	100	30.77	30,000	100	30.77
7.91% Maharashtra SDL 2016	5,000	100	5.02	5,000	100	5.02
10.03% Rajasthan SDL 2028	33,91,000	100	3,497.82	33,91,000	100	3,497.82
9.49% Tamil Nadu SDL 2023	30,00,000	100	3,087.32	30,00,000	100	3,087.32
9.37% Gujarat SDL 2023	25,00,000	100	2,541.97	25,00,000	100	2,541.97
9.19% Kerala SDL 2024	10,00,000	100	1,005.83	10,00,000	100	1,005.83
8.92% Rajasthan SDL 2022	40,00,000	100	4,152.44	-	-	-
9.00% Haryana SDL 2024	10,00,000	100	1,050.81	-	-	-

OTHER INVESTMENTS (NON TRADE) QUOTED - (FULLY PAID)	Number of Bonds/Units	Face Value per Bonds/Units	As at March 31st, 2016 (₹ in Lacs)	Number of Bonds/Units	Face Value per Bonds/Units	As at March 31st, 2015 (₹ in Lacs)
9.48% Haryana SDL 2023	50,00,000	100	5,357.70	-	-	-
9.70% Uttarakhand SDL 2024	50,00,000	100	5,432.14	-	-	-
9.50% Himachal Pradesh SDL 2024	20,00,000	100	2,148.39	-	-	-
8.99% Madhya Pradesh SDL 2024	10,00,000	1,00,000	10,452.00	-	-	-
8.95% Madhya Pradesh SDL 2024	8,000	50,000	8,339.60	-	-	-
8.83% Uttar Pradesh SDL 2026	13,500.00	1,00,000	13,907.91	-	-	-
9.72% West Bengal SDL 2024	3,000	1,00,000	3,264.90	-	-	-
8.88% West Bengal SDL 2026	2,500	1,00,000	2,521.50	-	-	-
8.84% Punjab SDL 2024	3,000	1,00,000	3,119.40	-	-	-
7.85% Uttar Pradesh SDL 2016	-	-	-	8,000	100	8.02
7.79% Tamilnadu SDL 2016	-	-	-	1,200	100	1.20
7.79% Punjab SDL 2016	-	-	-	16,800	100	16.81
7.77% Gujarat SDL 2015	-	-	-	9,800	100	9.80
7.77% Andhra Pradesh SDL 2015	-	-	-	9,000	100	9.00
7.53% Uttar Pradesh SDL 2015	-	-	-	10,200	100	10.15
			81,871.19			22,179.38
Less: Provision for loss to arise on Redemption of Investments			474.98			266.89
Aggregate value of investments			81,396.21			21,912.49
Cost of Quoted investments			81,871.19			22,179.38
Market Value			84,367.47			23,130.50

NOTE: 13

LONG-TERM LOANS AND ADVANCES

(₹ In Lacs)

	Non-Current Maturities		Current Maturities	
	As at March 31st, 2016	As at March 31st, 2015	As at March 31st, 2016	As at March 31st, 2015
Loans - Secured				
Housing Loans	18,31,672.47	10,23,161.65	79,951.79	1,71,359.83
Non-Housing Loans	7,30,683.65	4,15,055.59	75,418.95	69,551.50
Current maturities of Long-Term Loans & Advances disclosed under the head "Other Current Assets" (Refer Note 18)	-	-	(1,55,370.74)	(2,40,911.33)
	25,62,356.12	14,38,217.24	-	-



13.1 Loans and Instalments due from Borrowers shown under Loans and Advances and Other Current Assets respectively are secured wholly or partly by any one or all of the below as applicable:

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

13.2 The Company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of more than 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under Housing Finance Companies (NHB) Directions, 2010.

The details of Housing and Non-Housing Loans classified as Non-Performing Assets and provisions carried thereon is given below:

As at March 31, 2016 (₹ In Lacs)

Particulars	Standard	Sub-Standard	Doubtful	Loss	Total
Housing Loans	19,08,350.14	3,489.55	941.34	69.07	19,12,850.10
Provision on Housing Loans	8,527.81	772.16	680.95	69.07	10,049.99
Non-Housing Loans	8,05,751.90	839.60	641.23	-	8,07,232.73
Provision on Non-Housing Loans	4,518.22	130.25	515.92	-	5,164.39
Total Loans	27,14,102.04	4,329.15	1,582.57	69.07	27,20,082.83
Total Provisions	13,046.03	902.41	1,196.87	69.07	15,214.38

As at March 31, 2015 (₹ In Lacs)

Particulars	Standard	Sub-Standard	Doubtful	Loss	Total
Housing Loans	11,94,036.21	677.10	1,391.86	250.04	11,96,355.21
Provision on Housing Loans	5,341.27	117.08	1,391.86	250.04	7,100.25
Non-Housing Loans	4,84,481.95	681.89	412.63	-	4,85,576.47
Provision on Non-Housing Loans	2,458.73	105.83	412.63	-	2,977.19
Total Loans	16,78,518.16	1,358.99	1,804.49	250.04	16,81,931.68
Total Provisions	7,800.00	222.91	1,804.49	250.04	10,077.44

The total loans outstanding includes overdue principal of ₹ 2,355.97 lacs (Previous year ₹ 2,429.16 lacs)

13.3 Interest on non-performing loans is recognised on realisation basis as per the NHB Directions. Accordingly, movement of interest de-recognised as at the Balance Sheet date is summarised as under:-

Particulars	(₹ In Lacs)	
	As at March 31st, 2016	As at March 31st, 2015
Cumulative interest B/F from last Balance Sheet	377.05	263.37
Add: Interest de-recognised for the year on		
- Sub-Standard Assets (Net)	958.15	146.03
- Doubtful/Loss Assets	1,065.00	210.93
Less: Recovered/Write Off during the year	952.01	243.28
Total	1,448.19	377.05

NOTE: 14

OTHER NON CURRENT ASSETS

(Unsecured, considered good)

	Non-Current Maturities		Current Maturities	
	As at March 31st, 2016	As at March 31st, 2015	As at March 31st, 2016	As at March 31st, 2015
	Security Deposits	612.61	522.55	-
Prepaid Expenses (Refer Note 18)	18,188.17	11,796.56	13,086.93	6,831.99
	18,800.78	12,319.11	13,086.93	6,831.99



NOTE: 15

CURRENT INVESTMENTS

	Number of Debentures /Units	Face Value /Debenture	As at March 31st, 2016 (₹ In Lacs)	Number of Debentures /Units	Face Value /Debenture	As at March 31st, 2015 (₹ In Lacs)
QUOTED - OTHER THAN TRADE (FULLY PAID)						
Bonds and Debentures						
7.93% Power Grid Corporation of India Ltd. 2028	41	10,00,000	410.00	70	10,00,000	711.17
7.93% Power Grid Corporation of India Ltd. 2021	50	10,00,000	497.25	50	10,00,000	512.85
7.93% Power Grid Corporation of India Ltd. 2018	50	10,00,000	500.10	50	10,00,000	512.80
7.93% Power Grid Corporation of India Ltd. 2019	50	10,00,000	499.10	50	10,00,000	510.85
7.93% Power Grid Corporation of India Ltd. 2020	50	10,00,000	498.10	50	10,00,000	512.55
7.93% Power Grid Corporation of India Ltd. 2022	50	10,00,000	496.55	50	10,00,000	510.15
7.93% Power Grid Corporation of India Ltd. 2017	50	10,00,000	497.75	50	10,00,000	508.75
7.93% Power Grid Corporation of India Ltd. 2024	50	10,00,000	500.18	50	10,00,000	507.85
7.93% Power Grid Corporation of India Ltd. 2025	40	10,00,000	400.15	50	10,00,000	505.10
7.93% Power Grid Corporation of India Ltd. 2026	45	10,00,000	450.00	50	10,00,000	505.10
7.98% Infrastructure Development Finance Company Ltd. 2023	350	10,00,000	3,712.65	849	10,00,000	8,816.70
8.69% Damodar Valley Corporation Ltd. 2028	652	10,00,000	7,108.10	-	-	-
8.80% Food corporation of India Ltd. 2028	138	10,00,000	1,515.93	-	-	-
6.89% National Housing Bank 2023	26	10,00,000	257.40	-	-	-
8.40% Indian Railways Finance Corporation 2029	1,00,000	1,000	1,105.34	-	-	-
7.40% Indian Infrastructure Finance Company Ltd. 2033	5,57,000	1,000	5,831.79	-	-	-
6.87% National Housing Bank 2023	47	10,00,000	466.95	-	-	-
7.15% National Thermal Power Corporation Ltd. 2025	12	10,00,000	122.22	-	-	-
8.14% Nuclear Power Corporation of India 2027	5	10,00,000	50.65	-	-	-
8.58% Housing and Urban Development Corporation Ltd. 2029	95,000	1,000	1,060.20	-	-	-
8.46% Power Finance Corporation 2028	100	10,00,000	1,108.35	-	-	-

	Number of Debentures /Units	Face Value /Debenture	As at March 31st, 2016 (₹ In Lacs)	Number of Debentures /Units	Face Value /Debenture	As at March 31st, 2015 (₹ In Lacs)
7.35% Indian Railway Finance Corporation 2031	2,40,000	1,000	2,455.20	-	-	-
8.50% National Highway Authority of India 2029	1,00,000	1,000	1,115.00	-	-	-
8.14% Nuclear Power Corporation of India 2028	73	10,00,000	748.25	-	-	-
7.93% Power Grid Corporation of India Ltd. 2023	50	10,00,000	492.45	-	-	-
9.95% Food Corporation of India Ltd. 2022	1	10,00,000	11.16	9	10,00,000	98.69
11.25% Power Finance Corporation Ltd. 2018	-	-	-	5	10,00,000	54.28
11.00% Bank of India Perpetual Bond (Tier 1- Basel III)	-	-	-	650	10,00,000	7,021.95
10.45% Gujarat State Petroleum Corporation Ltd. 2072	-	-	-	500	10,00,000	5,400.00
9.48% Bank of Baroda Perpetual Bond	-	-	-	550	10,00,000	5,508.50
8.90% Syndicate Bank Perpetual Bond	-	-	-	96	10,00,000	992.79
8.83% Indian Railway Finance Corporation 2023	-	-	-	1,000	1,000	1,349.53
8.78% National Hydroelectric Power Corporation Ltd. 2023	-	-	-	500	1,00,000	507.30
8.78% National Hydroelectric Power Corporation Ltd. 2021	-	-	-	500	1,00,000	508.40
8.78% National Hydroelectric Power Corporation Ltd. 2020	-	-	-	500	1,00,000	510.50
8.69% Damodar Valley Corporation 2028	-	-	-	938	10,00,000	10,026.53
8.55% Indian Infrastructure Finance Company Ltd. 2024	-	-	-	9	10,00,000	90.52
8.36% Power Finance Corporation Ltd. 2020	-	-	-	250	10,00,000	2,490.43
8.10% Indian Infrastructure Finance Company Ltd. 2024	-	-	-	5	10,00,000	48.92
7.93% Power Grid Corporation of India Ltd. 2027	-	-	-	50	10,00,000	503.75
7.34% Indian Railway Finance Corporation 2028	-	-	-	130	10,00,000	10.24
UNQUOTED - OTHER THAN TRADE (FULLY PAID)						
Certificate of Deposit of Indian Bank	30,000	1,00,000	29,509.05	-	-	-
Certificate of Deposit of Corporation Bank	2,500	1,00,000	2,339.06	-	-	-
Certificate of Deposit of Bank of Maharashtra	5,000	1,00,000	4,915.09	-	-	-
Certificate of Deposit of Canara Bank	10,000	1,00,000	9,824.57	17,500	1,00,000	17,092.49



	Number of Debentures /Units	Face Value /Debenture	As at March 31st, 2016 (₹ In Lacs)	Number of Debentures /Units	Face Value /Debenture	As at March 31st, 2015 (₹ In Lacs)
Certificate of Deposit of Andhra Bank	2,500	1,00,000	2,332.65	17,500	1,00,000	16,370.11
Certificate of Deposit of IDBI Bank Ltd.	-	-	-	20,000	1,00,000	19,658.79
Certificate of Deposit of Punjab & Sind Bank	-	-	-	20,000	1,00,000	19,594.30
Certificate of Deposit of Oriental Bank of Commerce	-	-	-	10,000	1,00,000	9,804.57
Certificate of Deposit of Allahabad Bank	-	-	-	5,000	1,00,000	4,928.57
Total			80,831.24			1,36,685.03
Aggregate value of quoted investments			31,910.81			49,236.20
Market Value of quoted investments			32,138.75			49,448.09
Aggregate value of unquoted investments			48,920.42			87,448.83

NOTE: 16

CASH AND BANK BALANCES

	As at March 31st, 2016	As at March 31st, 2015
16.1 Cash and Cash Equivalents		
Balances with Banks in Current Accounts	16,586.49	4,576.26
Cash on Hand	84.22	116.18
	16,670.71	4,692.44
16.2 Other Bank Balances		
Fixed Deposits with original maturity of more than three months up to twelve months	-	15,214.18
Fixed Deposits with original maturity of more than twelve months	8,182.88	9,407.58
Total	24,853.59	29,314.20

NOTE: 17

SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at March 31st, 2016	As at March 31st, 2015
Loan Against Deposits (Secured)	403.02	936.17
Advances Recoverable in Cash or Kind	951.92	449.03
Advance Income Tax [Net of Provision for Taxation ₹ 42,437.00 Lacs (Previous year ₹ 28,626.75 Lacs)]	445.63	634.53
	1,800.57	2,019.73

NOTE: 18

OTHER CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

	As at March 31st, 2016	As at March 31st, 2015
Current Maturities of Long-Term Loans & Advances (Secured) (Refer Note 13)	1,55,370.74	2,40,911.33
Instalments Due from Borrowers (Secured)	4,455.55	2,803.10
Stock of Acquired Properties (Held for sale or disposal) (Secured)	8,381.08	3,484.66
Interest Accrued on Investments	2,393.79	2,531.11
Interest Accrued but not Due on Loans	7,090.07	528.41
Prepaid Expenses (Refer Note 14)	13,086.93	6,831.99
Other Advances	61.49	-
	1,90,839.65	2,57,090.60

18.1 The instalment due from borrowers is net of interest de-recognised of ₹ 1,448.19 Lacs (Previous year ₹ 377.05 Lacs) in respect of non-performing loans.

18.2 Stock of Acquired Properties is net of Provision for Diminution in Value of ₹ 380.54 Lacs (Previous year ₹ 109.93 Lacs)

NOTE: 19

REVENUE FROM OPERATIONS

	Year Ended March 31st, 2016	Year Ended March 31st, 2015
INTEREST INCOME		
i) Interest on Loans [(TDS ₹ 2,943.66 Lacs (Previous year ₹ 3,306.94 Lacs))]	2,46,002.59	1,59,763.56
ii) Interest on Investments [(TDS ₹ 122.51 Lacs (Previous year ₹ 108.19 Lacs))]	8,314.64	7,292.53
iii) Other Interest	88.74	28.06
	2,54,405.97	1,67,084.15
Fees & Other Charges	7,995.66	4,550.47
Surplus from deployment of funds in Cash Management Schemes of Mutual Funds	1,420.60	1,989.31
Profit on Sale of Investment	999.89	1,568.07
Other Operating Income	4,774.66	2,480.61
Interest on Income Tax Refund	62.58	-
	2,69,659.36	1,77,672.61



NOTE: 20

INTEREST EXPENSES AND OTHER CHARGES

	(₹ In Lacs)	
	Year Ended March 31st, 2016	Year Ended March 31st, 2015
Interest on		
Term Loans	40,004.37	51,310.06
Non-Convertible Debentures	57,814.19	35,275.29
Commercial Paper	22,666.29	5,790.84
Deposits	58,275.00	29,662.37
	1,78,759.85	1,22,038.56
Other Charges		
Brokerage on Deposits	2,239.28	1,460.56
Fee and other expenses	4,968.09	2,915.08
Bank Charges	61.31	70.10
	1,86,028.53	1,26,484.30

NOTE: 21

EMPLOYEE BENEFIT EXPENSE

	(₹ In Lacs)	
	Year Ended March 31st, 2016	Year Ended March 31st, 2015
Salaries and Allowances	7,049.94	6,290.16
Contribution to Provident Fund & Other Funds	350.65	281.66
Staff Welfare Expenses	127.74	134.44
	7,528.33	6,706.26

NOTE: 22

OFFICE OPERATING EXPENSES

	(₹ In Lacs)	
	Year Ended March 31st, 2016	Year Ended March 31st, 2015
Rent	1,462.43	1,145.24
Rates & Taxes	34.11	5.16
Repairs & Maintenance - Building	82.82	72.89
Office Maintenance	67.38	77.05
Registration and Filing Fees	16.64	38.49
Electricity and Water Charges	414.75	299.14
General Office Expenses	2,374.90	1,704.72
Insurance Charges	24.95	12.73
Travelling & Conveyance	331.42	478.54
Printing & Stationery	255.72	220.89
Postage & Telephone	578.29	425.86
	5,643.41	4,480.71

NOTE: 23

OTHER EXPENSES

	(₹ In Lacs)	
	Year Ended March 31st, 2016	Year Ended March 31st, 2015
Cost of Loan Acquisition	4,971.07	2,890.86
Advertisement & Publicity	2,306.10	1,177.22
Professional Charges	1,464.04	1,158.94
Legal Expenses	1,141.38	662.12
Director's Sitting Fee	45.60	13.05
Auditors Remuneration:		
- Audit Fees	12.37	11.15
- Tax Audit Fees	4.84	4.25
- Other Certifications work	11.72	11.68
Loss on sale of Fixed Assets	11.83	22.08
CSR expenses (Refer Note 31)	398.00	-
Miscellaneous Expenses	166.70	139.09
	10,533.65	6,090.44

NOTE: 24

DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol- No. 35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

a) Capital to Risk Assets Ratio (CRAR)

Particulars	March 31st, 2016	March 31st, 2015*
i) CRAR (%)	12.70	13.34
ii) CRAR - Tier I Capital (%)	9.04	9.99
iii) CRAR - Tier II Capital (%)	3.66	3.35

*On Inspection for FY 2013-14, NHB has observed that NOF & CRAR as at March 31, 2014 was overstated on account of intangible assets, deferred revenue expenditure, short provisioning due to wrong asset classification, negative amortisation and non-provisioning on loan against deposits. The Company has made necessary rectifications and accordingly the CRAR as at March 31, 2014 is restated at 12.64% as against 12.95% published in the Annual Report 2014-15. Similarly, the CRAR as at March 31, 2015 has been restated at 13.34% as against 13.76% published in Annual Report 2014-15.



b) Exposure to Real Estate Sector

(₹ In Lacs)

Sr. No.	Particulars	March 31st, 2016	March 31st, 2015
i)	Direct Exposure		
	A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Out of which Individual Housing Loans up to ₹ 15 Lacs - ₹ 2,14,200 Lacs (Previous year ₹ 1,06,755 Lacs))	22,55,497.22	14,34,045.00
	B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	4,64,585.61	2,47,887.00
	C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	i) Residential	Nil	Nil
	ii) Commercial Real Estate		
ii)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

c) Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010.

During the current year, the Company has:

- Not been imposed any penalty by National Housing Bank.
- During the course of inspection for FY 2013-14, NHB has made certain observations. Most of the observations were routine in nature except with reference to the calculation of CRAR as explained above.

d) Asset Liability Management:

The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding prepayments and renewals as prescribed by the National Housing Bank (NHB). Maturity pattern of certain items of assets and liabilities is as follows:

As at March 31st, 2016

(₹ In Lacs)

Maturity Buckets	Liabilities		Assets	
	Bank Borrowings	Market Borrowings	Net Advances	Investments
1 day to 30-31 days (one month)	78,371.00	12,735.10	53,950.33	57,100.83
Over 1 month to 2 months	2,000.00	3,77,306.48	53,017.62	5.00
Over 2 months to 3 months	-	1,36,918.96	52,104.56	31,921.33
Over 3 months to 6 months	26,861.24	52,377.68	1,51,025.01	-
Over 6 months to 1 year	53,645.30	35,083.01	2,79,855.16	3,027.77
Over 1 year to 3 years	96,474.35	4,13,436.87	8,82,165.14	39.87
Over 3 years to 5 years	1,11,939.86	5,06,666.20	4,51,000.77	83.87
Over 5 years to 7 years	44,099.54	4,60,154.88	2,86,052.19	5,391.58
Over 7 years to 10 years	33,879.34	1,40,191.43	2,47,414.36	69,197.94
Over 10 years	16,000.00	17,214.45	2,63,497.69	3,642.14
Total	4,63,270.63	21,52,085.06	27,20,082.83	1,70,410.33

As at March 31st, 2015

(₹ In Lacs)

Maturity Buckets	Liabilities		Assets	
	Bank Borrowings	Market Borrowings	Net Advances	Investments
1 day to 30-31 days (one month)	36,429.06	22,804.33	21,528.73	1,36,685.03
Over 1 month to 2 months	2,000.00	58,921.98	21,253.16	18.80
Over 2 months to 3 months	8,000.00	88,831.10	20,981.12	-
Over 3 months to 6 months	49,535.67	68,339.34	61,345.71	1,864.30
Over 6 months to 1 year	67,663.55	1,39,420.38	1,15,802.63	15,240.19
Over 1 year to 3 years	2,08,598.19	3,00,535.97	3,83,244.53	10,643.57
Over 3 years to 5 years	1,32,017.48	1,45,076.96	2,81,319.27	78.12
Over 5 years to 7 years	38,535.36	50,151.01	2,06,501.40	1,217.38
Over 7 years to 10 years	36,135.35	2,22,161.57	2,11,507.31	17,471.88
Over 10 years	-	-	3,58,447.83	-
Total	5,78,914.66	10,96,242.65	16,81,931.66	1,83,219.27



NOTE: 25

RELATED PARTY TRANSACTIONS

As per the Accounting Standard on 'Related Party Disclosures' (AS 18), the related parties of the Company are as follows:

Name of the Related Party	Nature of Relationship
Punjab National Bank *	Holding Company
PNB Gilts Limited *	Fellow Subsidiary
Punjab National Bank (International) Ltd., UK *	Fellow Subsidiary
PNB Investment Services Limited *	Fellow Subsidiary
Druk PNB Bank Ltd, Bhutan *	Fellow Subsidiary
PNB Insurance Broking Private Limited *	Fellow Subsidiary
JSC SB PNB Kazakhstan *(upto March 09, 2016)	Fellow Subsidiary
Destimoney Enterprises Limited	Enterprise having Significant Control
Shri Sanjaya Gupta (Managing Director)	Key Managerial Personnel
Shri Sanjay Jain (Company Secretary)	Key Managerial Personnel
Shri Jayesh Jain (Chief Financial Officer)	Key Managerial Personnel

* State Controlled Enterprises

25.1 TRANSACTIONS WITH RELATED PARTIES

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. The Company has identified all other related parties transactions during the year as given below:

Particulars	₹ In Lacs)	
	March 31st, 2016	March 31st, 2015
Commission paid to Destimoney Enterprises Limited	130.00	339.39
Dividend paid to Destimoney Enterprises Limited	1,071.00	735.00
Issues of Equity Shares under Rights Issue and payment of Call Money by Destimoney Enterprises Limited	14,700.00	34,299.99
Remuneration paid to KMPs:		
a) Shri Sanjaya Gupta (Managing Director)	136.67	105.25
b) Shri Sanjay Jain (Company Secretary)	46.82	35.00
c) Shri Jayesh Jain (Chief Financial Officer)	58.75	27.45*

*For part of the year with effect from 22nd August 2014.

NOTE: 26

OPERATING LEASE

In accordance with the Accounting Standard on 'Leases' (AS 19), notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of Operating Leases are made. The Company has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent, amounts to ₹ 1,462.43 Lacs (Previous year ₹ 1,145.24 Lacs). The future minimum lease payments in respect of properties taken under non-cancellable operating lease are as follows:

Particulars	₹ In Lacs)	
	March 31st, 2016	March 31st, 2015*
Not later than one year	1,087.13	938.85
Later than one year but not later than 5 years	883.67	1,337.98
More than five years	Nil	Nil

NOTE: 27

In accordance with the Accounting Standard on 'Earnings Per Share' (AS 20), the Earnings Per Share is as follows:

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	March 31st, 2016	March 31st, 2015
a) Amount used as the numerator for Basic EPS Profit After Tax	(₹ in Lacs)	32,647.12	19,610.97
b) Weighted average number of equity shares for Basic EPS	Number	11,87,86,817	8,03,46,855
c) Weighted average number of equity shares for Diluted EPS	Number	11,87,86,817	8,03,46,855
d) Nominal value per share	(in ₹)	10	10
e) Earnings Per Share:			
-Basic (a/b)	(in ₹)	27.48	24.41
-Diluted (a/c)	(in ₹)	27.48	24.41

ii) The Basic Earnings Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares for the respective periods. The weighted average number of shares have been derived as follows:

(a) For the year 2015-16 :

Particulars	Pro-Rata No. of Shares	Days
i) 5,00,00,000 Equity Shares of ₹ 10/- each (Fully Paid-up) and 7,69,23,000 Equity Shares of ₹ 10/- each (Partly Paid-up ₹ 7/- per share) at the beginning of the year	10,38,46,100	366
ii) Third and final call of ₹ 3/- on 39,230,700 Equity Shares having nominal value of ₹ 10/- per share	1,17,69,210	235
iii) Third and final call of ₹ 3/- on 37,692,300 Equity Shares having nominal value of ₹ 10/- per share	1,13,07,690	239
iv) Weighted Average number of shares for computation of Basic Earnings Per Share	11,87,86,817	-



(b) For the year 2014-15 :

Particulars	Pro-Rata No. of Shares	Days
i) 5,00,00,000 Equity Shares of ₹ 10/- each (Fully Paid-up) and 3,92,30,700 Equity Shares of ₹ 10/- each (Partly Paid-up ₹ 4/- per each) at the beginning of the year	6,56,92,280	365
ii) Allotment of 37,692,300 Equity Shares under rights issue (first call of ₹ 4/- having nominal value of ₹ 10/- per share)	1,50,76,920	236
iii) Second call of ₹ 3/- on 39,230,700 Equity Shares having nominal value of ₹ 10/- per share	1,17,69,210	107
iv) Second call of ₹ 3/- on 37,692,300 Equity Shares having nominal value of ₹ 10/- per share	1,13,07,690	47
v) Weighted Average number of shares for computation of Basic Earnings Per Share	8,03,46,855	-

iii) The Diluted Earnings Per Share is same as Basic Earnings Per Share, as there are no dilutive potential equity shares outstanding as at March 31, 2016 and March 31, 2015.

NOTE: 28

SEGMENT REPORTING

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/Flats/Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Accounting Standard on Segment Reporting (AS-17), notified by the Companies (Accounting Standards) Rules, 2016.

NOTE: 29

CONTINGENT LIABILITIES AND COMMITMENTS

- i) Contingent liability in respect of Income-tax ₹ 503.22 Lacs (Previous year ₹ 447.18 Lacs) is disputed by the Company and are under appeal. The Company expects to succeed in these matters before appellate authorities and hence no additional provision is considered necessary.
- ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 1,719.51 Lacs (Previous year ₹ 2,107.72 Lacs).
- iii) Claims against the Company not acknowledged as debt is Nil (Previous year Nil).

NOTE: 30

DISCLOSURES IN RESPECT OF EMPLOYEE BENEFITS

In accordance with Accounting Standards on (AS-15) - "EMPLOYEE BENEFITS" the following disclosure have been made:

30.1 The Company has made Contribution to Provident Fund of ₹ 283.98 Lacs (Previous year ₹ 223.68 Lacs) which has been recognised in Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 21.

30.2 The Company has recognised expenses of ₹ 87.48 Lacs (Previous year ₹ 60.25 Lacs) in Statement of Profit and Loss for Contribution to State Plan namely Employees' Pension Scheme.

30.3 GRATUITY LIABILITY

(₹ In Lacs)		
Change in present value of obligation	March 31st, 2016	March 31st, 2015
Present value of obligation as at the beginning of the year	217.78	161.45
Interest cost	17.42	12.92
Current service cost	56.02	40.01
Benefits paid	(4.34)	(18.01)
Actuarial (gain)/loss on obligation	8.02	21.42
Present value of obligation as at the end of year	294.90	217.78

(₹ In Lacs)		
Fair Value of plan assets	March 31st, 2016	March 31st, 2015
Fair Value of plan assets as at the beginning of the year	264.06	207.27
Actual return on plan assets	23.12	18.57
Contributions	64.39	56.23
Benefits paid	(4.34)	(18.01)
Fair Value of plan assets as at the end of year	347.22	264.06
Funded status	52.32	46.27

(₹ In Lacs)		
Amount recognised in Balance Sheet	March 31st, 2016	March 31st, 2015
Present value of obligation as at the end of the year	294.90	217.78
Fair value of plan assets as at the end of the year	347.22	264.06
Funded status/Difference	52.32	46.27
Net asset/(liability) recognised in Balance Sheet	52.32	46.27

(₹ In Lacs)		
Expense recognised in the Statement of Profit and Loss	March 31st, 2016	March 31st, 2015
Current service cost	56.02	40.01
Interest cost	17.42	12.92
Expected return on plan assets	(23.12)	(18.57)
Net actuarial (gain)/loss recognised in the year	8.02	21.42
Expenses recognised in the Statement of Profit and Loss	58.34	55.78

Gratuity Contribution is paid to LIC of India under Gratuity Scheme of LIC.



30.4 LEAVE ENCASHMENT

(₹ In Lacs)

Change in present value of obligation	March 31st, 2016	March 31st, 2015
Present value of obligation as at the beginning of the year	410.71	218.42
Interest cost	31.83	18.56
Current service cost	216.36	150.21
Benefits paid	(60.95)	(39.70)
Actuarial (gain)/loss on obligation	43.03	63.21
Present value of obligation as at the end of year	640.98	410.70

(₹ In Lacs)

Amount recognised in Balance Sheet	March 31st, 2016	March 31st, 2015
Present value of obligation as at the end of the year	640.98	410.70
Fair value of plan assets as at the end of the year	0.00	0.00
Funded status/Difference	(640.98)	(410.70)
Net asset/(liability) recognised in Balance Sheet	(640.98)	(410.70)

(₹ In Lacs)

Expense recognised in the Statement of Profit and Loss	March 31st, 2016	March 31st, 2015
Current service cost	216.36	150.21
Interest cost	31.83	18.56
Expected return on plan assets	0.00	0.00
Net actuarial (gain)/loss recognised in the year	43.03	63.21
Expenses recognised in the Statement of Profit and Loss	291.22	231.98

(₹ In Lacs)

Movement in the liability recognised in the Balance Sheet	March 31st, 2016	March 31st, 2015
Opening Liability	410.71	218.42
Expenses as above	291.22	231.98
Benefits paid	(60.95)	(39.70)
Actual return of plan assets	0.00	0.00
Acquisition adjustment	0.00	0.00
Closing Liability	640.98	410.70

30.5 FOLLOWING ASSUMPTIONS HAVE BEEN MADE IN RESPECT OF GRATUITY AND LEAVE ENCASHMENT:

(₹ In Lacs)

Assumptions	March 31st, 2016	March 31st, 2015
Discounting Rate	8.00%	8.00%
Future Salary Increase	7.75%	7.75%
Retirement Age (Years)	60	60
Mortality Table	IALM (2006-08)	IALM (2006-08)

NOTE: 31

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

During the year, the Company has spent/provisioned ₹ 398.00 Lacs towards Corporate Social Responsibility (CSR) under section 135 of Companies Act, 2013 and rules thereon. In terms of clarification issued by the Institute of Chartered Accountants of India in current year same has been charged to Statement of Profit and Loss while during previous year CSR expenses of ₹ 269.58 Lacs had been appropriated from previous year's profits.

NOTE: 32

There are no indications which reflects that any of the assets of the Company had got impaired from its potential use and therefore no impairment loss was required to be accounted in the current year as per Accounting Standard on 'Impairment of Assets' (AS 28) notified by the Companies (Accounting Standards) Rules, 2006.

NOTE: 33

Previous year figures have been rearranged/regrouped wherever necessary to correspond with current year's classification disclosure.



GLIMPSES FY2015-16

Branch Inaugurations and Renovations



GLIMPSES FY2015-16

Events and Exhibitions





GLIMPSES FY2015-16

Internal Affairs

GLIMPSES FY2015-16

Corporate Social Responsibility





CENTRAL SUPPORT OFFICE (CSO) - Delhi

- Zonal Office**
- North (co-housed with COPs & CPC) - Noida
- West - Mumbai
- South - Bangalore

As on March 31st, 2016.

PROCESSING HUB

North (8) : Chandigarh Hub, Dehradun Hub, Delhi Hub, Green Park Hub, Jaipur Hub, Kolkata Hub, Lucknow Hub, Noida Hub

West (5) : Ahmedabad Hub, Indore Hub, Mumbai Hub, Pune Hub, Thane Hub

South (4) : Bangalore Hub, Chennai Hub, Cochin Hub, Hyderabad Hub

BRANCH

North (21) : Agra, Bhiwadi, Bikaner, Chandigarh, Dehradun, Delhi¹, Faridabad, Ghaziabad, Gurgaon, Jaipur, Jalandhar, Jodhpur, Karnal, Kolkata, Lucknow, Ludhiana, Meerut, Noida, Varanasi

West (13) : Ahmedabad, Bhopal, Indore, Mumbai², Nagpur, Nasik, PimpriChichwad, Pune, Raipur, Surat, Thane, Vadodra

South (13) : Chennai, Chennai OMR, Cochin, Coimbatore, Hyderabad², Bangalore¹, Thrissur, Trivandrum, Vijayawada, Vishakhapatnam

1: Includes three branches in the city
2: Includes two branches in the city



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