pnb Housing Finance Limited

BUILT TO LAST

31st
ANNUAL REPORT
2018-19

INSIDE THIS REPORT

Corporate Overview

Statutory Reports

Financial Statements

INTRODUCING PNB HOUSING FINANCE LIMITED (PNB HOUSING)

PNB Housing is a registered housing finance company with the National Housing Bank (NHB). The Company was incorporated under the Companies Act, 1956 and commenced operations from November 11, 1988. Punjab National Bank (PNB) is our promoter. PNB Housing equity shares were first issued to the public in November 2016. The Company is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

FY 2018-19 AT A GLANCE

Disbursement
₹36,079 crores
9% ↑

Asset under management
₹84,722 crores
36% ↑

Loan assets
₹74,023 crores
30% ↑

Total revenue
₹7,683 crores
40% ↑

Profit after tax
₹1,192 crores
42% ↑

Earnings per share
₹71.2
41% ↑

'Built to last' has a wide-ranging connotation for us.

It encapsulates the virtue of resilience amidst adversities, an enduring testament to our robust value system and capabilities and how they help us navigate industry challenges and economic cycles with confidence.

It demonstrates the commitment to serve large segments that starts with building a country-wide footprint with rich local insight and flexibility to serve the last-mile customer.

It reflects the Company's differentiated product mix, value proposition and constant pursuit of margin-accretive growth across focused market segments.

The products and services offered are aligned with customer aspirations, and we primarily cater to a defined market, which is not only large in volume but also healthy from an asset quality perspective.

Our offerings and services were evolved to set higher performance benchmarks, FY 2018-19 saw delivery of stakeholder commitments with speed.

We will continue to build on the competitive advantages and efficiencies, so that the value we create for the nation lasts for the long term.

Strengths & Values

A 17th century architectural marvel that remained unconquered until India won independence. Janjira Fort is on an island, off the Arabian Sea, encircled by water from all sides. It epitomises ancient engineering and craftsmanship. This strongly resonates with the stable edifice of PNB Housing's capabilities and values that was built brick by brick with meticulous care and perseverance.

Janjira Fort, Maharashtra

Corporate Profile

WE ARE PNB HOUSING

A catalyst in the nation's progress, PNB Housing is creating roofs for millions of citizens in India. We are helping realise the dreams of home aspirants far and wide, for over three decades now. Our modest yet determined vision is to be considered as one of the most admired housing finance companies in the country.

One of India's fastest-growing housing finance companies, fifth largest in terms of assets managed and second largest in terms of size of deposits

1,609 employees drive us through their skill, talent and relentless focus on excellence

102 branches and 23 hubs in 62 unique cities bring us closer to customers

~75% of our corporate social responsibility (CSR) spend is directed towards empowering construction workers and their families

We have been recognised as a Great Place To Work two years in a row

ISO-certified central operations with four delivery/processing units represent our backbone

>60% of our asset customers have migrated to digital platforms

Our portfolio quality remains robust with **one of the lowest gross non-performing assets at 0.48% of the loan assets**

A well-defined, strong and scalable unique operating model helps us strategically extend our reach to connect with the farthest customer

Corporate Profile (contd.)

Core values

Nurturing talent, knowledge, team spirit, a stimulating environment and a culture of meritocracy, along with a passionate drive towards customer-centricity and high ethical standards in corporate governance represent our core foundational values.

People first

Customer-centric

Ethical standards

Product portfolio

Housing loans

Loans to individuals for purchase of homes and residential plots, as well as construction, repair, improvements and extension of homes and loans to real estate developers for residential construction

Non-housing loans

Loans availed against property, loans for non-residential premises, lease rental discounting and corporate term loans

Fixed deposits

Safe investment options with attractive interest rates and rated AAA by credit rating agencies

Key loan profile

Average ticket size

Individual housing loans
₹0.31 crores

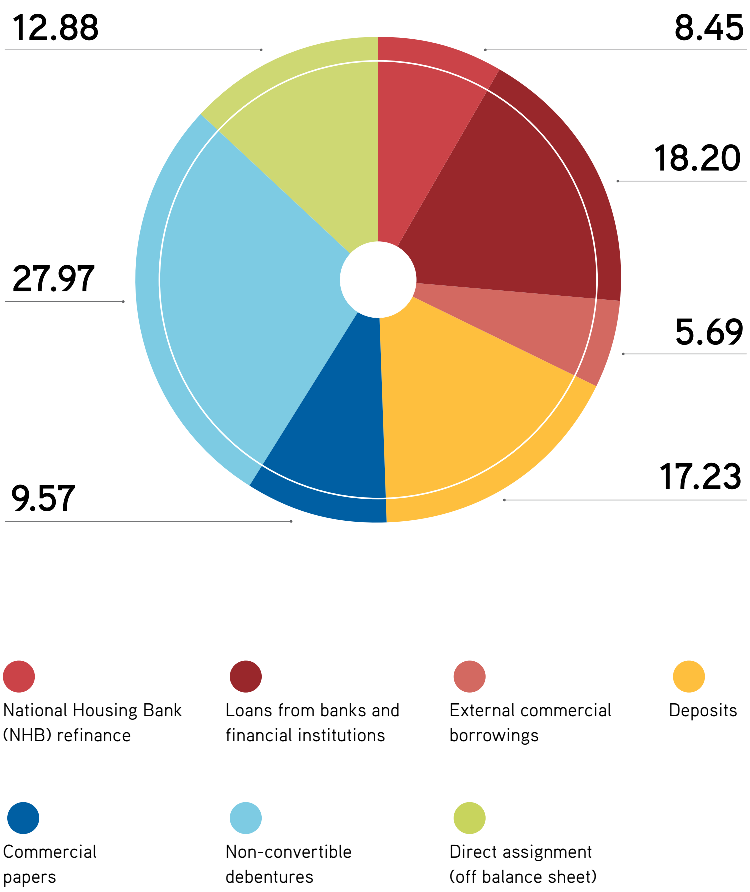
Retail loan against property
₹0.48 crores

Construction finance to developers
₹128 crores

Resource profile

Access to diverse funding base

(%)



Credit rating

Fixed deposits

- CARE – AAA
- CRISIL – FAAA with stable outlook

Bonds/non-convertible debentures

- CARE – AAA
- India Ratings (Fitch Group) – IND AA+ with stable outlook
- CRISIL – AA+ with stable outlook
- ICRA – AA+

Bank term loans

- CARE – AAA
- CRISIL – AA+ with stable outlook

Commercial paper

- CARE – A1+
- CRISIL – A1+

Relationships with multiple lending partners

33
Banks

32
Pension funds

572
Provident funds

2
Multilateral agencies

36
Insurance companies

1,50,000+
Deposit accounts

23
Mutual funds

7
Foreign portfolio investors

Corporate Profile (contd.)

AWARDS AND ACCOLADES

PNB Housing garnered the following awards during the year.

Mr. Sanjaya Gupta, Managing Director, PNB Housing recognised as one of the **Most Promising Business Leaders of Asia 2019** at the Economic Times' Asian Business Leaders Conclave in Hong Kong

Gold in the 'Home Loan Provider of the Year 2018' category at the 17th Edition of Outlook Money Awards

Best Brand of India 2019 by the Economic Times

Winner at The Economic Times Innovation Tribe Awards 2018 in the Banking, Financial Services and Insurance (BFSI) category for the innovative digital solution iBox

Best Stand-out Investor Relations' award in the 'Large Cap' category by the prestigious Investor Relations Society India in association with Bloomberg and BNY Mellon

Winner at Trescon BIG 50 BFSI Leaders Awards for PNB Housing's transformation journey

Bronze at the 58th Annual Awards Nite, organised by the ABCI for the Annual Report 2016-17

Bronze at the SKOCH Awards 2018 for collaborative service platform Connect

Silver at the 13th Global Communication Conclave 2019 for the Annual Report 2017-18

Depth & Breadth

About 1,000 years ago, a 13-storey deep well with as many as 3,500 steps was built to ensure that people in the arid Abhaneri region of Rajasthan would always be supplied with water. The customer outreach at PNB Housing mirrors this reservoir, known as Chand Bawdi. Both comprise an intricate journey with unique science and art that may not be visible as a reality on the surface.

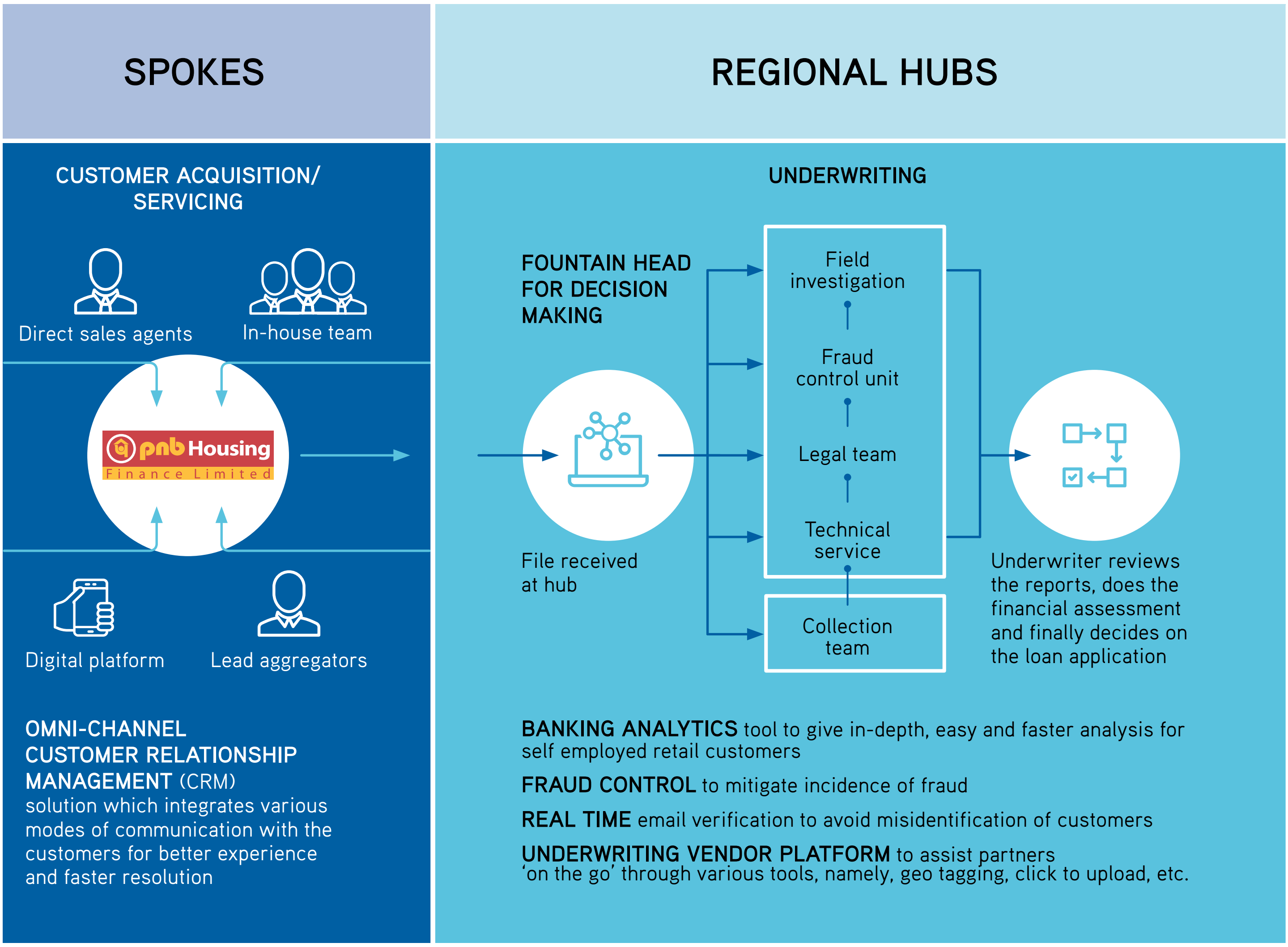
Chand Bawdi, Rajasthan

Distribution Footprint

WE ARE NEAR YOU

A simple and efficient hub-and-spoke model enables us to reach existing and prospective customers with speed and efficiency. Branches serve as point of sale and service. Processing hubs are the nodal decision-making centres and zonal hubs guide and supervise each hub. Distribution strength is combined with operational clarity to maximise value from every geography.

Scalable hub-and-spoke model



Our in-house team along with external third-party channel partners are expanding reach, enhancing brand salience. The model is scalable, with centralised processing, effective risk management through delegation of responsibilities, and an integrated IT platform.

Closer customer relations

Domestic customer
customercare@pnbhousing.com

NRI customers
nricare@pnbhousing.com

Toll-free phone number
1800 120 8800

Self-care web login

CENTRAL OPERATIONS

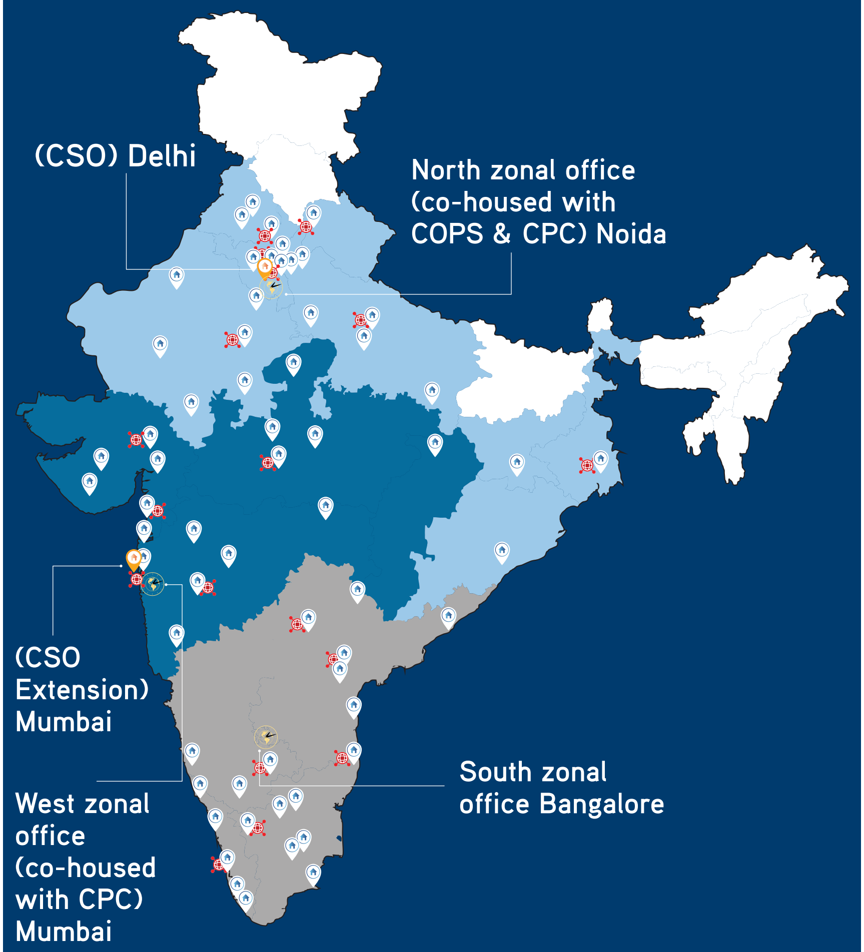
POST DISBURSEMENT OPERATIONS

CENTRAL PROCESSING CENTRE (CPC)

CENTRALISED OPERATIONS (COPS)

DIGITISATION, amalgamation of people, process and technology for customer convenience and elimination of transit risk and robotic intelligent mailing solution to ensure standard, confidential and accurate communication

Pan-India presence



23 Hubs

102 Branches

History

DECADES OF RESILIENT GROWTH

1988

- Obtained the National Housing Bank (NHB) license for loans and deposits
- Commenced operations

1994

- Crossed ₹100 crores in AUM

2003

- Notified under Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act

2006

- Crossed ₹1,000 crores in AUM

2009

- Destimoney Enterprises Limited (DEL) acquired 26% stake in the Company

2010

- Launched Business Process Re-engineering project, 'Kshitij'

2011

- New brand positioning with completely refurbished, elegant, convenient and secured offices
- Robust and scalable target operating model (TOM) implementation commenced

2012

- DEL raised stake from 26% to 49% through conversion of compulsory convertible debentures (CCD)

2014

- PAT crossed ₹100 crores
- AUM crossed ₹10,000 crores

2015

- Implemented end-to end Enterprise System Solution
- DEL acquired by Quality Investment Holdings (QIH), of the Carlyle Group

2016

- Listed on Indian stock exchanges through IPO, raised ₹3,000 crores
- AUM crossed ₹25,000 crores
- Target operating model (TOM) fully implemented

2017

- Crossed ₹50,000 crores in AUM
- Crossed ₹10,000 crores in deposits
- Certified as a 'Great Place to Work' by building a 'High Trust, High Performance Culture'
- Incorporated a wholly owned subsidiary PHFL Home Loans and Services Limited (PHFL)

2018

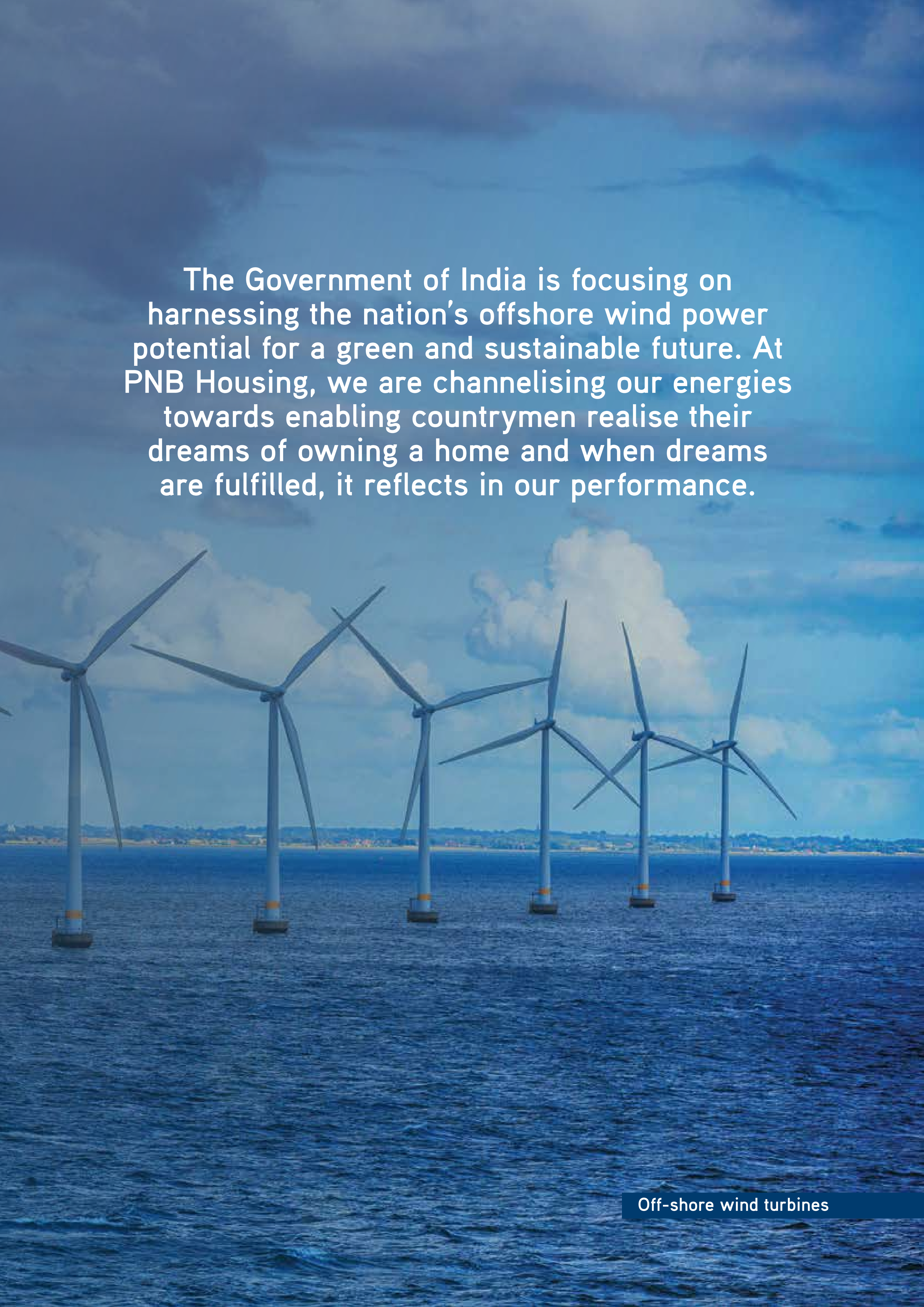
- Included in the MSCI Global Small Cap Index
- Certified 'Great Place to Work' second year in a row
- Recognised as 'Best BFSI Brand' by Economic Times

2019

- Expanded to over 100 branches
- PAT crossed ₹1,100 crores


&
Dynamism
Progress

The Government of India is focusing on harnessing the nation's offshore wind power potential for a green and sustainable future. At PNB Housing, we are channelising our energies towards enabling countrymen realise their dreams of owning a home and when dreams are fulfilled, it reflects in our performance.



Off-shore wind turbines

Performance Highlights

ENCOURAGING BENCHMARKS

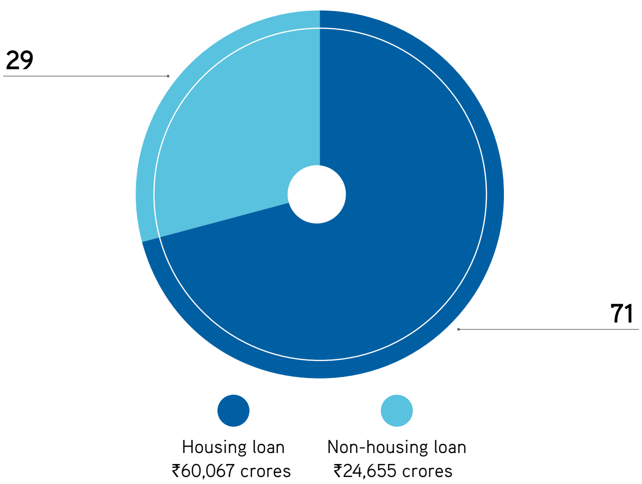
Disbursement growth
Disbursements expanded at 9%, from ₹33,195 crores in FY 2017-18 to ₹36,079 crores in FY 2018-19

AUM growth
Housing credit industry during this period grew at an annualised ~14-16% [Source: ICRA]. AUM (including securitised book) stood at ₹84,721.9 crores in FY 2018-19, growing 36% over FY 2017-18 annually

Product mix (portfolio on books)
A well-rounded product mix was maintained with 71% attributed to housing loans and 29% to non-housing loans

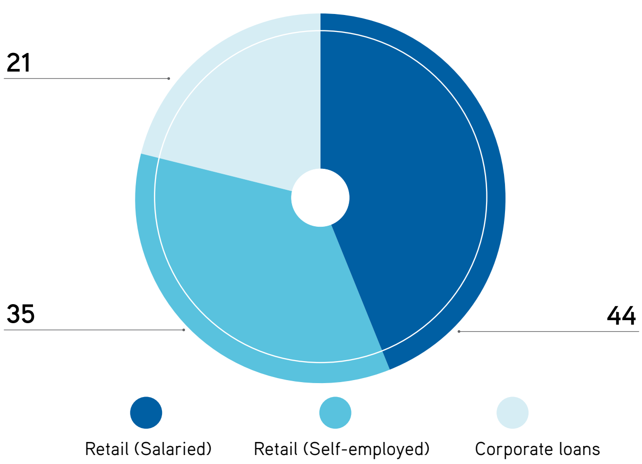
PAT growth
PAT increased from ₹841.2 crores in FY 2017-18 to ₹1,191.5 crores in FY 2018-19, representing a growth of 42%

Product mix[1]^ (%)

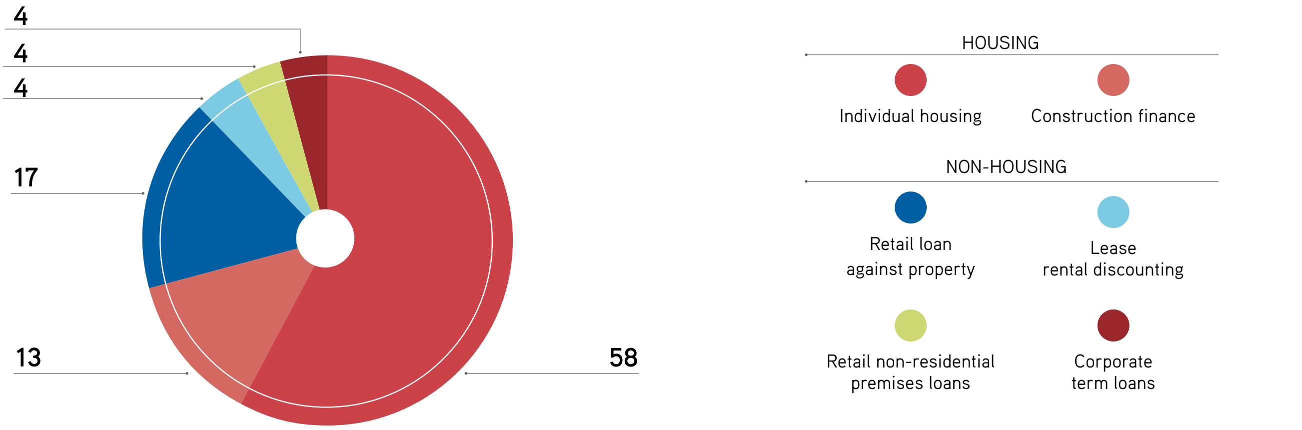


[1]including securitised book

AUM: Segment-wise share^ (%)



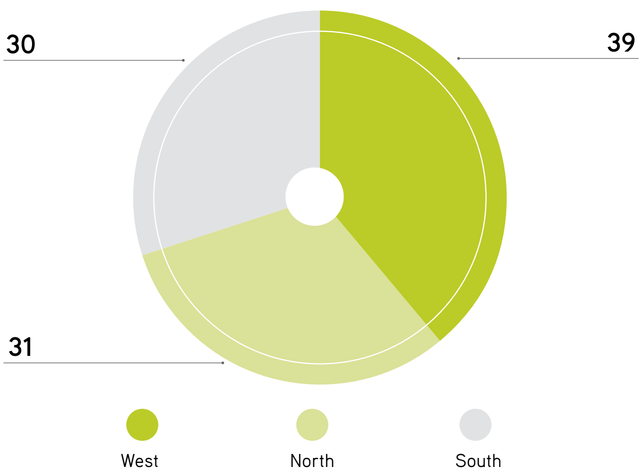
AUM: Product-wise share^ (%)



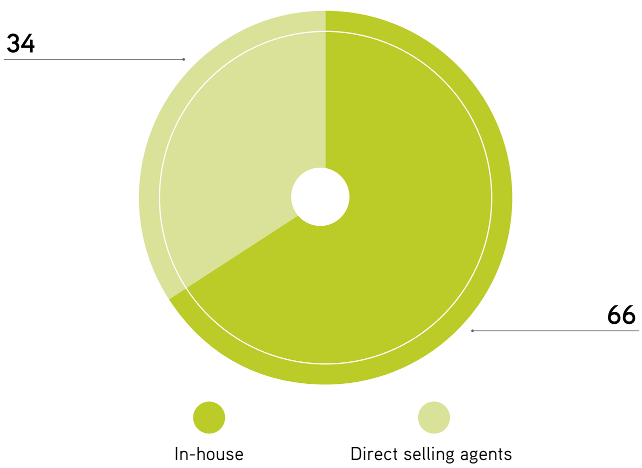
GEOGRAPHIC DISTRIBUTION

Our portfolio is balanced across western, northern and southern regions.

AUM: Region-wise share^ (%)



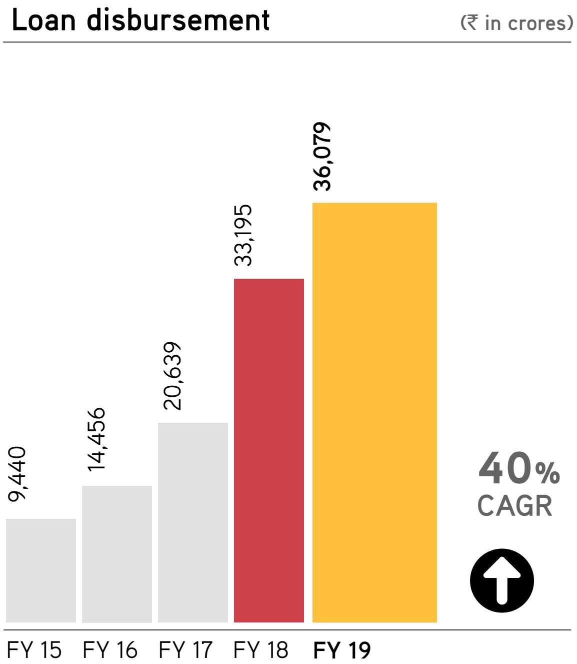
Disbursement origination* (%)

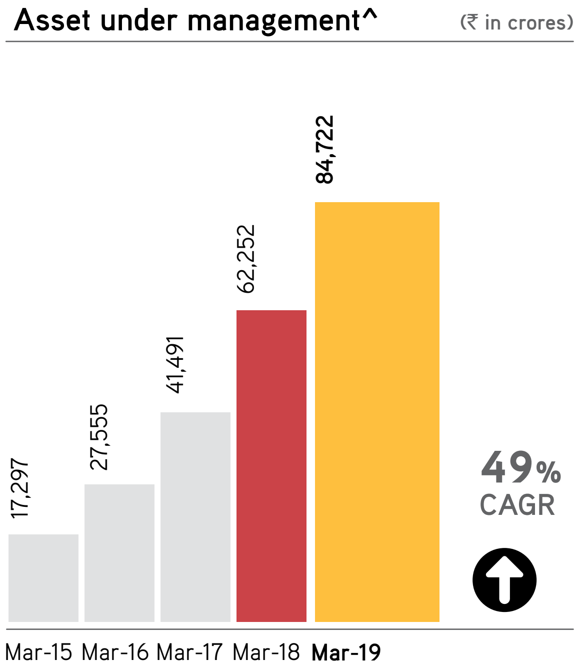


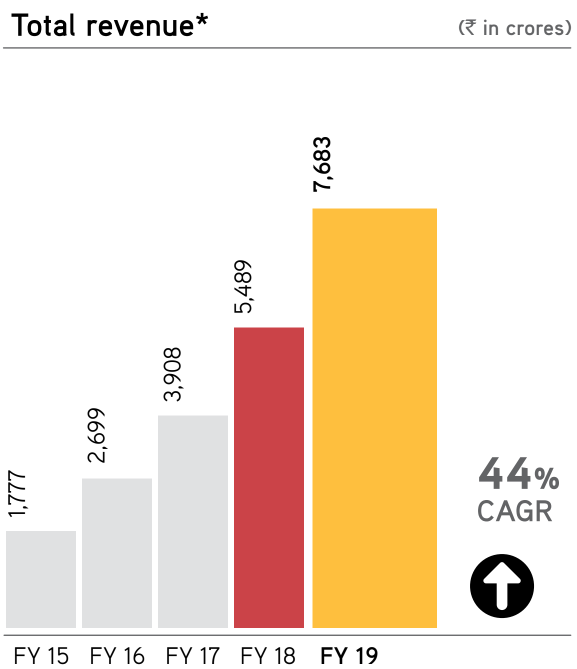
^Figures are as on March 31, 2019
*Figures are for FY 2018-19

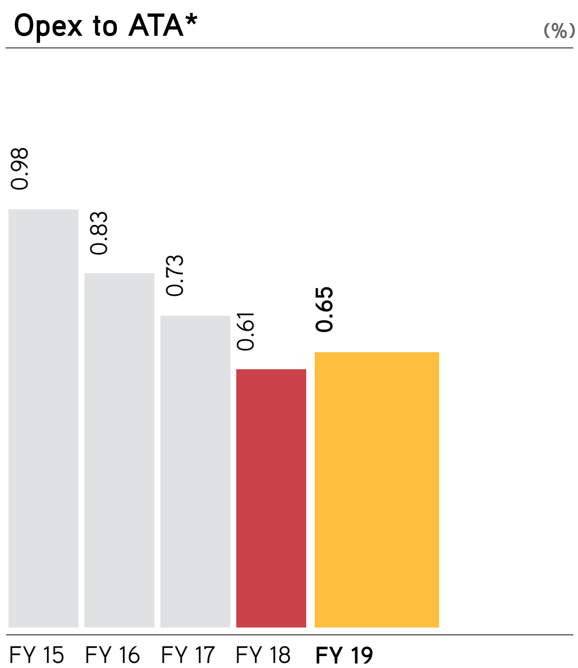
Financial Highlights

MEASURING CONSISTENT PROGRESS



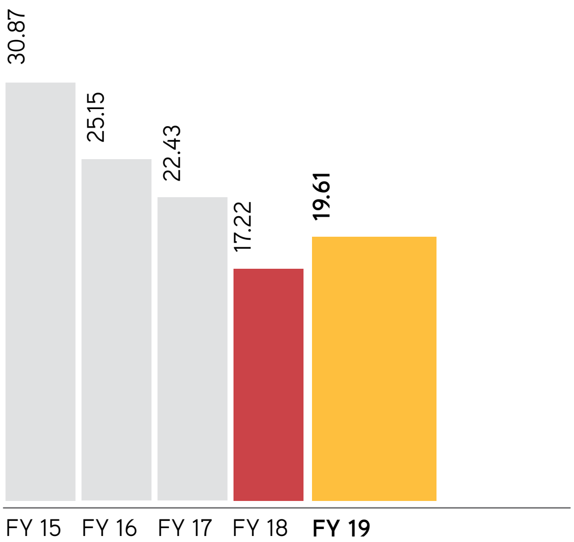




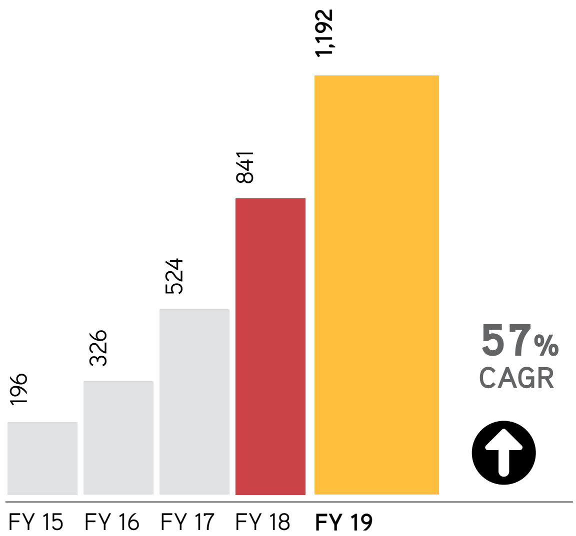


*FY 18 and FY 19 financial numbers are on Ind AS basis whereas prior numbers are based on IGAAP.
^ indicates dates as on March 31

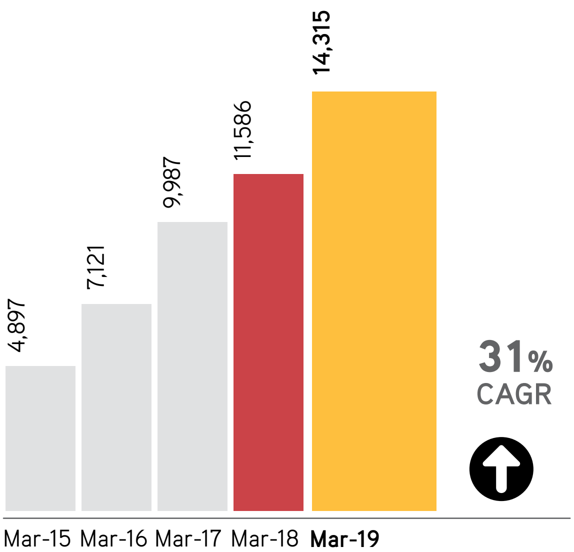
Cost to income ratio* (%)



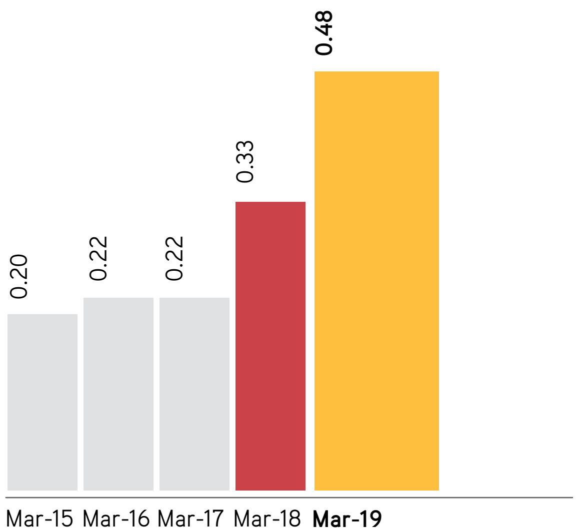
Profit after tax* (₹ in crores)



Deposit outstanding^ (₹ in crores)



Gross non-performing assets*^ (%)



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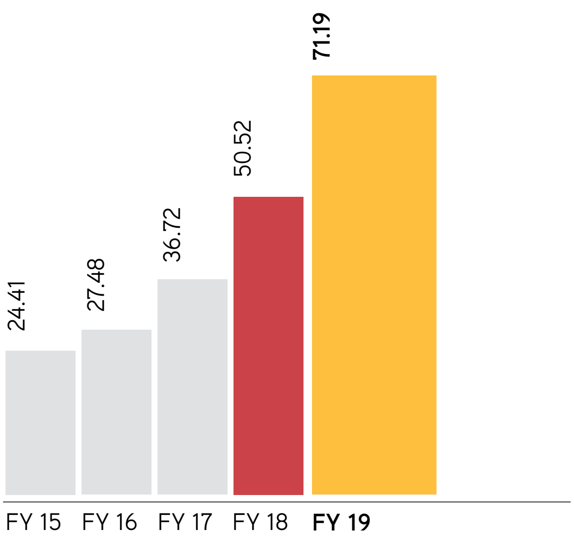
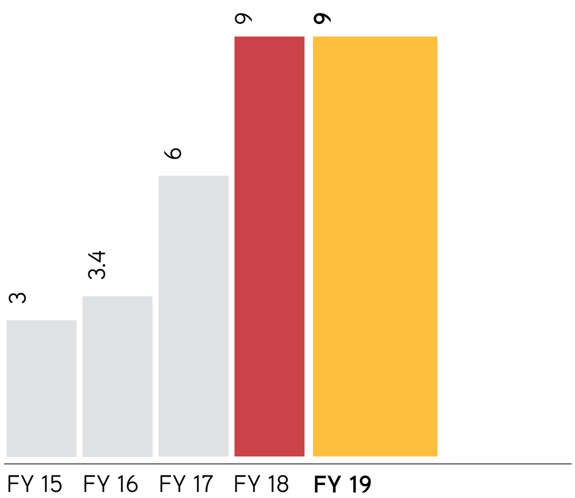
^ indicates dates as on March 31

Financial Highlights (contd.)

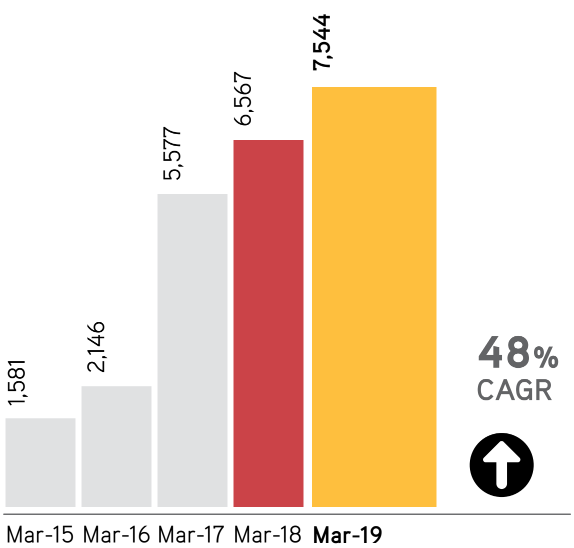
Earnings per share* (₹)



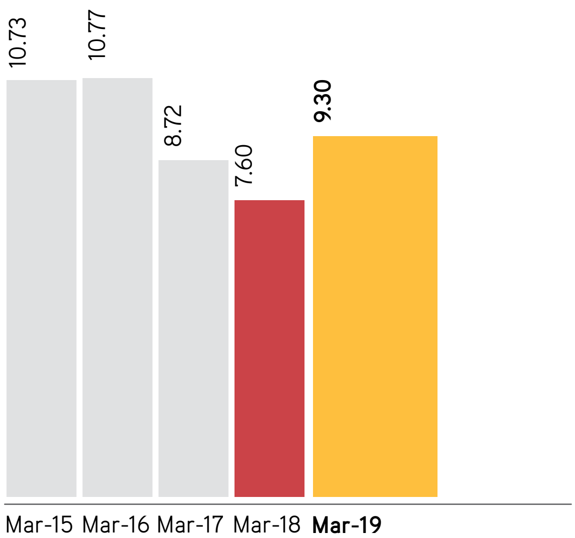
Dividend per share (₹)



Net worth*^ (₹ in crores)



Average gearing*^ (times)



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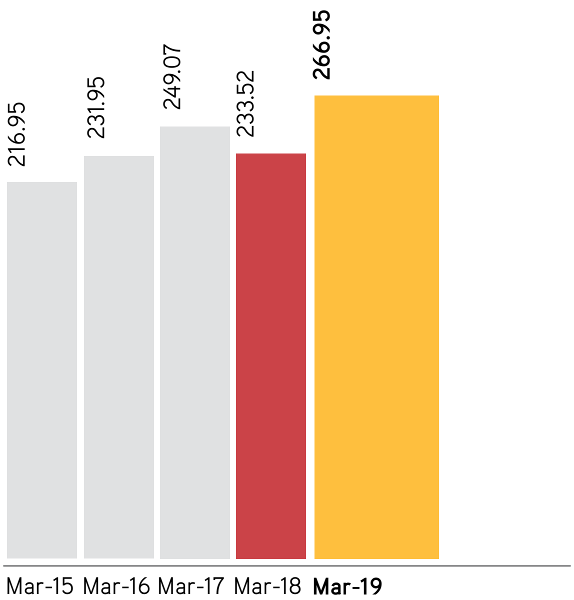
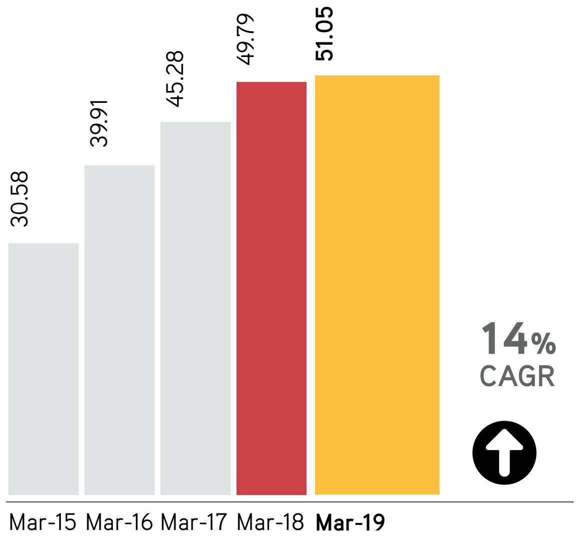
Number of loan and deposit accounts per employee^ (average)



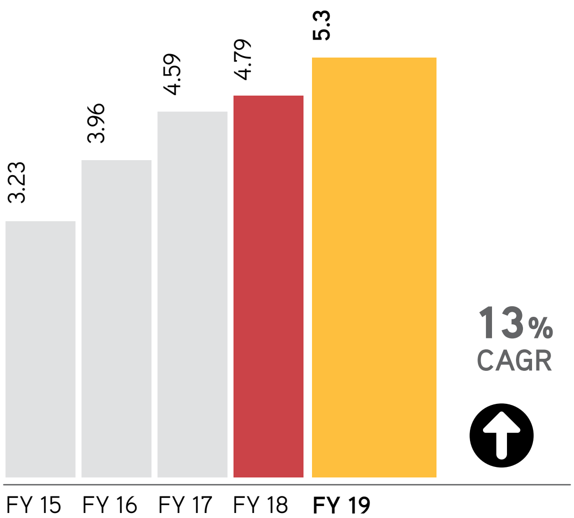
Loan outstanding per employee^ (average)

(₹ in crores)



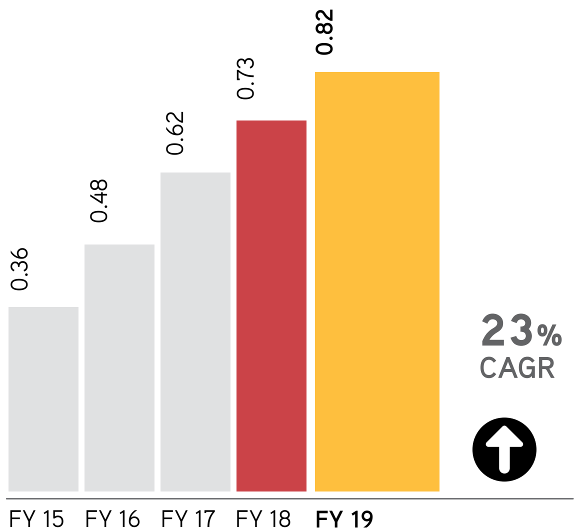
Total revenue per employee* (average)

(₹ in crores)



Profitability per employee* (average)

(₹ in crores)



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^ indicates dates as on March 31

Strategy & Optimism

Literally rising above the waters of the Indian Ocean, this 100-year-old rail and road bridge connects a two-kilometre-long stretch between the Pamban island and the Indian mainland. It not only offers spectacular views of the seascape, but also strategically gives way to waterborne vessels. Our innovation engine echoes this modern engineering wonder, enabling us to stay firmly on track and open doors towards the next milestone.

Pamban (Rameswaram) bridge, Tamil Nadu

Chairman's Statement

IN STEP WITH THE CHANGING TIMES

I am happy to share that PNB Housing delivered encouraging results in a rather challenging operating scenario. This is the result of a durable value system, future-focused strategies and a proactive team of go-getters, inspired by an overarching purpose to serve millions of home aspirants across the country.

Mr. Sunil Mehta
Chairman

Dear Stakeholders

I am delighted to present to you the 31st Annual Report and the consolidated financial statements of PNB Housing Finance Limited for the year ended March 31, 2019. The fiscal 2018-19 was another eventful year for your Company. During the period, it pursued various growth opportunities, despite a challenging operational landscape.

The global economic indicators remained largely volatile during the fiscal owing to a variety of factors. These factors were US–China trade tensions, uncertainty over the UK's exit from the EU, macroeconomic stress in Argentina and Turkey, disruptions in the auto sector in Germany, tighter credit policies in China, and financial tightening alongside the normalisation of monetary policy in the larger advanced economies. These factors, according to the International Monetary Fund, have contributed to significantly weakened global expansion, especially in the second half of 2018.

Closer home, India's growth rate continues to be fast paced among the world's major economies, as the country pursues broad-based, inclusive growth. The economic growth rate decelerated marginally in FY 2018-19, owing to a slowdown in private consumption, tepid increase in fixed investments, muted exports and slowdown in agriculture and automotive sectors. Headline inflation, a credible indicator of consumer and wholesale prices, declined throughout FY 2018-19, before firming up in recent months. The Reserve Bank of India (RBI) responded to the scenario by reducing key lending rates by 25 basis points twice in 2019.

To better regulate the non-banking financial company (NBFC) sector, the RBI has already issued draft guidelines requiring most NBFCs to set aside a liquidity buffer by investing in high-quality liquid assets, primarily sovereign bonds. The larger objective is to ensure that sector players are better governed and stronger; and are geared to pursue risk-adjusted long-term growth.

If we observe the country's real estate space, we will find that it is undergoing significant transformation with the introduction of Real Estate (Regulation and Development) Act (RERA) and Goods and Service Tax (GST). The 2018 liquidity crisis among NBFCs – a leading source of funding for developers – resulted in the shortage of funds. Prompt regulatory oversight has helped contain the crisis and at the same time, the GST Council has slashed GST rates on housing units to induce demand. With RERA, a conducive environment for the return of equity participation has been created. Besides, Real Estate Investment Trusts (REITs) are expected to unveil more fund-raising avenues for cash-strapped developers.

Your Company is concurrently driving multiple strategies: judiciously managing liquidity, leveraging a rich resource profile and maintaining a highly robust portfolio of assets and a balanced growth.

Moreover, housing prices have stabilised across cities in recent years. This, in conjunction with prevailing policy reforms, presents a clear case of recovery in the coming years. The Government's thrust towards affordable housing, coupled with increasing demand is likely to widen the opportunity landscape for housing finance companies, going forward. On the supply side, developers are likely to concentrate more on the mid and affordable segments, while unsold inventory levels are expected to decline further. Overall, growing population, urbanisation, rise of nuclear families and increasing disposable incomes are catalysing the residential housing sector.

Opportunities in the housing segment are as vast as they are promising, and PNB Housing is committed to make the most of the same. Your Company is concurrently driving multiple strategies: judiciously managing liquidity, leveraging a rich resource profile and maintaining a highly robust portfolio of assets and a balanced growth. Powered by strong systems and processes, a differentiated portfolio and focused business strategy, your Company is progressing with agile steps.

I am happy to share that PNB Housing delivered encouraging results in a rather challenging operating scenario. This is the result of a durable value system, future-focused strategies and a proactive team of go-getters, inspired by an overarching purpose to serve millions of home aspirants across the country. Your Managing Director, Mr. Sanjaya Gupta will take you through the highlights of the year in greater detail.

Your Company will continue to grow in step with the sweeping socio-economic transformation in the country and enrich its solutions spectrum to meet the changing requirements of customers. Before I conclude, I thank all members of the Board and the leadership team steered by Mr. Gupta, for their vision, tenacity and high-quality execution. I must also mention here that your Company's unwavering focus on ethics and good governance has helped it navigate the challenges and sail towards new harbours of growth and opportunity.

I am grateful to all members of the PNB Housing family for their team spirit and to all stakeholders for their trust, integrity and accountability. I also wish to thank the regulator, the National Housing Bank for guidance and support; and I am happy to share that your Company continues to be in absolute compliance with the guidelines issued by them.

I am confident that this great enterprise of innovation, perseverance and resilience will continue to create value for all stakeholders; and I look forward to the new year with renewed confidence and optimism.

Yours sincerely,

Sunil Mehta
Chairman

Managing Director's Message

'TOUGH TIMES NEVER LAST, TOUGH PEOPLE DO.'

Mr. Sanjaya Gupta
Managing Director

> According to Government estimates, the country is poised to become a US$ 5 trillion economy in the next five years and aspires to become a US$ 10 trillion economy in the next eight years thereafter.

Dear Stakeholders

Building an enduring institution is more than just strategy and vision. It is also about resilience and courage to face adversity, the ability to stay afloat in periods of challenges with positive thinking and opportunity mapping. Sometimes when the going gets tough, one may be weak enough to abandon values and high standards of performance but that is not true at PNB Housing. In this context, I am reminded of Dr. Robert H. Schuller's famous saying, "tough times never last, tough people do." At PNB Housing, we are inspired by the philosophy of toughness and teamwork to build a robust institution of value for the nation.

On this note, I wish to congratulate every member of our growing stakeholder fraternity for helping us accomplish predictable performance in a rather uncertain operating environment. This is the result of our grit and determination to continue the journey and strengthen an institution, which can deliver lasting value.

MACRO ENVIRONMENT

The upswing in global economic activity persisted until the middle of 2018. However, the momentum petered out subsequently, amid broad-based moderation in activity across developed and emerging economies. Despite global headwinds, the Indian economy during the year continued to grow at close to 6.8% following wide-ranging reforms undertaken by the Government of India and states in the recent years.

According to Government estimates, the country is poised to become a US$ 5 trillion economy in the next five years and aspires to become a US$ 10 trillion economy in the next eight years thereafter. Moderate inflation, controlled fiscal deficit, encouraging growth in gross capital formation and ease of doing business continue to be critical growth catalysts of our economy. It is relevant to mention here that encouraging improvement in the ease of doing business (India's rank in the World Bank's Ease of Doing Business Report has gone up from 142 in 2014 to 77 in 2018) has helped turn around investment sentiment in the country.

The implementation of structural reforms such as the Goods and Services Tax (GST) and the Insolvency and Bankruptcy Code (IBC) framework have been of critical significance in India's journey towards having a more formalised and transparent economy. The Government's thrust towards digital connectivity, financial inclusion, faster urbanisation, affordable housing and gradual revival of the semi-urban and rural economy will further bolster economic growth in the coming years. The accommodative monetary policy of the Reserve Bank of India will also help spur growth in the economy.

Shifting the focus to overall financial services sector, FY 2018-19 came with a mixed baggage. There were liquidity challenges and the sector had to grapple with a larger issue of trust deficit. In fact, the challenges had an adverse impact on the economy as a whole, as liquidity stress affected consumption finance.

India's economy saw a sharp downward trend in liquidity, both in wholesale corporate bond market (where it was more pronounced) and the banking sector. The fear of credit default, which got accentuated by events at few corporate houses held back the lenders from financial institutions, especially NBFCs and HFCs.

RESILIENT PERFORMANCE

Notwithstanding challenges in the operating scenario, we registered healthy double-digit growth during FY 2018-19 vis-à-vis FY 2017-18. The net interest income grew by 24% to reach ₹2,064 crores and profit after tax expanded by 42% and was at ₹1,191.5 crores. The spread on loans for FY 2018-19 is 235 basis points. Excluding the direct assignment income (that is as per IGAAP), the spread on loans for FY 2018-19 is 198 basis points. Net interest margin is 293 basis points for the same period. The gross margin, net of acquisition cost, including fee income for fiscal 2018-19 stood at 334 basis points against 350 basis points during FY 2017-18.

We continue to be the fifth largest in the domestic HFC segment in terms of our assets size, second largest in deposits, and third largest if one considers incremental disbursements. Our growth has been one of the fastest in the sector during the last few years. For the period we disbursed loans worth ₹36,079 crores at a growth rate of 9% over the previous year.

One should be cognisant of the fact that PNB Housing is a unique national asset, built meticulously with diligence and foresight. The process of building required extraordinary vision, design, execution prowess, personality, culture-building and beyond the call of duty efforts; today that labour of love and dedication is in public domain.

We registered healthy double-digit growth during FY 2018-19 vis-à-vis FY 2017-18. The net interest income grew by 24% to reach ₹2,064 crores and profit after tax expanded by 42% and was at ₹1,191.5 crores.

Maintaining laser sharp focus on portfolio quality, granularity and product mix are foremost in our list of priorities. Aggressive pursuit of the aspiring self-employed customer segment has been undertaken. The aim is to fulfil their home ownership aspirations and cater to their financial requirements. Over 80% of our portfolio addresses the retail segment and we are clear about our priorities to grow our footprint as a retail lending institution.

PNB Housing is aggressively strengthening its footprint to reach out to more customers; 18 branches were made operational during the year, totalling 102 branches across 62 cities. Our customers are also serviced through 29 outreach locations. The hub-and-spoke operating model is the backbone of operations and we are strengthening it through continuous investments in analytics, technology enhancements and digitalisation. The branches and outreach locations are points of sale and service as well as centres of lead generation, while 23 advanced hubs are responsible for prompt processing, quicker turnarounds and optimising productivity.

Each hub is equipped with strong underwriting talent, managing all business activities as usual and adhering to the given timelines with stringent

Managing Director's Message (contd.)

As on March 31, 2019, we have established relationships with 169 real estate developers; over 85% of our corporate book is from top seven cities, which are Mumbai Metropolitan Region (MMR), National Capital Region (NCR), Bengaluru, Chennai, Pune, Hyderabad and Ahmedabad.

accuracy. We want to go deeper into every geography that PNB Housing is present in and make the best use of all opportunities, rather than spreading thin.

In the corporate loan space, we primarily lend to distinguished real-estate developers and repeat customers. Around 70% disbursements, during the year, were made to repeat customers, who have a proven track record. As on March 31, 2019, we have established relationships with 169 real estate developers, over 85% of our corporate book is from top seven cities, which are Mumbai Metropolitan Region (MMR), National Capital Region (NCR), Bengaluru, Chennai, Pune, Hyderabad and Ahmedabad.

As a pureplay HFC and as a relevant service provider, we are dedicated to enriching the customer experience at every touchpoint. We empathise with our customers and want to make their journey of owning a home as seamless as possible. Our policies are fair and transparent at every step for the customers. What distinguishes PNB Housing in a crowded marketplace is the quality of services, from onboarding a customer to post-disbursement interactions.

During the year under review, greater depth, rigour and higher degree of monitoring the risk management framework have been introduced. This strategy helped us further minimise liquidity risk, sustain the retail disbursements and see good growth in asset volumes. With regard to the corporate loan book, accounts were monitored on multiple vectors, aside from delinquency, such as utilisation, stage of construction, sales velocity, demand, collection efficiencies and escrow discipline. This is carried out with different weightages at different project lifecycle stages and with specific resolution norms in place.

The efficiency to underwrite all segments with prudence has helped in containing non-performing assets (NPA) to the industry's lowest levels even in the most testing times.

PNB Housing has a very strong and robust retail deposit arm with over 1,50,000 deposit accounts. Progressively, the deposit mobilisation during FY 2018-19 grew over 4.5 times from ₹212 crores per month in April 2018 to ₹1,032 crores in March 2019. Similarly, deposit volumes increased more than three times, from 3,500 applications in April 2018 to over 11,400 applications in March 2019. Deposits outstanding as on March 31, 2019 are ₹14,315 crores, reflecting a growth of 23.5% over ₹11,586 crores as on March 31, 2018.

Amid the high volatility in the debt market and scarcity of funds, long term funds at competitive rates have been mobilisied. We leveraged multiple lending partners to manage liquidity and judiciously allocated capital across operations. During the financial year, ₹30,858 crores was borrowed through bank term loans, National Housing Bank refinance, external commercial borrowings and public deposits. The National Housing Bank sanctioned ₹3,500 crores in the third quarter of fiscal 2018-19, which was fully drawn down during the fourth quarter.

With the increased share of long-term borrowings during the year, the asset and liability management (ALM) gaps across buckets have also improved. As on March 31, 2019, we prudently maintained over ₹7,000 crores, as cash and liquid investments on the balance sheet. The liquidity buffer helped in strengthening resilience while being nimble-footed and stable.

Considering the macro-economic environment, continuous growth and sustained profitability has kept the investors' faith strong in the management team. Robust communication channels has helped us maintain continuous dialogue with all stakeholders, so that there is no speculation about our strategic priorities and outlook. A strong and effective 1,609 member team, PNB Housing enhanced efficiency across all employee performance metrices, during the year under review.

On the people front, the Company is relentlessly building competencies to provide a rewarding career to its colleagues. We endeavour to provide relevant skill development opportunities to our talent pool and have made continuous efforts to build an inclusive culture. In the Corporate Finance domain, we have ushered in the concept of strategic business unit (SBU), which is in harmony with the three retail zones. The Company will stay committed towards its ethos of promoting internal talent.

Compliance continues to be a non-negotiable priority for us; and all state-of-the-art operating procedures, systems and processes are designed keeping in mind the interests of stakeholders. Our stringent governance framework was crucial in helping us tide over volatile sector conditions and motivating the teams. Proactive measures were taken to inculcate core values across tiers, instiling values of trust, hard work and commitment.

In line with our philosophy to enable the not-so-fortunate community in becoming capable and self-reliant, we work in the area of skill enhancement training, day care centres, education

We have a very strong and robust retail deposit franchise with over 1,50,000 deposit accounts. Progressively, our deposit mobilisation during FY 2018-19 grew over 4.5 times from ₹212 crores per month in April 2018 to ₹1,032 crores in March 2019.

and health care under our corporate social responsibility (CSR) programme. Through the institutionalised intervention programme 'Saksham', we engage with multiple agencies, public and private, to uplift the lives of construction workers and empower them by implementing feasible solutions.

WAY FORWARD

The Company's objective is to continue to build upon overall efficiencies, leverage technological interventions and deliver on the expectations of stakeholders. To accomplish our future goals, we will need to commit and align with the organisation's strategy of optimising existing resources, for achieving industry-leading performance levels. It is time to revisit our arsenal, leverage our capabilities, identify areas of improvement, focus on improving efficiencies and reducing wastages.

Over 50% of PNB Housing branches were operationalised during the preceding three years and our goal is to enable these branches to contribute to the growth of the organisation. I strongly believe, the opportunity landscape in housing finance sector is gradually widening as mass housing offers a plethora of prospects, well cushioned by incentives and tax breaks. We have ensured that the Company's presence within the target group is gradually penetrating emerging cities, where there are encouraging opportunities. There will also be a special focus on establishing and expanding the property services group (PSG) and loan syndication business.

The use of technology in line with the business ideology will be a key differentiating factor for the holistic growth of the organisation. The intelligent and intuitive use of data and technology will help in making the business more future-ready and sustainable. It is now time to make the optimum use of digital resources with a focused approach to enhance efficiencies and reduce cost.

In this context, one must also mention that the Company has adopted total quality management (TQM) framework to help improve productivity and bring efficiency in the existing retail processes. After attaining success in the pilot project at two hubs of North zone, that is, Noida and Green Park, it has been extended to two hubs in MMR and three hubs in Bangalore in a phased manner.

The strategies are well in place to take the organisation to the next level of value creation. Before I conclude, let me reiterate that sustainable value creators are those businesses which have a strong set of values and remarkable resilience to withstand headwinds and move on. We are building such a lasting value-creating business with a balanced approach to business growth, asset quality and profitability to serve all our customers and stakeholders and contribute to the nation-building.

Your continued encouragement and support will stand us in great stead in the journey together.

I thank our regulator, the National Housing Bank (NHB), our lenders, rating agencies and business partners whose continuous trust makes us who we are. I also wish to extend humble regards to the Reserve Bank of India (RBI), Stock Exchange Board of India (SEBI) and the stock exchanges for rendering their support.

The Board of Directors has continued its relentless guidance and support to the development of the Company. The Independent Directors have played a pivotal role in bringing about high standards of corporate governance, especially with the enactment of the Companies Act of 2013. I sincerely thank them for their continuous direction.

I extend gratitude to the 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 would also wish to give a big applause to every member of PNB Housing and PHFL teams for their persistent determination and endurance to perform in such challenging environment. It is their relentless efforts that has delivered such a fine performance in the financial year 2018-19.

Warm regards,

Sanjaya Gupta
Managing Director

Value Proposition

BUILDING SUSTAINABLE VALUE

The focus is on enduring value creation for all those who have a stake in the Company's progress. PNB Housing is committed to building a scalable business, which is geared to participate in a thriving market and drive robust margins and free cash flow.

	Significant market opportunity	Strong and scalable business model
WHAT SETS US APART	• Sustained economic growth and urbanisation with a commensurate improvement in affordability and aspirations of citizens • Housing shortage in urban areas estimated at 18.76 million dwelling units [Source: Ministry of Housing and Urban Affairs] • India's mortgage market is significantly underpenetrated, as compared to that of other large economies	• Unique operating model that works through hubs and spokes to maximise efficiency in processes • Strategic distribution network, offering a robust repertoire of products
KEY PERFORMANCE INDICATORS	• One of the largest and fastest growing housing finance companies • 40% growth in disbursement in the last four years • 49% growth in AUM in the last four years	• ISO-certified central operations • Economies of scale, low incremental costs, faster decision making and operational synergies across the network • Well-balanced growth across products • Surplus liquidity of ₹5,000-7,000 crores, leveraging long term funds and securitisation, to overcome market concerns and correct ALM profile

WHAT SETS US APART

Comprehensive credit underwriting

SPECIALISATION
- Professionally qualified with vast mortgage experience
- Veteran cadre of hub heads and other senior personnel
- Distinguished roles with collective decision-making

OTHER MITIGATING MEASURES
- Mark-to-market policies with tailormade offerings
- Multiple checks and balances with maker-checker approach and IT support

3C APPROACH: COUNSEL, COLLECT AND CURE
- Periodic portfolio scrub for early-warning signs
- In-house contact centre with payment gateway integration
- Special cadre of professionals for legal resolution
- On-the-go collections for effective supervision

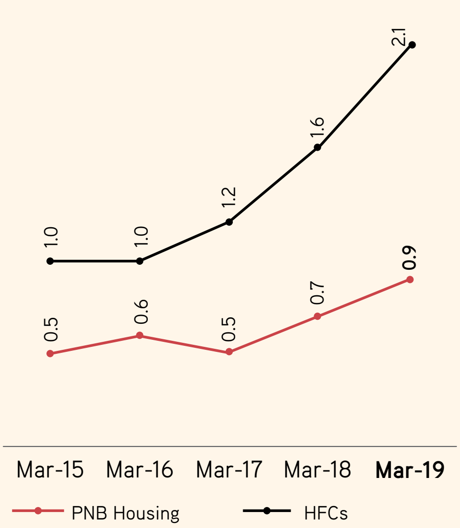
Strong margin-accretive position

- Stable liquidity management with a well-diversified funding mix and prudent utilisation of alternative funding
- Seamless customer experiences with value-added services
- Durable banking relationships, product knowledge and technical expertise
- Time-tested sales process and go-to-market approach
- Differentiation with technology, innovation and data-led insights

KEY PERFORMANCE INDICATORS

- Strong asset quality, with one of the lowest two-year lagged non-performing assets

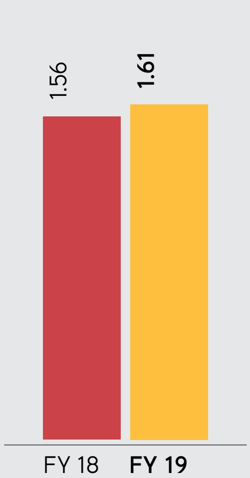
Two-year lagged NPA (%)



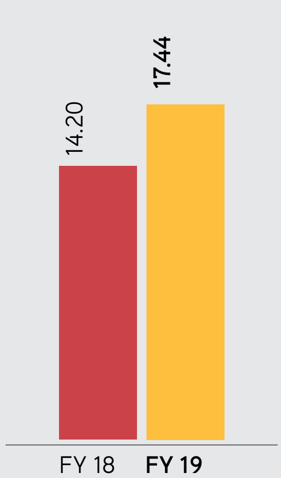
The HFCs' data has been sourced from CRISIL report.

- Average yield is 10.35%
- Average borrowing cost is 8.00%
- Raised ₹3,324 crores through external commercial borrowings, fully hedged for five years
- Securitised ₹7,337 crores through direct assignment
- Received refinance sanction of ₹3,500 crores from the National Housing Bank (NHB)
- Operating leverage playing out with better return profile

ROA* (%)



ROE* (%)



*FY 18 and FY 19 financial numbers are on Ind AS basis.

Operating Context

BROAD TRAJECTORIES THAT SHAPE OUR MARKETS

The objective is to seek opportunities and manage risks by analysing the mega trends impacting the economy. We believe, by responding proactively to these trends PNB Housing can grow consistently and deliver sustainable returns.

MACROECONOMIC ENVIRONMENT

Housing demand is closely correlated to economic development and India continues to be one of the world's fastest growing major economies. The Central Statistics Office estimates that the nation grew 6.8% in FY 2018-19, driven by strong private consumption, accommodative monetary policy, outcomes of structural reforms such as the Real Estate Regulation Act, the Insolvency and Bankruptcy Code and recapitalisation of public sector banks (PSBs), subdued retail and food inflation rates and greater fiscal prudence.

Going forward, middle class expansion, urbanisation, favourable demographics, technology and innovation, and evolving preferences will drive private consumption, while continued structural and financial reforms, fiscal consolidation and lower public debt, improved Goods and Services Tax compliance, and better governance of PSBs will support an environment conducive to business and investment.

India improved its ranking by 23 places to achieve the 77th position among 190 countries in the World Bank's 2018, Ease of Doing Business index.

Industry trends

Demographic and economic development

- Growing young and aspirational working population
- Steady urbanisation and changing lifestyles with shift in preference towards nuclear households
- Slow credit growth at banks

Mass housing

- Greater demand for housing in tandem with population expansion
- Mismatch of demand and supply in the urban housing segment
- Underserved housing requirements of those with below-median income levels

Government's policy initiative

- Real estate regulations, faster approval processes and constitution of land banks to ensure greater transparency and efficiency
- 'Housing-For-All' (formally known as the 'Pradhan Mantri Awas Yojana' (PMAY) project aims to subsidise the construction of 2.95 crore rural houses and 1.2 crore urban houses by 2022; this scheme will raise per capita home ownership
- Expansion of PMAY to MIG-I and MIG-II
- Revised limit for housing loans under priority sector lending

Impact

- New customer profiles and expectations
- Greater need for advisory services
- Market share gain for housing finance companies

- Entry of a large number of housing finance companies with a sharp focus on urban housing
- Lower income segments and customers in the informal sector to drive growth

- Adequate financial and regulatory support in real estate segment
- Demand origination in rural and semi-urban areas
- Large mortgage disbursement opportunity

Our strategic response

Customer

Delivering products and services to customers with high quality and efficiency

Asset quality

Ensuring high quality assets through strong due diligence, credit underwriting, monitoring and collection mechanisms

Average ticket size

Catering to the middle- and higher middle income segments, through retail loans in mass housing

Business acquisition

Maintaining a judicious customer profile ratio, while acquiring new business and improve yield

Business Model

VALUE CREATION IS AN ENDURING JOURNEY

We look at value creation in a holistic manner that benefits our stakeholder universe sustainably.

STAKEHOLDER RELATIONSHIPS WE DEPEND UPON

INVESTORS
Business initiatives require financial capital, which includes shareholders' equity, debt and operating cash. Our investors are key to the financial resources necessary to run the business.

₹7,543.9 crores
Shareholders' equity

9.30 times
Average gearing

EMPLOYEES
Our people bring on board expertise and experience to drive efficiency in all aspects of the business.

1,609
Total workforce

PARTNERS
The Company reaches out to customers through in-house distribution channels and independent sales agents. Consultation with external service providers and auditors is undertaken to fulfil various business objectives.

25,000+
External sales partners (including direct marketing agents, deposit brokers and connectors)

CUSTOMERS
Individuals, households, businesses and corporates help in generating revenues through interest payments.

₹84,722 crores
AUM

GOVERNMENTS AND REGULATORS
We are committed to good governance practices, adhering to all pertinent regulatory frameworks, complying with taxes payable on our products and services and conducting constructive dialogue with relevant authorities

₹503.48 crores
Paid in taxes to the exchequer (excluding GST)

COMMUNITIES
We derive the license to operate from the trust our stakeholders place in us. The goal is to validate this trust through our initiatives.

₹17.24 crores
CSR spend

40,000+
CSR beneficiaries

BUSINESS PROCESSES

MAKING
owning a home a seamless experience

OFFERING
a broad range of products to suit the requirements of different customers

PRODUCT DESIGN
- Risk management
- Actuarial insights
- Data science

PRODUCT DISTRIBUTION
- Branch network, in-house, direct sales agents and digital platforms

HOUSING LOANS

pnb Housing Finance Limited

NON-HOUSING LOANS

ADDITIONAL SERVICES
- Dedicated contact centre
- Last mile connectivity
- Delivery through digital platform

INVESTMENTS
- Asset liability management
- Customer profiling
- IT platform integration

OPERATIONS
- Customer service
- Payments
- Collections

POSSESSING
sector-specific knowledge and technical expertise to better understand customers

EVALUATING
risks to people, property and assets for the sake of business sustainability

OUTCOMES

Regular returns to investors

Creation of jobs, upskilling of high-potential talent and providing career development opportunities

Reliable value-accretive partnerships for associates, offering insights and analysis

Trusted experience and solutions that offer unparalleled service

Direct and indirect contribution to the prosperity of local communities

Board of Directors

STRONG GOVERNANCE

MR. SUNIL MEHTA

DIN 07430460

He is the Non-Executive Chairman of PNB Housing Finance Limited since May 12, 2017.

Mr. Mehta is the Managing Director and Chief Executive Officer of Punjab National Bank. Prior to that, he was the Executive Director of Corporation Bank. He started his banking career as an Agriculture Field Officer at Allahabad Bank in 1982 and has worked in various administrative and functional capacities at branches, zonal offices and the head office. He has held various important positions in agriculture, retail, credit and planning and development. He has over 35 years of experience in the field of banking.

MR. L V PRABHAKAR

DIN 08110715

He is a Non-Executive Director of PNB Housing Finance Limited since August 9, 2018.

Mr. Prabhakar is also the Executive Director of Punjab National Bank since March 1, 2018. Prior to that, he had served in Allahabad Bank in various capacities. He worked at Corporate Office as Head of various important verticals, namely, information technology, retail banking, priority sector credit, micro, small & medium enterprises (MSME) credit, financial inclusion, human resource development and integrated risk management.
He was also on the Board of Allahabad UP Gramin Bank.

Committee Membership: Nomination and Remuneration, Corporate Social Responsibility and Risk Management

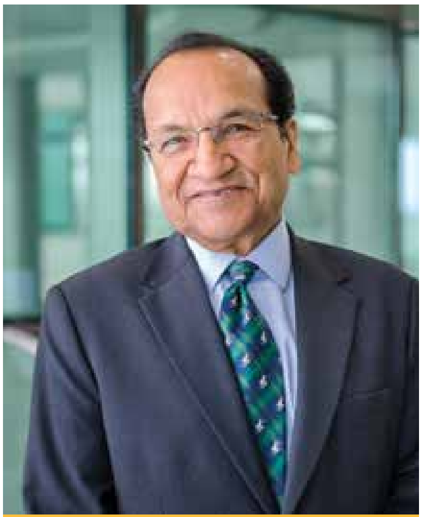
MR. SUNIL KAUL

DIN 05102910

He is a Non-Executive Director of PNB Housing Finance Limited since March 5, 2015.

Mr. Kaul was 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 Global Transaction Services at Citibank, Japan. At present, he is 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 has over 30 years of experience in the fields of private equity, corporate and consumer banking.

Committee Membership: Nomination and Remuneration, Stakeholders Relationship and Risk Management

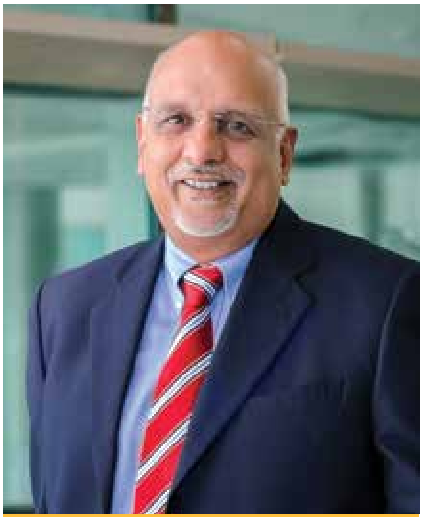


MR. S. K. JAIN
DIN 00047474

He is an Independent Director of PNB Housing Finance Limited since August 14, 2014.

Mr. Jain has also served as a member of the Beta Gamma Sigma Society of the Indiana University chapter. He had worked with Citibank in various senior positions at Hong Kong, Taiwan, Philippines and Canada. He has more than 31 years of experience in the field of credit, finance and risk management.

Committee Membership: Credit (Chair) and Risk Management



MR. R CHANDRASEKARAN
DIN 00580842

He is an Independent Director of PNB Housing Finance Limited since October 7, 2015.

Mr. Chandrasekaran was the Executive Vice Chairperson of Cognizant India since December 1, 1994. He retired in March 2019. Prior to joining Cognizant, he worked with Tata Consultancy Services for over nine years. He has over 35 years of experience in the field of information technology.

Committee Membership: Nomination and Remuneration and Corporate Social Responsibility (Chair)

MR. NILESH S VIKAMSEY
DIN 00031213

He is an Independent Director of PNB Housing Finance Limited since April 22, 2016.

Mr. Vikamsey is the past President of The Institute of Chartered Accountants of India and is a member since 1985. He is partner in Khimji Kunverji and Co. since 1985. He has over 30 years of experience in the fields of auditing, taxation, corporate and personal advisory services, business and management consulting services, due diligence, valuations, inspections and investigations.

Committee Membership: Audit and Nomination and Remuneration (Chair)

Board of Directors (contd.)

PROF. (DR.) GOURAV VALLABH
DIN 02972748

He is an Independent Director of PNB Housing Finance Limited since April 22, 2016.

Dr. Vallabh is a Professor of Finance at The Xavier School of Management, Jamshedpur. He was a Professor at the Management Development Institute, Gurgaon. He was a Director at The Institute of Chartered Accountants of India. He has worked with the National Institute of Bank Management, a Reserve Bank of India undertaking. He has more than 15 years of industry and academic experience and has published more than a dozen research papers in referred academic journals and presented papers in many national and international academic conferences.

Committee Membership: Audit and Risk Management (Chair)

MR. ASHWANI KUMAR GUPTA
DIN 00108678

He is an Independent Director of PNB Housing Finance Limited since May 12, 2017.

Mr. Gupta is a member of The Institute of Chartered Accountants of India, 1977 batch. He has also served as the Regional Council Member of Central India Regional Council of The Institute of the Chartered Accountants of India. He is also associated with various charitable trusts & organisations. He has over 34 years of experience in finance, treasury, real estate, securitisation and reconstruction of assets.

Committee Membership: Credit, Stakeholders Relationship and Corporate Social Responsibility

MRS. SHUBHALAKSHMI PANSE
DIN 02599310

She is an Independent Director of PNB Housing Finance Limited since July 7, 2017.

Mrs. Panse is the former Chairperson and Managing Director of Allahabad Bank and Executive Director of Vijaya Bank. She started her stint with Bank of Maharashtra. She has undergone trainings and courses at various prestigious institutes. She has over 38 years of experience in the field of banking, particularly in corporate credit appraisal, credit monitoring, NPA management, planning, project appraisal and in economics, finance and information technology.

Committee Membership: Audit (Chair) and Stakeholders Relationship (Chair)

MR. NEERAJ VYAS
DIN 07053788

He is an Independent Director of PNB Housing Finance Limited since April 15, 2019.

Mr. Vyas superannuated as Deputy Managing Director and Chief Operating Officer (COO) of State Bank of India (SBI) on June 30, 2018. He designed and conceptualised the scheme of merger of five associate banks and Bharatiya Mahila Bank with SBI. He is a senior banking professional with over 35 years of experience in the Indian banking sector, across a range of diverse functions such as retail banking, commercial banking, product development, human resources and management information system (MIS).

Committee Membership: Credit

MR. SANJAYA GUPTA
DIN 02939128

He is the Managing Director of PNB Housing Finance Limited since June 25, 2010.

Prior to his current assignment, Mr. Gupta has worked for large corporate houses such as HDFC Limited, ABN Amro Bank N.V. and AIG United Guaranty. He is an Independent Director at India Shelter Finance Corporation Limited, where he also heads the Audit Committee of the Board. Mr. Gupta is on the RBI Advisory Panel for development of mortgage securitisation market in India. He is also a Fellow of the Royal Institution of Chartered Surveyors. Throughout his career spanning over 32 years, he has been contributing to the ontogenesis of mortgage industry and allied risk management products across India. He is often consulted by the policy makers for key changes in the sector.

Committee Membership: Credit, Stakeholders Relationship, Corporate Social Responsibility and Risk Management

Leadership Team

RICH EXPERIENCE

MR. SANJAYA GUPTA
Managing Director

Under Mr. Gupta's leadership, PNB Housing scaled new heights and witnessed a sea change in the operational robustness and go to market strategy. Throughout a career spanning over 32 years, he has significantly contributed to the mortgage industry and allied risk management products across geographies. He is often consulted by policymakers for key changes in the sector. He has previously worked for large corporate houses such as HDFC Limited, ABN Amro Bank N.V. and AIG United Guaranty.

MR. SHAJI VARGHESE
Executive Director and Business Head

With more than 22 years of experience in loan assets, liabilities and wealth management, Mr. Varghese has been an integral contributor in setting up large successful businesses across geographies and managing high performance teams. He has also handled assignments with leading financial institutions and banks such as ABN AMRO Bank NV, ICICI Bank and Indusind bank.

MR. AJAY GUPTA
Executive Director and Chief Risk Officer

A Chartered Accountant and an accomplished risk management professional, Mr. Gupta has over 27 years of rich experience in credit cycle management across a diverse product group. He has also worked with Religare Finvest Limited, Money, ANZ Grindlays Bank and Standard Chartered Bank in various roles.

MR. NITANT DESAI

Chief Centralised Operation and Technology Officer

Mr. Desai is an astute professional with more than 33 years of varied and relevant experience in retail finance with leading banks and financial institutions in India and the Middle East. Prior to PNB Housing, he worked with reputed organisations such as HDFC Life Insurance Co. Limited, Union National Bank – Abu Dhabi, ICICI Bank Limited, GE Countrywide, TATA Finance Limited and HDFC Limited.

MR. ANSHUL BHARGAVA

Chief People Officer

Mr. Bhargava is a Human Resources professional with over 25 years of experience that enables an excellent understanding of variety of spheres related to human assets. He has a keen interest in mentoring and training, performance management and cadre building. His last assignment was with Asset Reconstruction Company (India) Limited. He has also served the Indian Army.

MR. KAPISH JAIN

Chief Financial Officer

A business-focused, solution-oriented finance professional, Mr. Jain holds more than 20 years of experience across all facets of finance and analytics. He is a qualified Chartered Accountant, Company Secretary and Cost Accountant. Previously, he was at Xander Finance, AU Small Finance Bank, ICICI Prudential Life Insurance and Deutsche Bank, among others.

MR. SANJAY JAIN

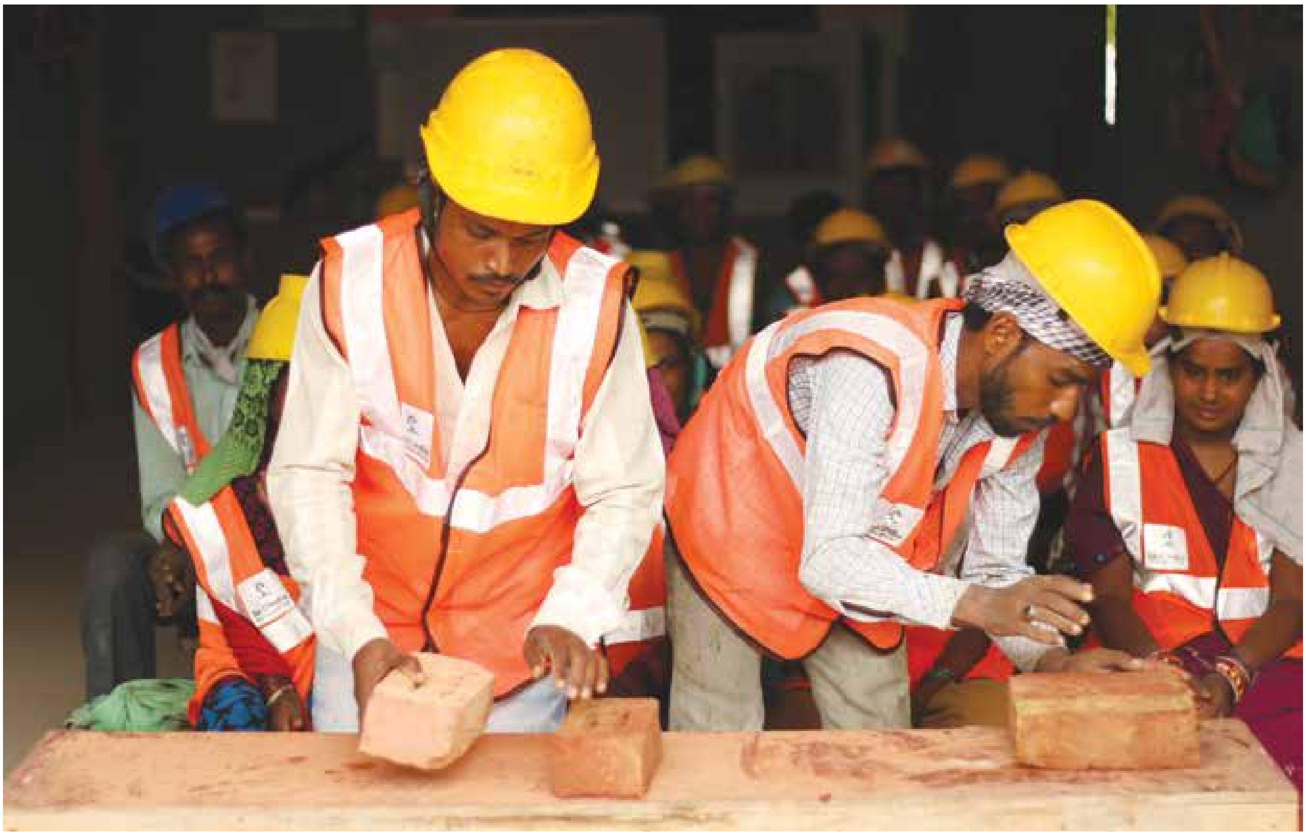
Company Secretary and Head Compliance

Mr. Jain comes with more than 29 years of experience in corporate finance, treasury, regulatory compliances, legal issues and internal audit. He is a law graduate and a fellow member of The Institute of Companies Secretaries of India. He has been with PNB Housing for the preceding two decades.

Community Focus

EXPANDING SOCIETAL IMPACT

One of the key roles for PNB Housing is to help improve the lives of underprivileged sections of the population and contribute to an empowered and inclusive society. Our interventions largely emphasise on the welfare of construction workers and their immediate family members. Other thematic areas the Company focuses on include formal education for the underprivileged children, environment conservation and enhanced access to healthcare.



'Saksham' is the corporate social responsibility (CSR) umbrella initiative as a part of which, PNB Housing intervenes in various ways to give back to society. During the year, we continued to empower one of the key stakeholders, that is, construction workers. Significant investment in the welfare of construction workers has also been focused on. The intervention areas are illustrated here in detail.

40,000+
CSR beneficiaries

ENHANCING HUMAN POTENTIAL

In collaboration with Confederation of Real Estate Developers Association of India (CREDAI), the apex body of real estate developers, PNB Housing conduct on-site and off-site training programmes for construction workers. The partnership dates back to 2015. Skill upgradation in masonry, bar bending, painting, electrical, plumbing and shuttering were some aspects to which attention was devoted.

The training's overriding objective is to enhance the professional capabilities of these people and help improve their quality of life. This also leads to a reduction in the wastage of material and a distinct improvement in the quality of work. The programme includes soft skill trainings, health and sanitation awareness, aspects of workers safety, among others.

A mix of 'classroom' and 'on-the-job' sessions at construction sites are organised for training on industry-specific job roles. During the year, 6,500 construction workers were trained over a period of four weeks, with an average 73% pass percentage. Unemployed youth is being educated through tie-ups with either construction companies or labour contractors to employ them at CREDAI's members' construction sites. During the year, 4,000 workers were trained through nine off-site centres, with an average 85% pass percentage. Candidates have been placed, with an average salary of ₹8,000-10,000, with registered contractors.

In FY 2018-19, PNB Housing provided training to 10,500 workers across the country and has committed to train 13,000 more in the next year.

NURTURING CHILDREN OF MIGRANT WORKERS

In association with NGO partners, we operate 33 day care centres in 10 states. Partnerships with five implementing agencies and seven grassroots organisation have been established. On an average, through each centre, we reach out to 3,600 children every quarter.

This day care centres address multi-dimensional requirements of a child through an eight-hour programme, conducted over six days a week. This is an age-appropriate intervention for infants, toddlers and school-going children and provide an environment for their care and protection. To further enhance the impact, we collaborated with experts from National CSR Hub –Tata Institute of Social Science to organise monitoring and evaluation trainings across three locations: Delhi NCR, Mumbai and Bangalore. The two-day training saw discussions by partner NGOs on identifying critical reporting parameters for child health, nutrition, growth and school enrolment, among others.

SECURING WELFARE OF CONSTRUCTION WORKERS

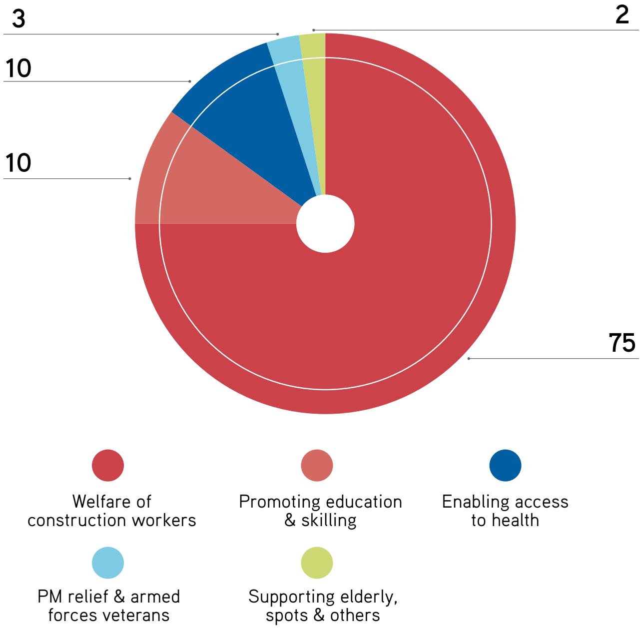
During the year under review, a pilot programme was launched in partnership with Aajeevika Bureau, to address the vulnerabilities of workers across two construction sites in Ahmedabad. Social security benefit linkages are provided to 1,000 workers. The broader focus is to cover critical areas of social security, financial inclusion, health and safety.

PROMOTING EDUCATION

Quality education requires support in order to be both significant and relevant. Education at government schools in particular is an area of concern. The Company is associated with Vidya schools and South Delhi Municipal Corporation.

Sector wise allocation

(%)



This intervention ranges from investing in the overall assessment system of the school to revamping the entire academic system. Scholarship 'Protsahan' was offered to meritorious students who were pursuing MBA in marketing and finance or law at reputed colleges but were facing financial constraints.

In addition, the Company joined hands with Sri Aurobindo Society (SAS), a global non-profit, to support the 'Rupantar' programme. The programme, recognised by the state government, is helping build capacity of over 3,000 teachers and officials to further support everyday challenges faced by children with special needs.

IMPROVING ACCESS TO HEALTHCARE

PNB Housing constantly aims to improve the health of the socially and economically marginalised sections of society. Support is extended to government hospitals, alongside improving the health and hygiene of young adolescents.

Medical equipment support

The partnership with All India Institute for Medical Sciences (AIIMS), Delhi and King George's Medical University (KGMU), Lucknow continued for the second year to bolster healthcare infrastructure at these hospitals. We donated surgical equipment to Departments of Neurosurgery and Cardiothoracic and Vascular Surgery, AIIMS. Similar support was also extended to Neonatology Department at KGMU. This will ensure timely care in cases of jaundice, respiratory issues and other such illnesses suffered by new-borns.

Health and hygiene of young adolescent girls

The Company's health and hygiene awareness programme for young adolescent girls in five villages of Uttar Pradesh with a non-profit (Progress Alternative) has widened its scope of intervention. The health programme at each village focused on providing reproductive and child health training and spreading awareness on communicable and non-communicable diseases, social issues such as disadvantages of early child marriage, importance of family planning and so on.

Community Focus (contd.)

Patient aid
In partnership with another non-profit (Can Support), we continued our support towards operating the 24X7 helpline for cancer patients, in the year. Extension of support towards the outpatient clinic/day care facility for cancer patients and caregivers was provided. Through all of the above, over 3,000 cancer patients and caregivers were reached.

Infrastructure development
Sanjivini Society for Mental Health is a registered non-profit working to address the mental health needs of the community through free and confidential counselling services. During the year, we collaborated with them to ensure rehabilitation of their crisis intervention centre in Defence Colony, New Delhi where free counselling is offered to clients in person, or over the phone. Cost of solar panel installation and painting of the centre was supported, enabling sustained provision of quality mental health services.

OTHER INITIATIVES

Environment conservation
The goal is to positively impact the social and environmental ecosystem in which the Company operates. Towards that purpose, small steps were undertaken to add greenbelts to various surroundings as well as restore misused public spaces. For the preceding three years, a public park was adopted in Faridabad, which was in a dilapidated state and required complete renovation. Infrastructure was refurbished and regular plantation drives were undertaken to maintain it. Over 30,000 saplings were planted within this time.
We recently joined forces with Anthill Creations and End Poverty to turn a public space near Aralikatte, Bangalore into a colourful and engaging playscape for children and the wider community.

Support to senior citizens
A report released by the United Nations Population Fund and HelpAge India suggests that the number of senior citizens is likely to touch 173 million by 2026. This calls for better healthcare facilities and infrastructure. PNB Housing supports the residents of Ayudham Society for the Old and Infirm in Delhi NCRs and other non-residential senior citizens (from marginalised sections) to help fulfil their basic necessities, healthcare, nutrition and other wellness needs.

Access to opportunities
Partnerships were established with SRF Foundation and Sunrise Sports, where we worked with the children in the government schools adopted by SRF Foundation in Chennai and Bangalore, using sports as a medium of empowerment. SRF Foundation has adopted 170 government schools pan India with a commitment to ensure holistic development of children. In the year under review, PNB Housing introduced badminton facility at 20 of these government schools across Bangalore and Chennai. 945 students have been enrolled into the badminton training programme.

Volunteering drive
We deeply value the contribution and enthusiasm of our people when it comes to supporting noble causes, from making charitable donations to participating in social welfare events and campaigns.

Management Discussion and Analysis

With over three decades of specialised experience in housing finance and a network of pan-India branches, PNB Housing Finance (PNB Housing) has continued the journey of being India's fifth largest housing finance company by assets size.

PNB Housing's journey began with a dream that every single family of our nation must have a home of their own, that this basic human aspiration must be fulfilled through a missionary zeal.

With rich industry insight, we have shaped a range of financial solutions. These include a variety of housing loans, non-housing loans and deposit options that can be availed at competitive rates of interest with convenient, hassle free services.

We leverage a unique operating model, a diverse resource profile and a robust network of distribution channels to build enduring bonds of trust and loyalty with the customers.

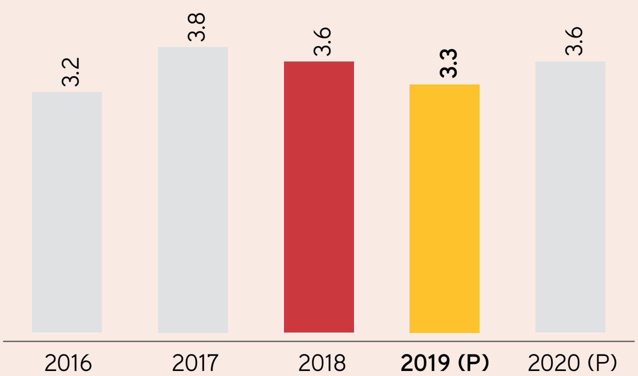
ECONOMIC ENVIRONMENT

Global economies navigating challenges

Global economic activity has softened from 3.8% in 2017 to 3.6% in 2018 and is projected to moderate further to 3.3% in 2019 [Source: International Monetary Fund (IMF)].

Key factors that decelerated the global economic momentum include escalating US-China trade tensions, macroeconomic stress in some developing economies such as Argentina and Turkey, disruption in the auto sector in Germany following the introduction of new emission norms, stringent credit policies in China, and financial tightening and normalisation of monetary policies in some of the larger advanced economies. Growth was favourably driven by large emerging Asian economies; these economies are projected to witness robust progress through 2020.

Global growth pattern (%)



P: Projections | Source: International Monetary Fund (IMF) World Economic Outlook April 2019

A projected 3.3% growth for 2019 for the global economy reflects multiple concerns: geopolitical uncertainties, unwinding of fiscal stimulus in the US, and weakening of financial market sentiments [Source: International Monetary Fund (IMF)]. Advanced economies will see modest growth rate, while emerging economies of Asia such as China and India are expected to grow sustainably. Going forward, global economic growth will depend on enhanced collaborations among nations, resolution of trade conflicts and restoration of business confidence.

India grows steadily with long-term optimism

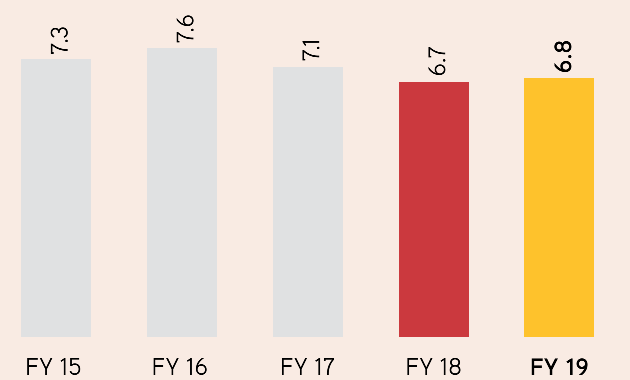
The overall economic outlook for India is positive. The country is now undergoing a phase of consolidation with strong transitional undercurrents at its various cross-sections.

FY 2018-19 saw the economy grow at 6.8% and improve its ranking considerably in the World Bank's Ease of Doing Business index [Source: Central Statistics Office (CSO)]. It now stands at 77 among 190 countries.

Although liquidity crunch and moderation in farm and manufacturing output in the economy dampened short-term momentum, India continued to demonstrate remarkable resilience – addressing global headwinds directly and building enablers for long-term growth. These enablers are accommodative monetary policy undertaken by the Reserve Bank of India (RBI), enhanced focus to drive consumption, rural infrastructure and strong regulatory oversight to strengthen the overall housing as well as financial services sector. The formalisation and digitalisation of the economy and stable government at the Centre are also big positives.

India's growth pattern

(%)



Source: Central Statistics Office (CSO)

Key takeaways from Interim Union Budget, FY 2019-20

The Union Budget pegged the annual fiscal deficit at 3.4%, while projecting India to be a five-trillion-dollar economy in the next five years. It also reinforced the Government's commitment to digital connectivity, electricity-for-all and housing-for-all. A 10-point elaborate roadmap was outlined that would help the country realise its economic potential by 2030.

While the present income tax rates were left unchanged, a full tax rebate was sanctioned for individual taxpayers earning up to ₹5 lakhs and the standard deduction for salaried taxpayers was raised to ₹50,000. The direct tax system was simplified, with returns set to be processed in 24 hours with instantaneous refunds. Ninety percent Goods and Services Tax (GST) payers will be required to file quarterly returns.

Small and medium enterprises will get 2% interest rebate on an incremental loan of ₹1 crores. Tax deducted at source (TDS) threshold for home rent was expanded from ₹1.8 lakhs to ₹2.4 lakhs. The benefits under Section 80-IBA of the Income Tax Act was extended for one more year – to housing projects approved till March 2020, which will bolster the market for affordable housing.

FY 2018-19 interest rate trends

After peaking in the initial months, retail inflation rate remained benign and below the RBI's target of 4% between July 2018 and March 2019. It rose to 2.6% in February 2019 after four months of continuous decline [Source: Centre for Monitoring Indian Economy (CMIE)]. The depression in food prices, seen since October 2018, seems to have bottomed out. Crude prices, which constitute over 80% of the country's import bill, have dipped below US$ 60 per barrel [Source: Brent crude oil benchmark].

In its last bi-monthly monetary policy review of FY 2018-19 in February 2019, the RBI cut the repo rate – for the first time in 17 months – by 25 basis points to 6.25%. It also changed its monetary stance from 'calibrated tightening' to 'neutral', to provide flexibility while addressing challenges for a sustained growth of the Indian economy. FY 2018-19 saw the country receive the lowest number of new investment proposals since 2004-05, according to a CMIE report.

The RBI further cut the repo rate by 25 basis points to 6% in the first bi-monthly review of FY 2019-20 and again to 5.75% in the second bi-monthly review of FY 2019-20. The three consecutive rate cuts are attributed to tight liquidity, muted global growth, trade imbalances and sanctions in foreign markets. Along with the rate cut, in the second bi-monthly review, RBI changed its stance, from 'neutral' to 'accommodative', signalling that a rate hike is not likely soon.

In December 2018, the RBI suggested that all retail loans, including floating rate loans to micro and small enterprises, extended from April 2019, shall be benchmarked to either the repo rate, or any other external benchmark produced by the Financial Benchmarks India Ltd. (FBIL). As the RBI has not yet issued final guidelines on this, it is not mandatory for banks to switch over to external benchmark.

India advantage gathers momentum

The country continues to be one of the world's most attractive economies. Here we enumerate some of the key enablers of the India's growth story.

Income growth and strong private consumption

With over 60% of the population below the age of 35, and high disposable income, India continues to be a sweet spot of consumption. Consumer spending is likely to grow from US$1.5 trillion now to nearly US$6 trillion by 2030. During this period, the country will add ~140 million middle-income and ~21 million high-income households, overall nearly doubling the total share of these segments to 51% [Source: World Economic Forum].

Steady and rapid urbanisation

By 2030, 40% of Indians will be urban residents. Rural per capita consumption is likely to grow faster than in urban areas with the Government's focus on building rural infrastructure and growth in income levels. Rural towns are already at par with smaller ones in terms of earnings whereas greater penetration is narrowing the digital divide. The Government already plans to digitalise over one lakh villages and focus on artificial intelligence to drive rapid socio-economic transformation in the country [Source: World Economic Forum].

Favourable demographics

With a median age of 31 in 2030, India will continue to be among the word's youngest nations inhabiting one of the largest working age population. Moreover, the country will add ~90 million new millennial families who will be born in an economically empowered country, with ubiquitous internet, smartphones, digital media and internet-based consumption platforms [Source: World Economic Forum].

Credit offtake in the service sector

India's economic growth since liberalisation has largely been on account of expansion in the services sector. One third of the nation's workers are employed in the services sector, which contributes two-third of the country's GDP output. It is also the largest recipient of foreign direct investment (FDI). FY 2018-19 saw a growth of 36.5% from US$ 6.7 billion in 2017 to US$ 9.15 billion in FDI in the service sector. A common national market is expected to reduce costs in the long run on account of the availability of GST input credit, which will result in the reduction in prices of services [Source: Department of Industrial Policy & Promotion].

Outlook

Despite global headwinds and several downside risks, the silver lining lies in the investment space. According to CSO, India's gross fixed capital formation is likely to grow at 10% in FY 2018-19, the highest in the preceding seven years. Sharp improvement in the ease of doing business has also helped turn around investment sentiment in the country. Structural reforms such as the Goods and Services Tax (GST) and the Insolvency and Bankruptcy Code (IBC) framework continue to be of crucial importance.

While GST collections failed to meet the initial budget estimates on account of ongoing adjustments in the tax framework, it has certainly widened the tax base. This reality is encouraging as it helps improve the tax buoyancy in FY 2019-20. Interestingly, the combination of structural reforms and some improvement in domestic demand has translated to a rise in capacity utilisation in the manufacturing sector. There was an increase to a 22-quarter high of over 80% as on March 2019 [Source: Federation of Indian Chambers of Commerce & Industry (FICCI)].

Going forward, the Indian economy is likely to accelerate, driven by multiple factors: accommodative monetary policy undertaken by the Reserve Bank of India to inject additional liquidity in the economy, enhanced focus to drive rural infrastructure and consumption, and stronger regulatory oversight to strengthen the overall housing and financial services sector.

HOUSING FINANCE SECTOR STEERS THROUGH THE STORM

FY 2018-19 was a challenging year for the entire financial landscape of India. Liquidity stress in the economy followed by erosion in stakeholder trust, led to an upward movement of borrowing costs for NBFCs and employees across functions. However, better governed companies continued to navigate through the adversity on the strength of robust relationships with banks and their overall compliance integrity.

Asset quality

An indicator of India's macroeconomic growth journey, the retail lending space is witnessing a lot of activity. HFCs continue to maintain better asset quality vis-à-vis its banking counterparts. As on March 31, 2019, the overall gross non-performing assets, or GNPA (stage 3 assets as per revised Ind AS June 2018 onwards) of HFCs was 1.5%. It remained near the September 2018 level of 1.3% [Source: ICRA Limited]. As part of its mandate to ensure financial stability in the economy, the RBI on June 7, 2019, issued a revised circular on resolution of stressed assets, stating that lenders must resolve NPAs, over ₹2,000 crores within 180 days.

Funding and liquidity

With the tight liquidity seen in debt markets since September 2018, HFCs are raising funds from banks as well as down selling their assets to banks. Share of securitisation as a funding source is on the rise, while there is a significant decline in short-term borrowings. Consequently, the cost of funds for HFCs has risen. Most of them are keeping on-balance sheet liquidity buffers for meeting any sudden market disruptions and near-term debt obligations, as well as reducing asset and liability management (ALM) gaps.

Capitalisation and profitability

The National Housing Bank's (NHB) notification on capital adequacy, leverage and deposit norms for HFCs bear positive from a risk perspective. However, well-rated large HFCs are likely to maintain a cushion over and above regulatory limits. Thus, the need to raise external capital could remain high for some HFCs, if the growth momentum needs to be sustained.

The overall profitability indicators for HFCs moderated marginally owing to a squeeze on interest margins, because of the additional liquidity buffer maintained by many entities and the rising cost of debt. Going forward, as most HFCs have increased their lending rates, the overall impact on net interest margins (NIMs) could be lower; while a slowdown in growth is likely to impact the operating expense ratios.

Trends that pave the road ahead

Long-term promise in housing credit

The housing loan portfolio growth for HFCs and NBFCs compressed to 13% year-on-year, for the period ended March 31, 2019, owing to lower disbursements after the liquidity crisis and the portfolio sales made by HFCs through securitisation. The total housing credit outstanding stood at around ₹19.1 lakh crores, as on March 31, 2019 vis-à-vis ₹16.6 lakh crores as on March 31, 2018. However, the long-term prospects for the segment remain good on account of its sizeable market potential [Source: ICRA Limited].

Incremental growth in non-housing loan

To mitigate the margin risk and conserve or raise liquidity through prepayment, HFCs are cautiously increasing focus on their non-housing books.

Stability in portfolio mix

The short-term concerns notwithstanding, the Government's increased thrust on mass housing in Tier II and III townships provide an impetus to housing loan growth as well as influences the quality of assets. As a result, housing loan will continue to occupy the lion's share of the total loan book of larger HFC players.

Outlook

Broadly, mortgage penetration levels remain stagnant in India. The Centre launched the 'Housing for All' mission under the Pradhan Mantri Awas Yojana (PMAY) scheme in June 2015. The scheme attempts to address the demand-supply constraints that have impacted the sector's growth in the past. This was further extended in 2017, adding middle income group (MIG) I and II categories, helping improve housing affordability for a wider spectrum of borrowers across low- and middle-income segments, leading to increased growth potential in the sector.

Disposable income for low and middle income segment borrowers is likely to improve through tax exemptions. Initiatives taken by state governments and local bodies to provide land at reasonable prices should help in ensuring protection of developers' interest and thus supplying low-cost housing. Extension of tax benefits for affordable housing projects is likely to ensure adequate developer interest in the segment. This could have a positive impact on HFCs.

From an operational standpoint, an HFC will have to identify strategies that help drive asset quality. Disbursements are expected to be muted for some entities, as some HFCs aim to conserve liquidity. HFCs are projected to report profitability indicators in the short run, similar to FY 2018-19; however, long-term prospects for the sector remain encouraging, as the challenges in the market ease off. RBI is infusing greater liquidity in the economy as well as lowering interest rates, indirectly supporting the performance and development of NBFCs and HFCs.

PNB HOUSING: BUILDING LASTING VALUE

Amid a volatile operating context, PNB Housing registered good growth across all key metrices and outperformed the industry. Prudently we managed liquidity, leveraging robust systems and processes, efficient operations, a differentiated high-quality portfolio and focused business strategy. An adequate liquidity buffer was maintained, through long-term borrowings from multiple lending partners and judicious capital allocation. This enabled us to navigate the year's crisis with resilience and confidence. It was ensured that all lenders are well informed with adequate details on assets, liquidity position and ALM.

PNB Housing's overall AUM expanded by 36%, from ₹62,252 crores in FY 2017-18 to ₹84,722 crores in FY 2018-19. Disbursements expanded by 9%, from ₹33,195 crores in FY 2017-18 to ₹36,079 crores in FY 2018-19. Outstanding deposit in FY 2018-19 is ₹14,315 crores, reflecting 23.5% growth over ₹11,586 crores in FY 2017-18. A very healthy liquidity position was maintained all throughout the year and the same was over ₹7,000 crores as on March 31, 2019.

Despite sector-specific challenges, the performance during the year was the outcome of innovation and relentless efforts across all facets of operations.

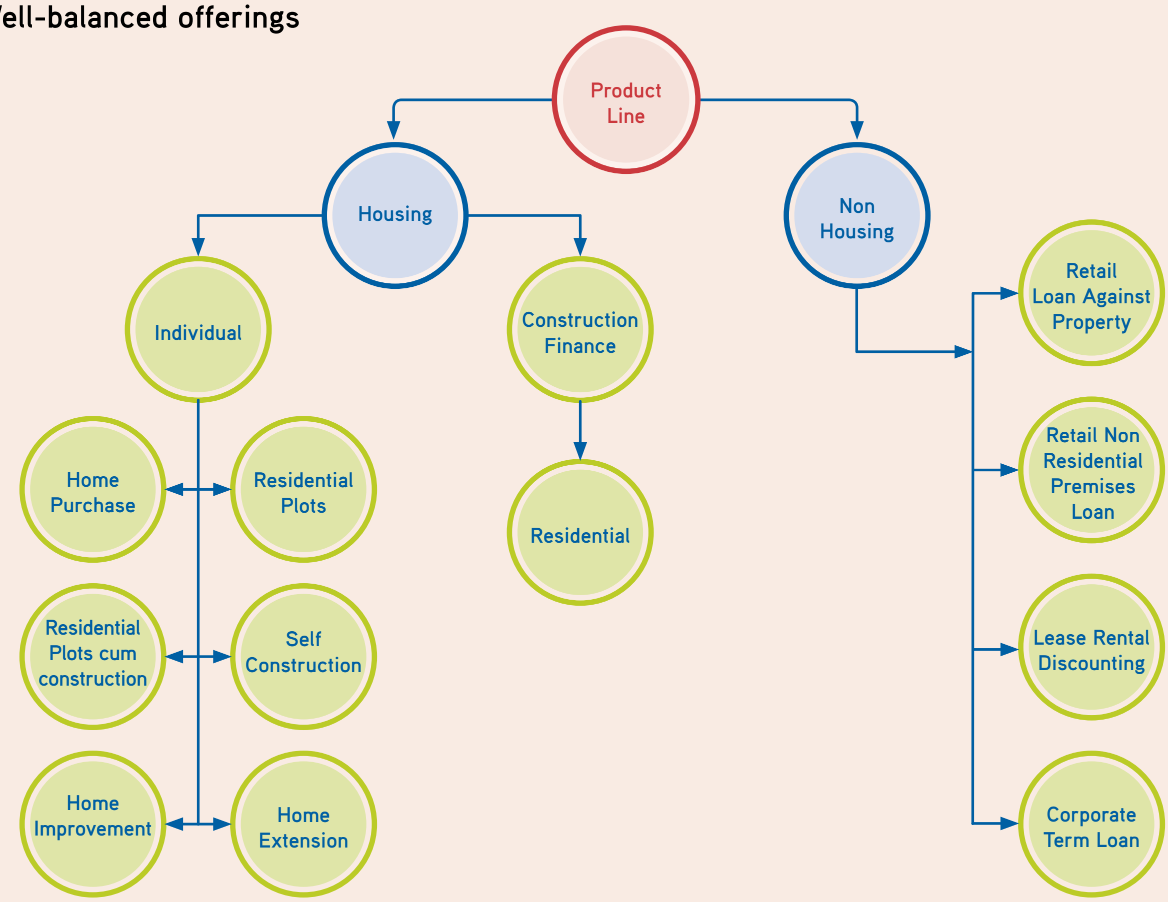
PROPELLING MULTIPLE GROWTH AVENUES

Innovating around our customers

Well-balanced offerings

The range of products and services are designed to fulfil the contemporary requirements of the retail market. A deep understanding of consumer preferences helps us formulate a comprehensive product line.

Well-balanced offerings



To serve marginalised communities, PNB Housing offers Unnati home loans to individuals from a modest income group. This is a small effort from our end to enable aspirants from relatively lower income groups to fulfil the dreams of their own home.

Well-defined target group

A judicious mix of customer segments has been maintained over the years. A deep acumen to appraise both salaried and self-employed segments has helped us deliver offerings that are well within the defined turnaround time. The self-employed segment, in particular, presents a tremendous opportunity for growth. We are stepping up to serve this high potential consumer group with customised offerings that can accommodate their repayment comfort. 79% of the asset book consists of retail segment while 21% is corporate loans. Retail book consists of individual housing loans, retail loan against property and retail non-residential premises loans. The corporate loans, consists of construction finance, lease rental discounting and corporate term loans.

Distribution channels

PNB Housing is expanding into adjacent markets and opening new branches, taking the best of its capabilities to a larger customer base. The approach is to strategically extend the reach and foray into new cities, ensuring that earnings are optimised for every geography that PNB Housing is present in.

Product mix

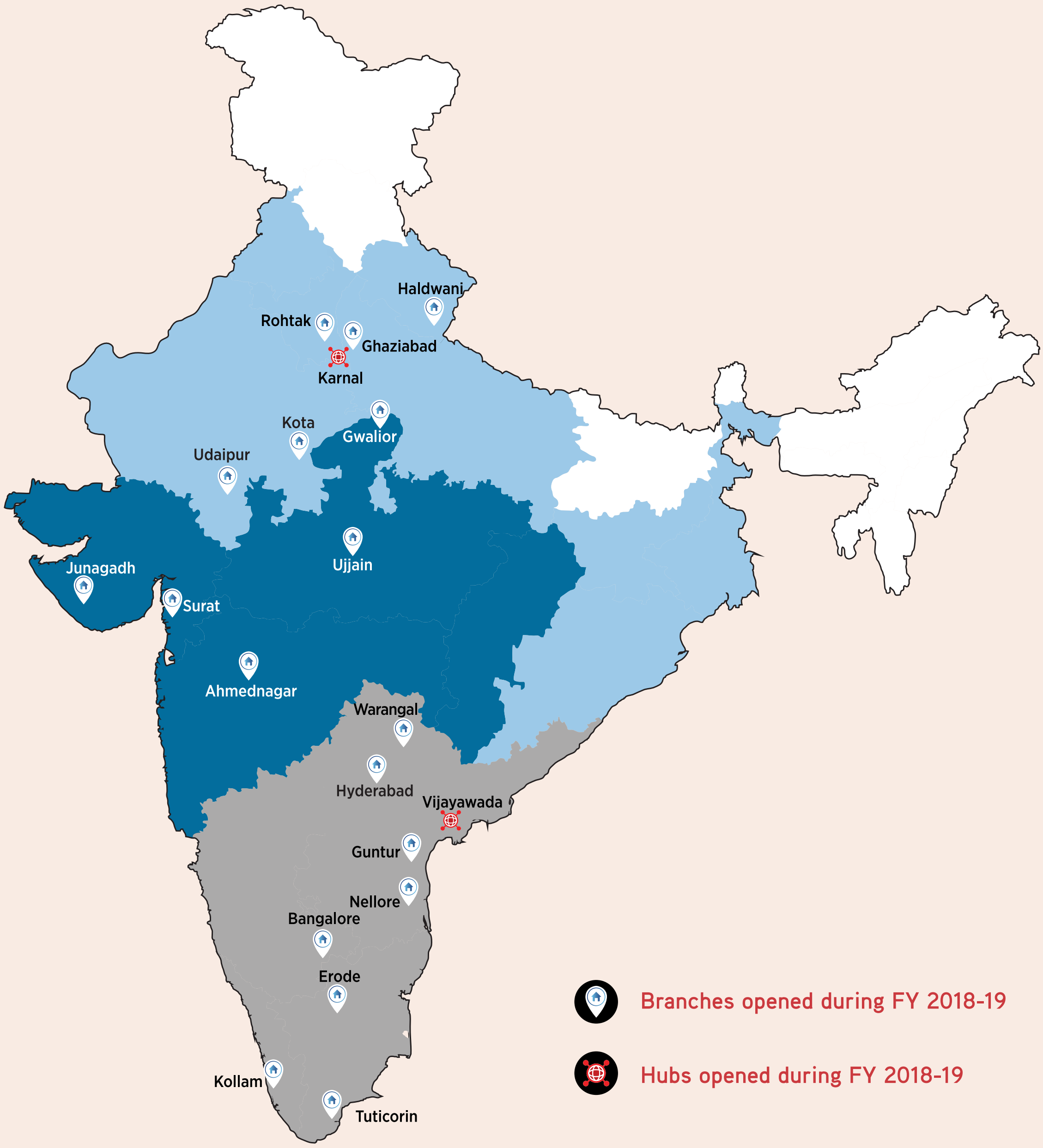
(%)

Funneling leads

The ISO-certified contact centre is the backbone of the in-house sales channel, generating pre-filtered qualified leads at a pan-India level. A strong team of tele-executives secure prospects generated through various marketing campaigns.

As a lead funnel for the sales channel and the first touchpoint for a prospective customer, the contact centre plays an expanding role in reinforcing the brand identity in the minds of prospects. The contact centre also facilitates faster connect for customers, helping the potential ones reach us instantly and fulfilling their post-sales service needs through a single digital platform.

New branches and hubs



The focus is to work with agility and precision. 18 branches were operationalised and two new advanced processing hubs were opened during FY 2018-19 taking the total tally to 102 branches and 23 processing hubs spanning across 62 cities.

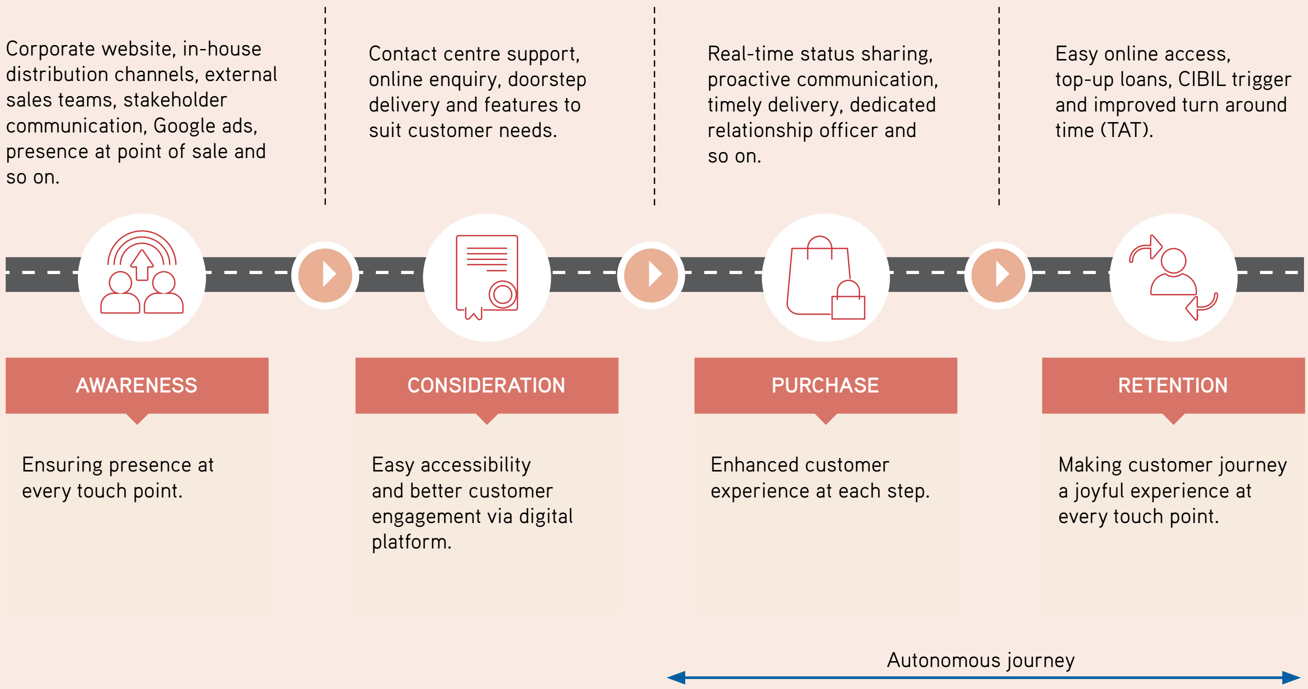
PHFL Home Loans and Services Limited (PHFL)

The wholly-owned subsidiary, PHFL was incorporated in FY 2017-18 and 3,595 employees are currently on the rolls of the Company. PHFL primarily focuses on sales and distribution functions of PNB Housing. The dedicated arm has reduced our dependency on external sources for acquiring new businesses. The first year of the subsidiary was largely devoted to establishing processes and policies while strengthening back-end operations. On the performance front, it contributed close to 62% (disbursement) of parent's total retail asset business during FY 2018-19. The Company has also been providing adequate processing support which can ease the delivery mechanism for the customers.

Branding and marketing

The objective of marketing is to improve brand recall and preference through a holistic omni-channel strategy. Our brand communication will continue to focus on delivering the brand promise of ease and convenience throughout the customer journey. We primarily engage with the retail customers, through a balanced mix of various online and offline media channels. As today's consumer is becoming more and more tech savvy, digital marketing forms a significant portion of overall media strategy and it effectively complements our business strategy. Digital campaigns are broadly directed towards performance to generate leads by targeting the set of audience that is looking out for mortgage and deposit products. It not only helps acquire more customers but also changes the brand perception, delivery and enhance customer experience.

Consistently delivering the brand promise of owning a home in an easy and convenient manner

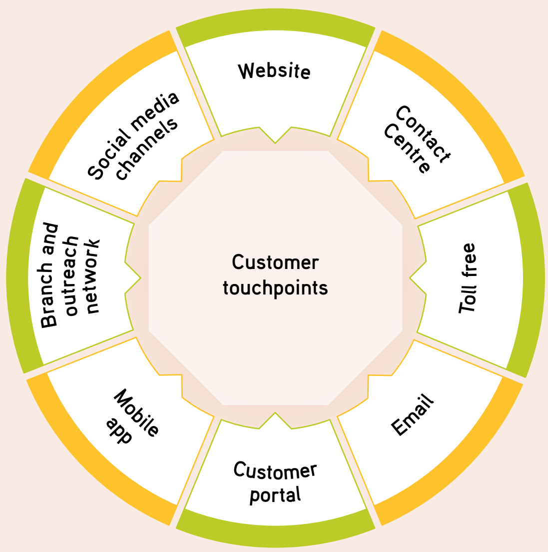


Customer focused digital innovations

The customer journey at PNB Housing is viewed holistically as we strive to evolve a typically transaction-oriented service platform to a solution-driven, engagement-focused model that best services the requirements of customers. Various steps were undertaken to facilitate a faster and convenient experience for the new-age customer across multi-channels.

A customer relationship management (CRM) framework is more than a software; it is the nerve centre of a healthy customer service architecture. At the beginning of FY 2018-19, we migrated our systems across both branches and in-bound contact centre to a state-of-the-art CRM system. This now enables the ability to offer services across a complete spectrum of channels including the non-traditional, self-serving ones such as the automated interactive voice response (IVR), web chat, SMS and others. The CRM system even allows on-the-job training and improvement for the relationship management team, incorporating the suggestions and feedback received from customers.

Customer portal, on the other hand, acts as a free-flow bridge between customers and us and is a single window for all important information such as income tax certificates and EMI payment schedules, among others. This has been fostering trust among customers, since all their queries are addressed with just a click of a button.



~25%

of subsequent disbursement processed online

Customer convenience is at the heart of the various digital solutions that we introduced as part of our service bouquet. Loan disbursement is a critical moment both for the customer and the lender. The experience was simplified by digitalising the process of availing subsequent disbursements. A loan customer can now do so by raising a request through the web or mobile portal. The platform also facilitates the uploading of document images, such as those of developer demand letters, which are required for processing the disbursement, providing a seamless and paperless flow.

The process of applying for TDS exemption was also digitalised. One can log on to the customer portal (web or mobile) and submit Form 15G/H online, precluding the need for physical forms.

PNB Housing offers a unique service, wherein the loan and property documents are digitised, so that the soft copies are available at the click of a button. This concept is similar to a digital locker that enables instantaneous on-demand retrieval of document images. Scanned documents are tagged to the loan account under the core enterprise system. This has helped reduce the turnaround time (TAT) of this common request. There is a substantial reduction in cost that was earlier incurred for retrieval of physical documents from the back-end storage unit.

A new application was launched on both web and mobile platforms where a customer can create a deposit online, in a complete paperless and self-service mode. The app uses Aadhaar-enabled e-KYC to help open a fixed deposit within minutes. The app has received positive response and ~2,500 fixed deposits have been created in the past months since its launch. However, the Supreme Court ruling regarding the use of Aadhaar for KYC has, at present, forced us to hold the service for the timebeing.

As customer increasingly expect intuitive, seamless experiences, access to services at any time on any device, our endeavour is to build a digital-ready organisation to meet customer expectations without losing a personal connect.

EVOLVING CREDIT UNDERWRITING AS AN INTRICATE SCIENCE AND ART

PNB Housing is committed to build a larger loan portfolio that is in tune with the credit risk appetite. In doing this, the success of the business will increasingly depend on the consistent underwriting standards. This is backed by the ability to maintain and streamline sourcing mix, effective centralised portfolio monitoring and rigorous recovery processes, scalable hub-and-spoke operating model and team skills, among other factors. The operating environment notwithstanding, PNB Housing is committed to delivering greater ease of doing business, upholding good governance practices and nurturing proven fundamentals.

There is a well-planned strategy of building assets with optimum risk-reward levels, pursuing the overarching objective of making PNB Housing 'one of the most admired and preferred HFCs for all stakeholders'. Scientific procedures are in place to ensure sound growth without compromising on credit quality and underwriting processes. Our loan assets continue to perform better than the industry, with GNPA at 0.48% (retail book GNPA at 0.58% and corporate loan book GNPA at 0.17% as on March 31, 2019).

The low NPA measure bears out the steps that PNB Housing takes to intricately design and evolve the credit underwriting process. It underlines the focused way product portfolio, consumer profile and asset quality is approached. The Company follows a comprehensive underwriting process, spanning retail and corporate lending, adequately supported by prudent collection practices to honour the promise to stakeholders and generate maximum value at the intersection of risk and reward. Underwriting of loans is performed in specialised processing hubs and there are 23 such hubs, well spread across the country.

Starting from April 1, 2018, certain HFCs, including PNB Housing, adopted Indian Accounting Standard (Ind AS) for the first time. Ind AS converges with International Financial Reporting Standards (IFRS) and, therefore is expected to enhance the transparency and comparability of financial statements of companies across the world. The transition to Ind AS has had a profound impact on the financial services sector, not only in terms of accounting and disclosures, but also in context of their business practices, systems and processes, regulatory reporting and capital adequacy, among others. Critically, Ind AS also requires early recognition of a provision for losses on loans and off-balance sheet exposures based on an expected credit loss model, which brings in forward-looking information and macroeconomic factors in the estimation of losses. PNB Housing is making every effort to align technology, systems and processes to the new requirements, and be at par with global best practices and report a broader set of numbers. To that end, a mature credit underwriting methodology emerges as a strong lever to diversify business risk as the country shifts to more stringent accounting practices such as Ind AS.

Retail and corporate underwriting

Multiple initiatives were implemented by the retail underwriting team to bring higher productivity and efficiency with a superior portfolio quality and deliver value to both internal as well as external stakeholders. PNB Housing made significant strides across the various initiatives, as listed here.

The focus was on delivering an optimum end-to-end TAT from a customer's perspective – starting from login to sanction. 80% of loan applications were approved in less than five working days (wing to wing, from reference generation to sanction). The concept of straight pass through (SPT) was introduced to encourage on-ground teams to drive complete logins, enabling the underwriting decision in one go. This initiative has resulted in better TAT, enhanced productivity and reduced wastages. Various electronic and digital tools were inducted in the underwriting process to make it more productive, efficient and optimum. These initiatives were named 'Phygital', since they replaced physical processes with digital tools either in part or in full, to mitigate the inherent risk of fraud.

Total quality management (TQM) continues to add value to streamline processes and bring in desired improvement. The principles of TQM has been instituted in various units and procedures that are part of the disbursement process. This has helped reduce the time frame between customer application login and disbursement stage while adhering to the quality standards. Post implementation at larger processing hubs of NCR and Mumbai, it has been extended to the Bangalore hub as well.

At the same time, training and upskilling talent is a key priority. PNB Housing regularly undertakes portfolio scrub activities, in order to spot early warning signals with respect to the existing loan book.

The fraud control unit (FCU), at branches, has been empowered based on empirical trends of portfolio quality. The internal developed desktop search process has been strengthened and is helping the organisation avoid high-value cases that had adverse findings.

Given the stagnation in real estate prices across markets, post government-led structural reforms in the recent years, the organisation further adopted a cautious approach in assessing

Corporate book risk buying and review mechanism

Risk Buying

- External valuation and legal title checks to supplement in-house expertise
- Centralised team with specialisation across acquisition, technical, legal, credit, operations
- Effective risk management with segregation of responsibilities
- Stress test at the start of a relationship with clear guidelines
- Construction linked disbursement

Credit Covenants

- Over 90% developers are rated by external rating agencies
- Minimum security coverage ratio of 1.5x
  - Weighted average as on March 31, 2019 is 2.2x
- Cash receivable coverage (net off project expense) of 1.5x
- Collections through escrow mechanism

Monitoring

- Fund utilisation, sales velocity, collection efficiency and escrow discipline
- Continuous monitoring
  - At the time of every subsequent disbursement
  - RAG analysis on a regular basis; presented to the Board
- Helps in early warning signals to take timely corrective measures

developers' ability to execute projects. In line with the broader strategy of improving the yield on incremental housing loan portfolio, we are making focused efforts to identify and approve high-potential commercial projects. Such approvals are monitored from the central office.

Our corporate loan book witnessed healthy growth in a fast-changing real estate scenario. Many marquee real estate developers with strong financials and viable projects have associated with PNB Housing for corporate loans. A stringent process for risk buying and monitoring of corporate loans underwriting is followed.

The corporate loan business is managed by a team of relationship managers in key markets, experienced credit underwriters and qualified operations personnel, along with specialised legal and technical experts who ensure continued delivery of high-quality services, superior execution and closer monitoring of the portfolio amid the short-term turbulence.

Recoveries

Robust and contemporary practices have resulted in a sensible growth. We witnessed an increase in the scale of business through productivity enhancement, without compromising on the adherence and compliance to existing processes. The testimony of the success of sourcing, underwriting, operations and collection processes lies in the fact that PNB Housing counts among the top five companies – in terms of coincidental NPAs. Two-year lagged NPA is almost half of the industry average.

The portfolio management methodologies are designed for early identification of problematic loans at regular intervals through various qualitative and quantitative measures. There is a multi-layered, cross-functional and participative review mechanism at various levels. Periodicity of reviews and accountability to undertake these reviews is laid down very clearly. The insights, findings and learnings are shared with all stakeholders for continuous improvement and/or immediate corrections.

The Company's proficiency and experience in SARFAESI Act resulted in improved NPA resolution. We have been able to resolve and restrict forward flow of high value-cases to NPA that were projected as stressed accounts in FY 2018-19. This was possible due to strong follow-ups and legal moves made under Section 9 of the Arbitration Act and judicious action under SARFAESI Act.

During the year, continuous efforts were made to reduce the repossessed assets. The number of repossessed properties reduced from 308 as on March 31, 2018 to 223 as on March 31, 2019. The stock of acquired properties taken in the balance sheet (net of provision) is ₹131.11 crores as on March 31, 2019, as against ₹178.7 crores as on March 31, 2018.

2 year
lagged NPA of PNB Housing is less than half of the industry average.

MAKING TECHNOLOGY DO MORE

We live in an era of continuous and rapid disruption, and the best way to take advantage of this scenario is to continuously strengthen our technology edge. Simply put, technology drives the organisation's innovation engine and helps it to imagine and offer better products and services to the growing customer fraternity. The information technology (IT) architecture helps us remain agile and ahead of the curve.

The IT infrastructure helps improve operational efficiency, streamline and automate workflows and maximise profitability. Multiple initiatives were implemented during FY 2018-19; from using digital as a catalyst for change, enhancing applications and operations, maintaining healthy uptime to setting up new branches and hub locations.

Industry-leading CRM solution has been implemented pan-India across all branches and processing hubs, as well as the central customer service function. The channel-agnostic software, complete with IVR facilities, provides efficient in-bound and out-bound call services to our customers. This not only improves cross-platform customer connect but also leads to substantially better resolution of service requests.

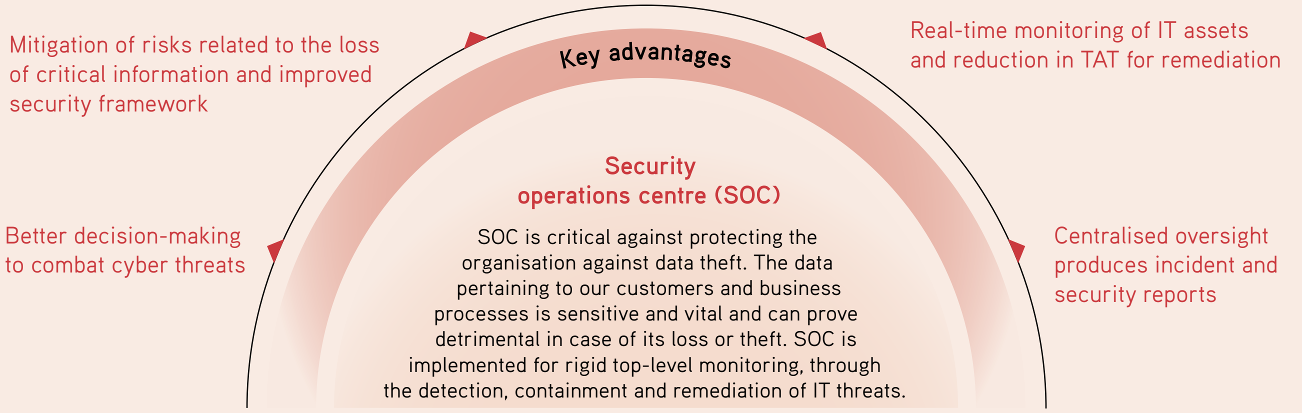
PNB Housing offers several web and mobile portals, for its customers and business partners alike. These are easy-to-use and intuitive, with a host of useful features, tools and payment options. These internet-based paperless facilities bring us closer to our stakeholders, enabling to manage their expectations in a better way.

A smart application for the audit team has been introduced. This uses web services to conduct audits of branches, processing hubs and other functions such as centralised operations (COPS), centralised processing centre (CPC), collections, among others. The application integrates all aspects of an audit cycle, from annual planning to detailed risk assessment and other elements such as performing tests, calculating scores, generating reports, compliance closure cycle via action tracking and dashboarding. It monitors ongoing audits and the actual progress against the annual audit plan. It analyses features for efficient dashboarding at the organisation level, as well as within individual entities and audits. It directly reports audit closure into the system by the auditee.

Access was expanded to the existing pay-out platform, V-Connect, to our underwriting partners as well. Various pay-out plans related to field investigation (FIs), FCUs and legal and technical agencies have been configured into the system. Now the underwriting partners can view and accept the monthly pay-out through the V-Connect system, leading to faster processing and lower turnaround in payment processing.

An enhanced enterprise system solution (ESS) is used to separately classify the accounts which are eligible for PMAY subsidy. The criteria, as prescribed by the National Housing Bank has been incorporated into the ESS. The system now automatically categorises the account as eligible under PMAY scheme (based on the data entry) with the relevant category and provides a report of the PMAY cases that can directly be submitted to the regulator for claiming the subsidy.

The innovative iBox application is used to assess the creditworthiness of a prospective customer and maintain a high-quality credit portfolio. This moves away from physical verifications of customer's documents to e-verification, in facilitating the underwriting process. We have integrated the ESS with e-verification services. A multi-bureau link is a unique service that provides consolidated reports from multiple credit bureaus and gives a detailed picture of a customer's track record. An identity check service provides a consolidated list of all demographic details available in a comprehensive database. A rich repository has been developed from a list of fraudulent customers reported by a closed user group (80 million+ unique applications), enabling us to identify probable fraud against various demographic parameters. The iBox application was recognised by The Economic Times BFSI Innovation Tribe Awards 2018



ELEVATING EFFICIENCY IN OPERATIONS

We aspire to implement best practices and deliver unparalled customer experience through our central operations, an ISO-certified unit and a transaction powerhouse. It helps usher in a higher degree of efficiency, quality, process optimisation, cost control and economies of scale, with the adoption of the mantra of 'centralisation' and technology-driven processes.

The central operations team comprises 2.6% of our human capital and successfully facilitates non-customer interface operational activities. The team consists of two specialised business units: central processing centre (CPC) and centralised operations (COPS).

Central Processing Centre (CPC)

CPC acts as a custodian of dockets, loan file, deposit applications, business partner applications, among others. All title documents are stored in sealed jacket in a professionally managed storage warehouse. The movement of documents, throughout the loan lifecycle, is tracked through bar codes. The stock of on-hand dockets is updated in real time, based on which the actual location of the dockets can be tracked at any given point.

CPC also manages the repayment mode and creation/settlement of charge at Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI). In the coming months, CPC targets more technology-driven processes that ensures increased productivity and achieves operational excellence.

Centralised Operations (COPS)

COPS is fast progressing towards remarkable customer service delivery by considering the processing of deposits, business partner management and electronic bulk customer correspondence. COPS enables a paperless environment, wherein deposits are processed through images, payments to depositors are made electronically and so on. It is the single processing hub for payments of all channel partners as defined in the pay-out structure.

Central Operations witnessed expansion and establishment of new CPC at Mumbai in FY 2018-19. This will ensure business continuity and balance the load. Both units of CPC, Mumbai and Noida, are performing the defined activities in a desired manner. COPS continues to manage all the business activities as usual, adhering to the given timelines with enhanced accuracy and TAT.

EMPOWERING TALENT TO ASPIRE MORE

'People First' approach underscores our commitment to continuously upskill and address the knowledge gap of our teams. We are relentlessly making interventions to provide a rewarding and fulfilling career to our colleagues. The objective is to provide relevant skill development/upgradation opportunities to employees. Towards that objective, PNB Housing has made continuous efforts to build an inclusive culture of collaboration and camaraderie.

The endeavour is to build superior human capital and keep the workforce across levels engaged and motivated. Putting meritocracy at the centre, the organisation has charted a growth roadmap in a largely dynamic operating environment.

During the year, the leadership team proactively implemented measures to mitigate the risk of attrition by opening multiple channels of communication and arresting employee trust. In 2018, PNB Housing is once again certified as a Great Workplace for the second consecutive year.

Talent management

The slowdown also impacted overall employee productivity metrices. During the year, the focus remained on enlarging the footprint across geographies and expanding the service network to more cities, through branches, outreach offices and processing hubs.

Our HR team, along with respective functions, undertook the primary responsibility to timely onboard experienced resources across all new locations, impart functional and system training and develop homogenous and productive resources for cross-functional teams. This also gave an opportunity to identify and build the internal talent pool. In order to promote talent and provide opportunities internally, we have a robust internal job rotation plan. During the year, more than 70 employees were moved under this plan.

To build a reliable pipeline of managers, there is a management training programme, where graduates from reputed management institutes are hired and initially trained under various functions before being moved into a particular vertical.

Learning and Development (L&D)
The L&D team helps our people to perform by enhancing their functional knowledge and upgrading their skills. L&D is critical to building and retaining the talent pipeline – lending a competitive advantage to PNB Housing. A series of workshops are conducted with regular reinforcement of the learnings for the participants, through a learning app, webinars, calls and action-learning projects. During the year, we conducted internal trainings for employees across functions.

Performance management
The Company's robust performance appraisal process ensured productivity-driven transparent rewards culture in the organisation. Following the launch of the long-term incentive plan (LTIP) for high-performing junior management employees, we could minimise the attrition of critical resources, amid a challenging internal and external business environment. In addition, as a major development initiative, we have in place a contemporary performance management mechanism for seven consecutive years.

Rewards and Recognition (R&R)
Employee contribution is encouraged and recognised, through R&R programmes that are creative, flexible and meaningful. These programmes span functions, locations and teams and are run on monthly, quarterly and annual basis.

PNB Housing will continue to focus on offering its people, a long-term career based on employer value proposition of fairness, transparency, meritocracy, learning and growth and provide a supportive environment for professional growth.

In 2018, PNB Housing was once again certified as a Great Place to Work second year in a row.

Numbers speak volumes

Consolidated performance indicators (as per Ind AS)

(₹ in crores)

	FY 2018-19	FY 2017-18	Variance
Net interest income	2,063.48	1,659.86	24%
Fee and commission income (net of fees and commission expense)	394.82	208.79	89%
Other income	3.90	0.63	
Gross income	2,462.23	1,869.31	32%
Operating expenditure	538.89	358.16	50%
Pre-provision operating profit	1,923.34	1,511.15	27%
Impairment of financial instruments and write-offs	188.95	276.57	
Profit before tax	1,734.39	1,234.58	40%
Profit after tax	1,191.52	841.15	42%
Other comprehensive income (net of taxes)	(102.33)	(2.16)	
Total comprehensive income	1,089.19	838.99	30%
Basic earnings per share (₹)	71.19	50.52	41%
Dividend per share (₹)	9.00	9.00	

Key financial ratios

(%)

	FY 2018-19	FY 2017-18	Variance
Average yield	10.35	10.24	+11bps
Average cost of borrowing	8.00	7.70	+30bps
Spread	2.35	2.54	-19bps
NIM	2.93	3.19	-26bps
Cost-to-income	19.61	17.22	+239bps
Return on asset	1.61	1.56	+5bps
Return on equity	17.44	14.20	+324bps
Provision coverage ratio	167.41	232.27	
Average gearing	9.30	7.60	
Book value per share	450.46	394.22	14%
CRAR	13.98	16.67	
- Tier I capital	11.00	12.75	
- Tier II capital	2.98	3.92	
Risk-weighted asset (₹ in crores) (as per IGAAP)	58,020.24	44,451.64	31%

AUGMENTING TREASURY MANAGEMENT

Treasury oversees the daily cashflow and liquidity of a business, ensuring that operations remain well funded and that excess cash is prudently invested. We have evolved our treasury operations with a well-diversified resource profile and an efficient borrowing mix, despite industry headwinds and delinquency concerns.

FY 2018-19 key highlights

- **Securitisation**
  PNB Housing conducted the securitisation of the loan accounts under the direct assignment (DA) route all throughout the year. Also, our housing and non-housing loans was securitised, maintaining a good product mix at the loan asset level. Securitisation not only helped us access the liquidity of long tenure, but also helped deleverage and improve the asset liability management (ALM) and capital to risks asset ratio (CRAR). The GNPA of our securitised book of ₹10,699 crores was 0.20% with seasonality of ~38 months, as on March 31, 2019.

- **External commercial borrowing (ECB) under direct route**
  RBI allowed mobilisation of funds under the ECB automatic route up to US$750 million. During the year, we availed five-year tenor ECB of US$ 465 million from different foreign branches of domestic banks. On a fully hedged basis as well, these funds were cheaper than domestic funds for similar tenure, and also helped in managing the ALM profile better.

- **Liquidity update**
  Between September and March 2019, we maintained surplus liquidity in the range of ₹5,000-7,000 crores, mobilising long-term funds and securitisation.
  The surplus was sufficient to tide over any liquidity crisis and also stabilised our ALM profile. We did not borrow any amount from the wholesale debt market in the entire month of September 2018.

Borrowing snapshot

The 10-year benchmark G-Sec remained volatile in 2018 with yields ranging from 7.13% to 8.18% annually and commenced its downward trajectory by the last quarter of FY 2018-19, moving to 7.35% by March 31, 2019. The yields moved with macroeconomic factors like RBI policies, Federal Open Market Committee (FOMC) decisions, state elections, farm loan waivers, domestic economic growth, recapitalisation of public sector banks (PSBs) and events pertaining to liquidity crunch.

Since the liquidity crisis, we have been maintaining excess liquidity to the tune of ₹5,000-7,000 crores. This, coupled with increasing cost of borrowing, impacted our net interest margin (NIM). However, our spreads remained healthy during the year, as we kept repricing our assets in line with market movement.

Borrowings have grown by 33%, from ₹54,268 crores in FY 2017-18 to ₹72,362 crores in FY 2018-19. Incremental borrowings of ₹30,858 crores were 43% of the total borrowings at year-end. During the year, we also corrected our ALM, by bringing down our short-term borrowing through commercial papers (CPs) from ₹10,400 crores as on March 31, 2018 to ₹7,950 crores as on March 31, 2019.

Borrowing profile

The borrowing mix underwent a change, due to reduction in the proportion of CP and non-convertible debenture (NCD). The proportion of CP has reduced by 8% and that of NCD by 9%. This is a deliberate strategy to reduce the proportion of CP in the borrowing mix, whereas there is low traction in the NCD market.

During the year, the major source of borrowing was bank term loans, since they are cheaper as compared with other sources like NCDs for similar tenure. At the same time, bank borrowings are linked to the bank's marginal cost of funds based lending rate (MCLR). Therefore, any reduction in the MCLR is reflected by reduction of our cost of borrowings at applicable reset date.

Besides, we borrowed through ECB under the automatic route. We mobilised our highest ever refinance from the National Housing Bank (NHB) in the form of long-tenor funding, thus helping in further strengthening the ALM. The National Housing Bank (NHB) refinance is also a testimony of our strong corporate governance and robust operating model. Deposits are a stable source of funding and this year we were able to expand our deposit base with greater focus on raising retail deposits.

FY 2018-19 proved to be a fairly challenging year. However, our strong fundamentals enabled us to mitigate the impact of external factors on our Company. These events drove incremental cost of borrowing for the NBFC and HFCs higher. We are making every effort to contain the situation.

- **Bank loans**
  Bank borrowings were leveraged to meet the shortfall, resulting in increase of banks' share in our total borrowing mix. Incrementally we borrowed ₹15,096 crores of term loans from banks during FY 2018-19. Bank borrowings are linked to banks' MCLR, which were in the range of 8.25% to 9.00% during the year. With AAA rating on bank loans, PNB Housing became the preferred borrower for banks during these turbulent times. With the drying up of the NCD market, it provided necessary liquidity to our Company. We also entered into securitisation transactions, through direct assignment route, with banks, to generate long term resources. Share of bank loans was at 20.89% in the borrowing mix at year end.

- **External commercial borrowing**
  With the objective of lowering the economy's current account deficit, the Government introduced mobilisation of funds from ECB under automatic route. This route was used for long term funding.

- **Commercial paper**
  Borrowings through CP enabled in the reduction of overall cost of borrowing and provide cushion to declining NIMs. However, we are reducing our exposure to CPs in the borrowing mix to correct the ALM gaps. During the year, ₹33,575 crores was raised and ₹36,025 crores was repaid. The share of CPs, at 10.99% of the overall borrowings, was lower by 8% as compared to FY 2017-18.

- **NHB refinance**
  Out of sanctioned amount of ₹3,500 crores during the year, we availed the full limit, with ₹1,150 crores under the affordable housing scheme at attractive pricing. This reduced the overall cost of the NHB refinance. The share of NHB refinance out of total borrowings was 9.70%.

- **NCD/Bond**
  In tough market conditions, we were only able to raise NCDs worth ₹1,401 crores and tier-II Bonds worth ₹39.70 crores in FY 2018-19. The share of NCDs in overall borrowings was at 32.11%.

- **Deposits**
  Deposits are stable, and also long term in nature due to rollover possibilities. We increased our deposit base during the year, the proportion of deposits in the total borrowing mix was at 19.78%. Strong month-on-month growth was registered in retail deposit sourcing, during the year.

- **Overdraft facilities**
  PNB Housing has added new overdraft/cash credit (OD/CC) lines of ₹4,450 crores – equivalent to almost two months' disbursements. The OD lines are linked to the respective MCLR of the banks. These lines act as backstop facility for CP issuance and help in overall treasury operations.

Institutional lenders

- **Banks**
  Consequent to the low traction in the debt capital market, the banking system has been the largest source of funding in FY 2018-19. Banks have invested in our CPs, extended ECBs and provided term loans as well as OD facilities. Banks' lending rates were lower than the prevailing rates in the debt market for similar tenure.

- **NHB**
  PNB Housing availed long-term refinance from NHB at competitive rates. Major share of the refinance was taken under the liberal refinance scheme. In addition, we also availed refinance under the affordable housing scheme, bringing down the overall cost of NHB refinance.

Investment snapshot

Treasury's primary objective is to keep adequate liquidity to support business growth. Our Treasury team also worked at deploying surplus funds into high-rated liquid instruments to enable additional source of revenue, with an aim for a cost-neutral model of investment.

- **Statutory liquidity ratio (SLR)**
  As per NHB notification, all deposit-taking HFCs are required to maintain 13% of public deposits outstanding (with a lag of two quarters) as SLR investments. These investments were made in sovereign securities such as G-Sec, State Development Loans and Central Government Guaranteed Bonds. We began the year with SLR investments of ₹1,183 crores and the investments at the end of the year were ₹1,386 crores.

- **Bonds**
  We invest in public sector unit (PSU) and higher-rated corporate bonds for short duration. Investments are made, keeping in mind the 'Overall' and 'Per Entity' limit as per the Investment Policy approved by our Board. The investment in bonds were ₹169 crores, with an average investment of ₹258 crores during FY 2018-19.

- **Mutual funds**
  Surplus funds are invested in the mutual funds as they provide liquidity with modest returns. Investor/lender confidence weakened in the year, owing to market conditions. To give some comfort vis-à-vis our liquidity, we maintained our mutual fund investments on the higher side, with an average of ₹1,752 crores during FY 2018-19. We earned an average return of 7.26% p.a. on mutual fund investments in this period.

- **Fixed deposits**
  Short-term deposits with banks were placed since the third quarter of FY 2018-19. Against fixed deposits, OD facilities were provided by the banks for liquidity; we earned a modest income on average fixed deposits of ₹366 crores.

COMMUNICATING WITH INVESTORS

The year was very volatile for the Indian equity market. Consequently, investors and lenders remained cautious on liquidity, the ALM position of NBFCs/HFCs, disbursements made by HFCs and corporate book. In addition, HFCs came under Ind AS from April 1, 2018. As a prudent measure towards more effective communication, we proactively engaged with all the key investors and research analysts with regular meetings, conferences, roadshows and earnings calls, among others. Pre-empting the queries, we further enhanced the communication materials shared with the market. As a testimony, during the year, the Company received recognition in two prestigious investor relations events.

Investment portfolio grew by 89%, from ₹2,413 crores in FY 2017-18 to ₹4,561 crores in FY 2018-19.

EXECUTING WITH STRATEGIC FACILITIES

Facilities Management is a service function that coordinates space, infrastructure and general administration.

Office administration is one of the key elements associated with a high level of workplace productivity and efficiency.

It is responsible for planning, design, execution, operation and maintenance of all the facilities and provide complete logistics support for meticulous execution of day-to-day business activities. At the same time, it steers through financial and technical constraints with aesthetics, security, accessibility and ease of doing business. The functions, while planning for a new location, keeps in mind the accessibility for the employees as well as customers. For instance, many of our branches are closer to the metro lines so that it is easy to commute. The function continues to play a crucial role in re-positioning of our brand, both within the organisation and to the external world.

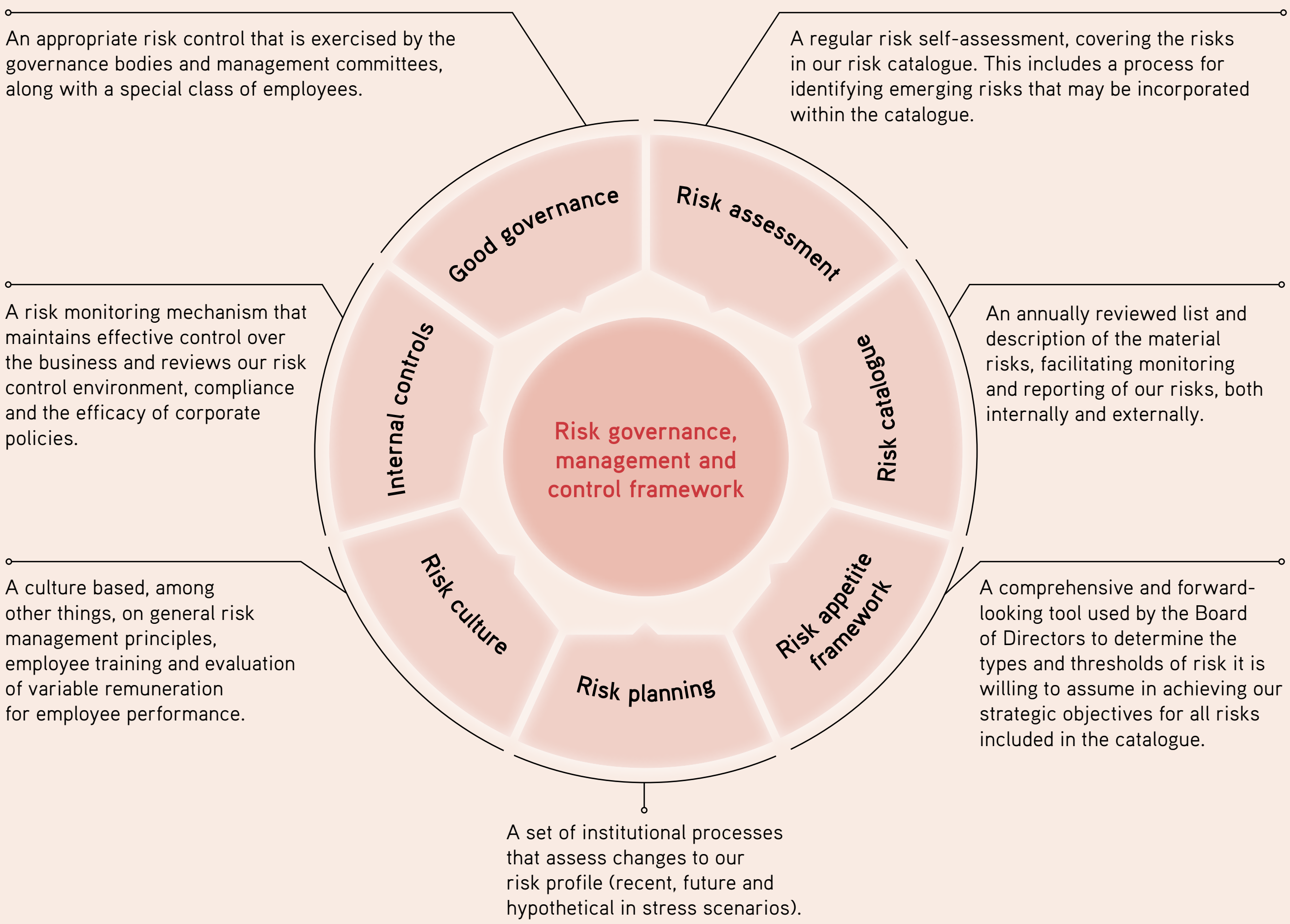
FY 2018-19 key highlights

- PNB Housing began the year, operating out 118 office spaces, comprising 84 branch offices, 23 processing hubs, 11 regional offices and a central support office, maintaining a total area of 3,18,890 sq. ft. An incremental work area of 1,05,722 sq. ft. has been added during FY 2018-19, increasing the total workspace to 4,24,612 sq. ft.
- Facilities provided complete logistic support to an average of 1,500 full-time employees and 3,500 PHFL staff members, in an efficient manner, optimising the expenses.

RISK RESILIENCE AT THE CORE

PNB Housing's risk mitigation methodology is designed to actively identify and manage risks that impede the achievement of business objectives, as well as provide reasonable, but not absolute, assurance against material misstatement or loss. We continue to build risk management into the way we work. It is implemented through a Company-wide framework and this enables us to be closer to realising our ambition of being one of the most preferred HFC for stakeholders.

Our risk management measures broadly include risk assessment, risk catalogue, risk appetite framework, risk planning, risk culture, internal controls and good governance. We clearly articulate our risk appetite, functional policies and key risk indicators (KRIs) to explicitly define the level and nature of risk that we are willing to take.



The Board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight and assesses whether it is consistent with the risk tolerance levels as laid down. The RMC gives directions to executive risk management committee (ERMC) that comprises our senior management team.

The principal business risks (assessed function wise) are credit risk, market risk, liquidity risk, reputation risk and technology risk. We have formulated risk management policies along with KRIs, which are measured and reported to the RMC on quarterly basis.

Credit risk

1

WHAT THIS IS ABOUT

Risk of a decrease in the value of the Company's assets due to uncertainty about a stakeholder's ability to meet their obligations.

MITIGATION MEASURE

- Facilitate the Company to take appropriate risks to achieve its business objectives within the acceptable level of risk tolerance, setting out the principles, standards and approach through a comprehensive framework to identify, assess, measure, monitor, control and report credit risks in a timely and efficient manner, observing early warning signs of delinquency and maintaining asset quality year on year
- Define roles and responsibilities for RMC, ERMC and business units to optimise credit risk governance
- Customise approaches for risk measurement of various portfolio segments/sub-segments
- Develop strong underwriting and security/collateral management frameworks
- Review KRIs of concentration, delinquency, and efficiency

Market risk

2

WHAT THIS IS ABOUT

Risk of a decrease in the value of the Company's assets held for trading or an increase in the value of its liabilities held for trading, due to fluctuations in interest rates, credit spreads, external factors or prices in the market where the assets and liabilities are traded.

MITIGATION MEASURE

- Review the interest rate scenario regularly
- Provide inputs regarding market risk profile and portfolio performance so that positions taken are within the approved risk tolerance limits

Liquidity risk

3

WHAT THIS IS ABOUT

Risk of insufficient liquid assets or limited access to market financing to meet contractual maturities of liabilities, regulatory requirements or the investment needs of the Company.

MITIGATION MEASURE

- Ensure availability of adequate liquid resources with a view to keep assets and liabilities maturity mismatches within the desired levels
- Implement a 'Liquidity Contingency Plan' to take care of any adverse liquidity position

Reputation risk

4

WHAT THIS IS ABOUT

Any indirect loss expected to arise from adverse experience or adverse perception in public domain.

MITIGATION MEASURE

- Measure and monitor the traditional as well as social media landscape for threats
- Promptly respond consumer complaints; and continually interact with internal and external stakeholders

Technology risk

5

WHAT THIS IS ABOUT

Losses due to any inadequacies or failures that could compromise the availability, integrity, accessibility and security of software, hardware and data.

MITIGATION MEASURE

- Review KRIs of availability and continuity, security, data integrity, and outsourcing
- Constantly monitor internal and external forces that could endanger operations
- Incorporate best practices vis-à-vis the protection of corporate information, IT systems, services and equipment

GOOD CORPORATE GOVERNANCE TO GREAT SUSTAINABILITY

Environmental, social and governance (ESG) considerations are integrated across the business and built into the policies and principles that govern PNB Housing. This is viewed as a business fundamental and seek continuous improvement in these areas because they underpin the long-term value-creation ability of the Company.

Role in society

While economic activity and business productivity is one aspect of our operations, the other is contributing to the community we are part of. The interventions are primarily driven towards the welfare of construction workers and their families. PNB Housing extends comprehensive support programmes that seek to enhance their quality of life in every manner possible. Besides, investments are made in promoting education, enabling access to higher education opportunities, addressing systemic challenges faced by differently abled children, spreading awareness on health and hygiene among adolescent girls and so on. Our modest efforts reached 40,000+ beneficiaries during the year. Details of the Company's community-focused initiatives are shared on Page 44 of this Annual Report.

Environment responsibility

On one hand, we use energy-efficient equipment to furnish offices and optimise energy usage and consumption. All electrical equipments are purchased after reviewing their star ratings and thereafter, are serviced regularly to improve performance as well as costs. On the other hand, focus is laid on conserving green covers in our neighbourhoods and restoring misused public spaces. We are looking after a public park in Faridabad for the last three years. The park's infrastructure was revamped into a child-friendly playground.

Information technology

Our technology initiative focussed on empowering our underwriters to perform in-depth analysis of prospective customers with superior efficiency and accuracy helped us in reducing our carbon footprint on environment. It is integrated with contemporary service providers to perform multiple checks on a customer's profile for e-verifications thus bringing efficiency in the underwriting processes. While our mobile app ensured seamless flow of information from a variety of partners across the country, it further minimised usage of paper.

1,609
Employees on PNB Housing Finance payroll

3,595
Employees on PHFL payroll

17.34%
Ratio of women in workforce

37.88%
New hires in the year aged 20-30

Employee engagement

Ongoing and proactive communication with employees make PNB Housing stronger and better informed. Moreover, we strongly believe that an employee is only as productive as they are healthy and this ethos drives many of our activities and events. The Managing Director addresses all teams regularly throughout the year; besides, employees frequently connect with senior business leaders one on one. More than 10% of vacancies in the year were filled by advancing internal team members and building their capabilities. A retention incentive programme was launched for senior and middle management employees. 'Taiyari Udaan Ki' is an initiative undertaken to recognise next-generation talent, among the children of our employees, and inspire them to excel in academics. Over 100 children were felicitated on the occasion of PNB Housing's Foundation Day.

From the standpoint of nurturing a progressive workplace, the Company's gender diversity score improved to 17.34% in FY 2018-19 from 16.67% in FY 2017-18. We provided creches in office spaces for working parents. Six months of maternity leave was implemented in 2011 itself; and this can be further extended by two months, if required. Workshops and counselling sessions are organised for female employees on how to maintain a balance between work and life, along with their overall wellbeing.

Employee development

L&D is a critical talent management function in building and retaining the talent pipeline, by uncovering employee and organisational potential, which gives us a competitive advantage in delivering critical results.

During the year, our interventions encompassed all the critical functions and supported them in achieving business goals. Our training interventions are broadly divided in three domains: functional trainings, behavioural trainings and compliance trainings. We delivered an average of 2.6 training person-days per employee through ~250 training programmes.

Functional: emphasis is laid on core fundamental trainings to provide teams with a strong foundation. These are aimed at further developing functional and job role capabilities in our people. We work with both our in-house talent and industry experts for these programmes. Some key ones conducted during the year were induction and orientation, system-based trainings, refresher trainings on product and policy for the front-line sales team and training on disbursement process, among others. With an aim to develop a resilient risk management team, multiple trainings were also arranged for various risk functions such as underwriting, technical services, internal legal and collections.

Behavioural: in line with our commitment of providing a holistic development opportunity to our employees, various interventions were done to evolve behavioural competencies. Training programmes were designed to address comprehensive organisational goals, especially customer centricity. Programmes were conducted for various job families to build a culture, wherein every employee takes pride in delighting customers through high standards of service. Additionally, we regular organise workshops to further mentor teams and develop their managerial and leadership skills.

Compliance: ethics represents one of the core values of the business and hence programmes were conducted on various critical topics such as anti-money laundering, prohibition of insider trading, data security and prevention of sexual harassment.

These trainings are augmented by our e-Learning Management System, eGuru. This acts as an online learning platform and can be accessed as a mobile app that provides the employees with an ease to learn on the go.

Governance and ethics

PNB Housing maintains high standards in corporate ethics, transparent disclosure, integrity and accountability. The Board consists of eleven members comprising seven Independent Directors, three Non-Executive Directors and one Managing Director. The Board functions through six Committees, which have been assigned specific responsibilities. These are Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Risk Management Committee and Credit Committee. The Chairperson of all the Committees is an Independent Director. The composition and role of each Committee is mentioned in the Corporate Governance Report on Page 92 of this Annual Report.

The Company has a diversified Board in terms of expertise, domain, educational qualification and industry experience. There is one female Independent Director on the Board and the average age of the Board is 59 years. The Company has in place a Board Diversity Policy, which views performance through the lens of inclusivity.

The Board and the senior management interact with each other, during Board meetings on a quarterly basis as well as whenever required. Key discussion points include updates on business, financials, credit appraisal, human resources, regulations, enterprise risk management, strategy and so on. In addition, the Board interacts with the senior management, through its many Committees, for matters related to the delegated area.

The Board has adopted a Code of Conduct which is applicable and binding on all the Non-Executive Directors, including Independent Directors of the Company. The Code of Conduct for Non-Executive Directors was recently amended by the Company, in compliance with Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019. The Code provides them guidance on matters relating to professional conduct, ethics and governance, while they discharge their obligations as a Director of the Company and help foster a culture of honesty and integrity which would help sustain the trust reposed by all the stakeholders. The Board has also adopted a separate code of conduct for Executive Directors and the senior management.

The Company has a whistle-blower policy, which allows all employees to raise concerns about serious irregularities within the organisation. Employees through this policy have direct access to the Chairman of Audit Committee. The Company has also put in place a grievance redressal mechanism for resolving customer grievance. There is a robust system to address shareholders' grievances as well, wherein shareholders can send their complaints to Company through dedicated e-mail IDs, that is, investor.services@pnbhousing.com and investor.relations@pnbhousing.com. The compliance and investor relations team keep a track of these e-mails and resolve the complaints of shareholders accordingly. These e-mail addresses have been posted on the website and shared in releases to the stock exchanges. In addition to this, shareholders can also directly approach our registrar and transfer agent (RTA), Link Intime India Pvt. Ltd.

Internal controls

Business growth demands that internal audit performs stringent checks to track any deviation. We have set up new processes for internal audit where disbursement and docket audit is shifted from CPC to branches. External legal firms conduct audits and their findings are shared on a monthly basis while the audit reports are issued quarterly. Besides docket audit, a separate team of internal auditors conduct audit of disbursed files and issue quarterly reports. For auditing the rest of the functions such as accounts, deposits, general administration, IT, human resource, customer service and so on, the auditors visit the branches twice a year. Transaction audit of the branches were completed as per the given scope and in time. Functions at CSO, treasury, finance and accounts, general administration, HR, are audited by an external auditor, while corporate finance and central recovery functions are audited by in-house internal auditors on a quarterly basis.

Safe harbour statement

In this Annual Report, certain statements are forward looking, including and without limitation statements within the meaning of applicable laws and regulations, relating to the implementation, strategic initiatives and other information on our business, business development and commercial performance. While these forward-looking statements exemplify our judgment and future expectations concerning the development of our business, a number of risks and uncertainties and other important factors viz. economic conditions affecting demand and supply, government regulations, natural calamities and so on, may cause actual development and results to differ materially from our expectations. PNB Housing Finance undertakes no obligation to -publicly revise any forward-looking statements to reflect future events or circumstances.

Directors' Report

Your Directors welcome the shareholders and take pleasure in presenting the 31st Annual Report together with the Audited Standalone and Consolidated Financial Statements of the Company for the year ended March 31, 2019.

FINANCIAL RESULTS (CONSOLIDATED Ind AS)

(₹ in crores)

	March 31, 2019	March 31, 2018
Total Income	7683.22	5489.34
Total expenditure	5948.83	4254.76
Profit before tax	**1734.39**	**1234.58**
Less: Provision for Tax		
-Current year	503.48	437.87
-Deferred Tax	39.39	-44.44
Profit After Tax	**1191.52**	**841.15**
Other Comprehensive income (OCI)	-102.33	-2.16
Total Comprehensive income for the year	1089.19	838.99
• Transfer to Statutory / Special reserves	217.00	166.13
• Dividend paid	150.71	99.95
• Dividend distribution Tax paid	30.99	20.35
Balance carried to balance sheet	690.49	552.56

INCOME AND EXPENDITURE

The Company has drawn its annual accounts as per Indian Accounting Standards (Ind AS). Accordingly, the corresponding figures for the previous year have been revised. The principles of Ind AS are close to the International accounting standard, IFRS.

During the year, the Company has earned a total income of ₹7,683.22 crores as compared to ₹5,489.34 crores in the previous year, recording a growth of 40%.

Total expenses, provisions and write offs during the year were ₹5,948.83 crores as compared to ₹4,254.76 crores in the previous year, a growth of 40%.

PROFIT

During the year, the Company has earned a Profit before Tax of ₹1,734.39 crores as compared to ₹1,234.58 crores in the previous year, recording a growth of 40%.

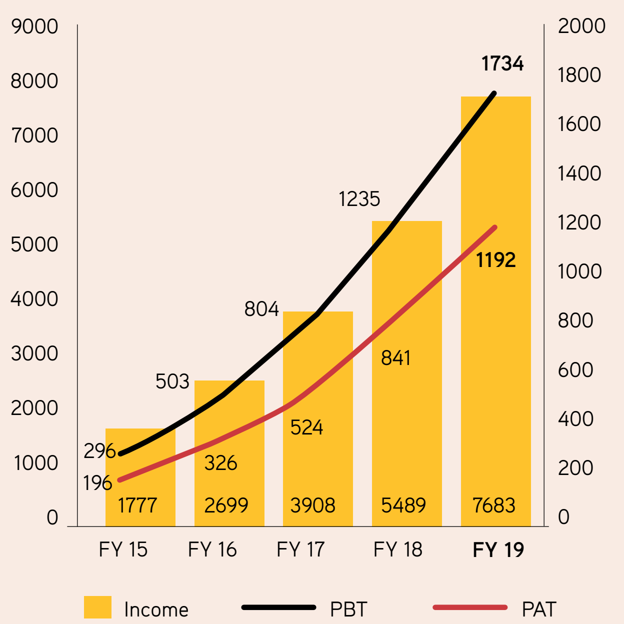
The Profit after Tax during the year was ₹1,191.52 crores as compared to ₹841.15 crores in the previous year, a growth of 42%.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹9.00 per share same as was declared in the previous year.

Income and Profitability

(₹ in crores)



LENDING OPERATIONS

During the year, the entire financial sector including Housing finance companies (HFCs) faced multiple challenges, mainly caused by tight liquidity and rising interest rate scenario. Earlier, the Industry witnessed major structural reforms in quick succession, such as implementation of Real Estate Regulation Act (RERA), the Goods & Services Tax (GST) and Indian Accounting Standards (Ind AS).

The financial year 2019 witnessed slowdown in credit growth due to liquidity crunch, rising cost of funds leading to curtailment of disbursements by many HFCs. The market for long term borrowings had almost dried up, which had put additional burden on corresponding cost of funds.

HFCs have limited pricing power to pass on the entire expansion in cost of funds to the customers, resulting in compression of spreads, and negative sentiments across the sector.

It is a matter of concern that despite favourable macro-economic situation, low mortgage to GDP penetration in India and strong fundamentals of the mortgage industry, HFCs are facing huge liquidity issues particularly long term funds, which are essential for mortgage business.

In spite of many of the competitors slowing down disbursements in un-planned manner, the Company has honoured all the disbursement commitments during the financial year.

Throughout the year, the Company maintained sufficient liquidity, despite some additional cost involved in maintaining the liquidity.

Due to adverse sentiment and high unsold inventory, the new project launches have slowed down. The supplies have been curtailed due to build-up of unsold inventory over the years. The sales of housing units in the top nine cities of Mumbai, Pune, Noida, Gurugram, Bengaluru, Chennai, Hyderabad, Kolkata and Ahmedabad witnessed a decline.

Affordable housing projects (mass housing) are picking up momentum. It is a period of stabilisation, right-sizing and right-pricing of new residential projects so as to enable the people to take benefit under the Pradhan Mantri Awas Yojana (PMAY), a Credit Linked Subsidy Scheme (CLSS) for the Middle-Income Group (MIG) and Lower Income Group (LIG).

In the interim budget, the government has proposed relief to real estate developers by extending tax rebate on the development of affordable housing until the next fiscal. A proposal was further announced where income tax exemption on notional rent for unsold properties were extended to 2 years from existing 1 year. The GST council has reduced the GST rate for under-construction properties from the present 12% to 5%. The GST rate for affordable housing category has been reduced to 1% from 8%.

Because of the various adverse developments during the financial year, the Company recorded a moderate growth in fresh loan disbursements.

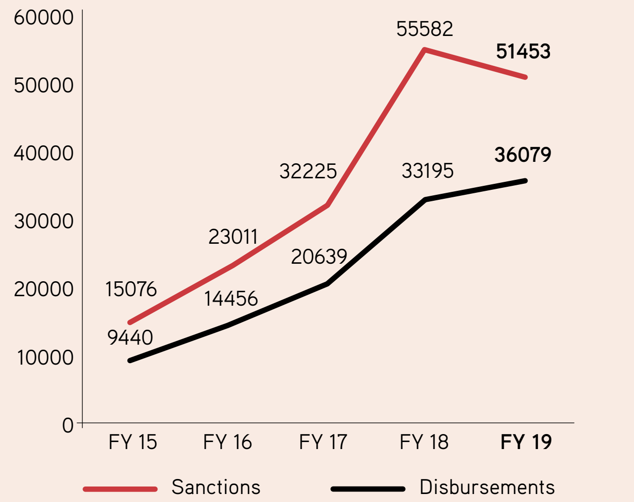
During the year, the Company has sanctioned loans amounting to ₹51,453 crores in respect of 1,11,656 loan applications as compared to ₹55,582 crores in respect to 1,02,468 applications in the previous year, recording a growth of 9% in number of loan applications and decline of 7% in loan sanctioned amount.

During the year, the Company has disbursed loans amounting to ₹36,079 crores as compared to ₹33,195 crores in the previous year, recording a growth of 9%. Out of total disbursements, ₹24,731 crores loans were disbursed for housing and ₹11,348 crores were disbursed for non-housing purposes.

The Company has built sufficient capabilities and competencies which are core to its unique operating model. With the likely improvement in market conditions and liquidity towards the second half of FY 2019-20 the Company is geared up for a better performance.

Fresh Loans

(₹ in crores)



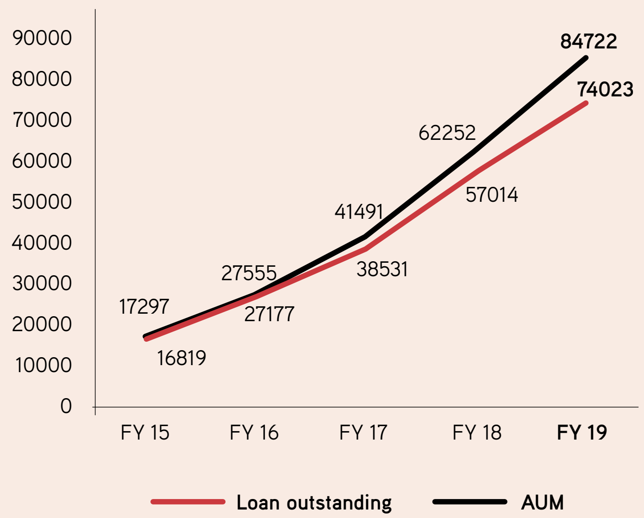
Loan Book

Loans outstanding (principal portion) as at March 31, 2019 were ₹74,023 crores, recording a growth of 30% over the previous year.

The total Assets Under Management (AUM) as at March 31, 2019 were ₹84,722 crores, recording a growth of 36% over the previous year.

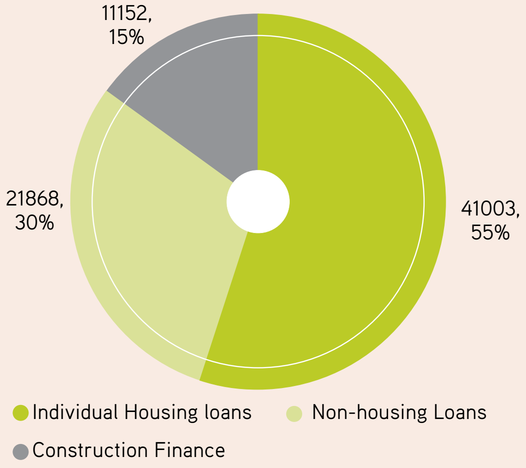
Loan outstanding and AUM

(₹ in crores)



Composition of loans

(₹ in crores)



During the year, the Company sold loans amounting to ₹7,337 crores under the direct loan assignment route to different institutions.

Distribution

Over the last 7 years, the Company has expanded its distribution by opening 71 new branches taking the branch network from 31 branches as on March 31, 2013 to 102 branches as on March 31, 2019. In addition, the Company has opened outreach offices to support the branch network. The new branches nearly contribute 53% of the incremental retail disbursement, and 31% of the outstanding retail portfolio.

During FY 2018-19, the Company has opened 18 new branches, out of which 4 branches were opened in the existing locations and 14 branches were opened at new locations. As on March 31, 2019, the Company has presence through 102 branches, 29 outreach locations, totalling to 131 distribution outlets.

PHFL Home Loans and Services Limited

The Company has been floated as a distribution arm for PNB Housing, offering doorstep services to the prospective customers. It predominantly sources business for the products offered by PNB Housing. The Company has de-risked PNB Housing from excess dependence on outsourced business.

The Company contributes nearly 62% of the retail Business for PNB Housing. During the year, the Company has sourced loans worth ₹16,494 crores for PNB Housing. The Financial Statements of PHFL are enclosed in the Consolidated Financial Statements of PNB Housing.

A report on the performance and financials of PHFL, as per Companies Act, 2013 and rules made thereunder (the "Act") is provided in Form AOC 1 attached to the Consolidated Financial Statements forming an integral part of the Annual Report.

Underwriting and Risk Management

The Company follows robust and contemporary practices. The scale of business has increased by enhancing productivity without compromising on the adherence and compliance to laid down processes. Our testimony of success of sourcing, underwriting, operations and collection processes lies in the fact that Company was the best amongst top 5 in terms of coincidental NPAs (Source: ICRA, September 2018).

Underwriting of loans is performed in specialised 23 hubs located across the country. These hubs have team of specialised underwriters, legal, technical and fraud control experts.

During the year, the Company has inducted various electronic and digital means in underwriting processes to make it more productive, efficient and optimum. These initiatives are called "Phygital" i.e. replacing the physical processes with digital means in part/full as well as to mitigate the inherent risk of fraud.

Some of the new initiatives taken during the year to strengthen credit risk management were;

- Enhanced KYC verification using digital means.
- Use of Hunter, a bureau developed anti-fraud check software to reduce manual intervention by Fraud Control team.
- The Company has developed an in-house credit score card for salaried applicants. The model has been validated using acceptable statistical methodologies.
- Reputed International Property Consultants empaneled for high ticket CF, large projects and new geographies. PropEquity usage was instituted for regular project monitoring and ground level diligence.
- The Company introduced TQM (Total Quality Management) to streamline processes and bring in efficiencies.
- Credit underwriting and technical teams were trained by a reputed empaneled expert on Valuation and Technical Analysis.

RECOVERY AND NON-PERFORMING LOANS

Despite the tough economic environment, the Company could maintain NPAs lower than the industry estimations. Company's portfolio management methodologies are designed for early identification of problematic loans at regular intervals through various qualitative and quantitative measures. The Company has created a multi layered, cross functional, participative review mechanism at various levels.

For financial year 2018-19, the Company has adopted principles of Ind AS replacing IGAAP. Under Ind AS, the provisions for impaired and non-impaired assets was done taking into account the expected changes in the credit quality of the borrower over a period and providing for expected losses up front (termed as Expected Credit Loss or ECL).

For ECL, the Company has adopted a statistical approach and has created models comprising credit and transaction variables. ECL has three broad components viz. Probability of default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). For retail as well as Corporate Finance portfolio, PD / LGD computations are carried out at various sub segments.

The gross non-performing assets were ₹354.87 crores i.e. 0.48% of the outstanding loans and net non-performing assets (after provision as per NHB Directions) were ₹280.52 crores i.e. 0.38% of outstanding loans.

Provisions

The Company has continued to build sound provisions on its loan assets over the years. Besides provisions prescribed under the National Housing Bank Directions, 2010 for standard assets and provisions for non-performing assets, the Company has additionally provided "Provisions for 'Contingencies' to meet any contingencies in the future and to insulate the Balance Sheet from macro-economic uncertainties .

The Company is carrying a ECL provision of ₹437.59 crores. The Company is also carrying a sum of ₹156.54 crores as 'Steady State Provisions'.

RESOURCES

The entire financial sector faced liquidity concerns, particularly from the second half of the year. Raising of long term resources continues to be difficult as there are fewer investors for Non-Convertible Debentures (NCDs).

The 10-year benchmark G-Sec remained volatile in 2018 with yields ranging from 7.13% to 8.18% p.a. Due to tight liquidity, the Company has been maintaining liquidity required for 2-3 quarters.

In a difficult year, the Company continued to raise financial resources from multiple sources, both in domestic and international market. The Company maintained right resource mix and Asset Liability Management (ALM) under the given circumstances. There was increased dependence on bank borrowings from domestic and from international sources through the ECB route.

During the year, the cost of borrowings have increased, however under the given circumstances, the Treasury has raised resources at most competitive cost to the Company. The total borrowings have increased from ₹54,268 crores to ₹72,362 crores.

The Company has raised fresh resources of ₹30,858 crores during the year from multiple sources as under;

Term loans and overdraft from banks

The Company has raised term loans and other facilities from banks for ₹17,514 crores during the year.

External Commercial Borrowings

The Company has raised INR equivalent of ₹3,324 crores through ECB route from various banks during the year.

Refinance from National Housing Bank

The Company has raised refinance from National Housing Bank for ₹3,500 crores during the year.

Non-Convertible Debentures (NCDs)

The Company has raised ₹1,401 crores of secured NCDs through private placements during the year.

The Company has redeemed on maturity, secured NCDs of ₹530 crores during the year.

Subordinate debt

The Company has raised subordinated debt of ₹39.70 crores during the year. Based upon the balance term of maturity as on March 31, 2019 an amount of ₹1,258.90 crores is considered as Tier II capital under NHB Directions for the purpose of computation of capital adequacy ratio.

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

DEPOSITS

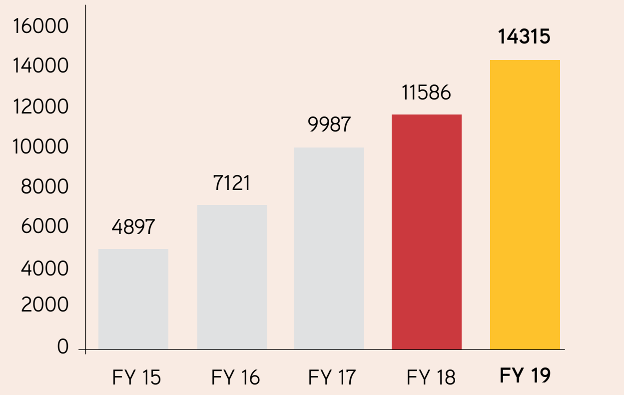
The Company has raised ₹5,923 crores of fresh deposits from public and through inter corporate deposits during the year. The outstanding deposits (including inter corporate deposits) as at March 31, 2019 were ₹14,315 crores as against ₹11,586 crores (including inter corporate deposits) outstanding last year, registering a growth of 24%.

Deposits are one of the major funding sources of the Company, contributing nearly 19% of the total loan assets. The deposits of the Company have been rated FAAA/Stable by CRISIL and CARE AAA by CARE, which means highest safety.

Deposit customers are core to the Company. The Company has a strong distribution network to reach its customers at doorstep. Company uses its state of art facility at NOIDA for delivery of deposit receipts, and other customer communication.

Deposits

(₹ in crores)



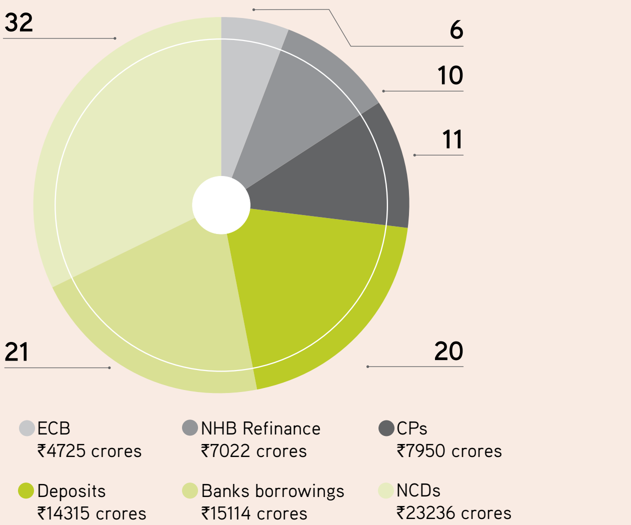
The Company has accepted public deposits as per the NHB Directions, 2010 and as per the provisions of the Companies Act, 2013. The Company has paid/accrued interest on all the outstanding deposits on due dates. There has been no default on repayment of deposits or payment of interest thereon during the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

Unclaimed Deposits and NCDs

Out of the deposits, which became due for repayment up to March 31, 2019, public deposits worth ₹74.73 crores, including interest accrued and due relating to 3,315 depositors had not been claimed or renewed. The Depositors have been intimated regarding the maturity of their deposits with a request to either renew or claim the deposits and subsequent reminders have been sent.

Borrowings

(%)



During the year, the Company has transferred an amount of ₹14.45 lakhs 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 31, 2019 there was no NCDs or interest thereon, remaining unclaimed or unpaid.

CREDIT RATING

NCDs

During the year, different series of NCD issuances were rated. The outstanding ratings are; CARE AAA, India Rating AA+ (stable), ICRA AA+ (Negative) and CRISIL AA+ (stable). The rating indicates high safety.

Commercial Paper

CRISIL and CARE have rated commercial paper programme at A1+. The rating indicates highest safety.

CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CRAR) as on March 31, 2019 was 13.98% (comprising Tier I capital of 11.00% and Tier II capital of 2.98%). The NHB has prescribed minimum CRAR of 12% of total risk weighted assets.

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 ₹1,360 crores as on March 31, 2019. The Company has classified its SLR investments as per NHB Directions, 2010.

HUMAN RESOURCES

In a turbulent year, the Company's focus was to hire and train human resources for the Company. The Company had opened 18 new branches. The HR and Training team along with respective functions took the primary responsibility to timely on board experienced resources across all new locations, impart functional and system training and develop them as a homogenous and productive resources for cross functional teams.

The Company also gave an opportunity to identify and develop the internal talent pool. Employees were given career enhancement opportunity by horizontal and vertical movements and were entrusted with higher functional responsibilities.

Many monetary and non-monetary rewards/benefits plans were started for the employees. In line with Company's core value of "People First", HR processes and initiatives were aligned for building a superior human capital and keeping the work force across levels engaged and motivated.

In line with Company's strategic objectives and future business requirement, it has been Company's endeavour to build homogenous teams having diverse educational background with fair gender mix.

As a cadre building exercise and with an aim to groom in house talent, Company had started with campus hiring program in 2015. A total of 162 MTs were hired over the last four batches. This ingrown talent has emerged as a managerial cadre pipeline for future geographical expansion as also a ready bench strength to mitigate separation risk. The fourth batch of 55 MTs was on boarded in the month of May 2018.

The Learning and Development (L&D) team is committed to assist in organisation's success, by enabling its people to perform, by enhancing their functional knowledge and upgrading their skills. L&D as a function is a critical talent management tool in building and retaining the talent pipeline. This gives a competitive advantage to the organisation.

The Company has offered Employees Stock Option Schemes (ESOPs) to its key employees and for other high performing mid-level employees, the Company has a Long Term Incentive Programme (LTIP). The Company also has various Rewards and Recognition Programmes (RIR) for the employees.

In the year 2018 the Company was again Certified as a Great Workplace for second year in a row by the Great Place to work institute.

As on March 31, 2019 the Company had a total of 1,609 full time employees on its rolls. There were 29 employees employed throughout the year, who were in receipt of remuneration of ₹1.02 crores or more per annum.

The remuneration comprises salary, allowances, perquisites/ taxable value of perquisites including perquisite value of ESOPs exercised and ex-gratia amount. In accordance with the provisions of Rule 5.2 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of such employees are set out in annexure to the Directors' Report.

In terms of the provisions of section 136(1) of the Companies Act, 2013 read with the said rule, the Directors Report is being sent to all the shareholders excluding the annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company.

Further disclosures on managerial remuneration are provided in annexure 1 appended to the Directors' Report.

CUSTOMER SERVICE AND TECHNOLOGY

The Company is servicing over 3.87 lakhs deposits and loan customers as on March 31, 2019. The family is growing every month. Significant steps were taken to enable multichannel experience to the new age customer. From a 'transaction led' model, the service platform moved to being 'engagement' led.

Several initiatives were taken for enhanced Customer Service as under;

- The Company introduced the migration to TALISMA, a state of the art CRM system which offer services across the complete spectrum of channels like automated IVR (interactive voice response), Web chat, SMS etc. The Company is offering phone response and IVR services in 7 languages.
- 1800 120 8800 is the Toll Free number for all customers.
- Customercare@pnbhousing.com is the virtual address for the customers.
- A loan customer can now request for subsequent disbursement by registering the request on line through the web or mobile portal.
- Company has started digitising the loan and property documents and the soft copies are made available to the customers. This concept, similar to the digi locker, enables quick retrieval of document images.
- The Company has Intelligent Mailing Solution for managing despatch of physical communication through a robotic folder and inserter.

The Company is using latest digitisation facility at NOIDA and Mumbai for digitisation of security documents of the customers where scanned documents are stored on dedicated private cloud.

The Company plans to introduce many more steps towards better customer services, which will bring efficiencies and standardisation.

AWARDS AND RECOGNITION

During the year, the Company has received following prestigious awards;

- Conferred by Economic Times - Best Brands of India 2019 Award: Economic Times felicitated with best brand of India 2019 award for making the brand 'PNB Housing' a household name, a name to reckon with, a brand to be admired by across the country.
- BFSI Innovation Tribe 2018: awarded by ET Edge for Fintech Innovative product iBOX. It is a blend of many fintech solutions, redefining the complete process of e-verification.
- SKOCH award: awarded with the SKOCH award among top FINTECH projects in India.
- Great Place to Work: PNB Housing has been again Certified as a Great Workplace second year in a row by the Great Place to work institute.
- Trescon BIG 50 BFSI Leaders Award: felicitated as winner at the award ceremony for its technology transformation journey and future road map to go digital.
- Best Stand-out IR' award: jointly received the 'Best Stand-out IR' award in the 'Large Cap' category by the prestigious IR Society of India in association with Bloomberg and BNY Mellon.
- Most Promising Business Leaders of Asia 2019: the Managing Director was recognised as One of the 'Most Promising Business Leaders of Asia 2019' at the Economic Times' Asian Business Leaders Conclave in Hong Kong.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Construction industry is one of the largest in India employing most of the rural and urban poor. During the year, the Company has continued to invest towards the holistic development of construction workers and their immediate family members.

The Company in partnership with CREDAI conducts on-site and off-site training programs for construction workers. The partnership begun in 2015, since then Company has worked on skill up-gradation, in the trade for masonry, bar bending, painting, electrical, plumbing and shuttering.

The other area of focus has been ensuring quality education for the poor children. For the last four years, Company has been supporting the operational cost of running Bal Vihar School. Through this intervention Company has ensured not just formal education to the children but also invested in the overall development of the Bal Vihar's academic systems.

Company has also partnered with Vidya and South Delhi Municipal Corporation, a public private partnership project. The Company has helped to revamp the entire academic system in this school having 150 children.

In accordance with the provisions of section 135 of the Companies Act, 2013 and rules framed thereunder, the Company has constituted a CSR Committee that reviews the CSR policy, steers 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 ₹17.24 crores on various CSR activities. The annual report on CSR activities undertaken during the year forms part of annexure to the Board's Report.

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace. Members of the Internal Complaints Committee constituted by the Company are responsible for reporting and conducting inquiries pertaining to such complaints. During the year under review, no complaint was received by the committee.

REGULATORY COMPLIANCE

During the year, National Housing Bank (NHB) has issued guidelines on Information Technology Framework for HFCs. The focus of the IT framework is on IT governance, IT policy, Information & Cyber security, IT operations, IS audit and Business continuity planning. The Company has put in place a comprehensive IT system in line with the NHB Guidelines.

The NHB has issued comprehensive guidelines on reporting and monitoring of frauds. The Company has taken adequate measures for fraud control, monitoring and reporting of frauds.

The NHB has issued revised guidelines on "Know Your Customers & Anti Money Laundering measures for HFCs. The Company is taking steps to implement the revised guidelines.

The Company has been complying with all other guidelines and directions issued by the NHB. These include directions 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 NHB.

POLICIES AND CODES

During the year, the Company has revised following statutory policies as required in terms of Listing Obligation and Disclosure Requirement and Insider Trading Regulations issued by the SEBI and placed the revised policies on its website;

(i) Insider trading policy, (ii) Related party policy, (iii) Whistle blower policy, (iv) Code of conduct for non-Executive Directors, (v) Code of conduct for Executive Directors and senior management (vi) Policy on determination of materiality (vii) Code and Practice for fair disclosure of UPSI and (viii) Policy on stationary control.

The other statutory policies placed on the website are;

(ix) Policy on preservation of documents, (x) Policy on archival of web disclosure, (xi) Dividend distribution policy, (xii) Policy on familiarisation programme for independent directors and (xiii) Policy on Board diversity.

INVESTOR RELATION

During the year, the Company was added in the Morgan Stanley Composite Index (MSCI) India domestic small cap Index. MSCI is global index tracked by global funds as their portfolio benchmark. More than 20 research houses have initiated coverage on the Company.

Investor Presentation were updated every quarter to ensure that the updated information is available to the market participants.

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 has incurred foreign exchange expenditure of ₹169.40 crores during the year.

DIRECTORS

The Board appointed two additional directors on the Board of the Company. Mr. L V Prabhakar was appointed as Non-Executive Director with effect from August 9, 2018. Mr. Neeraj Vyas was appointed as an Independent Director on the Board with effect from April 15, 2019.

Mr L V Prabhakar is currently Executive Director of Punjab National Bank and carries with him over three decades of banking experience. Mr Neeraj Vyas is retired Deputy Managing Director and Chief Operating Officer (COO) from State Bank of India. He has long experience in commercial banking and operations.

During the year, Mr. Jayant Kumar Dang resigned from the Board with effect from July 20, 2018.

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013 (Act) that he/ she meets the criteria of independence laid down in the Act and SEBI (Listing Obligations and Disclosures Requirements), Regulations 2015.

Re-appointment of Directors

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr Sunil Kaul is liable to retire by rotation at the ensuing Annual General Meeting (AGM). He is eligible for re-appointment.

The Directors have also recommended second term of one year to Mr Shital Kumar Jain as per section 149 and 152 of the Companies Act, 2013.

The necessary resolutions and their profile for re-appointment has been included in the notice and in the explanatory statement of the notice convening the AGM.

Your directors recommend their re-appointment in the forthcoming AGM of the Company.

All the directors have confirmed that they are not disqualified from being re-appointed as directors in terms of Section 164 (2) of Companies Act, 2013.

PERFORMANCE EVALUATION AND ITS CRITERIA

Pursuant to the provisions of Section 178 of the Act, and Regulation 19 of Listing Regulations, performance evaluation of each Director, the Board as a whole, its Committees and the Chairman was carried out. A structured questionnaire was prepared for evaluating the performance of Directors, Board and its committees considering various factors.

COMMISSION TO INDEPENDENT DIRECTOR

The Company considers the time and efforts put in by the Independent Directors in deliberations at the Board/ Committee meetings. They are remunerated by way of sitting fees for attending the meetings and through commission, as approved by the Board and shareholders of the Company. Details of commission and sitting fees to the Independent Directors for the year ended March 31, 2019 are given in form MGT-9.

STATUTORY AUDITORS

Messrs B R Maheshwari & Co having registration no. 001035N were the Statutory Auditors for the financial year ended March 31, 2019. The report of Statutory Auditors on annual accounts is enclosed along with Directors' Report.

CORPORATE GOVERNANCE

The Company has been complying with the standards of corporate governance required under the Companies Act, 2013. The Board discharges the duties and responsibilities as required under the applicable statute(s) including the Companies Act. The Board lays strong emphasis on transparency, accountability, and integrity. The report on Corporate Governance is appended as a separate annexure to the Directors' Report.

A certificate from M/s B R Maheshwari & Co, Statutory Auditors regarding compliance of the conditions of Corporate Governance as stipulated under SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 is also attached to the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

i. In preparation of annual accounts, the applicable accounting standards have been followed.

ii. The 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 31, 2019 and the profit and loss account for the year ended March 31, 2019.

iii. The 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.

iv. That the Company has prepared the accounts on a going concern basis.

v. The Company has laid down internal controls which are adequate and are operating effectively.

vi. The 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.

INTERNAL FINANCIAL CONTROL

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control commensurate with the size and nature of the Company's business.

These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with Company's policies.

EXTRACTS OF ANNUAL RETURN (FORM NO. MGT 9)

The details forming part of the extracts of the Annual Return in Form MGT-9 has been attached as part of Directors' Report.

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 7 forming part of Annual Accounts of the Company for the year ended March 31, 2019.

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 to this report.

PARTICULARS OF CONTRACT OR ARRANGEMENTS ENTERED, 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 has a subsidiary "PHFL Home Loans and Services Limited", a distribution arm for PNB Housing, offering doorstep services to the prospective customers.

EMPLOYEES STOCK OPTION SCHEME (ESOS)

The Company had granted 20,50,000 stock options to 198 employees under ESOP 2018 Plan A and Plan B and 1,36,485 stock options to 38 employees under ESOP 2016 Plan B on July 27, 2018 at a grant price of ₹1333.35 per option. The granted options will vest over a period of 4 years.

Refer note 23.8 of financial statements for detailed vesting schedule and other details.

During the year, 8,82,534 equity shares of ₹10 each were allotted to the eligible employees on exercise of ESOP options as per ESOP Policy of the Company.

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, National Housing Bank, Securities and Exchange Board of India, National Stock Exchange, Bombay Stock Exchange and other statutory bodies/departments.

The Directors place on record their appreciation and gratitude to Depositors, Debenture holders, shareholders, IFC, ADB, Bankers, Legal advisors, Merchant Bankers, Registrar and Transfer Agents of the Company 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

Dated: May 27, 2019
Place: New Delhi

Chairman

Annexure to Directors' Report - 1

DISCLOSURES ON MANAGERIAL REMUNERATION:

Details of remuneration required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided below:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for FY 2018-19: 25.9:1

   Ratio of remuneration of each Director to the median employees' remuneration for FY 2018-19

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Sunil Mehta	Chairman & Non-Executive Director	_
Mr. L V Prabhakar	Non-Executive Director	_
Mr. Sunil Kaul	Non-Executive Director	_
Mr. Shital Kumar Jain	Independent Director	_
Mr. Chandrasekaran Ramakrishnan	Independent Director	_
Mr. Gourav Vallabh	Independent Director	_
Mr. Nilesh Shivji Vikamsey	Independent Director	_
Mr. Ashwani Kumar Gupta	Independent Director	_
Mrs. Shubhalakshmi Panse	Independent Director	_
Mr. Sanjaya Gupta	Managing Director	25.9:1

2. Percentage increase in the remuneration of the Managing Director, Chief Financial Officer and Company Secretary, if any, in FY 2018-19;

Name	Designation	Increase in Fixed Remuneration (%)
Mr. Sanjaya Gupta	Managing Director	15%
Mr. Kapish Jain	Chief Financial Officer	Not Eligible
Mr. Sanjay Jain	Company Secretary & Head Compliance	15%

   The performance linked bonus paid in FY 2018-19 to the Managing Director is ₹1.00 crore and to the Company Secretary is ₹12.48 lakhs.

   There was no change in the sitting fees paid to the Non-Executive directors for attending meetings of board/committees.

3. The percentage increase in the median remuneration of employees in FY 2018-19 stood at 11.07%
4. The Company had 1,609 permanent employees as on March 31, 2019
5. Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

   The average increase in the remuneration of managerial personnel stood at 15% and non-managerial personnel was 11%

   The average increase in the remuneration of both the managerial and non-managerial personnel was determined based on the overall performance of the Company and as per the remuneration policy. Further, the criteria for increasing salary of non-managerial personnel is based on an internal evaluation of Key Performance Indicators (KPIs), while for managerial personnel it is based on the remuneration policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

   The remuneration of key managerial personnel is based on the overall performance of the Company. The Company further reiterates that there were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

Annexure to Directors' Report - 2

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

PNB Housing through its Corporate Social Responsibility initiatives aims to be a catalyst that enables the marginalised community to be empowered and self-reliant.

We have embodied the principles of corporate responsibility in our business philosophy and operations. In our journey so far, we have built a sustainable business model and created value for our stake holders. We are confident that we will be able to improve the lives of under privileged and reinforce our humble collective efforts towards nation building.

Our CSR Policy

The CSR policy of the Company ensures an effective and sustained CSR programme, which manifests in the form of a progressive, socially responsible and enlightened attitude. At a conceptual level, Company's policies on CSR are oriented towards stakeholder-participation approach, where the target groups are seen as stakeholders in the community.

The CSR policy of the Company is based on three guiding principles:

- Sustainability
- Transparency
- Accountability

The CSR Policy of the Company is available on Company's website: http://www.pnbhousing.com/pdf/CSR-policy-final.pdf

Our focus areas

Community which contributes significantly towards the mortgage sector and still remains at the bottom of the pyramid is of construction workers. Through our CSR initiative, we are committed to design and implement projects that work towards socio-economic upliftment of construction workers and their immediate families. In FY 2018-19 we continued strengthening our two key programmes for construction workers and their immediate family members. In partnership with CREDAI CSR Foundation, we have conducted construction workers skill development trainings pan India. With a commitment to ensure holistic care of the children of construction workers, we have established on-site day care centres.

While we remained committed towards empowerment of construction workers and their immediate families, we have also extended support towards following social issues.

- Ensuring formal education to underprivileged children
- Improving access to health care
- Skilling of unemployed youth
- Environment conservation.

2. **The Composition of the CSR Committee:**

   1. Mr. R Chandrasekaran
   2. Mr. L V Prabhakar
   3. Mr. Ashwani Kumar Gupta
   4. Mr. Sanjaya Gupta

The CSR committee has also constituted a CSR Executive Committee which works under the guidance of the CSR Committee of the Board to ensure effective implementation of the programs. The Managing Director oversees the working of the Executive Committee.

3. Average net profit of the Company for the last three financial years:

(₹ in crores)

	FY 2015-16	FY 2016-17	FY 2017-18	Average
PBT	503.08	804.01	1279.09	862.05
Total CSR Expenses for FY 2018-19				17.24

4. Details of CSR spent during the financial year:

a) Total amount to be spent during FY 2018-19: ₹17.24 crores

b) Total amount spent during FY 2018-19: ₹17.24 crores

c) Amount unspent, if any: NIL

d) Manner in which the amount was spent during the financial year is detailed below:

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise (₹ in lakhs)	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs (₹ in lakhs) (2) overhead (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent: direct or through implementing agency
			Project - Skill Training of Construction Workers				
1	Promoting skill development for the construction workers Pan India	Skill development	An onsite/offsite training program for the upskilling of 10,500 construction workers Pan India	899.97	Direct Expenditure- 768.54 Overhead-131.43	899.97	Implementing agency- "CREDAI CSR Foundation"
			Project – Day care centres for the children of Construction Workers				
2	Holistic day care centres for the children of construction workers ensuring education, health and nutrition for children under the age group 0-14 years	Promoting education and eradicating malnutrition	To support eighteen day care centres at construction sites in Delhi-NCR, Bangalore and Ahmedabad	157.64	Direct Expenditure- 133.68 Overhead-23.96	157.64	Implementing agency- "Mobile Creches"
3	do	Promoting education and eradicating malnutrition	Supporting five day care centre at construction site in Pune	56.19	Direct Expenditure- 51.69 Overhead-4.50	56.19	Implementing agency- "Tara Mobile Creches Pune"
4	do	Promoting education and eradicating malnutrition	Supporting two day care centre at construction site in Mumbai	33.65	Direct Expenditure- 30.00 Overhead-3.65	33.65	Implementing agency- "Mumbai Mobile Creches"
5	do	Promoting education and eradicating malnutrition	Supporting one day care centre at construction site in Faridabad	14.36	Direct Expenditure- 13.05 Overhead-1.31	14.36	Implementing agency- "Savera"
6	do	Promoting education and eradicating malnutrition	Supporting seven day care centres at construction sites in Hyderabad	46.36	Direct Expenditure- 46.36	46.36	Implementing agency- "Plan International- India Chapter"
7	Social security benefits	Promoting health and eradicating malnutrition	To ensure social security benefits to construction workers	8.00	Direct Expenditure- 7.52 Overhead- 0.48	8.00	Implementing agency- " Aajeevika Bureau"

			Project – Supporting education of underprivileged children				
8	Ensuring formal education to underprivileged children	Promoting education	Supporting the VIDYA -Bal Vihar and VIDYA-PTS Colony school with their school running cost	119.96	Direct Expenditure- 108.62 Overhead-11.34	119.96	Implementing agency-"VIDYA Integrated Development for Youth and Adults"
9	Ensuring formal education to underprivileged children	Promoting education	Providing scholarship support to students pursuing higher education	33.23	Direct Expenditure- 29.50 Overhead- 3.73	33.23	Implementing agency- "Buddy4Study Foundation"
10	Promoting inclusive education	Promoting education	Teachers' training programme for government school teachers	3.00	Direct Expenditure- 2.30 Overhead- 0.70	3.00	Implementing agency - "Sri Aurobindo Society"
11	Enabling access to formal education	Promoting education	Supporting the construction of hostel for Tribal Girls in Pune	1.51	Direct Expenditure-1.51	1.51	Implementing agency- "Vanavasi Kalyan Ashram, Maharashtra"
12	Enabling education to girl child	Promoting education	Supporting the education for underprivileged children	1.00	Direct Expenditure-1.00	1.00	Implementing agency-"JM Financial Foundation"
			Project – Improving access to Health Care				
13	Enabling access to health care	Promoting health	To enhance infrastructure at Department of Neurosurgery and Department of Cardiothoracic surgery AIIMS Hospital	87.21	Direct Expenditure- 87.21	87.21	Direct Implementation
14	Enabling access to health care	Promoting health	To enhance infrastructure at Department of Neonatology, KGMU Hospital	26.17	Direct Expenditure- 26.17	26.17	Direct Implementation
15	Supporting health care	Promoting health	To support health and hygiene intervention for young adolescent girls in Uttar Pradesh	22.18	Direct Expenditure- 22.18	22.18	Implementing agency- "Progress Alternative"
16	Supporting health care	Promoting health	Supporting Cancer patient helpline and clinic in Delhi	32.00	Direct Expenditure- 31.15 Overhead-0.85	32.00	Implementing agency- "CanSupport"
17	Supporting health care	Promoting health	Supporting mental health intervention in Delhi	7.80	Direct Expenditure- 7.80	7.80	Implementing agency- "Sanjivini Society for Mental Health"
			Project - Environment Conservation and Promoting Play				
18	Swach Bharat Abhiyan	Environment Conservation	To refurbish a park in partnership with Faridabad Municipal Corporation, Haryana	2.49	Direct Expenditure-2.49	2.49	Direct Implementation
19	Promoting Play	Restoring public spaces	Creating engaging and safe public play area	3.40	Direct Expenditure-3.40	3.40	Implementing agency-"End Poverty"

			Project- Skilling of unemployed youth				
20	Skilling of unemployed youth	Skill Development	To train unemployed youth in BFSI sector related trades and further create employment opportunity	10.00	Direct Expenditure- 9.00 Overhead- 1.00	10.00	Implementing agency-"Social Empowerment & Economic Development Society"
			Project- Elderly Care				
21	Supporting underprivileged elderlies	Elderly Care	Supported operational cost of an old age home in Delhi	13.36	Direct Expenditure- 12.38 Overhead- 0.98	13.36	Implementing agency- "Ayudham Society for Old and Infirm"
			Project- Sports for Development				
22	Promoting sports	Sports for Development	Providing professional badminton training to the students in 20 government schools in Bangalore and Chennai	12.09	Direct Expenditure- 10.89 Overhead-1.20	12.09	Implementing agency-"SRF Foundation"
			Miscellaneous –Disaster Relief and PM Relief Fund				
23	Disaster Management	-	Kerala disaster relief work	4.47	Direct Expenditure - 4.47	4.47	Direct Implementation
24	PM Relief Fund	-	-	41.95	Direct Expenditure - 41.95	41.95	Implementing agency-"Prime Ministers Relief Fund"
25	Administrative Overheads	-	-	-	-	86.21	-
Total						**1724.20**	

5. **Details of Implementing Agencies:**
The Company has carried out its CSR initiatives primarily through non-profit organisations. During the year, grants were provided to 19 implementing agencies, out of which major ones are:

a) **The CREDAI CSR Foundation (CCF):** the CSR arm of Confederation of Real Estate Developers Associations' of India (CREDAI) is engaged in development and execution of social and charitable projects with focus on construction workers. In partnership with CCF, we have ensured skill training of 10,500 construction workers pan India.

b) **Mobile Creches for Working Mothers Children (MC):** since 1970 MC is providing creche services for children of migrant construction workers at urban construction sites. At the day care centres, MC ensures health, nutrition, learning, care and protection for children in the age group of birth to 14 years. In FY 2018-19 we have supported 18 such day care centres in Delhi-NCR, Ahmedabad and Bangalore and ensured holistic development to 2,500 children.

c) **Mumbai Mobile Creches (MMC):** since 1972, Mumbai Mobile Creches has been one of the few non-profit organisation specifically supporting the health, education and safety of children living at construction sites. MMC and PNB Housing have established 1 day care centres in Virar catering to 250 children and 1 centre in Jasai catering to 100 children.

d) **Tara Mobile Creches Pune (TMCP):** a non-profit organisation, set up in 2007. It ensures that migrant construction workers' children enjoy the right to safety, healthcare, education, recreation and participation. TMCP operates centres, or creches on construction sites in and around Pune. In FY 2018-19, in partnership with TMCP, we have established 5 day care centres in Pune and supported 1,500 children through our centres.

e) **Plan India:** it is a member of Plan International Federation. It is a nationally registered independent child development organisation. For over 35 years, 'Plan India' and its partners have improved the lives of millions of children by providing them access to protection, basic education, proper healthcare, a healthy environment, livelihood opportunities and participation in decisions which affect their lives. In FY 2018-19 in partnership with Plan India, we have ensured holistic development to 500 children living at various construction sites in Hyderabad.

f) **Vidya-Integrated Development of Youths and Adults:** is a registered not-for-profit organisation, started in 1985 at IIT Delhi campus, for education and empowerment of underprivileged children, youth and women through micro-level intervention.

In partnership with Vidya, we have supported the operational cost of running two formal schools in Delhi and ensured formal education to 550 children.

g) **Can Support:** is a NGO working towards a caring and supportive society where people with cancer and their families live with dignity, hope and comfort. Can Support's mission is to enable these people to make informed choices while receiving appropriate physical, emotional, social and spiritual support. In partnership with Can Support, we are supporting the operational cost of running their helpline and cancer patient clinic and supported 4,700 patients and care givers.

h) **Progress Alternative:** established in 1997 the key goal of the organisation was to create awareness on the issues of health and hygiene amongst young girls living in the rural belt in and around Lucknow, Uttar Pradesh. In partnership with Progress Alternative, we are executing health programme in four villages. The programme at each village focuses on providing 'Reproductive and Child Health Training' (RCH) and awareness on the communicable and non – communicable diseases as well as awareness on social issues like disadvantages of early child marriage, family planning etc.

i) **Social Empowerment & Economic Development Society (SEED):** was pioneered with a vision to bring about social change for a more equitable society and provide improved access to opportunities for growth. The focus areas for SEEDS activities are Education, Skill Development & Livelihoods and Sustainable agriculture. Our CSR programme aims to impart training to unemployed youths in skills related to Banking, Financial Services and Insurance (BFSI) through a short duration vocational program and thus engaging them in a sustainable employment, resulting in poverty alleviation.

j) **Aajeevika Bureau:** we have collaborated with Aajeevika Bureau, a NGO to address the unique vulnerabilities of the workforce at two construction sites in Ahmedabad. It is an integrated approach to ensure social well-being of construction worker communities. The aim is to facilitate enrollment to provide social security benefit linkages to 1,000 workers.

k) **Sri Aurobindo Society (SAS):** is a global not for profit organisation working towards transforming education in government schools through 'Project Inclusion'. In FY 2018-19, we collaborated with SAS to support 'Rupantar' program under Project Inclusion. The program is focused on sensitisation training of school teachers and officials towards addressing mental health challenges faced by primary and upper-primary school students across three blocks of Uttar Pradesh-Baldeo, Vrindavan and Mathura. The program has been recognised by Government of Uttar Pradesh. The program is helping build capacity of over 3,000 teachers and officials to further support the everyday systemic challenges faced by children with special needs.

l) **SRF Foundation:** there is no dearth of talent in our country when it comes to sports. Yet due to societal barriers, this talent is left undiscovered and unsupported. We have partnered with SRF Foundation to work with the children in the government schools adopted by SRF foundation in Chennai and Bangalore, using sports as medium of empowerment.

m) **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 utilised 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.

6. **In case the Company has failed to spend 2% of the average net profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount:**
   Not applicable

7. **The CSR Committee hereby confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.**

Managing Director

Chairman of CSR Committee

Annexure to Directors' Report - 3

Form No. MGT- 9

Extract of Annual Return

as on the financial year ended on March 31, 2019

(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	L65922DL1988PLC033856
Registration Date	November 11, 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: 011-23445200, Fax: 011-23736857
Whether Listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Ltd.C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Ph.: +91 22 49186000, Fax: +91 22 49186060 E-mail:rnt.helpdesk@linkintime.co.in Website:www.linkintime.co.in

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and description of main products/services	NIC code of the product/service	% of the total turnover of the Company
1	Financial Service Activities, Except Insurance and Pension Funding	64192	100%

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1.	PHFL Home Loans and Services Limited Flat No. 207 & 209, 2nd Floor Antriksh Bhawan, 22, Kasturba Gandhi Marg New Delhi - 110001	U67200DL2017PLC322468	Subsidiary Company	100%	2(87)
2.	Punjab National Bank Plot No. 4, Sector -10 Dwarka New Delhi -110075	-	Promoter Company	32.79%	-

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

i) Category-wise Share Holding

Category of shareholder	No. of shares held at the beginning of the year (Demat.)		No. of shares held at the end of the year (Demat.)		% change during the year
	Number	% age of shares	Number	% age of shares	Applicable section
A. PROMOTERS					
1) Indian					
a) Individual/ HUF	-	-	-	-	-
b) Central Govt	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-
e) Banks/FI	54914840	32.96	54914840	32.79	(0.17)*
f) Any Other	-	-	-	-	-
Sub-total (A)(1):-	**54914840**	**32.96**	**54914840**	**32.79**	**(0.17)***
2) Foreign					
a) NRIs - Individuals	-	-	-	-	-
b) Other Individuals	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-
d) Banks / FI	-	-	-	-	-
e) Any Other....	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-
Total shareholding of promoter (A)=(A)(1)+(A)(2)	**54914840**	**32.96**	**54914840**	**32.79**	**(0.17)**
B. PUBLIC SHAREHOLDING					
1. Institutions					
a) Mutual Funds	10892178	6.54	12832055	7.66	1.12
b) Banks/FI	1596914	0.96	1511787	0.90	(0.06)
c) Central Govt	-	-	1060	0.00	0.00
d) State Govt(s)	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-
g) FIIs/ Foreign Portfolio Investors	27209948	16.33	33345828	19.91	3.58
h) Foreign Venture Capital Funds	-	-	-	-	-
I) Others (Alternate Investment Funds)	232534	0.14	558903	0.33	0.19
Sub total (B) (1):-	**39931574**	**23.97**	**48249633**	**28.80**	**4.83**
2. Non- Institutions					
a) Bodies Corp.					
i) Indian	2659201	1.60	2273155	1.36	(0.24)
ii) Overseas	-	-	-	-	-
b) Individuals i) Individual shareholders holding nominal share capital upto ₹1 lakhs	4770208 (10 shares in physical)	2.86	4722992 (16 shares in physical)	2.83	(0.03)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakhs	1118558	0.68	1385485	0.84	0.16
c) Others (specify)					
• Trusts	54442	0.03	535874	0.32	0.29
• Foreign Nationals	0	0	0	0.00	0.00
• Hindu Undivided Family	360890	0.22	255290	0.15	(0.07)
• Foreign Companies	62192300	37.33	54192300	32.36	(4.97)
• Non Resident Indians (Non Repat)	96589	0.06	87214	0.05	(0.01)
• Non Resident Indians (Repat)	252913	0.15	223752	0.13	(0.02)
• Clearing Member	234967	0.14	522479	0.31	0.17
• NBFCs registered with RBI	-	-	106002	0.06	0.06
Sub-total(B) (2):-	**71740068**	**43.07**	**64304543**	**38.41**	**(4.66)**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**111671642**	**67.04**	**112554176**	**67.21**	**0.17**
(C) SHARES HELD BY CUSTODIAN FOR GDR & ADR	-	-	-	-	-
Grand Total (A+B+C)	**166586482**	**100**	**167469016**	**100**	-

*The percentage shareholding of Punjab National Bank has reduced pursuant to allotment of 882534 equity shares under Employee Stock Option Scheme.

ii. Shareholding of promoters:

Sr. No.	Shareholder's Name Category of shareholder	Shareholding at the beginning of the year			No. of shares held at the end of the year (Demat.)			% change in holding during the year
		No. of shares	% of total shares of the Co.	% of total shares encumbered/ pledged to total shares	No. of shares	% of total shares of the Co.	% of total shares encumbered/ pledged	
1	Punjab National Bank	54914840	32.96	-	54914840	32.79	-	(0.17%)*

* The percentage shareholding of Punjab National Bank has reduced pursuant to allotment of 882534 equity shares under Employee Stock Option Scheme

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	54914840	32.96		
2	At the end of the year			54914840	32.79*

* The percentage shareholding of Punjab National Bank has reduced pursuant to allotment of 882534 equity shares under Employee Stock Option Scheme

iv. Shareholding pattern of top 10 shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding at the beginning of the year		No. of shares held at the end of the year (Demat.)			Cumulative shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
1	Quality Investment Holdings	62192300	37.33	-	-	-		
				11.05.2018	8000000	Sale	54192300	32.359
	Closing Balance						54192300	32.359
2	General Atlantic Singapore Fund FII PTE Ltd.	14199928	8.524					
				20.04.2018	22000	Purchase	14221928	8.492
				27.04.2018	139948	Purchase	14361876	8.575
				04.05.2018	1364	Purchase	14363240	8.576
				11.05.2018	2020956	Purchase	16384196	9.783
				18.05.2018	191044	Purchase	16575240	9.897
				25.05.2018	18000	Purchase	16593240	9.908
	Closing Balance						16593240	9.908
3.	Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Advantage Fund	4864462	2.920					
				06.04.2018	(111590)	Sale	4752872	2.838
				13.04.2018	(25000)	Sale	4727872	2.823
				20.04.2018	(51298)	Sale	4676574	2.792
				11.05.2018	953124	Purchase	5629698	3.361
				25.05.2018	51900	Purchase	5681598	3.392
				08.06.2018	(12876)	Sale	5668722	3.384
				13.07.2018	50000	Purchase	5718722	3.414
				20.07.2018	107000	Purchase	5825722	3.478
				27.07.2018	9700	Purchase	5835422	3.484
				29.09.2018	46975	Purchase	5882397	3.512
				05.10.2018	(61400)	Sale	5820997	3.475
				12.10.2018	(102000)	Sale	5718997	3.415
				19.10.2018	56900	Purchase	5775897	3.448
				26.10.2018	449500	Purchase	6225397	3.717
				02.11.2018	90500	Purchase	6315897	3.771
				23.11.2018	(2100)	Sale	6313797	3.770
				21.12.2018	55000	Purchase	6368797	3.803
				04.01.2019	11000	Purchase	6379797	3.809
				11.01.2019	50000	Purchase	6429797	3.839
				15.02.2019	(42300)	Sale	6387497	3.814
				22.02.2019	(7000)	Sale	6380497	3.810
				29.03.2019	(8396)	Sale	6372101	3.804
	Closing Balance						6372101	3.804

Sr. No.	Name	Shareholding at the beginning of the year		No. of shares held at the end of the year (Demat.)			Cumulative shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
4.	Reliance Capital Trustee Co Ltd A/c-Reliance Equity Hybrid Fund	1240881	0.741					
				13.04.2018	1981	Purchase	1242862	0.742
				11.05.2018	1056674	Purchase	2299536	1.373
				18.05.2018	413026	Purchase	2712562	1.619
				25.05.2018	105000	Purchase	2817562	1.682
				01.06.2018	8770	Purchase	2826332	1.687
				15.06.2018	37684	Purchase	2864016	1.710
				22.06.2018	12316	Purchase	2876332	1.717
				30.06.2018	81517	Purchase	2957849	1.766
				03.08.2018	(7212)	Sale	2950637	1.761
				07.09.2018	(121993)	Sale	2828644	1.689
				21.09.2018	(29542)	Sale	2799102	1.671
				23.11.2018	(370023)	Sale	2429079	1.450
				01.02.2019	958	Purchase	2430037	1.451
				08.02.2019	12	Purchase	2430049	1.451
				01.03.2019	(185826)	Sale	2244223	1.340
				08.03.2019	(65366)	Sale	2178857	1.301
				15.03.2019	(29543)	Sale	2149314	1.283
				22.03.2019	(44157)	Sale	2105157	1.257
				29.03.2019	507	Purchase	2105664	1.257
	Closing Balance						2105664	1.257
5.	SBI Magnum Midcap Fund	198112	0.118					
				20.04.2018	139312	Purchase	337424	0.201
				27.04.2018	77731	Purchase	415155	0.247
				11.05.2018	400000	Purchase	815155	0.486
				25.05.2018	200000	Purchase	1015155	0.606
				08.06.2018	200000	Purchase	1215155	0.725
				15.06.2018	376000	Purchase	1591155	0.950
				22.06.2018	167000	Purchase	1758155	1.049
				06.07.2018	33900	Purchase	1792055	1.070
				13.07.2018	41573	Purchase	1833628	1.094
				03.08.2018	(29755)	Sale	1803873	1.077
				10.08.2018	(13245)	Sale	1790628	1.069
				24.08.2018	2602	Purchase	1793230	1.070
				07.09.2018	55000	Purchase	1848230	1.103
				14.09.2018	659825	Purchase	2508055	1.497
				05.10.2018	(5200)	Sale	2502855	1.494
				12.10.2018	176000	Purchase	2678855	1.599
				19.10.2018	(21525)	Sale	2657330	1.586
				26.10.2018	198575	Purchase	2855905	1.705
				11.01.2019	18000	Purchase	2873905	1.716
				22.02.2019	(176800)	Sale	2697105	1.610
				01.03.2019	(100000)	Sale	2597105	1.550
				08.03.2019	(84779)	Sale	2512326	1.500
				15.03.2019	(128388)	Sale	2383938	1.423
				22.03.2019	(89635)	Sale	2294303	1.370
				29.03.2019	(477108)	Sale	1817195	1.085
	Closing Balance						1817195	1.085
6.	Franklin Templeton Mutual Fund A/C Franklin India Equity Advantage Fund	189380	0.113					
				11.05.2018	250000	Purchase	439380	0.262
				25.05.2018	6451	Purchase	445831	0.266
				01.06.2018	141738	Purchase	587569	0.350
				08.06.2018	134893	Purchase	722462	0.431
				15.06.2018	151273	Purchase	873735	0.521
				07.09.2018	4379	Purchase	878114	0.524
				14.09.2018	1790	Purchase	879904	0.525
				12.10.2018	72828	Purchase	952732	0.568
				26.10.2018	5000	Purchase	957732	0.571

Sr. No.	Name	Shareholding at the beginning of the year		No. of shares held at the end of the year (Demat.)			Cumulative shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
				07.12.2018	70678	Purchase	1028410	0.614
				11.01.2019	127580	Purchase	1155990	0.690
				18.01.2019	72420	Purchase	1228410	0.733
				25.01.2019	100000	Purchase	1328410	0.793
				01.02.2019	78556	Purchase	1406966	0.840
				08.02.2019	3796	Purchase	1410762	0.842
				22.03.2019	100000	Purchase	1510762	0.902
				29.03.2019	50000	Purchase	1560762	0.932
	Closing Balance						1560762	0.932
7.	Malabar India Fund Limited	761967	0.457					
				08.06.2018	92904	Purchase	854871	0.510
				15.06.2018	127918	Purchase	982789	0.586
				22.06.2018	72542	Purchase	1055331	0.630
				30.06.2018	66340	Purchase	1121671	0.669
				31.08.2018	(40000)	Sale	1081671	0.645
				29.09.2018	40000	Purchase	1121671	0.669
				05.10.2018	40000	Purchase	1161671	0.693
				12.10.2018	719	Purchase	1162390	0.694
				19.10.2018	1494	Purchase	1163884	0.695
				26.10.2018	67787	Purchase	1231671	0.735
	Closing Balance						1231671	0.735
8.	Rochdale Emerging Markets (Mauritius)	-	-					
				30.06.2018	475387	Purchase	475387	0.283
				06.07.2018	110001	Purchase	585388	0.349
				13.07.2018	127457	Purchase	712845	0.425
				24.08.2018	92289	Purchase	805134	0.480
				31.08.2018	12624	Purchase	817758	0.488
				29.09.2018	240000	Purchase	1057758	0.631
	Closing Balance						1057758	0.631
9.	Auburn Limited	374100	0.223					
				13.04.2018	660	Purchase	374760	0.223
				15.06.2018	59100	Purchase	433860	0.259
				29.09.2018	66000	Purchase	499860	0.298
				05.10.2018	180000	Purchase	679860	0.406
				12.10.2018	160000	Purchase	839860	0.501
				26.10.2018	195000	Purchase	1034860	0.617
				01.03.2019	20736	Purchase	1055596	0.630
	Closing Balance						1055596	0.630
10.	BNP Paribas Arbitrage	15831	0.009					
				06.04.2018	(15831)	Sale	0	0.000
				30.06.2018	13600	Purchase	13600	0.008
				10.08.2018	(13600)	Sale	0	0.000
				05.10.2018	739556	Purchase	739556	0.441
				12.10.2018	340207	Purchase	1079763	0.644
				16.11.2018	(48405)	Sale	1031358	0.615
				23.11.2018	(47223)	Sale	984135	0.587
				30.11.2018	(643)	Sale	983492	0.587
				01.02.2019	2681	Purchase	986173	0.588
				08.02.2019	(27827)	Sale	958346	0.572
				15.02.2019	(1533)	Sale	956813	0.571
				01.03.2019	(1148)	Sale	955665	0.570
	Closing Balance						955665	0.570
11.	United India Insurance Company Limited	897502	0.535					
	Closing Balance						897502	0.53
12.	Motilal Oswal Multicap 35 Fund	4079871	2.436					
				06.04.2018	(41871)	Sale	4038000	2.411
				13.04.2018	(50000)	Sale	3988000	2.381
				20.04.2018	7	Purchase	3988007	2.381
				27.04.2018	(73429)	Sale	3914578	2.337

Sr. No.	Name	Shareholding at the beginning of the year		No. of shares held at the end of the year (Demat.)			Cumulative shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
				11.05.2018	76123	Purchase	3990701	2.382
				18.05.2018	38324	Purchase	4029025	2.405
				01.06.2018	(357590)	Sale	3671435	2.192
				08.06.2018	(127923)	Sale	3543512	2.115
				22.06.2018	(218591)	Sale	3324921	1.985
				30.06.2018	(415000)	Sale	2909921	1.737
				06.07.2018	(21976)	Sale	2887945	1.724
				13.07.2018	35	Purchase	2887980	1.724
				03.08.2018	56409	Purchase	2944389	1.758
				17.08.2018	(14343)	Sale	2930046	1.749
				29.09.2018	(39943)	Sale	2890103	1.725
				05.10.2018	(468007)	Sale	2422096	1.446
				12.10.2018	(705280)	Sale	1716816	1.025
				19.10.2018	(70)	Sale	1716746	1.025
				09.11.2018	(923)	Sale	1715823	1.024
				16.11.2018	20	Purchase	1715843	1.024
				30.11.2018	(13100)	Sale	1702743	1.016
				07.12.2018	(74864)	Sale	1627879	0.972
				14.12.2018	(39771)	Sale	1588108	0.948
				21.12.2018	(88428)	Sale	1499680	0.895
				28.12.2018	(30626)	Sale	1469054	0.877
				31.12.2018	2	Purchase	1469056	0.877
				11.01.2019	(219437)	Sale	1249619	0.746
				18.01.2019	(22883)	Sale	1226736	0.732
				25.01.2019	(57079)	Sale	1169657	0.698
				01.02.2019	(205897)	Sale	963760	0.575
				08.02.2019	20	Purchase	963780	0.575
				15.02.2019	(95302)	Sale	868478	0.518
				22.02.2019	20	Purchase	868498	0.518
				01.03.2019	(10235)	Sale	858263	0.512
				08.03.2019	40	Purchase	858303	0.512
				15.03.2019	(77905)	Sale	780398	0.466
				22.03.2019	(147374)	Sale	633024	0.378
				29.03.2019	(29254)	Sale	603770	0.360
	Closing Balance						603770	0.360
13.	T. Rowe Price International Discovery Fund	1697678	1.019					
				11.05.2018	236844	Purchase	1934522	1.155
				31.08.2018	(30897)	Sale	1903625	1.136
				07.09.2018	(241318)	Sale	1662307	0.992
				14.09.2018	(484724)	Sale	1177583	0.703
				21.09.2018	(314260)	Sale	863323	0.515
				29.09.2018	(655636)	Sale	207687	0.124
				05.10.2018	(207687)	Sale	0	0.000
	Closing Balance						0	0
14.	Fidelity Investment Trust Fidelity International Discovery Fund	838105	0.503					
				30.06.2018	(112835)	Sale	725270	0.433
				06.07.2018	(59650)	Sale	665620	0.397
				13.07.2018	(71600)	Sale	594020	0.354
				12.10.2018	(594020)	Sale	0	0.000
	Closing Balance						0	0
15.	Wasatch International Growth Fund	762620	0.458					
				27.04.2018	(9868)	Sale	752752	0.449
				25.05.2018	(47562)	Sale	705190	0.421
				01.06.2018	(16439)	Sale	688751	0.411
				08.06.2018	(33654)	Sale	655097	0.391
				15.06.2018	(575607)	Sale	79490	0.047
				22.06.2018	(79490)	Sale	0	0.000
	Closing Balance						0	0

v. Shareholding of Directors and Key Management Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in shareholding			Cumulative shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
1	Sanjaya Gupta, Managing Director	72073	0.04					
				03.05.2018	133269	Allotment under ESOP	205342	0.07
				08.05.2018	(72250)	Sale	133092	
	Closing Balance						133092	
2.	Kapish Jain, Chief Financial Officer	19	0.00	-	-	-	19	0.00
3.	Sanjay Jain, Company Secretary & Head Compliance	0	0.00					
				03.05.2018	15421	Allotment under ESOP	15421	0.00
				25.05.2018	(10000)	Sale	5421	0.00
				11.07.2018	(5421)	Sale	0	0.00
	Closing Balance						0	0.00

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹in crores)

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtness at the beginning of the financial year				
1.Principal amount	30,883.14	11,799.00	11,390.03	54,072.17
2.Interest due but not paid	-	-	-	-
3.Interest accrued but not due	272.59	-	196.17	468.76
Total	**31,155.73**	**11,799.00**	**11,586.20**	**54,540.93**
Change in indebtedness during the financial year	18,662.71	-2,410.30	2,729.30	18,981.71
At the end of the financial year				
1. Principal amount	48,657.84	9,388.70	14,097.61	72,144.15
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	1,160.60		217.89	1,378.49
Total	**49,818.44**	**9,388.70**	**14,315.50**	**73,522.64**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of remuneration	Name of the Managing Director	Total amount (₹)
		Mr. Sanjaya Gupta	
1	Gross Salary		
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961		1,29,72,261
	b) Value of perquisites under section 17(2) of the Income tax Act, 1961		-
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961		-
2	Stock Option*		
3	Sweat Equity		-
4	Commission as % of profit		-
5	Performance Bonus		1,00,00,000
	Total (A)		**2,29,72,261**
	Ceiling as per Act		**78,90,25,000**

*Exclude value of perquisite on exercise of 1,33,269 stock options received during the year.

B. Remuneration to other directors

(I) Independent Directors

Particulars of remuneration	Mr. R Chandrasekaran	Mr. Shital Kumar Jain	Dr. Gourav Vallabh	Mr. Nilesh S Vikamsey	Mr. Ashwani Kumar Gupta	Mrs. Shubhalakshmi Panse	Total amount
Fee for attending Board/ Committee Meetings	6,40,000	8,90,000	7,00,000	6,20,000	9,10,000	5,30,000	42,90,000
Commission	15,00,000	15,00,000	15,00,000	15,00,000	12,50,000	10,00,000	82,50,000
Others	-	-	-	-	-	-	-
Total (i)	**21,40,000**	**23,90,000**	**22,00,000**	**21,20,000**	**21,60,000**	**15,30,000**	**125,40,000**
II) Other Non-executive directors (Paid to PNB for its nominee directors)							
Fee for attending Board/ Committee Meetings						5,70,000	5,70,000
Commission							-
Others						-	-
Total (ii)						**5,70,000**	**5,70,000**
Total (B)=(i)+(ii)							**131,10,000**
Total Managerial Remuneration						-	**3,60,82,261**
Overall Ceiling as per Act							**173,58,55,000**

i) Remuneration to key Managerial Personnel other than MD

Sr. No.	Particulars of remuneration	Key Managerial Personnel: Mr. Sanjay Jain, Company Secretary*	Key Managerial Personnel: Mr. Kapish Jain, CFO	Total
1	Gross Salary			
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961	43,73,324	79,58,678	1,23,32,002
	b) Value of perquisites under section 17(2) of the Income tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-
2	Stock Option*			
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Performance Bonus	12,48,048		12,48,048
	Total	**56,21,372**	**79,58,678**	**1,35,80,050**

*Excludes value of perquisite on exercise of 15,421 stock options received during the year.

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(give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Preeti Pahwa & Associates
Company Secretaries

Date: 29th April, 2019

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

We have been appointed as Secretarial Auditor of the Company for conducting Secretarial Audit as per the provisions of the Companies Act, 2013 for the Financial Year 2018-19. We would like to inform that our report dated 29th April, 2019 is to be read along with this letter.

1. Maintenance of secretarial records 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 the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and occurrence of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the 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

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

544, Tower B-2, Spaze i-Tech Park, Sector 49, Gurgaon – 122018
Ph: 0124-4528500, Mobile: 9899020006, email: preeti@emindslegal.com

Preeti Pahwa & Associates
Company Secretaries

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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, Kasturba Gandhi Marg,
New Delhi-110001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, 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 (except the provisional or unaudited financial statements for the above mentioned period) maintained by the Company for the above said financial year ended on 31st March, 2019, according to the provisions of:

(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 there under to the extent of Foreign 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 (Issue and Listing of Debt Securities) Regulations, 2008;
   b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

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d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; and
f. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

We have further analyzed that the following Regulations and Guidelines prescribed under the SEBI Act are not applicable for the period under review:

a. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

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

(i) The Listing Agreements entered into by the Company with the National Stock Exchange ("Stock Exchange") with respect to Non Convertible Debentures listed on the Stock Exchange;
(ii) The Listing Agreements entered into by the Company with the National Stock Exchange & BSE Limited ("Stock Exchanges"), respectively with respect to Equity Shares listed on the Stock Exchanges;
(iii) The Secretarial Standards on Board meetings (SS-I) and Secretarial Standards on General Meetings (SS-II), as issued by the Institute of Company Secretaries of India; and
(iv) The Memorandum and Articles of Association of the Company

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

(i) National Housing Bank Act, 1987;
(ii) The Housing Finance Companies (NHB) Directions, 2010;
(iii) Master Circulars on issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
(iv) National Housing Bank circulars, notifications & guidelines; and
(v) Reserve Bank of India Act, 1934 and rules, regulations & directions issued from time to time

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

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 the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast 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.

We further report that the following key corporate actions were held during the financial year 2018-19:

(i) Issuance of Secured Non Convertible Debentures aggregating to Rs. 1440.7 Crores on private placement basis
(ii) Allotment of 882,534 equity shares under Employee Stock Option Scheme
(iii) Availed External Commercial Borrowings amounting to USD 200 million

For Preeti Pahwa & Associates

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

Place: Gurugram
Date: 29th April, 2019

Annexure to Directors' Report - 4

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Good corporate governance is the core of Company's philosophy. The Company has long term relationship with its valued depositors, business partners and its financers. The Company has been following principles of transparency and adequacy in all the disclosures through Annual Reports, financial results and other public documents. The Company believes in maximising its shareholders' value following transparency and fairness towards all its stakeholders viz. customers, business partners, investors, human capital, the government and the society. The Company practices ethical standards in all its dealings.

The Company will continue to maintain high standards in corporate ethics, transparent disclosure, accountability and integrity. The Company's policies are key to high standards of corporate governance. The Company will continue to follow all the applicable laws, regulatory guidelines and changes, which will come into effect from time to time.

The Company has complied with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended by SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018.

The following is the Board's report on corporate governance.

BOARD OF DIRECTORS

The Board is overall responsible to oversee the Company management and to protect the long-term interests of the stakeholders.

LIST OF CORE SKILLS/ EXPERTISE/ COMPETENCIES IDENTIFIED BY THE BOARD OF DIRECTORS AS REQUIRED IN THE CONTEXT OF ITS BUSINESS AND SECTOR WHICH ENABLES IT TO FUNCTION EFFECTIVELY AND THOSE ACTUALLY AVAILABLE WITH THE BOARD

The Board should provide valuable leadership and guidance to the Company. The directors should possess extensive knowledge of the operations of the Company and the people involved. The Company deals with mortgages and operates in the financial sector. The Board should possess the wisdom of various lifecycles of the financial sector, the key challenges being faced, the competition, it should have the required experience with credit cycles, workouts and remedial management. The Board with its collective wisdom should provide oversight to the Company during the challenging times.

The Company's board has people with extensive experience in the financial sector, mortgages, banking, credit and information technology. The directors are highly qualified and have held leadership positions in high performing banks and companies. They are fully equipped to provide leadership and guidance to the Company in its quest to achieve growth and quality of business and attain leadership position in the mortgage industry. The brief profiles of directors are given in the Annual Report.

COMPOSITION

As on March 31, 2019, the Board consists of ten members comprising six independent directors, three non-executive directors (including the Chairman) and one Managing Director. The Board appointed Mr. Neeraj Vyas, independent Director on April 15, 2019. None of the directors are related to each other. The independent directors meet the criteria prescribed for an independent director as stipulated in Regulation 16(1)(b) of the LODR and the provisions of Section 149(6) of the Companies Act, 2013.

The composition of the board is in conformity with Regulation 17 of the LODR and Section 149 of the Companies Act, 2013. During the financial year, Mr. L V Prabhakar was appointed as non-executive Director and Mr. Jayant Dang resigned from the Board due to personal reason. Details of the Board of Directors in terms of their directorships/memberships in committees of public companies (including PNB Housing Finance Limited) as per Regulation 26 of LODR is given hereunder:

Sr. No.	Directors	Category	DIN	Number of Directorships*	Name of Listed Companies and Designations	Number of Committees** Member	Number of Committees** Chairperson
1	Mr. Sunil Mehta	Non-Executive Director Nominee Director of Punjab National Bank as equity shareholder	07430460	6	1. Punjab National Bank – MD and CEO 2. PNB Housing Finance Limited – Chairman and Non-Executive Director 3. PNB Gilts Limited - Chairman and Non-Executive Director	-	-
2.	Mr. L. V Prabhakar (Appointed w.e.f. August 9, 2018)	Non-Executive Director Nominee Director of Punjab National Bank as equity shareholder	08110715	3	1. Punjab National Bank – Executive Director 2. PNB Housing Finance Limited – Non-Executive Director	2	-
3.	Mr. Sunil Kaul	Non-Executive Director Nominee Director of Quality Investment Holdings as equity shareholder	05102910	1	1. PNB Housing Finance Limited – Non-Executive Director	-	-
4	Mr. Shital Kumar Jain	Independent Director	00047474	2	1. PNB Housing Finance Limited – Independent Director 2. R S Software (India) Ltd. – Independent Director	2	2
5	Mr. Nilesh S Vikamsey	Independent Director	00031213	10	1. Navneet Education Limited – Non-Executive Director 2. Thomas Cook (India) Limited – Independent Director 3. The Federal Bank Ltd – Independent Director 4. PNB Housing Finance Limited – Independent Director 5. IIFL Holdings Limited – Independent Director 6. SBI Life Insurance Company Limited – Independent Director	10	2
6	Mr. R Chandrasekeran	Independent Director	00580842	1	PNB Housing Finance Limited – Independent Director	-	-
7	Dr. Gourav Vallabh	Independent Director	02972748	1	1. PNB Housing Finance Limited – Independent Director	1	-
8	Mrs. Shubhalakshmi Panse	Independent Director	02599310	8	1. Sudarshan Chemical Industries Limited – Independent Director 2. Cholamandalam Financial Holdings Limited – Independent Director 3. The Federal Bank Ltd – Independent Director 4. PNB Housing Finance Limited – Independent Director 5. Atul Limited – Independent Director	7	3
9	Mr. Ashwani Kumar Gupta	Independent Director	00108678	4	1. Dhampur Sugar Mills Limited – Independent Director 2. PNB Housing Finance Limited – Independent Director	3	1
10	Mr. Neeraj Vyas (Appointed w.e.f. April 15, 2019)	Additional Director (Independent)	07053788	1	PNB Housing Finance Limited – Independent Director	-	-
11	Mr. Sanjaya Gupta	Managing Director	02939128	2	1. PNB Housing Finance Limited – Managing Director	2	1
12	Mr. Jayant Dang (Ceased to be a Director w.e.f. July 20, 2018)	Independent Director	01262335	NA	NA	NA	NA

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

**Audit Committee and Stakeholders Relationship Committee.

RESPONSIBILITIES

The Board is responsible for the long term strategic planning and direction of the Company. It is responsible for the long-term value of the shareholders, to protect the interest of all other stakeholders and to provide guidance to the management with strategic direction. The Board functions through its various committees, which have been assigned various roles and responsibilities. These committees closely monitor the performance of the Company.

The Board regularly reviews Company's overall performance at regular interval. The Board has a formal schedule of matters reserved for its consideration and decision, apart from legally required matters.

ROLE OF INDEPENDENT DIRECTORS

Company's independent directors are persons of eminence from diverse fields in finance, accountancy, economics, credit, risk management and information technology. They play an important role on the Board and on the various committees of the Board. They provide inputs to the Board and help the Board in arriving at decisions on matters of strategic importance.

The independent directors ensure that all the matters brought to Board and its committees are adequately discussed and decisions are arrived at in the best interest of the Company. An independent director has been nominated as the chairman on all the committees, namely Audit, Nomination and Remuneration, Credit, Risk Management and Corporate Social Responsibility committees. The Audit Committee consist entirely of independent directors.

All the committees of the Board function within the defined terms of reference in accordance with the Companies Act, 2013 and the LODR and as approved by the board.

APPOINTMENT OF INDEPENDENT DIRECTORS

The independent directors have been appointed for a five years term as under;

- Mr. Shital Kumar Jain was appointed on August 8, 2014
- Mr. R Chandrasekaran was appointed on October 7, 2015
- Mr. Nilesh S Vikamsey was appointed on April 22, 2016
- Dr. Gourav Vallabh was appointed on April 22, 2016
- Mr. Ashwani Kumar Gupta was appointed on May 12, 2017
- Mrs. Shubhalakshmi Panse was appointed on July 7, 2017.

Mr. Neeraj Vyas was appointed on April 15, 2019 as an Additional Director on the Board.

The independent directors are not liable to retire by rotation.

A formal letter of appointment was issued to the independent directors in terms of the provisions of the Companies Act, 2013. A copy of the letter detailing the terms and conditions of appointment of the independent directors has been placed on the Company's website, www.pnbhousing.com.

FAMILIARISATION PROGRAMME

The main objective of a familiarisation programme is to ensure that the non-executive directors are updated on the business and regulatory environment and the overall operations of the Company to make informed decisions in everybody's interest. All the independent directors have been taken through familiarisation programme about the Company, its business environment, competitors, Company's portfolio etc.

The Company has a policy on familiarisation programme for the independent directors, which is placed on the website of the Company.

BOARD MEETINGS

Board Meetings are normally held at PNB's Head Office at New Delhi. Board meetings are scheduled well in advance and the notice of each Board meeting is given through electronic mode to every director. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company.

The Company Secretary in consultation with the Managing Director prepares the detailed agenda for the meetings. The detailed Board agenda is circulated to the directors well in advance. The members of the Board can also recommend inclusion of any matter in the agenda for discussion. The senior management attends the Board meetings to provide additional inputs to the items being discussed by the Board. The minutes of each Board meeting are finalised and recorded in the minute book maintained by the Company Secretary.

During the year under review, the Board has met eight times. The meetings were held on May 3, 2018, June 26, 2018, July 27, 2018, August 9, 2018, November 5, 2018, January 24, 2019 and March 19, 2019 (two meetings). The attendance of the directors at the Board meetings and the 30th Annual General Meeting held on July 27, 2018 are listed below:

Directors	Board Meetings	Attendance at the 30th AGM	Sitting fee paid*
Mr. Sunil Mehta	6	Yes	*
Mr. L V Prabhakar (Appointed as Director with effect from August 9, 2018)	3	NA	*
Mr. Sunil Kaul	8	Yes	-
Mr. Shital Kumar Jain	7	Yes	3,50,000
Mr. R Chandrasekaran	8	Yes	4,00,000
Mr. Nilesh S Vikamsey	7	Yes	3,50,000
Dr. Gourav Vallabh	8	Yes	4,00,000
Mr. Ashwani Kumar Gupta	8	Yes	4,00,000
Mrs. Shubhalakshmi Panse	7	Yes	3,50,000
Mr. Sanjaya Gupta, Managing Director	8	Yes	-
Mr. Jayant Dang (Ceased to be a Director from July 20, 2018)	2	No	1,00,000

*The sitting fees of ₹50,000/- for attending each Board meeting was paid to the independent directors. The sitting fee of Mr. Sunil Mehta and Mr. L V Prabhakar was paid to the Punjab National Bank.

COMMITTEES OF THE BOARD

The Board has delegated powers to various Committees. Each of the Board's Committee has been delegated with specific responsibilities/ matters as per the provisions of the Companies Act, 2013, SEBI, LODR and as per the business requirements. The minutes of every Committee meetings are finalised and recorded in the minute book maintained by the Company Secretary. The Minutes of Committee meetings are also placed before the Board.

The various committees, their roles and their members are;

Audit Committee

The Audit Committee has three independent directors; Mrs. Shubhalakshmi Panse, Chairperson, Dr. Gourav Vallabh and Mr. Nilesh S Vikamsey.

The Charter of the Audit Committee is as per section 177 of the Companies Act, 2013 and LODR. The main role of the Audit Committee is;

- The Audit Committee assist the Board in fulfilling its oversight responsibilities for the financial reporting process to regulatory authorities, public, it oversees the system of internal control, the audit process, and the Company's process for monitoring compliance with laws and regulations and the code of conduct.
- It reviews quarterly, half yearly and yearly financial statements as prepared by the Company before submission to the Board.
- It reviews and monitors the Auditors' independence, performance and effectiveness of audit process.
- As per Related Party Policy, it approves related party transaction.
- It reviews the functioning of whistle blower mechanism.
- It recommends the appointment of statutory and internal auditor.

The Audit Committee calls members of senior management as it considers appropriate to be present at the meetings of the Committee. The Statutory Auditors also attend the meeting of the Audit Committee. The Audit Committee discuss with the Statutory Auditors their findings on the working of the Company without the presence of management.

During the year, the Audit Committee had met four times on May 2, 2018, August 8, 2018, November 5, 2018 and January 24, 2019. The details of attendance at the Audit Committee meetings are as under;

Directors	Number of meetings attended	Sitting fee*
Mrs. Shubhalakshmi Panse (Inducted member and chairperson of Audit Committee w.e.f. August 9, 2018)	2	60,000
Dr Gourav Vallabh	4	1,20,000
Mr. Nilesh S Vikamsey	3	90,000
Mr. R Chandrasekaran (Ceased to be member of Committee with effect from August 9, 2018)	2	60,000

*The sitting fees of ₹30,000/- for attending each meeting was paid to the independent directors.

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

Nomination and Remuneration Committee (NRC)

The NRC has four directors; Mr. Nilesh S Vikamsey, Chairman, Mr. L V Prabhakar, Mr. Sunil Kaul and Mr. R Chandrasekaran. The Committee has been delegated powers, roles and responsibilities as required under section 178 of the Companies Act, 2013 and as per Listing Regulations.

The NRC formulate criteria for determining qualifications, positive attributes and independence of a director. It recommends to the Board a policy, relating to the remuneration of the directors, key managerial personnel, senior management and other employees. It identifies persons who are qualified to become directors and who may be appointed in the senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The annual compensation package of the Managing Director is recommended by the NRC to the Board. The NRC approves compensation package of all the functional heads.

During the year, the NRC had met five times on June 25, July 27, August 30, September 24, 2018 and March 19, 2019. The details of attendance at the NRC meetings are as under;

Directors	Number of meetings attended	Sitting fee*
Mr. Shital Kumar Jain (Ceased to be member of committee w.e.f. August 9, 2018)	2	60,000
Mr. Sunil Kaul	5	-
Mr. Nilesh S Vikamsey	4	1,20,000
Mr. R Chandrasekaran (Inducted member of the Committee w.e.f. August 9, 2018)	3	90,000
Mr. L V Prabhakar (inducted member of the Committee w.e.f. August 9, 2018)	3	-*

*The sitting fees of ₹30,000/- for attending each meeting was paid to the independent directors. The sitting fee of Mr. L V Prabhakar was paid to the Punjab National Bank.

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

Corporate Social Responsibility Committee (CSR)
The CSR Committee has four directors; Mr. R Chandrasekaran, Chairman, Mr. L V Prabhakar, Mr. Ashwani Kumar Gupta and Mr. Sanjaya Gupta. It oversees Corporate Social Responsibilities of the Company and approve project wise budget of CSR. The Board has approved Charter for CSR activities.

It also oversees the functioning of Executive Committee of CSR Management.

During the year, the CSR Committee has met two times on August 30, 2018 and March 20, 2019. The details of attendance at the CSR meetings are as under;

Directors	Number of meetings attended	Sitting fee*
Mr. R Chandrasekaran	2	60,000
Mr. L V Prabhakar (Inducted member w.e.f. August 9, 2018)	1	*
Mr. Ashwani Kumar Gupta (Inducted member w.e.f. August 9, 2019)	2	60,000
Mr. Sanjaya Gupta	2	-

*The sitting fees of ₹30,000/- for attending each meeting was paid to the independent directors. The sitting fee of Mr. L V Prabhakar was paid to the Punjab National Bank.

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

Stakeholders Relationship Committee (SRC)
It comprises of four directors; Mrs. Shubhalakshmi Panse, Chairperson, Mr. Ashwani Kumar Gupta, Mr. Sunil Kaul and Mr. Sanjaya Gupta.

It oversees the investors' grievances, investor relations, recommend to the Board raising of equity share capital and allotment of shares.

During the year, the SRC has met three times on May 3, 2018, August 9, 2018 and March 20, 2019.

Directors	Number of meetings attended	Sitting fee*
Mr. Ashwani Kumar Gupta	3	90,000
Mrs. Shubhalakshmi Panse	2	60,000
Mr. Nilesh S Vikamsey (Inducted member w.e.f. August 9, 2018 and ceased to be a member w.e.f. December 26, 2018)	1	30,000
Mr. Sanjaya Gupta	3	-

*The sitting fees of ₹30,000/- for attending each meeting was paid to the independent directors. Mr Sunil Kaul was inducted w.e.f. March 27, 2019

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

The status of shareholders' complaints during FY 2018-19, is mentioned below:

Complaints received during the year (in Nos.)	Complaints resolved during the year (in Nos.)	Complaints pending at the end of the year (in Nos.)
1	1	-

Risk Management Committee
The Risk Management Committee has five directors; Dr. Gourav Vallabh, Chairman, Mr. L V Prabhakar, Mr. Shital Kumar Jain, Mr. Sunil Kaul and Mr. Sanjaya Gupta. The Board has approved Risk Management Policies of the Company. The Committee oversee and reviews various aspects of risk management and review the major risk exposures of the Company. It assist the Board in determining the nature and extent of the significant risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

The Committee has met four times during the year on June 25, 2018, October 8, 2018, January 10, 2019 and February 21, 2019.

Directors	Number of meetings attended	Sitting fee*
Dr. Gourav Vallabh	4	1,20,000
Mr. Shital Kumar Jain	3	90,000
Mr. Sunil Kaul	4	-
Mr. Jayant Dang (inducted member w.e.f. May 3, 2018 and ceased to be a member w.e.f. July 20, 2018)	1	30,000
Mr. L V Prabhakar (inducted member w.e.f. August 9, 2018)	2	*
Mr. Sanjaya Gupta	4	-

*The sitting fees of ₹30,000/- for attending each meeting was paid to the independent directors. The sitting fee of Mr. L V Prabhakar was paid to the Punjab National Bank.

Credit Committee (CCB)
The Credit Committee has four directors; Mr. Shital Kumar Jain, Chairman, Mr. Ashwani Kumar Gupta, Mr Neeraj Vyas (w.e.f. May 9, 2019) and Mr. Sanjaya Gupta. The Board has delegated powers to sanction loans to the Committee. It formulates credit policy parameters for loans to various segments, review the feedback mechanism to policy to improve and to maximise risk/ return matrix. The CCB reviews the credit performance and collection effectiveness of the portfolio.

During the year, the CCB had met sixteen times on April 13, 2018, May 10, 2018, June 14, 2018, July 17, 2018, August 2, 2018, August 14, 2018, August 31, 2018, September 11, 2018, September 19, 2018, October 4, 2018, November 29, 2018, December 17, 2018, December 28, 2018, January 10, 2019, January 29, 2019 and March 25, 2019. The details of attendance at the CCB meetings are as under;

Directors	Number of meetings attended	Sitting fee*
Mr. Shital Kumar Jain	12	3,60,000
Mr. Jayant Dang (inducted member w.e.f. May 3, 2018 and ceased to be member w.e.f. July 20, 2018)	3	90,000
Mr. Ashwani Kumar Gupta (inducted member w.e.f. August 9, 2018)	11	3,30,000
Mr. Sanjaya Gupta	15	-

*The sitting fees of ₹30,000/- for attending each meeting was paid to the independent directors.

MEETING OF INDEPENDENT DIRECTORS

The independent directors met on May 3, 2018 without the presence of non-independent directors. The independent directors have evaluated the performance of Chairperson of the Board, non-independent directors and of the Board during the year and quality of board performance, timeliness of flow of information with the Board.

REMUNERATION OF DIRECTORS

Non-Executive Directors

Only independent directors are paid sitting fees and commission on net profits as approved by the shareholders of the Company. During the year under review, the sitting fees payable to independent directors for attending meetings of the Board of Directors of the Company was ₹50,000 per board meeting. The sitting fees for attending the meetings of committees of Board was ₹30,000 per meeting. The Commission payable to all the independent directors is restricted to 0.25% of the net profits of the Company.

Details of sitting fees and commission paid during the financial year is provided in the Form MGT-9 which forms part of the Directors' Report.

Managing Director

The Managing Director of the Company has been appointed for 5 years with effect from May 5, 2015. The remuneration of the Managing Director is recommended by the Nomination & Remuneration Committee and approved by the Board. The key objective of the remuneration is to ensure that it is aligned to the overall performance of the Company. The remuneration package of the Managing Director comprises of salary, performance linked variable pay and usual perquisites as per Company's HR policy approved by the Board. The Board in terms of authority delegated by the shareholders has approved the current remuneration of the Managing Director with effect from July 1, 2018.

Details of remuneration paid/payable to the Managing Director during the year under review is provided in Form MGT-9.

Details of ESOP Options of Managing Director:

Name	Grant Date	Options Granted	Vesting Period	No. of options exercised
Sanjaya Gupta	April 22, 2016	5,33,076	25% each for 4 years from the date of grant	2,66,538
Sanjaya Gupta	July 27, 2018	1,20,000	• 15% at the end of second year from the Grant date • 28% at the end of third year from the Grant date • 28% at the end of fourth year from the Grant date • 29% at the end of fifth year from the Grant date	-

BOARD EVALUATION

Board's evaluation process has been adopted by the Company in terms of the Companies Act, 2013 and the circular issued by the SEBI. It applies to all the Directors of the Company. Its main objectives are to ensure effective and efficient Board operations towards corporate goals and objectives, to identify ways to improve Board member's functioning and to assess the balance of skills, knowledge and experience on the Board.

The Board evaluation process involve, evaluation of the whole Board, which is to be done by all the Members of the Board; evaluation of the Committees of the Board, which is to be done by all the Members of the respective Committee; and evaluation of the individual which is carried out by the Nomination and Remuneration Committee.

The Board Evaluation Process is a questionnaire based assessment, which has set broad parameters for evaluation of the Board, Committee of the Board and Board Members. The NRC takes feedback from the directors through structured questionnaires.

The independent directors review the performance of the non-executive directors, the Chairman and the whole Board.

INVESTOR GRIEVANCES

In accordance with the Listing Regulations, the Board has appointed Mr. Sanjay Jain, Company Secretary, as the Compliance Officer of the Company.

During the year, one complaint was received from an investor. The complaint was related to non-receipt of Annual Report. The same has been closed.

SUBSIDIARY COMPANIES

The Company has a wholly owned subsidiary "PHFL Home Loans and Services Limited" incorporated on August 22, 2017. The Company is a distribution arm for PNB Housing, offering doorstep services to the prospective customers.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, have been placed on the website of the Company.

PROCEEDS FROM PRIVATE PLACEMENT OF DEBT ISSUES

During the year, the Company has raised ₹1101 crores of secured NCDs through private placements in 6 series and ₹39.70 crores of un-secured subordinated NCDs through private placements in 2 series. As specified in the respective offer documents, the funds were utilised for onward lending.

TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS

The non-executive directors of the Company do not have any pecuniary relationship or transactions with the Company.

SHAREHOLDING OF DIRECTORS

The details of shareholding of directors are disclosed in MGT-9 form.

PREVENTION OF INSIDER TRADING

The Board has adopted a Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) and Share Dealing Code for Prevention of Insider Trading in terms of SEBI (Prevention of Insider Trading) Regulations, 2015. The code has been amended recently in compliance with the provisions of SEBI (Prevention of Insider Trading) Regulations, (Amendments), 2018.

The code ensures that the employees deal in the shares of the Company only at a time when any price sensitive information that could be known to the employee is also known to the public at large. This code is applicable to designated employees and directors of the Company.

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all the Board members and designated employees of the Company. The Code of Conduct is posted on the website of the Company. For the year under review, all directors and members of management have affirmed their adherence to the provisions of the Code.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Board has approved the vigil mechanism/whistle blower policy of the Company, which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise concern about serious irregularities within the Company. The Audit Committee oversees the vigil mechanism and employees have access to the Audit Committee. The policy is placed on the website of the Company.

RISK MANAGEMENT

The Company has implemented a comprehensive Enterprise Risk Management Policy along with functional level risk management policies covering the following policies;

The "Integrated Risk Management" (IRM) policy provides broad direction to all activities, associated with risk management including credit, market and operational risk management and other risks. It defines the governance model and fixes the role and responsibility of each constituents of risk management framework.

The credit risk management policy facilitates the Company to take appropriate risks to achieve its business objectives within the acceptable level of risk tolerance. The Credit Risk policy sets out the principles, standards and approach for credit risk management at the Company level and details a comprehensive framework to identify, assess, measure, monitor, control and report credit risks in a timely and efficient manner.

The Assets Liability Management Policy provides for liquidity management, management of interest rate risk and other objectives such as a return on average assets, return on average equity, tier 1 leverage ratio, total risk-based capital ratio and NIM on average interest earning assets.

The objective of Market Risk Policy is to assist in maximising the risk adjusted rate of return by providing inputs regarding market risk profile and portfolio performance, establish the guidelines to manage the market risks identified, to ensure risks are measured and monitored and to establish limit framework and ensure that positions taken are within the approved risk tolerance limits.

The Stress Testing policy defines different types of stress tests such as, Regular and Ad-hoc stress tests in scenarios for Liquidity, Market, Credit and Operational risks.

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

In the opinion of the Board, none of the risks faced by the Company threaten its existence.

GENERAL PROCEDURE FOR POSTAL BALLOT

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

TOTAL FEES PAID TO STATUTORY AUDITORS BY COMPANY AND ITS SUBSIDIARY FOR ALL THE SERVICES DURING FY 2018-19

During the year, the statutory auditors were paid audit and other fees, including out of pocket expenses of ₹63 lakhs.

DISCLOSURES

Related party transactions

The policy on Related Party Transactions as approved by the Board is available on the Company's website. There were no material transactions with related parties that may have potential conflict with the interest of the Company. Details of related party transactions entered into by the Company in the ordinary course of its business and at arm's length are included in the notes forming part of the financial statements.

There were no financial or commercial transactions by the senior management with the Company where they have personal interests that may have a potential conflict with the interests of the Company at large. During the year, the Company has obtained credit facility viz. term loans, Overdraft, ECB and entered into securitisation of loans with Punjab National Bank. All the transactions were in the ordinary course of business and at arm's length. The Company has placed a resolution in the forthcoming AGM for ratification and continuation of banking transactions with PNB.

The relevant extracts from Related Party Transaction Policy is given in a separate annexure. For full details please refer our website www.pnbhousing.com

Accounting Standards / Treatment

The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 from April 01, 2018 and the effective date of such transition is April 01, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the National Housing Bank ('NHB') (Collectively referred to as 'the Previous GAAP').

Management Discussion and Analysis Report

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

Annual General Meetings

The Annual General Meetings for the last 3 years were held on August 3, 2016 at 04.30 p.m., August 2, 2017 at 3.00 p.m. and July 27, 2018 at 3.00 p.m. The first AGM was held at PNB House, Board Room, 7 Bhikaiji Cama Place, New Delhi and the last two AGMs were held at India Habitat Centre, Lodhi Road, New Delhi. Eight special resolutions were passed at the previous three Annual General Meetings.

During the year, no resolution was passed through postal ballot. As of now, no special resolution is proposed to be passed through postal ballot.

Dematerialisation of shares

All the shares of the Company are available for trading with National Securities Depository Ltd. (NSDL) and with Central Depository Services (India) Limited (CDSL). The ISIN allotted to Company's equity shares is INE572E01012. As at March 31, 2019, except 16 shares, remaining equity shares of the Company are held in dematerialised form.

The Company has paid the listing fees for the year 2019-20 as per the listing agreement with the respective stock exchanges.

Shareholders Relations

The Company has 90,522 shareholders as on March 31, 2019. The main source of information for the shareholders is the Annual Report that includes, the Directors' Report, the shareholders' information and the audited financial results. The Annual Report has information on Report of Directors on Corporate Governance and Management Discussion and Analysis Report. Shareholders are intimated through the press, email and Company's website, www.pnbhousing.com about the quarterly performance and financial results of the Company. Shareholders will get an opportunity to attend the Annual General Meeting where the business outlook will be presented and Company's operations can be discussed.

In addition, the Corporate Office as well as the Registrar's Office (RTA), serves as a contact point for shareholders.

Since listing, along with the financial results, other information as per the listing guidelines such as Annual Report and Shareholding Pattern, are being uploaded on the BSE website under "BSE Listing Centre" and on the NSE website under "NSE Electronic Application Processing System (NEAPS)". Post listing, the presentation on quarterly results and performance of the Company is placed on the website of the Company and furnished to stock exchanges for the benefit of the investors.

The quarterly, half yearly and annual financial results of the Company are published in leading newspapers and are communicated to the stock exchanges as per the provisions of SEBI (LODR) Regulations, 2015 as amended and uploaded on Company's website.

The Ministry of Corporate Affairs (MCA) and the Companies Act, 2013, has taken a "Green Initiative" in corporate governance by allowing paperless compliances by the Companies through electronic mode. The listing regulations and the Companies Act, 2013 permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/ Depository participant. Accordingly, the annual report for FY 2018-19, notice for AGM etc., are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/ depository participants.
For those shareholders who have not opted for the above, the same are being sent in physical form.

The annual report also contains a section on 'Shareholders' Information' which inter alia provides information relating to the AGM date, time and venue, shareholding pattern, distribution of shareholding, top shareholders, the monthly high and low quotations of the equity share during the year and other corporate governance information as required under SEBI (LODR) Regulations, 2015.

The Board has appointed CFO as Chief Investor Relation Officer of the Company.

MEANS OF COMMUNICATION

In accordance with the Listing Regulations, the quarterly/half-yearly/annual results are submitted to the National Stock Exchange and Bombay Stock Exchange and published in leading business newspapers.

The official press releases are posted on Company's website (www.pnbhousing.com). Company's website has helped to keep the investors updated on material developments about the Company such as; Board profile, press release, financial results, annual reports, shareholding pattern, stock information, announcements, investor presentations etc.

The Company has conducted Earning's Calls post announcement of quarterly/half-Yearly/ annual results, which were well attended by the analysts/ investors and the transcripts were uploaded on Company's website.

CERTIFICATION OF FINANCIAL REPORTING AND INTERNAL CONTROLS / (CEO/CFO CERTIFICATE)

In accordance with SEBI (LODR) Regulations, 2015, Mr. Sanjaya Gupta, the Managing Director and Mr. Kapish Jain, the CFO of the Company, have inter alia, certified and confirmed to the Board about the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee.

NON-MANDATORY REQUIREMENTS

The Company is moving towards a regime of unqualified financial statements. The Company shall endeavour to adopt the non-mandatory requirements, as and when necessary.

COMPLIANCE

The Company has complied with the mandatory requirements as stipulated under Regulation 34(3) and 53 of SEBI (LODR) Regulations, 2015. The Company has submitted the quarterly compliance status report to the stock exchanges within the prescribed time limit.

STRICTURES AND PENALTIES

During the year, no penalties or strictures have been imposed on the Company by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets.

SECRETARIAL STANDARDS

The Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

DECLARATION ON CODE OF CONDUCT

I confirm that for the year under review directors and senior management have affirmed compliance with the code of conduct of Board of Directors and senior management.

New Delhi
May 27, 2019

Managing Director

EXTRACTS FROM POLICY ON RELATED PARTY TRANSACTIONS

1. Manner of dealing with Related Party Transaction

1.1. Identification of Related Parties and Related Party Transactions:

1. Every Director and/or Key Managerial Personnel of the Company shall disclose to the Company Secretary of the Company in form MBP-1, at the time of his appointment, in beginning of every financial year and wherever there is any changes in the disclosures so made, about all persons, entities, firms, or other organisations in which he/ she is interested, whether directly or indirectly.
2. The Chief Financial Officer will be responsible for providing prior notice to the Company Secretary of any potential Related Party Transaction. He will also be responsible for providing additional information about the transaction that may be required, for placing before the Audit Committee, the Board or shareholders, as the case may be.
3. The suggested details and list of records and supporting documents which are required to be provided to the Audit Committee or Board of the Company for the proposed Related Party Transaction are provided in Annexure to this Policy.
4. If required, the Company may refer any potential Related Party Transaction to any external legal consultant/ expert for obtaining his/ her opinion on any legal/ regulatory issues involved in the potential Related Party Transaction and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee.

1.2. Approval Mechanism for Related Party Transaction

1.2.1. Approval by the Audit Committee

All Related Party Transactions shall require PRIOR approval of the Audit Committee.

Omnibus approval of Related Party Transactions:

In the case of repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval. While granting omnibus approval, the Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and such approval shall be in the interest of the Company.

Criteria for making the omnibus approval:

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall inter alia include the following, namely:-

a. Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;

b. The maximum value per transaction which can be allowed;

c. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;

d. Review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each of the omnibus approval made;

e. Transactions which cannot be subject to the omnibus approval by the Audit Committee.

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

a. Name of the Related Party/ parties;

b. Nature and duration of the transaction;

c. Maximum amount of transaction that can be entered into;

d. The indicative base price or current contracted price and the formula for variation in the price, if any; and

e. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Where need of the Related Party Transaction cannot be foreseen and above details are not available, the Audit Committee may grant omnibus approval subject to the value per transaction shall not exceed by ₹1,00,00,000/- (Rupees One Crore Only).

Provided that in case of transaction, other than Specified Transactions, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.

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

1.2.2. Approval by the Board

The Board shall approve the Related Party Transaction if:

a. It is a Specified Transaction with such Related Party/ parties as defined under Section 2(76) of the Act and aforesaid transaction is not in the ordinary course of business or not at Arm's Length Basis; or

b. The Audit Committee determines that a Related Party Transaction should be brought before the Board; or

c. The Board in any case elects to review any Related Party Transaction suo moto.

Provided that in case of a transaction falling under Point no. (a) above, prior approval of the Board shall be required.

1.2.3. Approval by the Members

A. The prior approval of the shareholders by way of an ordinary resolution shall be required in respect of Specified Transaction(s) with Related Party(ies) as defined under Section 2(76) of the Act and exceeds the following threshold limits;

S. No.	Nature of the Transaction	Threshold Limit
i.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	Amounting to 10% or more of the turnover of the Company or ₹100 crores, whichever is lower.
ii	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	Amounting to 10% or more of the net worth of the Company or ₹100 crores, whichever is lower.
iii	Leasing of property of any kind.	Amounting to 10% or more of the turnover or 10% or more of the net worth of the Company, or ₹100 crores, whichever is lower.
iv	Availing or rendering of any services, directly or through appointment of agent.	Amounting to 10% or more of the turnover of the Company or ₹50 crores, whichever is lower.
v	Appointment of any Related Party to any office or place of profit in the Company, its subsidiary company or associate company.	Monthly remuneration exceeding two and half lakh rupees.
vi	Underwriting the subscription of any securities or derivatives thereof, of the Company.	Remuneration for underwriting exceeding 1% of the net worth of the Company.

The limits specified in point no. (i) to (iv) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The turnover or net worth as mentioned in point no. (i) to (iv) above shall be computed on the basis of audited financial statement of the Company on standalone basis for the preceding financial year.

Provided further that no member of the Company shall vote on above stated ordinary resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a related party:

B. All Material Related Party Transactions shall require approval of the shareholders by way of an ordinary resolution. No Related Party(ies) shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

1.3. Consideration by the Audit Committee/ Board in approving the proposed transactions

The Audit Committee/ Board shall take into account all relevant facts and circumstances including the terms of the transaction, purpose of the transaction, benefits to the Company and benefit to the Related Party and any other relevant matters.

The Audit Committee/ Board shall, inter-alia, consider the following factors to the extent relevant to the transaction:

a) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;

b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

c) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction; and

d) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company.

1.4. Related party transactions not previously approved

In the event of any Director, Key Managerial Personnel or any other employee becoming aware of any Related Party Transaction(s) that has been omitted to be approved by the Audit Committee/ Board/ Members, as the case may be or is in deviation of this Policy, such person shall promptly inform to the Company Secretary about such transaction and such transaction shall be placed before the Audit Committee, Board or members, as may be required in accordance with this Policy for review and approval. The Audit Committee, Board or members, as the case may be, shall consider all relevant facts and circumstances and may decide necessary actions as it may consider appropriate including ratification, revision, or termination of such transaction.

2. Disclosures

i. As required under Section 188 of the Act read with the Rules made thereunder, all the Specified Transactions with related party(ies) as defined under the Act, which are not on arm's length basis or are material in nature, shall be disclosed in the Board's Report of the Company.

ii. The Company Secretary shall also make necessary entries in the Register of Contracts or Arrangement required to be maintained under the Act.

iii. Details of all Material Related Party Transactions with its Related Parties shall be disclosed in the quarterly compliance report on corporate governance as per the provisions of SEBI Listing Regulations.

iv. In addition to the above, on and after April 01, 2019, Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

3. Non Applicability

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

a) **Approval of Audit Committee**
Approval of Audit Committee shall not be required for any transaction which have been entered into by the Company with its wholly owned subsidiary of whose accounts are consolidated with Company and placed before the Annual General Meeting for approval. Provided that approval of Audit Committee shall be required in case of Specified Transaction between the Company and its wholly owned subsidiary company.

b) **Approval of Board**
Approval of Board of Directors shall not be required for the transaction entered into by the Company with its wholly owned subsidiary or with any other party, if such transaction is in the ordinary course of business and on an arm's length basis.

Provided that in case of transaction, other than Specified Transactions, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board then the Board shall review and approve such transaction.

c) **Approval of members**
Approval of members shall not be required in following cases:

i. Any transactions entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; or

ii. Any transaction entered into by the Company in its ordinary course of business and on Arm's Length Basis. However, approval of members shall be required in case of Material Related Party Transaction irrespective of the fact that such transactions is in ordinary course of business and on an arm's length basis.

GENERAL SHAREHOLDER INFORMATION

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

31st Annual General Meeting

Date: Monday, July 29, 2019
Time: 3.00 p.m.
Venue: "The Stein Auditorium" Habitat World, at India Habitat Centre, Lodhi Road New Delhi-110003

Financial Year

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

Dividend Payment

The Board of Directors of Company has declared a dividend of ₹9/- per share in its Board Meeting held on May 9, 2019.

Company will pay its dividend within 30 days of its approval in the Shareholders' Meeting.

Record Date for payment of dividend is mentioned in the notice convening the AGM.

Listing on Stock Exchange

Equity Shares of PNB Housing Finance Limited is listed on the below mentioned Stock Exchanges

Stock Exchange	National Stock Exchange	BSE Limited (BSE)
Address	National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051	Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001
Telephone number	+91 22 2659 8100/114	+91 22 2272 1233/34
Website	www.nseindia.com	www.bseindia.com
Scrip Code	PNBHOUSING	540173

The NCDs of PNB Housing are listed on National Stock Exchange.

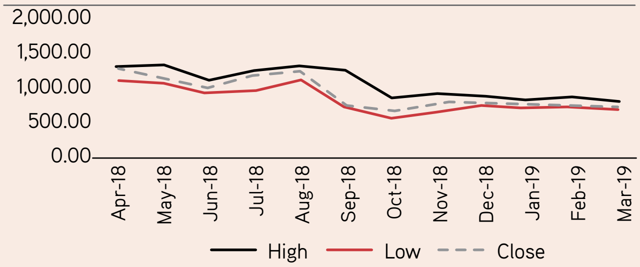
The Company confirms payment of Annual Listing fees of the NSE and the BSE for Financial year 2019-20.

Stock Market Price Data

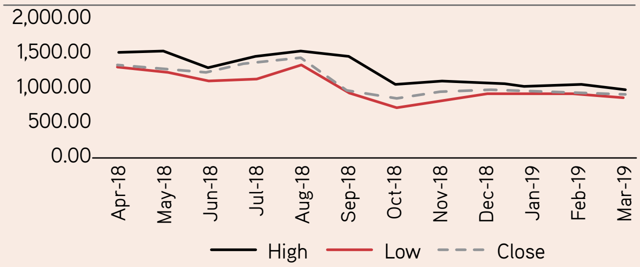
Month	NSE		BSE	
	High	Low	High	Low
Apr-18	1420.40	1219.70	1,421.50	1,221.50
May-18	1440.00	1183.00	1,444.00	1,188.20
Jun-18	1244.00	1051.00	1,244.00	1,051.00
Jul-18	1363.00	1083.35	1,366.00	1,085.15
Aug-18	1428.40	1243.00	1,428.50	1,245.00
Sep-18	1377.50	854.00	1,370.00	857.20
Oct-18	999.00	696.15	1,004.00	694.00
Nov-18	1038.95	795.60	1,039.70	796.55
Dec-18	1008.00	876.00	1,006.00	875.60
Jan-19	950.70	846.05	954.00	847.00
Feb-19	994.60	856.85	991.00	863.20
Mar-19	937.00	815.20	935.00	815.00

The source for table above is www.nseindia.com for NSE quotes and www.bseindia.com for BSE quotes.

PNBHFL on NSE



PNBHFL on BSE



Performance of the Company in comparison to broad base indices

Chart base to 100

PNBHFL vs Nifty

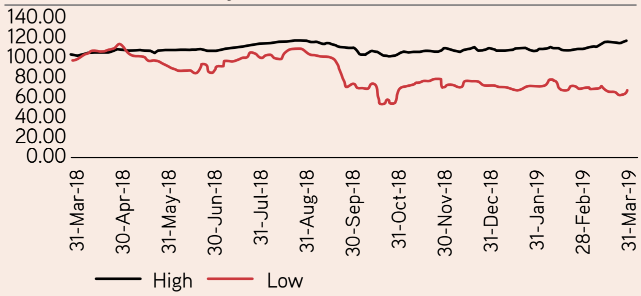
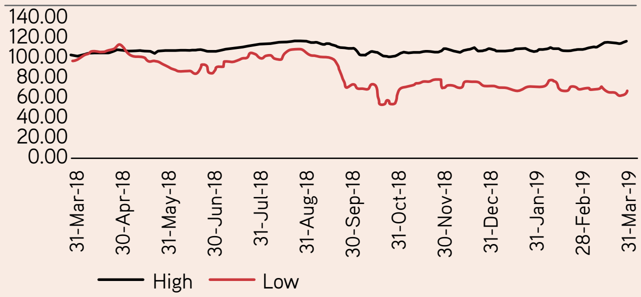


Chart base to 100

PNBHFL vs Sensex



REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited is the Registrar and Transfer Agents for Equity and Debt securities of the Company. Their contact details are as below:

Link Intime India Pvt. Ltd
C 101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400083

SHARE TRANSFER SYSTEM

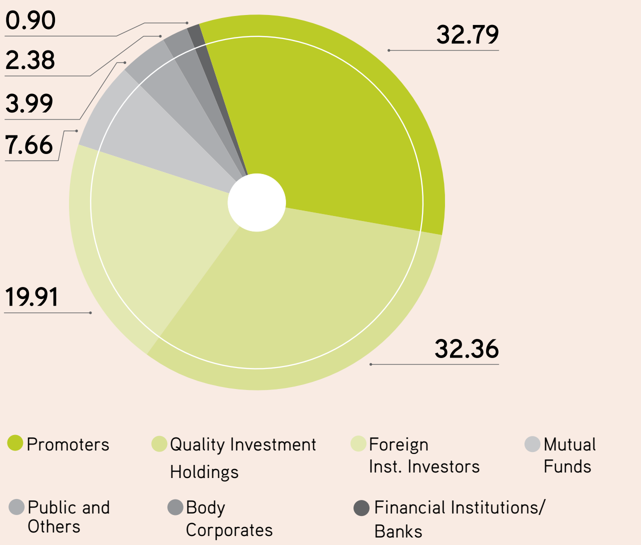
All the equity shares of the Company are held in Dematerialised form except 16 shares which are held in physical form. The shares are electronically traded in the Depository. The Registrar and Transfer Agent receives a weekly report from the Depository about the details of beneficiary and update their records.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 30, 2019

Sr. No.	Shareholding of Nominal Value (₹)	No. of Share Holders	% of Total	Share Amount (₹)	% of Total Share Amount
1	1 to 5000	89983	97.95	30942440.00	1.85
2	5001 to 10000	777	0.85	5677360.00	0.34
3	10001 to 20000	452	0.49	6559490.00	0.39
4	20001 to 30000	192	0.21	4786440.00	0.29
5	30001 to 40000	80	0.09	2835580.00	0.17
6	40001 to 50000	49	0.05	2233820.00	0.13
7	50001 to 100000	121	0.13	8525020.00	0.51
8	100001 to **********	213	0.23	1613130010.00	96.32
Total		91867	100.00	1674690160.00	100.00

Face Value (₹) : 10 NSDL Data as of : March 30, 2019 CDSL Data as of : March 30, 2019

Shareholding Pattern as on March 30, 2019 (%)



DEMATERIALISATION OF SHARES AND LIQUIDITY

Equity Shares of the Company are traded under compulsory dematerialised mode and are available for trading with both the depositories i.e. NSDL and CDSL.

The Company obtains half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from a Company Secretary in practice and files the copy of the certificate with the Stock Exchanges.

OUTSTANDING CONVERTIBLE INVESTMENTS

Date of Grant	No. of options granted	No. of options exercised	Exercise Price (in ₹)	No. of options lapsed	Outstanding options as on March 31, 2019
April 22, 2016	3807690	1826707	338.00	300682	1680301
August 30, 2017	405700	0	1600.60	1,00,000	305700
February 23, 2018	1,00,000	0	1206.35	0	1,00,000
July 27, 2018	136485	0	1333.35	25300	111185
July 27, 2018	1815000	0	1333.35	105700	1709300
July 27, 2018	235000	0	1333.35	36000	199000
March 19, 2019	181200	0	847.40	9800	171400

No ESOP has been granted to Non-Executive Directors and Independent Directors.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

During FY 2018-19, the Company has managed the foreign exchange risk by hedging the entire principal on its foreign currency borrowings. The foreign currency and interest rate risk on the borrowings have been actively hedged through a combination of forward contracts, principal only swaps, interest rate swaps and / or cross currency swaps.

PLANT LOCATIONS

PNB Housing Finance Limited is engaged in providing housing loans. There is no plant location as such.

ADDRESS FOR CORRESPONDENCE

Registered and Head Office:
9th Floor, Antriksh Bhavan,
22 Kasturba Gandhi Marg,
New Delhi 110001
Phone Number : 1800 120 8800 (011-23555206)
Email Address: loans@pnbhousing.com
(investor.services@pnbhousing.com)

B R MAHESWARI & CO LLP
CHARTERED ACCOUNTANTS

M – 118, Connaught Circus,
New Delhi – 110001
Phones: +91 (11) 4340 2222
+91 (11) 2341 7659
+91 (11) 2341 8130
Fax: +91 (11) 2341 8130
Email: brmc@brmco.com

Independent Auditors' Certificate on Corporate Governance

To the Members of
PNB Housing Finance Limited

We have examined the compliance of conditions of Corporate Governance by **PNB Housing Finance Limited** ("the Company") for the year ended on March 31st, 2019, as stipulated in applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in applicable provisions of the Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B R Maheswari & Co LLP
Chartered Accountants
Firm's Registration No: 001035N/N500050

Sudhir Maheshwari
Partner
Membership No: 081075

Place: New Delhi
Date: May 9th, 2019

Gurgaon Office: 312, 3rd Floor, JMD Pacific Square, Sector-15 Part-II, Gurgaon-122001
Phone: +91 (124) 4115 445

SANJAY GROVER & ASSOCIATES
COMPANY SECRETARIES

B-88, 1ST Floor, Defence Colony, New Delhi – 110 024
Tel.: (011) 4679 0000, Fax: (011) 4679 0012
e-mail: contact@cssanjaygrover.in
Website: www.cssanjaygrover.in

Secretarial Compliance Report
PNB Housing Finance Limited
for the year ended 31 March, 2019

I, Sanjay Grover, Managing Partner of M/s Sanjay Grover & Associates have examined:

(a) all the documents and records made available to me and explanation provided by **PNB Housing Finance Limited** ("the listed entity")
(b) the filings/ submissions made by the listed entity to the stock exchanges,
(c) website of the listed entity,
(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended **31 March, 2019** ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-
(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations);
(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(d) *Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(g) *Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations,2013;
(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and based on the above examination, I hereby report that, during the Review Period:

*No event took place under these regulations during the audit period.

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

Sr. No	**Compliance Requirement (Regulations/ circulars / guidelines including specific clause)**	**Deviations**	**Observations/ Remarks of the Practicing Company Secretary**
1.	Regulation 29(1)(d) of SEBI LODR	Prior intimation to the stock exchanges was not given for the board meeting held on August 09, 2018 for issuance of secured and unsecured non-convertible debentures aggregating upto an amount Rs. 7,000 crore in tranches	The intimation to stock exchanges were given as a outcome of Board meeting for issuance of secured and unsecured non-convertible debentures, though prior intimation to the stock exchanges about the meeting of Board of Directors should have been given
2.	Regulation 60(2) of SEBI LODR	The Company has not given advance 7 (Seven) working days notice of record date to Stock exchange for redemption of Non-convertible debentures of Series -XVII A	The record date fixed for redemption of Non-convertible debentures of Series -XVII A was January 16, 2019, however the Company has intimated the same to stock exchanges on January 09, 2019 which should have been intimated to stock exchanges in advance of atleast seven working days from the record date.
		The Company has not given advance 7 (Seven) working days notice of record date to Stock exchange for payment of interest and principal of Non-convertible debentures of series XXXIX and XLII	The Company has fixed March 04, 2019 as record date for payment of interest and principal of Non-convertible debentures of series XXXIX and February 28, 2019 as record date for payment of interest and principal of Non-convertible debentures of series XLII and both of record dates were intimated to stock exchanges on February 22, 2019 which should have been intimated to stock exchanges in advance of atleast seven working days from the record date.

b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.

c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (*including under the Standard Operating Procedures issued by SEBI through various circulars)* under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	**Action taken by**	**Details of violation**	**Details of action taken e.g. fines, warning letter, debarment, etc.**	**Observations/ remarks of the Practicing Company Secretary, if any.**
1	None			

d) The listed entity has taken the following actions to comply with the observations made in previous reports: **This being the first reporting since the notification of the requirement to submit this report, reporting on actions to comply with the observations made in previous reports is not applicable.**

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900

Sanjay Grover
Managing Partner
CP No.: 3850, M.No. 4223

New Delhi
May 28, 2019

SANJAY GROVER & ASSOCIATES
COMPANY SECRETARIES

B-88, 1ST Floor, Defence Colony, New Delhi – 110 024
Tel.: (011) 4679 0000, Fax: (011) 4679 0012
e-mail: contact@cssanjaygrover.in
Website: www.cssanjaygrover.in

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

1. That PNB Housing Finance Limited (CIN: L65922DL1988PLC033856) is having registered office at 9th Floor, Antriksh Bhawan, 22 K G Marg, New Delhi-110001 (hereinafter referred as "the Company"). The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.

2. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the Company, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. As on 31st March, 2019 the Board of Directors of the Company comprises of the following directors:

Sr. No.	Name of Director	Director Identification Number (DIN)
1.	Nilesh Shivji Vikamsey	00031213
2.	Shital Kumar Jain	00047474
3.	Ashwani Kumar Gupta	00108678
4.	Chandrasekaran Ramakrishnan	00580842
5.	Shubhalakshmi Aamod Panse	02599310
6.	Sanjaya Gupta	02939128
7.	Gourav Vallabh	02972748
8.	Sunil Kaul	05102910
9.	Sunil Mehta	07430460
10.	Venkata Prabhakar Lingam	08110715

NOTE: *Mr. Neeraj Madan Vyas (07053788) was appointed as an Independent Director on the Board of the Company w.e.f. April 15, 2019*

4. Based on verification and examination of the disclosures/ register under section 184/ 189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN based search on MCA Portal (www.mca.gov.in), we certify as under:

    - None of the above named Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority for the Financial Year ending 31st March, 2019.

5. Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

6. This certificate is based on the information and records available up to date of this certificate and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900

Sanjay Grover
Managing Partner
CP No.:3850

New Delhi
May 25, 2019

Annual Business Responsibility Report (2018-19)

PART A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company:	L65922DL1988PLC033856
Name of the Company:	PNB Housing Finance Limited
Registered address:	9th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi-110001, Tel: 011-23445200, Fax: 011-23736857
Website:	www.pnbhousing.com
E-mail id:	Investor.services@pnbhousing.com
Financial Year reported:	2018-19

Sector(s) that the Company is engaged in (industrial activity code-wise):

Group	Class	Sub-class	Description
641	6419	64192	Activities of specialised institutions granting credit for house purchases that also take deposits

List three key products/services that the Company manufactures/provides (as in balance sheet)

1. Housing Loan
2. Deposit
3. Non-housing loan

Total number of locations where business activity is undertaken by the Company

1. Number of International Locations (Provide details of major 5): None
2. Number of National Locations: 102 branches, 29 outreach office, 23 hubs, 1 corporate office

Markets served by the Company- Local/State/National/International: National

PART B: FINANCIAL DETAILS (CONSOLIDATED)

Paid up Capital (₹)	167.47 crores
Total Turnover (₹) for the Year ended March 31, 2019	7683.22 crores
Total profit after taxes (₹) for the Year ended March 31, 2019	1191.52 crores
CSR spend (₹)	17.24 crores
List of activities in which CSR expenditure has been incurred: -	• Skilling of construction workers –On the Job and at source training. • Establishing and running holistic day care centres for the children of construction workers. • To ensure social security benefits to construction workers. • Ensuring formal education to the underprivileged children. • To enhance infrastructure of government hospitals. • Supporting Cancer patient helpline and clinic. • Supporting mental health interventions. • To train unemployed youth in BFSI sector related trades. • Supporting environment conservation. • Supporting economically weaker elderlies.

PART C: OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?
As on March 31, 2019, PNB Housing has a wholly-owned subsidiary, PHFL Home Loans and Services Limited.

Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s)
PHFL Home Loans and Services Limited, wholly owned subsidiary, has its own policies and processes in place. PNB Housing aims to include its subsidiary in future in the BR initiatives.

Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
PNB Housing engages with all its key stakeholders (e.g. suppliers, employees, investors, community etc.) and communicates its BR initiatives to the concerned stakeholders.

PART D: BR INFORMATION

a) Details of the Director/Directors responsible for implementation of the BR policy/ policies.

1. DIN Number: 02939128
2. Name: Mr. Sanjaya Gupta
3. Designation: Managing Director

b) Details of the BR head

Mr. Sanjay Jain
Company Secretary and Head Compliance
9th Floor, Antriksh Bhawan,
22, Kasturba Gandhi Marg,
New Delhi – 110001
Ph.: 01123445206
E-mail: sanjay.jain@pnbhousing.com

Company Profile

PNB Housing Finance is a registered housing finance company (HFC) with National Housing Bank (NHB). The Company, promoted by Punjab National Bank (PNB), was incorporated under the Companies Act, 1956 and commenced its operations on November 11, 1988. In November 2016, the Company came out with IPO and was listed on the NSE and the BSE. The Company is also added in the MSCI index in November 2018.

The Company is primarily engaged in the business of providing housing finance. It is the 5th largest housing finance company in terms of loan assets. The Company also provide non-housing loan products to individuals and non- individuals against mortgage of property.

The Company has a robust and scalable hub and spoke unique operating model. The underwriting of loans is performed in specialised hubs located across the country. The Company follows comprehensive underwriting process for all its loan products by using well-trained in-house teams of underwriters, technical, legal and fraud control.

The Company has a large distribution network of branches across India. As on March 31, 2019, the Company has pan India presence through 102 branches, 29 outreach locations, totaling to 131 distribution outlets. The Company has no overseas branch.

The Company sources its loan business through its distribution subsidiary as well as through direct sourcing agents (DSA).

The Company's Fixed Deposit programme has been rated "FAAA" by CRISIL and "AAA" by CARE. The rating of "FAAA" and "AAA" indicates 'High Safety" with regards to the repayment of interest and principal. The Commercial Paper (CP) is rated at "A1(+)" by CARE & CRISIL and Non-Convertible Debenture (NCD) are rated at "AAA" by CARE, "AA+" by India Ratings, CRISIL and ICRA. Further the bank loans long term rating is rated at "AAA" by CARE and AA+ by CRISIL.

The Company envisaged induction of various electronic and digital means in various stages of loan processes to make it more efficient. The Company ran these initiatives under the name "Phygital". The digital medium helps to bring the customers and partners together and have seamless transactions. All property and loan documents are being digitised at the centralised operations and secured on a cloud based network.

The Company works on three core values viz People First, Customer centric and Ethical Standard. The Company has been certified as a "Great Place to Work" second time in a row.

As a responsible corporate, the Company under its CSR program, works in the area of skill enhancement training, day care centres, education and healthcare to enable the marginalised community of the society.

The 9 principles outlined in the National Voluntary Guidelines are:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability: **Yes**
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle: **Yes**
P3	Businesses should promote the well-being of all employees: **Yes**
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised: **Yes**
P5	Businesses should respect and promote human rights: **Yes**
P6	Businesses should respect, protect and make efforts to restore the environment: **Yes**
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner: **Yes**
P8	Businesses should support inclusive growth and equitable development: **Yes**
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner: **Yes**

PRINCIPLE 1

Business should conduct and govern themselves with ethics, transparency and accountability:

Ethics (Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?)

The Company makes no compromise on professional ethics. The Company is transparent and compliant with the laws of the land. The Company follows zero tolerance for bribery and corruption. The Company has formulated code of conduct for its non-executive directors, executive directors and members of senior management. These codes have been placed on the website of the Company.

PNB Housing has put in place a policy on ethics, transparency and accountability that applies to all internal stakeholders through the Employees' Code of Conduct.

Code of Conduct

The Employees' Code of Conduct, which is applicable to all its employees, enunciates principles for ethical business conduct and acceptable employee behavior. The Code mirrors, Company's core values viz People First, Customer Centric and Ethical Standards and covers aspects related but not limited to ethics, bribery and corruption. The code has been made available as a part of the Employees' Handbook.

Failure to comply with the code leads to disciplinary action. All the employees have been provided with a copy of Code of Conduct. The e-copy of Code of Conduct is available on employees' platform on Company's website. There are regular training programmes for the employees on Code of Conduct. Every new joinee is also trained on Code of Conduct and is provided with a copy.

PNB Housing has put in place a Whistle Blower Policy, which provides a neutral and unbiased forum for the Directors, Employees and Business Partners of the Company to voice their concerns in a responsible and effective manner.

PNB Housing has also adopted Code of Conduct with respect to the Board of Directors and Senior Management to guide the Board members and senior management for ensuring highest ethical standards in managing the affairs of the Company.

The Company has also adopted following other codes and policies. These codes and policies have been adopted by the Company towards efficient functioning, ethical decision making, risk management, governance and transparency;

- Fair Practice Code
- Know Your Customer Policy
- Code of Conduct
- Policy on Related Party Transaction
- Insider Trading Code
- Code of Practice for Fair Disclosure of Unpublished Price Sensitive Information
- Corporate Social Responsibility Policy
- Whistle Blower Policy
- Policy for Protection of women against Sexual Harassment.

The policies have been formulated in consultation with the relevant stakeholders. These policies confirm to the best practices in the industry. The Policies wherever required have been approved by the Board. The Board has several Committees to oversee the functioning of various policies. The policies have been placed on the website of the Company for communication to internal and external stakeholders. The Policies are internally reviewed from time to time in line with business, regulatory and statutory requirements. The Company has an internal structure to ensure implementation of the policies.

The Company has a full-fledged grievance redressal mechanism to address grievances of different stakeholders at different levels. The Business Responsibility Report forms part of annual report of the Company and is published annually. The same is available on the website of the Company, i.e. www.pnbhousing.com (investor relations/annual report).

Transparency

The Company adheres to all the applicable governmental and regulatory rules. Any breach is viewed very seriously by the management and appropriate disciplinary action is taken against the errant employee.

The Board has constituted various committees such as: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Credit Committee. These committees meet periodically to supervise, review and advice on the relevant/ respective matters. All the polices of the Company are subject to review.

Corporate Governance

The Company follows high standards of corporate governance, ethical corporate behavior, integrity and transparency in conducting its business. Over the years, the Company has built long-term relationships with its borrowers, channel partners, depositors, agents and shareholders. The Company is committed towards highest standards of governance through transparency, accountability and integrity.

Stakeholders' Complaints

The Company has a large family of loan customers, depositors, shareholders, debenture holders and channel partners. The Company has put in place a mechanism for recording and redressing complaints raised by each of these stakeholders.

Customers are most important to the Company and this is the part of our core values i.e. Customer Centric. The Company uses digital platform for enhancing customer experience, such as customer service mobile app, customer service web portal, inbound contact centre etc. All the requests and complaints received from the customers are recorded in CRM system. During the year, the Company has received over 4 lakhs service requests from loan and deposit customers. Majority of requests were handled within the turnaround time specified by the Company. During the year, the Company had received 3,265 escalations from loan customers, which were resolved in the standard turnaround time

The Company has Head of Customer Service to deal with day to day customer service requests and escalations. The complaints forwarded by the regulatory and supervisory authorities are tracked electronically. A grievance redressal procedure recommended by National Housing Bank (NHB) is also available on Company's website. An escalation matrix for grievances received from the investors is also available on the website of the Company.

During the year, the Company has received 1 complaint from the shareholder, pertaining to non-receipt of annual report, which was resolved on time. In addition to this, the Company has received few requests for physical copy of annual report and revalidation of dividend warrants, which has been closed.

The Company places status of requests/ complaints received, redressed and outstanding from its customers and stakeholders along with the nature of complaints and their mode of redressal, to the senior management and every quarter to the Audit Committee of the Board.

PRINCIPLE 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle:

Environment

The Company provides and maintains a clean, safe, and healthy work environment for employees, customers, investors and other stakeholders. The Company encourages paperless methods of conducting business to maintain environment and save cost. The Company has introduced technologies, which encourage paperless operations and customer services. The Company is in service industry and does not engage itself in any kind of manufacturing activities as per NHB regulations.

The Company conducts technical assessment of properties and projects financed by it. The Company ensures that the projects directly funded by it have environmental clearances. The loan documentation has a clause mentioning that the construction would be as per the guidelines of the National Building Code.

The Company has, through its various CSR initiatives contributed to environment protection viz tree plantation, park restoration, etc. The Company has rationalised consumption of electricity and usage of natural resources to save energy.

PRINCIPLE 3

Business should promote the wellbeing of all employees:

As on March 31, 2019, the Company had a total of 1609 full time employees on its rolls. The Company has 279 women employees, which constitute 17.3% of the total workforce increased from 16.67% as on March 31, 2019. There was no employee with permanent disability.

The Company provides safe and hygienic environment for its employees. The Company has not employed any child labour at any of its offices. The Company has a Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and has constituted an Internal Complaints Committee, which is in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013. During the year, the Company has not received any complaint relating to child labour, forced labour, involuntary labour and sexual harassment.

The Company has a whistle blower mechanism, under its Whistle Blower Policy. The policy has been uploaded on the website and communicated to all the employees. The policy has empowered employees to fearlessly voice their concerns on various matters pertaining to any malpractice, actual/suspected fraud, abuse of power and authority by any official or any other act. There is also a Managing Director (MD) post, where an employee can directly write to the MD without disclosing his/her identity on any suspected fraud/malpractices/harassment etc.

In addition, there is a townhall every quarter where the MD addresses all the employees of the Company. During the townhall, MD briefs about the performance of the Company and also address their queries, concerns and invite their suggestions/ views.

The Company encourages its employees to regularly participate in sports, picnics, outings, get togethers. team building programmes, etc. The Company has an In-house magazine, Vibes, which provides a medium for employees and their family members to know the latest happenings within the Company.

The gaps in competencies, job specific knowledge gaps, skills and attitudes are identified during the performance appraisal process. The Company conducts regular training programmes for its employees, which are aimed at skill development, behavioral competence and other learning and development programmes, in house as well as in association with various reputed institutes.

During the year, training of 2.6 man days per employee was conducted.

With People First as the core value of the Company and to have a work life balance, the Enterprise System Solutions shuts down after office hours and hence this encourages employees to spend time with their families.

PRINCIPLE 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised:

Has the Company mapped its internal and external stakeholders?

The Company's key stakeholders are promoters, employees, customers, business associates, investors (including shareholders), suppliers, regulatory agencies, CSR implementation agencies etc. The Company values the support of all its stakeholders and respects their interest and concerns. The Company has continuous engagement with its various stakeholders to understand their concerns, assess their requirements and respond to their needs in an effective manner.

Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

The Company through its CSR activities has partners with outside agencies towards projects aimed at underprivileged and marginalised sections of the society. The Company is running two major programmes; skilling of construction workers and day care centres for the children of construction workers.

The Company in partnership with developers and NGOs, has established and supported day care centres at the construction sites for the children of construction workers. The programme was initiated with Mobile Creches and has now expanded to other partners to establish new day care centres.

Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Through our CSR initiatives, we are committed to design and implement projects that work toward socio-economic upliftment of construction workers and their immediate families. In partnership with CREDAI CSR Foundation, we have conducted construction workers skill development trainings Pan India. We have also extended support towards following social issues;

- Ensuring formal education to underprivileged children
- Improving access to health care
- Skilling of unemployed youth.

PRINCIPLE 5

Businesses should respect and promote human rights:

Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company respects and adheres to all the human rights laws framed under the Constitution of India. The Company treats every stakeholder with respect and dignity.

Every customer, employee and other stakeholders are treated with dignity irrespective of his/ her position. The Company has adopted guidelines and procedures, which are aimed at respecting human rights. The Company will continue to conduct its business in a manner that respects the rights and dignity of all the people, complying with all legal requirements. The employees are trained to respect human rights while doing business. The Company has not received any complaint from stakeholders in this regard.

PRINCIPLE 6

Businesses should respect, protect and make efforts to restore the environment:

Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

The Company promotes green environment and in minimum use of paper. The Company has adopted electronic mode of communication internally with all the stakeholders to a very large extent. The Company uses technology that helps in environment protection. The Company uses equipment and technologies that reduces waste, consume less electricity and are energy efficient. The Company shall comply with all legal / regulatory requirements related to environment protection, management and sustainable development.

As part of CSR initiative, the Company constantly contributes towards environment protection. The Company has developed and maintained green areas as part of CSR initiative.

The Company will continue to work in this direction.

Does Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?

Not applicable, since the Company is engaged in providing housing and other loans.

Does the Company identify and assess potential environmental risks?

Yes, the Company is aware of the direct and indirect environmental impact of its operations and considers them in decision making. The Company encourages housing projects, which are environmentally safe and secure.

Does the Company have any project related to Clean Development Mechanism?

The Company does not have any project related to Clean Development Mechanism.

Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?

All our initiatives are towards clean technology. We use hardware in our offices, which uses optimum energy and saves in energy consumption. The Air conditioning equipment is maintained regularly thereby saving energy and costs. Our electronic devices are star rated, hence consume less energy.

Are the Emissions/ Waste generated by the Company within the permissible limits given by CPSB/ SPCB for the financial year being reported?

Not applicable.

Number of show cause/ legal notices received from CPSB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL.

PRINCIPLE 7

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner

Is your Company a member of any trade and chamber or association?

No.

Have you advocated/ lobbied through above associations for the advancement or improvement of public good?

No.

PRINCIPLE 8

Businesses should support inclusive growth and equitable development:

Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof:

The Company is engaged in an important business activity, which is housing finance. It is one of the fundamental requirement of a human being and a basic need for a family. The Company is in a way associated with the mission “Housing for all by 2022”. The Company provides housing loans to all the members of the society, who are eligible through its various scheme. The Company is participating in Pradhan Mantri Awas Yojana (PMAY), and has partnered with the nodal agency in distribution of interest subsidy under Government’s Credit Linked Subsidy Scheme (CLSS) for middle income group and subsidy scheme for Lower Income Group (LIG).

The Company is in a way promoting mass housing, also called affordable housing. The Company is associated with these projects both through retail participation as well as through Developer funding. The Company has a large network of branches/ outreach offices spread across cities, many of which are in tier-II and tier-III locations. Through these efforts, the Company has helped in providing shelter to lakhs of families.

Through its CSR activities, the Company is changing the lives of thousands of construction workers and their families. In association with CREDAI, the Company is engaged in the development and execution of social and charitable projects with focus on construction workers. The Company has so far ensured skill training of construction workers pan India. In association with Mobile Creches, the Company has supported education of thousands of children. The Company is also helping in running schools for under privileged children.

Are the programmes/ projects undertaken through in-house team/ own foundation / external NGO / Government structures / and any other organisation?

As part of the CSR interventions of the Company, we have partnered with various implementing agencies such as CREDAI CSR Foundation, Mobile Creches, Mumbai Mobile Creches, Tara Mobile Creches Pune, Vidya-Integrated Society for Youth and Adults, CanSupport, etc. With the implementing agencies, we have designed and executed various programmes on the key thematic areas such as skilling of construction workers, day care centres for the children of construction workers, ensuring education to underprivileged children, enabling access to health care, etc.

We have also implemented a few projects directly as well such as; Swachh Bharat Abhiyan and every year, we donate a substantial amount to Prime Minister's National Relief Fund.

Have you done any impact assessment of your initiative?

Monitoring and evaluation is a very critical part of all the programmatic interventions that the Company executes. We have detailed implementation strategies which help us evaluate the project progress at regular intervals. The Implementation agencies also submit their report with details of all those beneficiaries who have benefitted from the project and also the overall implementation of the project. The Company conducts field visit to the project site to assess the overall feasibility of the project, which is considered to be funded. In FY 2018-19 we partnered with various external agencies and consultants as well to conduct a capacity building training workshops with the implementing agencies to strengthen their reporting and monitoring capabilities to further enhance the project.

During FY 2018-19, the CSR activities have positively impacted over 40,000 lives.

What is your Company's direct contribution to community development projects – Amount in INR and the details of the project undertaken?

Under the CSR programme we have

- Skilling of construction workers - PNB Housing in partnership with CREDAI conducts on-site and off-site training programs for construction workers. Through this collaboration, we worked on skill up-gradation of over ten thousand construction workers, in the trade for masonry, bar bending, painting, electrical, plumbing and shuttering. The training is being provided with an aim to not only enhance their professional capabilities, but also to improve quality of life of construction workers. The trainings have also led to reduction of wastage of material and a distinct improvement in the quality of work. The programme also includes soft skill trainings, health and sanitation awareness, aspects of workers safety etc.
- Day care centres for children of construction workers- Our partnership with Mobile Creches and allies has recognised the interconnectedness of the lives of women, children and infants and pioneered a solution to positively impact their lives: a childcare facility at a construction site for the children of migrant construction workers. The infants would be cared for in the creche, the older children and mothers will be able to attend school and work respectively.
- Our day care centres address the multi-dimensional needs of the child through an eight-hour programme, conducted over six days a week. This is an age appropriate intervention for infants, toddlers and school going children to cater for nutrition, health and learning. Today, the Company has a footprint in 10 states through its 33 day care centres. We have partnered with 5 implementing agencies and 7 grassroots organisations. On an average through each centre, we reach out to 3,600 children every quarter.
- Ensuring education to underprivileged children- Bal Vihar School- For past four years, we have been supporting the operational cost of running two schools in partnership with Vidya, a NGO pioneering in the field of education, Through this intervention, we have ensured not just formal education to the children but also invested in the overall development of the academic systems in the schools.
- Ensuing health care (Supporting cancer patients)- In partnership with a NGO "Can Support", in FY 2018-19 we continued our support towards the operational cost of the cancer patients 24X7 helpline and also supported an outpatient clinic/day-care facility for cancer patients and caregivers. The helpline and the outpatient clinic/day-care facility together provided services to over 3,000 cancer patients and caregivers.

Besides the interventions listed above, we have also invested in sports for development, developing infrastructure in government hospitals and environment conservation The Company has spent nearly ₹17.24 crores on these programmes during FY 2018-19.

Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, The Company has partnered with such Implementation Agencies, while extending its CSR contribution, for a regular track record. The Implementation agencies submit their report with details of all those beneficiaries who have benefitted from the project and also the overall implementation of the project. The Company conducts field visit to the project site to assess the overall feasibility of the project.

PRINCIPLE 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner:

What percentage of customer complaints/ consumer cases are pending as on the end of the financial year?

We have various modes of communicating with our customers viz call centers, emails, website, social media, letters etc. During the year, there are negligible complaints pending in percentage terms, which are beyond the internal timelines set by the Company.

Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Company is into providing housing and non housing loans. Hence as a part of giving loans, the features of loan schemes are disclosed to the applicant before financing. The Company also displays the information pertaining to its products at each of its branch offices across India.

Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There is no such instance.

Did your Company carry out any consumer survey/ consumer satisfaction trends?

Yes, the Company on its own as well as uses third party to conduct customer surveys. At the time of onboarding of any new customer, the contact centre calls the customer for a smooth onboarding. After every call, they conduct a short survey with respect to the customer satisfaction which becomes an important data analytics for further improvement. In FY 2017-18, a third party survey was conducted by Indian Market Research Bureau (IMRB).

Independent Auditors' Report

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

We have audited the standalone financial statements of PNB Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and the statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	KEY AUDIT MATTER	OUR RESPONSE
1.	**Transition to Ind AS from Indian GAAP** The standalone financial statements of the Company for the year ended March 31, 2019 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, 'First-Time Adoption of Indian Accounting Standards', with April 01, 2017 as the transition date and IGAAP as the previous GAAP. The transition to Ind AS has resulted in material changes in: • Classification and measurement of financial assets and financial liabilities • Measurement of loan losses (expected credit losses) • Accounting for loan related fees and costs • Accounting for employee stock option plan • Accounting for Derivative financial instruments	The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. Our audit procedures included: • Evaluating the accounting interpretations for compliance with Ind AS and testing the adjustments and disclosures made on transition. • The accounting policies (Refer Note 1.2) reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed. (Refer Note 46 for detailed note on First-Time Adoption of Ind AS) • Assessed that the areas of significant estimates and management judgment are in line with principles under Ind AS.
2.	**Impairment of loans** The Company reported total gross loans of ₹74,190.47 crore and ₹437.59 crore of expected credit loss provisions as on March 31, 2019 (Refer Note 6). Key judgements and estimates (Refer Note 2.20) in respect of the timing and measurement of expected credit losses (ECL) include: • Allocation of assets to stage 1, 2 or 3 using criteria in accordance with the Indian Accounting Standard 109; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL; • Completeness and accuracy of data used to calculate the ECL; • Inputs and assumptions used to estimate the impact of multiple economic scenarios; • Completeness and valuation of post model adjustments;	Our audit procedures included testing the design and operating effectiveness of key controls across the processes relevant to the ECL. These controls/ processes included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and disclosures and accounting thereof. The criteria used to allocate an asset to stage 1, 2 or 3 in accordance with Ind AS 109 was evaluated. Assets in stage 1, 2 or 3 were reviewed to verify that they were allocated to the appropriate stage. With the support of the team of modelling specialists employed by the Company to make the models, we tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default', 'Exposure at Default', historical loss rates used and the valuation of collateral.

- Measurements of individually assessed provisions including the assessment of multiple scenarios; and
- Accuracy and adequacy of the financial statement disclosures.

To verify data quality, calculation of the data used in the ECL was tested by reconciling to source systems. To test credit monitoring, risk ratings were checked for a sample of performing loans.

Appropriateness of forecasted macroeconomic variables, such as GDP, Money supply and House Price Index were evaluated.

The completeness and appropriateness of post model adjustments was assessed.

The adequacy and appropriateness of disclosures for compliance with the Ind AS including disclosure of Ind AS 107 was evaluated.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, for example, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, Key Highlights etc., but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

The other information is expected to be made available to us after the date of this auditors' report. When we read this other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 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, to the extent applicable.

2. As required by section 143(3) of the Act, based on our audit 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 (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS 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 March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 37(i) to the standalone 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. The Company has generally been regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund.

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

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 2018-19, 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) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Act, in respect of the activities carried on by 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, Goods and Service Tax, Custom 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 March 31, 2019 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 not deposited by the Company are as follows:

Name of the statute	Nature of the dues	Amount under dispute (₹ in crores)	Period to which the amount relates (Assessment Year)	Forum where dispute is pending
Income tax Act	Income tax	1.84	2016-17	Commissioner of Income Tax (Appeals)
Income tax Act	Income tax	1.06	2015-16	ITAT, Delhi
Income tax Act	Income tax	1.96	2014-15	ITAT, Delhi
Income tax Act	Income tax	0.43	2013-14	ITAT, Delhi
Income tax Act	Income tax	0.43	2012-13	ITAT, Delhi
Income tax Act	Income tax	0.35	2011-12	ITAT, Delhi
Income tax Act	Income tax	14.88	2010-11	ITAT, Delhi
Income tax Act	Income tax	0.55	2009-10	ITAT, Delhi
Total		**21.50**		

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) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

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.

11) In our opinion, the managerial renumeration 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) In our opinion, 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 where applicable and the details have been disclosed in the standalone 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 and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

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, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system 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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 standalone 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 March 31, 2019 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 and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

Standalone Balance Sheet

as at March 31, 2019

(₹ in crores)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	4,025.97	2,816.90	65.88
Bank balance other than cash and cash equivalents	4	0.11	0.03	85.62
Trade receivables	5	26.74	0.33	8.01
Loans	6	74,327.47	57,167.27	38,734.68
Investments	7	4,457.43	2,413.15	3,323.57
Other financial assets	8	512.96	240.82	159.81
		83,350.68	**62,638.50**	**42,377.57**
Non-financial assets				
Current tax assets (net)	9	98.82	48.81	12.39
Deferred tax assets (net)	10	51.21	45.60	5.35
Investment property	11	0.56	0.57	0.58
Property, plant and equipment	12	78.23	58.41	47.18
Other intangible assets	13	23.52	16.98	10.63
Capital work-in-progress		3.81	8.23	2.02
Intangible assets under development		1.36	1.46	0.01
Other non-financial assets	14	10.94	20.63	6.95
Assets held for sale		131.11	178.70	154.99
		399.56	**379.39**	**240.10**
Total		**83,750.24**	**63,017.89**	**42,617.67**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Derivative financial instruments	15	210.80	38.55	40.89
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro and small enterprises		132.16	123.66	92.18
Debt securities	16	29,604.94	31,088.30	17,415.61
Borrowings (other than debt securities)	17	26,793.19	9,950.72	6,719.23
Deposits	18	14,023.04	11,339.75	9,788.04
Subordinated liabilities	19	1,437.68	1,397.93	1,397.80
Other financial liabilities	20	2,081.31	853.06	453.24
		74,283.12	**54,791.97**	**35,906.99**
Non-financial liabilities				
Provisions	21	23.73	18.69	10.26
Other non-financial liabilities	22	2,008.38	1,638.88	900.82
		2,032.11	**1,657.57**	**911.08**
Equity				
Equity share capital	23	167.47	166.59	165.64
Other equity		7,267.54	6,401.76	5,633.96
Total equity		**7,435.01**	**6,568.35**	**5,799.60**
Total		**83,750.24**	**63,017.89**	**42,617.67**
Overview and significant accounting policies	1 & 2			

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report of even date

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Standalone Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in crores)

Particulars	Note No.	Current Year	Previous Year
Revenue from operations			
Interest income	24	6,788.32	5,005.67
Fees and commission income	25	258.69	332.66
Net gain on derecognition of financial instruments under amortised cost category		308.09	116.22
Net gain on fair value changes	26	125.76	33.51
Total revenue from operations		**7,480.86**	**5,488.06**
Other income		3.74	0.63
Total income		**7,484.60**	**5,488.69**
Expenses			
Finance costs	27	5,166.46	3,536.56
Impairment on financial instruments	28	188.95	276.57
Employee benefits expense	29	211.33	142.72
Fees and commission expense		82.75	84.74
Depreciation, amortisation and impairment		31.29	24.11
Other expenses	30	225.77	189.41
Total expenses		**5,906.55**	**4,254.11**
Profit before tax		**1,578.05**	**1,234.58**
Tax expense/(credit)	31		
Current tax		447.49	437.02
Deferred tax		49.18	(44.58)
Profit for the year		**1,081.38**	**842.14**
Other comprehensive (loss)/income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement (loss)/gain on defined benefit plan		(0.69)	0.13
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.24	(0.05)
Subtotal (A)		**(0.45)**	**0.08**
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		(156.19)	(3.76)
(ii) Income tax relating to items that will be reclassified to profit or loss		54.55	1.52
Subtotal (B)		**(101.64)**	**(2.24)**
Other comprehensive (loss) / income (A + B)		**(102.09)**	**(2.16)**
Total comprehensive income for the year		**979.29**	**839.98**
Earnings per equity share (Face value of ₹ 10/- each fully paid up)	32		
Basic (₹)		64.61	50.58
Diluted (₹)		64.22	50.00
Overview and significant accounting policies	1 & 2		

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report of even date
For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Standalone Statement of Changes in Equity

for the year ended March 31, 2019

(₹ in crores)

Particular	Equity share	Other equity*						Total other equity	Total equity
		Reserves and surplus					Other comprehensive income		
		Share premium reserve	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
Balance as at April 01, 2017	**165.64**	**3,932.42**	**334.76**	**40.84**	**20.74**	**1,339.63**	**(34.43)**	**5,633.96**	**5,799.60**
Equity shares issued during the year	0.95	30.97	-	-	-	-	-	30.97	31.92
Employee stock option exercised during the year (Refer note 23.8)	-	10.55	-	-	(10.55)	-	-	-	-
Transfer to special reserve#	-	-	150.00	-	-	(150.00)	-	-	-
Transfer to statutory reserve##	-	-	-	16.13	-	(16.13)	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	17.15	-	-	17.15	17.15
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(120.30)	-	(120.30)	(120.30)
Profit for the year	-	-	-	-	-	842.14	-	842.14	842.14
Fair value changes on derivatives	-	-	-	-	-	-	(2.24)	(2.24)	(2.24)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.08	-	0.08	0.08
Balances as at March 31, 2018	**166.59**	**3,973.94**	**484.76**	**56.97**	**27.34**	**1,895.42**	**(36.67)**	**6,401.76**	**6,568.35**
Equity shares issued during the year	0.88	28.95	-	-	-	-	-	28.95	29.83
Employee stock option exercised during the year (Refer note 23.8)	-	9.86	-	-	(9.86)	-	-	-	-
Transfer to special reserve#	-	-	147.00	-	-	(147.00)	-	-	-
Transfer to statutory reserve##	-	-	-	70.00	-	(70.00)	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	39.25	-	-	39.25	39.25
Transfer on account of stock option lapsed/expired	-	-	-	-	(0.62)	0.62	-	-	-
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(181.70)	-	(181.70)	(181.70)
Profit for the year	-	-	-	-	-	1,081.38	-	1,081.38	1,081.38
Fair value changes on derivatives	-	-	-	-	-	-	(101.64)	(101.64)	(101.64)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	(0.45)	-	(0.45)	(0.45)
Others	-	-	-	-	-	(0.01)	-	(0.01)	(0.01)
Balances as at March 31, 2019	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,578.26**	**(138.31)**	**7,267.54**	**7,435.01**

*Refer note 23.6 for nature and the purpose of reserves.

#As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹ 147.00 crores (Previous year ₹ 150.00 crores) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹ 70.00 crores (Previous year ₹ 16.13 crores) to statutory reserve u/s 29C of the National Housing Bank Act, 1987.

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report of even date
For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: May 09, 2019

Standalone Statement of Cash Flow

for the year ended March 31, 2019

(Indirect Method)

(₹ in crores)

	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,578.05	1,234.58
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	31.29	24.11
Loss on sale of property, plant and equipment	0.12	0.17
Impairment on financial instruments	162.15	258.27
Impairment/ (reversal of impairment) on assets held for sale	(0.81)	8.73
Net loss on financial asset at fair value through profit or loss	(3.60)	(7.52)
Share based payment expense	39.25	17.15
Effective interest rate on loans and investments	(2.16)	(4.84)
Effective interest rate on borrowings	41.99	(97.10)
Net gain on derecognition of financial instruments under amortised cost category	268.61	78.57
Derivative impact of external commercial borrowings	16.05	(6.10)
Bad debts written-off	26.80	18.30
	579.69	**289.74**
Operating profits before changes in working capital	**2,157.74**	**1,524.32**
Working Capital changes		
Trade payables	8.50	31.48
Provisions	4.70	8.43
Financial liabilities	1,228.25	399.82
Non-financial liabilities	369.05	744.43
Loans at amortised cost	(17,346.27)	(18,703.03)
Trade receivable	(26.41)	7.68
Other financial asset	(540.75)	(159.58)
Other non-financial asset	9.69	(13.68)
Investments (net)	(2,041.06)	916.64
Asset held for sale	48.40	(32.45)
Other bank balances	(0.08)	85.59
	(18,285.98)	**(16,714.67)**
Cash used in operations	**(16,128.24)**	**(15,190.35)**
Taxes paid (net of refunds)	(497.50)	(473.44)
Net cash used in operating activities	**(16,625.74)**	**(15,663.79)**
Cash flow from investing activities		
Purchase of property plant and equipment and other intangible assets	(57.95)	(41.92)
Capital work-in-progress and intangible assets under development (net)	4.52	(7.66)
Sale of property plant and equipment and other intangible assets	0.18	0.07
	(53.25)	**(49.51)**
Net cash used in investing activities	**(53.25)**	**(49.51)**

Standalone Statement of Cash Flow

for the year ended March 31, 2019

(Indirect Method)

(₹ in crores)

	Current Year	Previous Year
Cash flow from financing activities		
Proceeds from borrowings		
Debt securities & subordinated liabilities	1,440.70	8,954.00
Borrowings from bank	24,338.50	5,371.36
Deposits (net)	2,675.64	1,540.34
Commercial paper	33,575.00	26,600.00
Repayment of borrowings		
Commercial paper	(36,025.00)	(20,570.00)
Debt securities & subordinated liabilities	(530.00)	(1,200.00)
Borrowings from bank	(7,434.91)	(2,143.00)
Proceeds from issue of share capital	0.88	0.95
Share premium received	28.95	30.97
Dividend paid (including dividend distribution tax)	(181.70)	(120.30)
Net cash from financing activities	**17,888.06**	**18,464.32**
Net changes in cash and cash equivalents	**1,209.07**	**2,751.02**
Cash and cash equivalents at the beginning of the year	2,816.90	65.88
Cash and cash equivalents at the end the of the year	4,025.97	2,816.90
Net increase of cash and cash equivalents during the year	**1,209.07**	**2,751.02**

Note : Figures in bracket denotes application of cash

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report of even date
For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Notes to Standalone Financial Statements
for the year ended March 31, 2019

1. OVERVIEW

1.1. Overview

PNB Housing Finance Limited ('PNBHFL'), 'the Company' was incorporated on November 11, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. The Company is listed on BSE Limited and the National Stock Exchange of India Limited. The Company's registered office is at 9th floor, Antriksh Bhawan, 22, K.G.Marg, New Delhi - 110001.

These standalone financial statement are approved and adopted by the Board of Directors of the Company in their meeting held on May 9, 2019.

1.2. Basis of preperation/Statement of compliance

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial assets held for trading, all of which have been measured at fair value.

The standalone financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the National Housing Bank Act, 1987 and the Housing Finance Companies Directions, 2010 as amended from time to time.

The standalone financial statements are prepared in accordance with provision contained in section 129 of the Companies Act 2013, read with Division III of Schedule III.

For all periods up to and including the year ended March 31, 2018, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended March 31, 2019 are the first the Company has prepared in accordance with Ind AS.

The standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores, except when otherwise indicated.

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note no. 42.

Principles and methods considered for the first time adoption of Ind AS are explained in the note no. 46.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of the assets.

b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required

Notes to Standalone Financial Statements
for the year ended March 31, 2019

in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c) **Effective Interest Rate (EIR) method**
EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to interest rates and other fee income / expense that are integral parts of the instrument.

d) **Impairment of financial asset**
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

e) **Provisions and other contingent liabilities**
The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above.

2.3 Revenue recognition

a) **Interest and related income**
Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate on net amount and restricting to the extent of the fair valuation of underlying asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at fair value through profit and loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

b) **Dividend income**
Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

c) **Profit on derecognition of financial assets**
When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip/net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

d) **Other income**
Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

2.5 Depreciation and Amortisation

a) Depreciation

Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively. Leasehold improvements are amortised over the period of five years.

All fixed assets individually costing ₹5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is put to use. Depreciation on sale / derecognition of fixed assets is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Amortisation

Intangible assets are amortised over a period of five years on straight line method except website development costs which are amortised over a period of three years on a straight-line basis from the date when the assets are available for use.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

2.6 Investment property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Part C of Schedule II of the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of derecognition.

2.7 Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment

Notes to Standalone Financial Statements
for the year ended March 31, 2019

in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss except for differences arising on cash flow hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

2.8 Operating Leases

Company as a Lessee - Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognised as per terms of the lease agreement in the Statement of Profit and Loss.

Company as a Lessor - Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. The Company has ascertained that the payments by the lessee are structured to increase in line with expected general inflation to compensate for the Company's (lessor's) expected inflationary cost increases and therefore, the lease income is recognised as per terms of the lease agreement in the Statement of Profit and Loss.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.11 Contingent liabilities and assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

a) Contingent liability is disclosed in case of –

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

b) Contingent assets are not recognised in the financial statements.

2.12 Employee benefits

a) Retirement and other employee benefits

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to reduction in future payment or a cash refund.

Defined Benefit Plan

The Company has defined benefit plans as Compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

b) Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences, which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- In case of non-accumulating compensated absences, when the absences occur

c) Share based payments

The Company operates a number of Employee Stock Option Scheme ('the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. These Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account) . The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 Taxes

Tax expense comprises current and deferred tax.

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to

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the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

2.14 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

- Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

- Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial asset at amortised cost
- Financial asset (debt instruments) at FVTOCI
- Financial asset at FVTPL

Financial asset at amortised costs

Financial asset is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees / costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets (debt instruments) at FVOCI

Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii) The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

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b) **Financial Liabilities**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees , commission / brokerage and ancillary costs incurred in relation to the financial liability .The EIR amortisation is included in interest expense in the statement of profit and loss.

2.16 Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

2.17 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for as Cash flow hedges.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain / loss on fair value changes in the Statement of Profit and Loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

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2.19 Derecognition of financial assets and liabilities

a) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash and cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

2.20 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

Definition of default: Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. National Housing Bank defines NPA in its Paragraph 2 sub-paragraph (1), clause (v) in its Housing Finance Companies (NHB) Directions, 2010 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

The mechanics and key inputs for computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired & for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance based on the expectation of default.

Notes to Standalone Financial Statements
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Stage Definition	Details	Classification
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having Significant Increase in Credit Risk ("SICR") since initial recognition (origination of facilities) are classified under (if not impaired) stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	DPD 90+	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses 90+ DPD as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components of Expected Credit Loss are:

- **Probability of Default (PD)**

Probability of Default (PD) is one of the three risk components needed to estimate ECL under Ind AS 109. PD is defined as the probability that a borrower will be unable to meet his/her debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

The Company uses 12 month PD for stage 1 borrowers and lifetime PD for stage 2 and Stage 3 assets.

- **Loss Given Default (LGD)**

The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral. It is expressed as a percentage of EAD.

- **Exposure at Default (EAD)**

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	FIRB + Asset coverage based

Broadly, the Company has grouped the portfolio into retail and corporate category. ECL computation is based on collective approach. Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default
The retail loans is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Previous year(s) portfolio behaviour of homogeneous pools is considered for PD estimation.

The company has identified various parameters to trigger SICR, which are described in the SICR section.

Loss Given Default
The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last 4 years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/ expected recoveries, depending on resolution strategies already materialised or in the process. Further, LGD pools have been aligned with the PD pools.

Exposure at Default
EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Corporate Loans

Probability of Default
Historically, the Company has observed low instance of default for the corporate portfolio. For nil default portfolio, the Company has floored the PD at the minimum required level and for low default portfolio, statistical technique of Pluto-Tasche methodology, using latest external rating as available as cohort, has used to arrive at PDs. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

The Company has identified various parameters to trigger SICR which are described in the SICR section.

Loss Given Default
Given a very low instance of loss experience, the Company has referred Foundation internal rating based (FIRB) estimates. Further, the Company has applied business logic based on security coverage ratio to normalise the LGD estimates. A cut-off based on the skewness of the density plot of security coverage ratio was calculated.

Exposure at Default
EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for

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the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Significant increase in credit risk (SICR)
The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans
Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is those stage 1 loan assets where underlying property is under construction and construction progress in last one year is slow.

Corporate Loans
The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward looking information
Ind AS 109 requires entities to model their ECL and apply forward-looking macroeconomic scenarios taking into consideration possibility of stressed and favourable economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL we have considered several macroeconomic variables such as growth rates of GDP, Housing Price Index (HPI) inflation, money supply, Private Final Consumption Expenditure (PFCE), interest rates among others.

The forward-looking scenario-based PDs were computed based on the selected macroeconomic variables for different portfolios. The list of macroeconomic variables was narrowed down using expert judgement based on business logic. The statistical significance of these variables was checked to finalize variables for each portfolio. List of macroeconomic variables as finalized are given below:

Macro parameter
GDP (Lag 1)
Money Supply (Lag 2)
HPI (Lag 1 and Lag 2)
WPI
CPI (Lag 1)

The macroeconomic variables with up to two-time lags were regressed against 20 quarter historic default rates of the portfolios. A Quasi-Binomial with logit regression was used to establish the relationships between default rates and macroeconomic variables.

Worst, Base, Mild and Best scenarios were created for all the portfolios and default rates were estimated for all the four scenarios. The differential default rates between the Base scenario and the Best, Worst and Mild scenarios were created/built to compute the shock factors. These shock factors were then added to the base Residual maturity probability of default (RMPD) term structure which was arrived using the Kaplan Meier technique, thereby creating four different RMPD term structures for the four scenarios. By this method, RMPD is a combination of the exogenous and the endogenous variables and hence PD value will constitute both idiosyncratic risk of the portfolio as well as the influence of macroeconomic risk factors. For the purpose of finding likelihood (probability weights) of different scenarios, the frequency of each of the scenarios was ascertained. ECL for all portfolios is computed for these different scenarios and a probability weighted ECL is computed using the likelihood (weights) as calculated.

2.21 ECL on financial guarantee contracts
ECL on financial guarantee contracts has been computed basis the methodologies defined under note no 2.20.

2.22 Write-offs
The company undertakes write-off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write-off is vested with committee of senior officials of the Company. For LGD computation, the Company considers contractual amount written-off i.e. principal as well as interest overdue.

2.23 Collateral
Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody & settlement and free from all encumbrances in the relevant jurisdictions and complied with local by laws. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

Notes to Standalone Financial Statements

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On case-to-case basis, the Company may ask for additional security, which may in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

2.24 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.25 Unclaimed Deposits

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

2.26 Share issue expenses

Share issue expenses, net of tax, are adjusted against the securities premium account, as permissible under section 52(2) of the Companies Act. 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.

2.27 Assets held for sale

Assets acquired by the company under SARFASI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the company is committed to sell these asset and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.28 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and make strategic decision.

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3. CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balances with banks in current accounts	3,511.41	2816.09	51.96
Cheques-on-hand	-	-	13.26
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	513.27	-	-
Cash on hand	1.27	0.76	0.63
Stamps on hand	0.02	0.05	0.03
	4,025.97	**2,816.90**	**65.88**

Note : 3.1 Short-term deposits earn interest at the respective short-term deposit rates.

Note : 3.2 Cash and cash equivalents for cash flow statement is including bank overdraft.

4. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Bank Deposits (More than 3 months & upto 12 months) (Refer Note 4.1)	-	-	85.62
Earmarked balances with bank (Refer Note 4.2)	0.11	0.03	-
	0.11	**0.03**	**85.62**

Note : 4.1 Short-term deposits earn interest at the respective short-term deposit rates.

Note : 4.2 Earmarked balances with bank include unclaimed dividend.

5. RECEIVABLES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade receivables			
Unsecured considered good (Refer note 5.1)	26.74	0.33	8.01
Receivables – credit impaired	-	-	-
	26.74	**0.33**	**8.01**
Provision for impairment			
Unsecured considered good	-	-	-
Receivables – credit impaired	-	-	-
	-	-	-
Other receivables	-	-	-
	26.74	**0.33**	**8.01**

Note : 5.1 No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Notes to Standalone Financial Statements
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6. LOANS (AT AMORTISED COST)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Term Loans	74,921.60	57,599.59	38,908.73
Total	**74,921.60**	**57,599.59**	**38,908.73**
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,327.47**	**57,167.27**	**38,734.68**
Secured by tangible assets	74,921.60	57,599.59	38,908.73
Total	**74,921.60**	**57,599.59**	**38,908.73**
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,327.47**	**57,167.27**	**38,734.68**
Public Sector	-	-	-
Others	74,921.60	57,599.59	38,908.73
Total	**74,921.60**	**57,599.59**	**38,908.73**
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,327.47**	**57,167.27**	**38,734.68**

Note 6.1: Loans - Staging analysis

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Retail Loans*	54,508.64	1,303.44	325.00	56,137.08	43,985.05	673.19	165.66	44,823.90	30,932.59	461.09	85.77	31,479.45
Total	**54,508.64**	**1,303.44**	**325.00**	**56,137.08**	**43,985.05**	**673.19**	**165.66**	**44,823.90**	**30,932.59**	**461.09**	**85.77**	**31,479.45**

As on March 31, 2018, the Company had loan assets of ₹44,823.90 crores of which 98.13% were in stage 1, 1.50% were in stage 2 and 0.37% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 11.42% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 15.56% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 12.02% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

As on April 01, 2017, the Company had loan assets of ₹31,479.45 crores of which 98.26% were in stage 1, 1.47% were in stage 2 and 0.27% were in stage 3.

Movement of assets is as follows:

a) Movement of Stage 1:

i) 16.58% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 14.62% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

Notes to Standalone Financial Statements
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c) Movement of Stage 3:

i) 26.84% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans*	16,903.67	1,119.85	29.87	18,053.39	11,940.28	293.64	20.44	12,254.36	7,029.26	56.33	-	7,085.59
Total	**16,903.67**	**1,119.85**	**29.87**	**18,053.39**	**11,940.28**	**293.64**	**20.44**	**12,254.36**	**7,029.26**	**56.33**	**-**	**7,085.59**

As on March 31, 2018, the Company had loan assets of ₹12,254.36 crores of which 97.44% were in stage 1, 2.39% were in stage 2 and 0.17% were in stage 3.

Movement of assets is as follows:

a) Movement of Stage 1:

i) 19.46% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 50.78% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 100% of loan assets moved out of books by year end

As on April 01, 2017, the Company had loan assets of ₹7,085.59 crores of which 99.21% were in stage 1, 0.79% were in stage 2 and 0.00% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 26.80% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 0.00% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

* Loans represents principal outstanding (including principal overdue) as on the date of reporting.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Note 6.2: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	27.89	52.57	64.48	144.94	13.20	31.98	44.19	89.37	16.63	11.17	26.52	54.32
Total	**27.89**	**52.57**	**64.48**	**144.94**	**13.20**	**31.98**	**44.19**	**89.37**	**16.63**	**11.17**	**26.52**	**54.32**

ECL movement as on March 31, 2018 and March 31, 2019

a) The loan assets in stage 2 were 2.32% as on March 31, 2019 as against 1.50% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹370 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.66%.

b) Despite the applicability of SICR, the improvement in stage 2 ECL % POS is attributed to low forward flows from stage 2 to stage 3 for the Company's non-housing portfolio. In addition, lower loan to value ratios for non-housing loan have resulted in improved LGDs.

c) Overall ECL % POS have increased by 26 bps but stage 3 ECL as % POS have reduced because of improvement in trend of resolution of stage 3 assets and applicability of behaviour LGDs.

ECL movement as on March 31, 2017 and March 31, 2018

a) Despite the increase in stage 1 loan assets, the ECL as % POS gets reduced by 2 bps. This decrease in ECL % is attributed to improved performance and resolution of non-housing loans which resulted in lower probability of default.

b) ECL as % POS for stage 2 portfolio increased as there was higher transition due to vintage impact of portfolio and relatively lower percentage of roll backs.

c) Dynamism of portfolio behaviour and model validation exercise have also resulted in improved predictability.

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	112.45	170.34	9.86	292.65	173.45	15.36	8.70	197.41	34.20	2.49	-	36.69
Total	**112.45**	**170.34**	**9.86**	**292.65**	**173.45**	**15.36**	**8.70**	**197.41**	**34.20**	**2.49**	**-**	**36.69**

ECL movement as on March 31, 2018 and March 31, 2019

a) Despite the growth in loan book, stage 1 ECL % of POS reduced from 1.45% to 0.67%. This is attributed to application of SICR and movement of frequent delinquent accounts from stage 1 to stage 2.

b) The loan assets in stage 2 were 6.20% as on March 31, 2019 as against 2.40% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹845 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 5.23% to 15.22%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.52% as against 2.40% as on March 31, 2018.

d) The Company's stage 3 asset ratio remains consistent. However, ECL as % POS has reduced due to higher asset coverage ratio, hence, higher expected recovery from defaulted assets.

ECL movement as on March 31, 2017 and March 31, 2018

a) In FY 2016-17 and FY 2017-18, the economy had disruptive but far reaching positive impact measures of GST, RERA and demonetisation which slowed the growth engine temporarily and adversely impacted the real estate market. During the FY 2017-18, our corporate finance book also registered increase in early bucket delinquencies i.e. DPD of 1 to 30 days over dues and subsequent forward flows to higher stages of loan assets were also increased. Due to higher flows, stage 1 and stage 2 ECL as % POS has increased.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

b) Despite the higher forward flows to stage 2, the Company, through its collective efforts and robust monitoring mechanism, was able to hold stage 3 assets at 0.17% as on March 31, 2018. For this, the Company provided provision coverage at 43%.

Given the current state of affairs in real estate industry, transitionary phase of small in medium scale business due to GST and demonetisation, macro-economic factors like interest rate etc. the Company is maintaining an additional provision for unforeseen macro-economic factors of ₹156.54 crores (March 31, 2018 ₹145.54 crores and Marc 31, 2017 ₹83.04 crores).

#Refer note no. 2.20 and 43.1

Note 6.3: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

i) Equitable / Simple / English Mortgage of immovable property;
ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;
iii) Demand Promissory Note;
iv) Post Dated Cheques towards the repayment of the debt;
v) Personal / Corporate Guarantees;
vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;
vii) Undertaking to create a security;
viii) Letter of comfort.

7. INVESTMENTS

(₹ in crores)

Particulars	As at March 31, 2019			
	Amortised cost	At fair value through profit or loss	Others	Total
Investments in India (a)				
Government securities	1,386.07	-	-	1,386.07
Debt securities	-	166.73	-	166.73
Subsidiaries	-	-	0.25	0.25
Certificate of deposits	-	2,904.38	-	2,904.38
Total	**1,386.07**	**3,071.11**	**0.25**	**4,457.43**
Investments outside India (b)	-	-	-	-
Total (a+b)	**1,386.07**	**3,071.11**	**0.25**	**4,457.43**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,386.07**	**3,071.11**	**0.25**	**4,457.43**

(₹ in crores)

Particulars	As at March 31, 2018			
	Amortised cost	At fair value through profit or loss	Others	Total
Investments in India (a)				
Mutual funds	-	440.52	-	440.52
Government securities	1,182.72	-	-	1,182.72
Debt securities	-	408.69	-	408.69
Subsidiaries	-	-	0.25	0.25
Commercial papers	-	193.87	-	193.87
Certificate of deposits	-	187.10	-	187.10
Total	**1,182.72**	**1,230.18**	**0.25**	**2,413.15**
Investments outside India (b)	-	-	-	-
Total (a+b)	**1,182.72**	**1,230.18**	**0.25**	**2,413.15**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,182.72**	**1,230.18**	**0.25**	**2,413.15**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

(₹ in crores)

Particulars	As at April 01, 2017			
	Amortised cost	At fair value through profit or loss	Others	Total
Investments in India (a)				
Mutual funds	-	890.26	-	890.26
Government securities	978.13	-	-	978.13
Debt securities	-	1,224.45	-	1,224.45
Commercial papers	-	230.73	-	230.73
Total	**978.13**	**2,345.44**	-	**3,323.57**
Investments outside India (b)	-	-	-	-
Total (a+b)	**978.13**	**2,345.44**	-	**3,323.57**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**978.13**	**2,345.44**	-	**3,323.57**

8. OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Receivables on assignment of loans (Refer note 8.1)	492.99	224.01	147.15
Other Receivables	1.22	0.32	-
Security deposits	18.75	16.49	12.66
Total	**512.96**	**240.82**	**159.81**

Note : 8.1 During the year ended March 31, 2019, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crores)

Loans and advances measured at amortised cost	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Carrying amount of derecognised financial assets	10,699.00	5,238.00	2,960.00

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial asset.

9. CURRENT TAX ASSETS (NET)

(₹ in crores)

Particulars	
As at April 01, 2017	**12.39**
Advance tax (including TDS)	473.44
Current tax liability	(437.10)
Current tax related to earlier years	0.08
As at March 31, 2018	**48.81**
Advance tax (including TDS)	497.50
Current tax liability	(452.66)
Current tax related to earlier years	5.17
As at March 31, 2019	**98.82**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

10. DEFERRED TAX ASSETS (NET)
As at March 31, 2019

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	6.22	-	3.39	-
Provision for employee benefits	21.89	-	15.42	-
Impairment allowance for financial assets	196.86	-	38.75	-
Derivative instruments in cash flow hedge	74.29	-	-	54.55
Expenses paid in advance (net of income received in advance)	-	85.29	(23.89)	-
Interest spread on assigned loans	-	170.36	(93.86)	-
Fair valuation of financial instruments held for trading	0.04	-	1.26	-
Remeasurement gain/(loss) on defined benefit plan	0.19	-	-	0.24
Others temporary differences	7.37	-	9.75	-
Total	**306.86**	**255.65**	**(49.18)**	**54.79**

As at March 31, 2018

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	2.83	-	2.86	-
Provision for employee benefits	6.47	-	2.92	-
Impairment allowance for financial assets	158.11	-	92.76	-
Derivative instruments in cash flow hedge	19.74	-	-	1.52
Expenses paid in advance (net of income received in advance)	-	61.40	(19.14)	-
Interest spread on assigned loans	-	76.50	(27.49)	-
Fair valuation of financial instruments held for trading	-	1.22	2.63	-
Remeasurement gain/(loss) on defined benefit plan	-	0.05	-	(0.05)
Others temporary differences	9.75	12.13	(9.96)	-
Total	**196.90**	**151.30**	**44.58**	**1.47**

As at April 01, 2017

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	-	0.03
Provision for employee benefits	3.55	-
Impairment allowance for financial assets	65.35	-
Derivative instruments in cash flow hedge	18.22	-
Expenses paid in advance (net of income received in advance)	-	42.26
Interest spread on assigned loans	-	49.01
Fair valuation of financial instruments held for trading	-	3.85
Others temporary differences	20.72	7.34
Total	**107.84**	**102.49**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

11. INVESTMENT PROPERTY

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.58	-	-	0.58	0.01	0.01	-	0.02	0.56	0.57
Total	**0.58**	**-**	**-**	**0.58**	**0.01**	**0.01**	**-**	**0.02**	**0.56**	**0.57**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Buildings*	0.58	-	-	0.58	-	0.01	-	0.01	0.57	0.58
Total	**0.58**	**-**	**-**	**0.58**	**-**	**0.01**	**-**	**0.01**	**0.57**	**0.58**

*Refer note 16.1 (a)

Note 11.1: Amount recognised in statement of profit and loss for investment properties are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Rental Income	0.11	0.05
Profit from investment properties before depreciation	**0.11**	**0.05**
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.10**	**0.04**

Note 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum lease payments receivable under non-cancellable leases of investment properties are as follows:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Within one year	0.11	0.05	-
Later than one year but not later than five year	0.14	0.25	-
Later than five years	-	-	-

Note 11.3: The Company obtains independent valuations for its investment properties by a specialist in valuing these type of investment property. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Investment properties	5.88	5.93	6.03

Notes to Standalone Financial Statements
for the year ended March 31, 2019

12. PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.27	-	-	0.27	0.01	0.01	-	0.02	0.25	0.26
Furniture & Fixtures	17.94	5.02	0.26	22.70	3.04	3.08	0.23	5.89	16.81	14.90
Vehicles	0.10	-	-	0.10	0.01	0.01	-	0.02	0.08	0.09
Computers	15.54	8.31	0.40	23.45	4.92	5.19	0.34	9.77	13.68	10.62
Office Equipment & Others	16.74	11.80	0.94	27.60	3.85	5.62	0.84	8.63	18.97	12.89
Leasehold Improvements	26.90	18.92	0.40	45.42	7.25	10.01	0.28	16.98	28.44	19.65
Total	**77.49**	**44.05**	**2.00**	**119.54**	**19.08**	**23.92**	**1.69**	**41.31**	**78.23**	**58.41**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Buildings*	0.27	-	-	0.27	-	0.01	-	0.01	0.26	0.27
Furniture & Fixtures	11.73	6.71	0.50	17.94	-	3.31	0.27	3.04	14.90	11.73
Vehicles	0.10	-	-	0.10	-	0.01	-	0.01	0.09	0.10
Computers	7.54	8.00	-	15.54	-	4.92	-	4.92	10.62	7.54
Office Equipment & Others	10.44	6.57	0.27	16.74	-	4.11	0.26	3.85	12.89	10.44
Leasehold Improvements	17.10	9.81	0.01	26.90	-	7.26	0.01	7.25	19.65	17.10
Total	**47.18**	**31.09**	**0.78**	**77.49**	**-**	**19.62**	**0.54**	**19.08**	**58.41**	**47.18**

*Refer note 16.1 (a)

Notes to Standalone Financial Statements

for the year ended March 31, 2019

13. OTHER INTANGIBLE ASSETS

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	21.46	13.90	-	35.36	4.48	7.36	-	11.84	23.52	16.98
Total	**21.46**	**13.90**	**-**	**35.36**	**4.48**	**7.36**	**-**	**11.84**	**23.52**	**16.98**

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Software	10.63	10.83	-	21.46	-	4.48	-	4.48	16.98	10.63
Total	**10.63**	**10.83**	**-**	**21.46**	**-**	**4.48**	**-**	**4.48**	**16.98**	**10.63**

14. OTHER NON FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	1.31	0.95	1.33
Statutory receivables (net)	5.64	3.04	1.24
Advances recoverable in cash or kind	3.99	16.64	4.38
Total	**10.94**	**20.63**	**6.95**

15. DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:									
Spot forwards	375.89	-	27.00	-	-	-	-	-	-
Currency swaps	5,345.99	1.81	100.00	1,526.66	26.26	64.81	1,604.13	20.16	61.05
(i)	**5,721.88**	**1.81**	**127.00**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**
Interest rate derivatives:									
Forward rate agreements and interest rate swaps	3,216.47	-	85.61	-	-	-	-	-	-
(ii)	**3,216.47**	**-**	**85.61**	**-**	**-**	**-**	**-**	**-**	**-**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Total derivative financial instruments (i)+(ii)	**8,938.35**	**1.81**	**212.61**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**
Included in above are derivatives held for hedging and risk management purposes as follows:									
Cash flow hedging:									
Currency derivatives	5,721.88	1.81	127.00	1,526.66	26.26	64.81	1,604.13	20.16	61.05
Interest rate derivatives	3,216.47	-	85.61	-	-	-	-	-	-
Total derivative financial instruments	**8,938.35**	**1.81**	**212.61**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**

* Refer note no. 17.3, 40 and 43.2

16. DEBT SECURITIES

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured												
Redeemable non-convertible debentures	21,750.93	-	-	21,750.93	20,877.08	-	-	20,877.08	13,162.05	-	-	13,162.05
Unsecured												
Commercial papers	7,854.01	-	-	7,854.01	10,211.22	-	-	10,211.22	4,253.56	-	-	4,253.56
Total	**29,604.94**	-	-	**29,604.94**	**31,088.30**	-	-	**31,088.30**	**17,415.61**	-	-	**17,415.61**
Debt securities in India	29,604.94	-	-	29,604.94	31,088.30	-	-	31,088.30	17,415.61	-	-	17,415.61
Debt securities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**29,604.94**	-	-	**29,604.94**	**31,088.30**	-	-	**31,088.30**	**17,415.61**	-	-	**17,415.61**

Note:16.1 Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, all the redeemable non-convertible debentures are also secured by mortgage of buildings of ₹0.77 crores (Refer Note 11 & 12).

Notes to Standalone Financial Statements
for the year ended March 31, 2019

b) **Terms of repayment**

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest												
7.01% - 8.00%	3,870.00	5,570.00	700.00	-	200.00	8,870.00	1,270.00	-	-	800.00	1,275.00	-
8.01% - 9.00%	3,813.00	5,369.00	1,155.00	-	-	5,683.00	2,653.00	600.00	300.00	2,783.00	4,664.00	800.00
9.01% - 10.00%	30.00	460.00	830.00	-	330.00	60.00	960.00	300.00	900.00	360.00	460.00	830.00
	7,713.00	**11,399.00**	**2,685.00**	**-**	**530.00**	**14,613.00**	**4,883.00**	**900.00**	**1,200.00**	**3,943.00**	**6,399.00**	**1,630.00**

Note : 16.2

The rate of interest and amount of repayment appearing in note 16.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

17. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured												
Term loans												
National housing bank	7,021.58	-	-	7,021.58	3,891.97	-	-	3,891.97	2,748.40	-	-	2,748.40
Banks	11,212.81	-	-	11,212.81	2,052.18	-	-	2,052.18	221.85	-	-	221.85
External commercial borrowing	2,868.78	-	-	2,868.78	1,461.14	-	-	1,461.14	1,502.00	-	-	1,502.00
Bank overdraft	2,417.88	-	-	2,417.88	1,495.43	-	-	1,495.43	1,856.98	-	-	1,856.98
Loans from related party	3,272.14	-	-	3,272.14	1,050.00	-	-	1,050.00	390.00	-	-	390.00
Total	**26,793.19**	**-**	**-**	**26,793.19**	**9,950.72**	**-**	**-**	**9,950.72**	**6,719.23**	**-**	**-**	**6,719.23**
Borrowings in India	22,135.56	-	-	22,135.56	8,489.58	-	-	8,489.58	5,217.23	-	-	5,217.23
Borrowings outside India	4,657.63	-	-	4,657.63	1,461.14	-	-	1,461.14	1,502.00	-	-	1,502.00
Total	**26,793.19**	**-**	**-**	**26,793.19**	**9,950.72**	**-**	**-**	**9,950.72**	**6,719.23**	**-**	**-**	**6,719.23**

Note 17.1: Refinance from National Housing Bank (NHB):

a) **Nature of security**

During FY19, the Company has availed refinance facility aggregating to ₹3,500 crores from NHB under various schemes . All the present and outstanding refinance from NHB are secured by hypothecation of specific loans/ book debts against which refinance has been availed.

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b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	132.45	353.20	353.20	311.15	-	-	-	-	-	-	-	-
6.01% - 8.00%	-	-	-	-	153.77	400.82	399.59	718.96	53.55	124.68	116.23	368.24
8.01% - 10.00%	644.68	1,303.03	1,215.63	2,708.24	215.12	573.64	557.16	872.91	213.79	551.85	549.10	770.96
	777.13	**1,656.23**	**1,568.83**	**3,019.39**	**368.89**	**974.46**	**956.75**	**1,591.87**	**267.34**	**676.53**	**665.33**	**1,139.20**

Note 17.2: Term loan from Banks:

a) Nature of security

i) Term loan from Punjab National Bank (related party) are secured by hypothecation of specific book debts and negative lien on assets created out of finance availed from Punjab National Bank.

ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.25 times of outstanding amount

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:												
7.00% - 9.00%	800.00	558.29	125.00	-	650.00	50.00	350.00	-	-	-	-	-
9.01% - 11.00%	-	-	-	-	-	-	-	-	240.00	150.00	-	-
from others:												
7.00% - 9.00%	4,087.20	5,181.51	919.34	-	750.92	1,051.26	250.00	-	149.68	-	-	-
9.01% - 11.00%	558.33	466.43	-	-	-	-	-	-	72.17	-	-	-
	5,445.53	**6,206.23**	**1,044.34**	**-**	**1,400.92**	**1,101.26**	**600.00**	**-**	**461.85**	**150.00**	**-**	**-**

Note 17.3: External commercial borrowing:

a) Nature of security

i) Pursuant to the Reserve bank of India (RBI) circular dated 27th April 2018, whereby RBI allowed Housing finance companies (HFC) to borrow through External commercial borrowings (ECB) under the "Automatic Route", the Company during FY19 has raised ECB of USD 465 million from various lenders under automatic route. Earlier the Company has availed ECB of USD 150 million in FY17 and USD 100 million in FY15 for financing eligible housing units under "approval route" in terms of the erstwhile RBI guidelines. All the ECB borrowings are secured against eligible housing loans / book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.

ii) The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

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iii) As at March 31, 2019, the Company has outstanding foreign currency borrowings of USD 683.13 million (March 31, 2018 USD 225.62 million and March 31, 2017 USD 233.13 million). The Company has undertaken principal only swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the Company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

b) **Terms of repayment**

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:												
USD LIBOR + 120 - 200 bps	-	-	1,833.04	-	-	-	-	-	-	-	-	-
from others:												
USD LIBOR + 120 - 200 bps	743.59	204.92	1,943.72	-	50.09	788.19	450.81	178.47	50.09	744.19	192.08	525.19
	743.59	**204.92**	**3,776.76**	**-**	**50.09**	**788.19**	**450.81**	**178.47**	**50.09**	**744.19**	**192.08**	**525.19**

Note 17.4: Bank overdraft:

a) **Nature of security**

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.2 times of outstanding amount.

b) **Terms of Repayment**

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
8.00% - 9.85%	**2,417.88**	-	-	-	**1495.43**	-	-	-	**1856.98**	-	-	-

Note : 17.5

The rate of interest and amount of repayment appearing in note 17.1(b), 17.2(b) and 17.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate)

18. DEPOSITS*

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Particulars	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
From public	11,781.99	-	-	11,781.99	9,131.11	-	-	9,131.11	8,527.86	-	-	8,527.86
From banks	528.94	-	-	528.94	487.84	-	-	487.84	330.87	-	-	330.87
From others	1,712.11	-	-	1,712.11	1,720.80	-	-	1,720.80	929.31	-	-	929.31
Total	**14,023.04**	**-**	**-**	**14,023.04**	**11,339.75**	**-**	**-**	**11,339.75**	**9,788.04**	**-**	**-**	**9,788.04**

* Refer note 34.26

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19. SUBORDINATED LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured												
Redeemable non convertible debentures	1,437.68	-	-	1,437.68	1,397.93	-	-	1,397.93	1,397.80	-	-	1,397.80
Total	**1,437.68**	**-**	**-**	**1,437.68**	**1,397.93**	**-**	**-**	**1,397.93**	**1,397.80**	**-**	**-**	**1,397.80**
Subordinated liabilities in India	1,437.68	-	-	1,437.68	1,397.93	-	-	1,397.93	1,397.80	-	-	1,397.80
Subordinated liabilities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,437.68**	**-**	**-**	**1,437.68**	**1,397.93**	**-**	**-**	**1,397.93**	**1,397.80**	**-**	**-**	**1,397.80**

Note :19.1 Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2019, ₹1,258.90 crores (March 31, 2018 ₹1,359.00 crores and March 31, 2017 ₹1,399.00 crores) qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy.

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest												
8.01% - 9.00%	-	-	499.00	700.00	-	-	-	1,199.00	-	-	-	1,199.00
9.01% - 10.00%	-	-	200.00	39.70	-	-	200.00	-	-	-	-	200.00
	-	**-**	**699.00**	**739.70**	**-**	**-**	**200.00**	**1,199.00**	**-**	**-**	**-**	**1,399.00**

Note : 19.2

The rate of interest and amount of repayment appearing in note 19.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

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20. OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not due on deposits	217.89	196.17	159.73
Interest accrued but not due on borrowings	1,271.97	289.41	15.05
Amount payable under assignments	267.99	134.14	133.27
Other liabilities	323.46	233.34	145.19
Total	**2,081.31**	**853.06**	**453.24**

21. PROVISIONS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Retirement benefits	23.39	18.69	10.26
Letter of comforts	0.34	-	-
Total	**23.73**	**18.69**	**10.26**

22. OTHER NON-FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Book overdraft	1,805.17	1455.62	777.74
Advance received from customers	135.62	129.86	95.18
Statutory dues payable	40.55	32.28	22.32
Other liabilities	27.04	21.12	5.58
Total	**2,008.38**	**1,638.88**	**900.82**

23. EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorised			
50,00,00,000 equity shares of ₹10/- each	500.00	500.00	500.00
	500.00	**500.00**	**500.00**
Issued, subscribed and paid-up			
16,74,69,016 equity shares of ₹10/- each fully paid up (March 31, 2018: 16,65,86,482 and March 31, 2017: 16,56,42,309)	167.47	166.59	165.64
Total	**167.47**	**166.59**	**165.64**

Note 23.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	(₹ in crores)	No. of shares	₹ in crores
At the beginning of the year	16,65,86,482	166.59	16,56,42,309	165.64
Add: Share alloted pursuant to exercise of stock option	8,82,534	0.88	9,44,173	0.95
Outstanding at the end of the year	**16,74,69,016**	**167.47**	**16,65,86,482**	**166.59**

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Note 23.2 Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Punjab National Bank	5,49,14,840	32.79	5,49,14,840	32.96	6,47,30,700	39.08
Quality Investments Holdings	5,41,92,300	32.36	6,21,92,300	37.33	6,21,92,300	37.55
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.91	1,41,99,928	8.52	1,14,24,537	6.90

Note 23.3 Terms / Rights attached to equity shares
The Company has only one class of shares referred to as equity shares having a par value of ₹10/ - per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 23.4 The Company has not alloted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note 23.5 The Company has not:

i. Issued any securities convertible into equity / preference shares.

ii. Issued any shares where calls are unpaid.

iii. Forfeited any shares.

Note 23.6 Nature and purpose of reserves
Share premium reserve
Share premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve and Special reserve
In accordance with Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve fund (statutory reserve) before any dividend is declared.
The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29C(i).

Share option outstanding accounts
The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity settled transaction is credited to share option outstanding account in equity.(Refer Note 23.8)

Cash flow hedge reserve
The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps and interest rate swaps.
To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amounts recognised in the cash flow hedge reserve is reclassified to the statement of profit and loss when the hedged item affects profit or loss (e.g. interest payments).

Note 23.7 Capital Management
The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements National Housing Bank ("NHB") the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB from time to time.
Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure after taking in to consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board at regular intervals.

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve , deferred revenue expenditure and other intangible assets. The book value of Investment in equity, bonds, debentures and loan & advances to subsidiaries and group companies exceeding 10% of owned

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funds will be reduced while arriving the Tier I capital.

The other component of regulatory capital is Tier II Capital, which includes non-convertible preference shares, revaluation and loss reserves, hybrid capital instruments and subordinated debts. (Refer note no. 34.1)

Note 23.8 Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details are as follows:

Particulars	As at March 31, 2019			
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹338.00	₹1,600.60	₹1,206.35	₹1,333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	As at March 31, 2019		
	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019
Number of options granted	18,15,000	2,35,000	1,81,200
Exercise price per option	₹1,333.35	₹1,333.35	₹847.40
Date of vesting	The vesting will be as under:		
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023
Exercise period	Within 3 years from the date of respective vesting		
Method of settlement	Through allotment of one equity share for each option granted		
Vesting conditions	Employee to remain in service on the date of vesting		

Particulars	As at March 31, 2018			As at April 01, 2017
	ESOS - 2016Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche I
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	April 22, 2016
Number of options granted	38,07,690	4,05,700	1,00,000	38,07,690
Exercise price per option	₹338.00	₹1,600.60	₹1,206.35	₹338.00
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on April 22, 2017
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on April 22, 2018
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on April 22, 2019
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on April 22, 2020
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

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(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2019			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	26,70,101	3,57,700	1,00,000	-
Options exercisable at the beginning of the year	(b)	1,500	-	-	-
Options granted during the year	(c)	-	-	-	1,36,485
Options lapsed / expired during the year	(d)	5,500	10,125	-	-
Options vested during the year	(e)	8,90,034	85,800	20,000	-
Options exercised during the year*	(f)	8,82,534	-	-	-
Options forfeited during the year	(g)	1,03,267	44,875	-	29,300
Options outstanding at end of the year	(h) = (a+c-e-g)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,500	75,675	20,000	-
Weighted Average Exercise Price per option (₹)		338.00	1,600.60	1,206.35	1,333.35
Contractual life (year)		2.51	3.87	4.91	4.83

Particulars		As at March 31, 2019		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	18,15,000	2,35,000	1,81,200
Options lapsed / expired during the year	(d)	-	-	-
Options vested during the year	(e)	-	-	-
Options exercised during the year**	(f)	-	-	-
Options forfeited during the year	(g)	1,11,200	36,000	9,800
Options outstanding at end of the year	(h) = (a+c-e-g)	17,03,800	1,99,000	1,71,400
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-
Weighted Average Exercise Price per option (₹)		1,333.35	1,333.35	847.40
Contractual life (year)		6.04	4.83	5.47

Particulars		As at March 31, 2018		
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III
Options Outstanding at the beginning of the year	(a)	37,82,690	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	-	4,05,700	1,00,000
Options lapsed / expired during the year	(d)	-		
Options vested during the year	(e)	9,45,673	-	-
Options exercised during the year*	(f)	9,44,173	-	-
Options forfeited during the year	(g)	1,66,916	48,000	-
Options outstanding at end of the year	(h) = (a+c-e-g)	26,70,101	3,57,700	1,00,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,500	-	-
Weighted Average Exercise Price per option (₹)		338.00	1,600.60	1206.35
Contractual life (year)		3.54	4.92	5.91

* Weighted average share price at the date of the exercise of the stock option is ₹1,008.31

** Weighted average share price at the date of the exercise of the stock option is ₹1,010.65

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(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Estimated Value of Stock Option (₹)	593.17	511.64	321.87
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40
Exercise Price (₹)	1,333.35	1,333.35	847.40
Expected Volatility (%)*	0.3560	0.3560	0.4102
Dividend Yield Rate (%)	0.53	0.55	1.06
Expected Life of Options** (year)	5.21	4.00	4.00
Risk Free Rate of Interest (%)	7.90	7.79	6.97

*Expected volatility has been computed from the date of the listing of the share to the grant date.

**Expected life of the share option is based on the historical data and the current expectation and is not necessarily indicative of exercise pattern that may occur.

(iv) The expense recognised for the employee services received during the year are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	39.25	17.15
Expense arising from cash settled share based payment transaction	-	-
Total	**39.25**	**17.15**

Note 23.9: Dividend paid and proposed

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders.

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2018: ₹9/- per share	181.70	-
Final dividend for 2017: ₹6/- per share	-	120.30
Total dividend paid	**181.70**	**120.30**
Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31)		
Dividend on ordinary shares:		
Final dividend for 2019: ₹9/- per share	182.62	-
Final dividend for 2018: ₹9/- per share	-	181.70

Note 23.9.1: Dividend includes dividend distribution taxes

Notes to Standalone Financial Statements
for the year ended March 31, 2019

24. INTEREST INCOME

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	6,632.90	-	6,632.90	4,867.43	-	4,867.43
Investments						
Financial investments - Debt	101.65	-	101.65	89.55	-	89.55
Financial asset valued at fair value through profit or loss	-	23.86	23.86	-	46.87	46.87
Deposits with banks	25.97	-	25.97	0.53	-	0.53
Other Interest income						
Corporate deposits	2.35	-	2.35	-	-	-
Loan against deposits	1.59	-	1.59	1.29	-	1.29
Total	**6,764.46**	**23.86**	**6,788.32**	**4,958.80**	**46.87**	**5,005.67**

25. FEES AND COMMISSION INCOME

(₹ in crores)

Particulars	Current Year	Previous Year
Fees Income	201.95	252.44
Other charges recovered	56.74	80.22
Total	**258.69**	**332.66**

26. NET GAIN ON FAIR VALUE CHANGES

(₹ in crores)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	125.76	33.51
Total	**125.76**	**33.51**
Fair value changes:		
-Realised	130.53	41.03
-Unrealised	(4.77)	(7.52)
Total	**125.76**	**33.51**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

27. FINANCE COSTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Interest on debt securities	-	2,482.59	2,482.59	-	1,996.84	1,996.84
Interest on borrowings	-	1,491.64	1,491.64	-	531.65	531.65
Interest on deposits	-	1,034.71	1,034.71	-	861.24	861.24
Interest on subordinated liabilities	-	121.12	121.12	-	120.71	120.71
Fee and other charges	-	36.40	36.40	-	26.12	26.12
Total	-	**5,166.46**	**5,166.46**	-	**3,536.56**	**3,536.56**

28. IMPAIRMENT ON FINANCIAL INSTRUMENT

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
Loans	-	161.81	161.81	-	258.27	258.27
Bad debts written-off	-	26.80	26.80	-	18.30	18.30
Letter of comforts	-	0.34	0.34	-	-	-
Total	-	**188.95**	**188.95**	-	**276.57**	**276.57**

29. EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	160.93	116.71
Contribution to provident and other funds	8.04	6.43
Share based payments to employees	39.25	17.15
Staff welfare expenses	3.11	2.43
Total	**211.33**	**142.72**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

30. OTHER EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Rent, taxes and energy costs	48.95	37.66
Repairs and maintenance	12.70	8.74
General office expenses	60.74	35.90
Legal and professional charges	33.29	23.59
Advertisement and publicity	23.91	41.21
Corporate social responsibility expenses (Refer note 30.1)	17.24	10.69
Communication costs	6.93	5.36
Travelling and conveyance	6.68	5.26
Printing and stationery	8.34	6.14
Training and recruitment expenses	3.66	3.28
Director's fees, allowances and expenses	1.62	1.27
Auditor's fees and expenses (Refer note 30.2)	0.55	0.49
Insurance	0.11	0.41
Bank charges	0.83	0.47
Net loss on derecognition of property, plant and equipment	0.12	0.17
Impairment on assets held for sale	-	8.73
Other expenditure	0.10	0.04
Total	**225.77**	**189.41**

Note 30.1 Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014, the company is required to spent for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

(₹ in crores)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	**17.24**	**10.69**
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above*		
- Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	16.38	11.81
- Expenditure on administrative overheads for CSR	0.86	0.53
Total	**17.24**	**12.34**

*Amount spent during the previous year includes ₹1.65 crores for financial year 2016-17.

Note: 30.2 Auditor's fees and expenses

(₹ in crores)

Particulars	Current Year	Previous Year
Statutory audit fee	0.23	0.16
Tax audit fee	0.05	0.05
Limited review fee	0.11	0.11
Other certification fee	0.16	0.17
Total	**0.55**	**0.49**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

31. INCOME TAXES

The components of income tax expense are:

(₹ in crores)

Particulars	Current Year	Previous Year
Current tax	452.66	437.10
Adjustments in respect of current income tax of prior years	(5.17)	(0.08)
Deferred tax relating to origination and reversal of temporary differences	49.18	(44.58)
Total	**496.67**	**392.44**
Current tax	447.49	437.02
Deferred tax (Refer note 10)	49.18	(44.58)

Note 31.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended:

(₹ in crores)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,578.05	1,234.58
Statutory income tax rate (%)	(b)	34.944	34.608
Tax at statutory income tax rate	(c) = (a*b)	551.43	427.26
Adjustments in respect of current income tax of prior years	(d)	(5.17)	(0.08)
Impact of:			
Income not subject to tax	(e)	(92.60)	(26.66)
Non-deductible expenses	(f)	52.99	92.76
Deduction under section 35 D	(g)	(5.23)	(5.18)
Deduction under section 36 (1) (viii)	(h)	(51.21)	(49.16)
Deduction under section 80G	(i)	(2.72)	(1.92)
Income tax expense	(c+d+e+f+g+h+i)	**447.49**	**437.02**

32. EARNING PER SHARE

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

Particulars	Unit	Current Year	Previous Year
a) Amount used as the numerator for basic EPS profit after tax	(₹ in crores)	1,081.38	842.14
b) Weighted average number of equity shares for basic EPS	Number	16,73,78,194	16,64,83,012
c) Weighted average number of equity shares for diluted EPS	Number	16,83,96,661	16,84,35,845
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
-Basic (a/b)	(in ₹)	64.61	50.58
-Diluted (a/c)	(in ₹)	64.22	50.00

ii) The basic earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceed receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows:-

Particulars	Current Year	Previous Year
Weighted average number of equity shares for computation of basic EPS	16,73,78,194	16,64,83,012
Effect of dilutive equity shares - share option outstanding	10,18,467	19,52,833
Weighted average number of equity shares for computation of dilutive EPS	16,83,96,661	16,84,35,845

33. ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of selling the same. These properties are classified as assets held for sale.

34. DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

(i) The following additional disclosures have been given in terms of the circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 issued by the National Housing Bank.

Note 34.1: Capital to Risk Assets Ratio (CRAR)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
i) CRAR (%)	13.98	16.67
ii) CRAR – Tier I Capital (%)	11.00	12.75
iii) CRAR – Tier II Capital (%)	2.98	3.92
(iv) Amount of subordinated debt raised as Tier-II Capital	39.70	-

Note 34.2: Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crores)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	56.97	40.84
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	484.76	334.76
(c) Total	**541.73**	**375.60**
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	70.00	16.13
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	147.00	150.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
Balance at the end of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	56.97
(b) 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	631.76	484.76
(c) Total	**758.73**	**541.73**

Notes to Standalone Financial Statements

for the year ended March 31, 2019

Note 34.3: Investments

(₹ in crores)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	4,447.28	2,394.58
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	21.47	14.47
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	4,425.81	2,380.11
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	14.47	7.73
(ii) Add: Provisions made during the year	7.00	6.75
(iii) Less: Write-off / Written-back of excess provisions	-	0.01
(iv) Closing balance	21.47	14.47

Note 34.4: Derivatives

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
(i) The notional principal of swap agreements	8,938.35	1,526.66
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	77.27	17.35
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	8,938.35	1,526.66
(v) The fair value of the swap book	(210.80)	(38.55)

@ The Company has entered into swap and forward agreements with various banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

ii) Exchange Traded Interest Rate (IR) Derivative – There is no exchange traded interest rate derivative.

iii) Disclosure on Risk Exposure in Derivatives

A. Qualitative Disclosure

Particulars	Details
a) the structure and organisation for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade into derivative products. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates, and	The Company has not entered into any speculative derivative transaction except as required under RBI guidelines for its ECB borrowing for financing prospective buyers of eligible housing units. The derivate transactions entered into for hedging the ECB borrowings are all held-till-maturity transaction. As such, as of now, the Company is not required to have policy on hedging or mitigation of risk on derivative transactions. All the derivatives transaction are executed under specific approval of Board.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Particulars	Details
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

B. Quantitative Disclosure

(₹ in crores)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	4,735.30	4,203.05	1,526.66	-
(ii) Marked to Market Positions				-
(a) Assets (+)	1.81	-	26.26	-
(b) Liability (-)	(127.00)	(85.61)	(64.81)	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	262.27	77.29	61.70	-

Note 34.5: Assignment / Securitisation

i) There are no SPVs sponsored by PNB Housing Finance Limited.

ii) During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (Previous year ₹ Nil)

iii) Details of assignment transactions undertaken:

(₹ in crores)

Particulars	Current Year	Previous Year
(i) No. of accounts	35,004	14,472
(ii) Aggregate value (net of provisions) of accounts assigned	7,336.89	3,128.49
(iii) Aggregate consideration	7,336.89	3,128.49
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

iv) During the year, the Company has not purchased / sold any non-performing financial assets (Previous year ₹ Nil)

Note 34.6: Asset Liability Management

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

Notes to Standalone Financial Statements
for the year ended March 31, 2019

As at March 31, 2019

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	277.75	1,398.33	2,400.00	-	1,588.02	89.96	-
Over 1 month to 2 months	242.58	17.73	1,000.00	-	1,392.89	519.73	-
Over 2 months to 3 months	197.95	856.25	2,613.00	12.98	1,812.07	1,606.74	-
Over 3 months to 6 months	885.31	1,212.26	2,990.00	704.68	3,875.78	849.19	-
Over 6 months to 1 year	2,704.73	2,698.30	2,570.00	25.94	6,969.84	0.50	-
Over 1 year to 3 years	3,225.62	9,111.21	11,399.00	204.92	20,057.02	11.15	-
Over 3 years to 5 years	2,152.25	3,822.10	7,474.00	3,776.75	12,413.89	482.79	-
Over 5 years to 7 years	1,867.02	1,338.40	410.00	-	8,094.21	652.17	-
Over 7 years to 10 years	2,762.29	916.55	329.70	-	7,443.02	212.12	-
Over 10 years	-	764.44	-	-	10,575.20	1.46	-
Total	**14,315.50**	**22,135.57**	**31,185.70**	**4,725.27**	**74,221.94**	**4,425.81**	**-**

* Includes Installments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

As at March 31, 2018

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	435.59	1,720.44	2,175.00	-	1,309.58	1,027.10	-
Over 1 month to 2 months	240.46	112.73	1,700.00	-	1,175.44	191.17	-
Over 2 months to 3 months	185.90	675.00	3,700.00	12.16	1,148.21	-	-
Over 3 months to 6 months	597.94	335.70	1,375.00	12.16	3,288.09	0.09	-
Over 6 months to 1 year	1,941.05	421.38	1,980.00	24.31	5,928.95	0.10	-
Over 1 year to 3 years	5,824.46	2,075.72	14,613.00	784.17	17,094.86	0.83	-
Over 3 years to 5 years	1,862.01	1,556.76	5,083.00	437.66	10,273.74	87.68	-
Over 5 years to 7 years	326.39	810.43	1,599.00	197.10	6,194.70	678.89	-
Over 7 years to 10 years	172.40	689.42	500.00	-	5,178.82	357.80	-
Over 10 years	-	92.00	-	-	5,485.94	36.45	-
Total	**11,586.20**	**8,489.58**	**32,725.00**	**1,467.56**	**57,078.33**	**2,380.11**	**-**

* Includes Installments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

Note 34.7: Exposure:
i) Exposure to Real Estate Sector

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
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 Lakh – ₹3,935.10 crores, Previous year ₹3,196.37 crores)	47,858.06	38,421.23
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	26,797.32	18,978.39
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
i) Residential	-	-
ii) Commercial Real Estate	-	-
ii) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Notes to Standalone Financial Statements
for the year ended March 31, 2019

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

ii) As on March 31, 2019, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2019, the Company has not financed any product of the parent Company (Previous year ₹ Nil).

iv) As on March 31, 2019, the Company has not exceeded the prudential exposure limit prescribed by National Housing Bank for single borrower or group borrower (Previous year ₹ Nil).

(v) As on March 31, 2019, the Company has not given any unsecured advances (Previous year ₹ Nil).

Note 34.8: Registration obtained from financial sector regulators
From NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note 34.9: Disclosure of Penalties imposed by National Housing Bank and other regulators:
During the financial year ended March 31, 2019:

i) NHB has carried out inspection for FY 2017-18 and has not reported any adverse comment having material impact on the financials.

ii) Company has not been imposed any penalty by National Housing Bank and other regulators.

v) As on March 31, 2019, the Company has not given any unsecured advances (Previous year ₹ Nil).

Note 34.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) PHFL Home Loan and Services Limited *	Wholly owned Subsidiary
ii) Punjab National Bank	Enterprise having Significant Influence
iii) Quality Investments Holdings	Enterprise having Significant Influence
iv) PNB Metlife India Insurance Company Limited	Enterprise having Significant Influence
v) Mr. Sunil Mehta (Chairman-Non Executive Director)	Key Managerial Personnel
vi) Mr. L. V. Prabhakar (Non Executive Director) (w.e.f August 09, 2018)	Key Managerial Personnel
vii) Mr. Sunil Kaul (Non Executive Director)	Key Managerial Personnel
viii) Mr. Shital Kumar Jain (Independent Director)	Key Managerial Personnel
ix) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Managerial Personnel
x) Dr Gourav Vallabh (Independent Director)	Key Managerial Personnel
xi) Mr. Nilesh S Vikamsey (Independent Director)	Key Managerial Personnel
xii) Mr. Ashwani Kumar Gupta (Independent Director)	Key Managerial Personnel
xiii) Mrs. Shubhalakshmi Panse (Independent Director)	Key Managerial Personnel
xiv) Mr. Jayant Dang (Independent Director) (upto July 20, 2018)	Key Managerial Personnel
xv) Mr. Sanjaya Gupta (Managing Director)	Key Managerial Personnel
xvi) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xvii) Mr. Kapish Jain (Chief Financial Officer) (February 09,2018 onwards)	Key Managerial Personnel
xviii) Mr. Jayesh Jain (Chief Financial Officer) (upto January 05, 2018)	Key Managerial Personnel

*During the year 2017-18, the Company has incorporated a wholly owned subsidiary PHFL Home Loan and Services Limited" on August 22, 2017.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

(₹ in crores)

Particulars	Enterprises having significant influence		Subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:						
PHFL Home Loan and Services Limited.						
Investment in Equity Share	-	-	-	0.25	-	-
Reimbursement of Expenses	-	-	0.02	0.70	-	-
Commission expenses	-	-	141.53	4.94	-	-
Fee and Commission Income	-	-	68.80	-	-	-
Lease Rental Income	-	-	0.23	-	-	-
Sale of Assets	-	-	0.12	-	-	-
Punjab National Bank						
- Term Loan Instalment / ECB / OD (Net)	2,763.49	2,914.54	-	-	-	-
- Interest Paid on Term Loan / ECB / OD	175.00	59.97	-	-	-	-
- Processing Fees paid	46.31	0				
- Rent & Maintenance Charges	1.34	1.42	-	-	-	-
- Bank Charges	0.29	0.44	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	4.00	3.39	-	-	-	-
- Interest received on Fixed Deposits	19.15	0.10	-	-	-	-
- Dividend Paid	49.42	38.84	-	-	-	-
- Principal, Interest & Other charges paid on assignment on loans	467.58	99.25	-	-	-	-
- Fixed deposit matured (Net)	4,868.60	6.20	-	-	-	-
Quality Investments Holdings						
- Dividend Paid	48.77	37.32	-	-	-	-
PNB Metlife India Insurance Company Limited						
- Insurance Premium Paid	0.52	0.21	-	-	-	-
Sitting Fee and Commission paid to Directors						
- Punjab National Bank	-	-	-	-	0.06	0.14
- Mr. Shital Kumar Jain	-	-	-	-	0.24	0.20
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	0.21	0.21
- Dr Gourav Vallabh	-	-	-	-	0.22	0.21
- Mr. Nilesh S Vikamsey	-	-	-	-	0.21	0.21
- Mr. Ashwani Kumar Gupta	-	-	-	-	0.24	0.16
- Mrs. Shubhalakshmi Panse	-	-	-	-	0.20	0.12
- Mr. Jayant Dang	-	-	-	-	0.03	-
Remuneration paid to KMPs:						
Transactions with KMPs:$						
- Mr. Sanjaya Gupta						
- Remuneration paid#	-	-	-	-	2.30	2.16
- Dividend Paid	-	-	-	-	0.12	0.12
- Mr. Sanjay Jain						
- Remuneration paid#	-	-	-	-	0.56	0.57
- Mr. Jayesh Jain						
- Remuneration paid#	-	-	-	-	-	0.88
- Mr. Kapish Jain						
- Remuneration paid	-	-	-	-	0.80	0.32

$ As the liabilities for gratuity are provided on actuarial basis for the Company as a whole, amount accrued pertaining to key management personnel are not included above.

Excluding perquisites on exercise of stock options during the year.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

(₹ in crores)

Particulars	Enterprises having significant influence			Subsidiaries		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Outstanding balances#						
Punjab National Bank						
Receivables						
- Bank Deposits	510.26	-	-	-	-	-
- Interest accrued on bank deposits	3.01	-	-	-	-	-
- Servicing fees receivable on assignment on loans	0.52	0.25	0.34	-	-	-
Payables						
- Term loans	1,483.29	1,050.00	390.00	-	-	-
- External Commercial Borrowings##	1,833.04	-	-	-	-	-
- Interest accrued on term loans and external commercial borrowings	12.05	13.36	3.57	-	-	-
- Payable on assignment on loans	87.56	7.87	9.68	-	-	-
PHFL Home Loan and Services Limited						
Receivables						
Others	-	-	-	10.78	-	-
Payables						
Others	-	-	-	-	4.37	-

#Excluding running current / overdraft account balances.

##Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note 34.11: During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

Note 34.12: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

Note 34.13: Rating assigned by Credit Rating Agencies and migration of rating during the year

Nature of Instrument	Ratings
Deposits	CRISIL FAAA (Outlook-table) CARE AAA (Outlook-Stable)
Long term bonds (Secured and Tier-II bonds)	CRISIL AA+(Outlook-Stable) CARE AAA (Outlook-Stable) IND AA+ (Outlook-Stable) ICRA AA+ (Outlook-Stable)
Commercial Paper	CARE A1+ CRISIL A1+
Bank Term Loan	CRISIL AA+ (Outlook-Stable) CARE AAA (Outlook-Stable)

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Note 34.14: Provisions and Contingencies:
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account is given as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	7.00	6.75
2. Provision made towards Income tax	447.49	437.63
3. Provision towards NPA	34.13	15.52
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	30.23	27.45
iii) CRE – RH	26.76	26.29
iv) Other Loans	19.01	33.29
Total (i + ii + iii + iv)	76.00	87.03
5. Other Provision and Contingencies (Refer Note 2.20)	11.00	62.50
6. Provision for Stock of Acquired Properties	(0.81)	8.73

Note 34.15: Break-up of Loan & Advances and Provisions thereon:
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.

(₹ in crores)

Particulars	Housing		Non-Housing	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Standard Assets				
a) Total Outstanding Amount	52,249.91	39,870.72	22,050.60	17,342.80
b) Provision made	209.68	171.02	147.32	109.98
Sub-Standard Assets				
a) Total Outstanding Amount	180.01	110.83	62.15	37.38
b) Provision made	27.65	17.79	9.36	5.62
Doubtful Assets - Category-I				
a) Total Outstanding Amount	66.53	16.95	17.21	2.52
b) Provision made	18.73	5.05	4.61	0.65
Doubtful Assets - Category-II				
a) Total Outstanding Amount	19.98	8.45	3.32	2.10
b) Provision made	9.06	4.24	1.36	1.09
Doubtful Assets - Category-III				
a) Total Outstanding Amount	3.42	3.65	2.24	4.21
b) Provision made	3.42	3.65	2.24	4.21
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision made	-	-	-	-
Total				
a) Total Outstanding Amount	**52,519.85**	**40,010.60**	**22,135.52**	**17,389.01**
b) Total provision made	**268.54**	**201.75**	**164.89**	**121.55**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Note 34.16: Concentration of Public Deposits

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Deposits of twenty largest depositors	3,858.17	3,239.19
Percentage of Deposits of twenty largest depositors to Total Deposits	31.99%	34.59%

Note 34.17: Concentration of Loans & Advances

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Loans & Advances to twenty largest borrowers	10,831.75	7,703.88
Percentage of Loans & Advances to twenty largest borrowers to Total Advances	14.51%	13.42%

Note 34.18: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to twenty largest borrowers /customers	13,381.38	9,774.53
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	15.83%	14.91%

Note 34.19: Concentration of NPAs

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to top ten NPA accounts	71.02	51.04

Note 34.20: Sector-wise NPAs

	Percentage of NPAs to Total Advances in that sector	
Particulars	As at March 31, 2019	As at March 31, 2018
A. Housing Loans:	0.51	0.35
1. Individuals	0.57	0.38
2. Builders/Project Loans	0.26	0.26
3. Corporates*	1.20	-
4. Others (specify)	-	-
B. Non-Housing Loans:	0.38	0.27
1. Individuals	0.57	0.30
2. Builders/Project Loans	-	-
3. Corporates	0.39	0.33
4. Others (specify)	-	-

* It is from two accounts of retail loans.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Note 34.21: Movement of NPAs

(₹ in crores)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	0.38%	0.25%
(II) Movement of NPAs (Gross)		
a) Opening balance	186.11	85.78
b) Additions during the year	1,054.54	625.54
c) Reductions during the year	885.78	525.21
d) Closing balance	354.87	186.11
(III) Movement of Net NPAs		
a) Opening balance	143.81	59.00
b) Additions during the year	1,004.08	501.11
c) Reductions during the year	869.45	416.30
d) Closing balance	278.44	143.81
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	42.30	26.78
b) Provisions made during the year	50.46	124.44
c) Write-off/write-back of excess provisions	16.33	108.91
d) Closing balance	76.43	42.30

Note 34.22: As on March 31, 2019, the Company does not have any Assets outside the country (Previous year ₹ Nil).

Note 34.23: As on March 31, 2019, the Company does not have any Off-Balance Sheet SPVs sponsored (Previous year Nil).

Note 34.24: Disclosure of Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	22	53
b) No. of complaints received during the year	3,265	4,627
c) No. of complaints redressed during the year	3,259	4,658
d) No. of complaints pending at the end of the year	28	22

(ii) In addition to the disclosures under 34.1 to 34.24 following additional disclosures have been given as per NHB directions, 2010.

Note 34.25: Movement of derecognised interest as at the balance sheet date is summarised as under:-

(₹ in crores)

Particulars	Current Year	Previous Year
Cumulative Derecognised Interest at the begining of the year	24.68	17.71
Add:Interest derecognised during the year:		
- Sub-Standard Assets	52.83	34.66
- Doubtful/ Loss Assets	8.47	5.23
Less:Recovered/Write-off during the year	40.43	32.92
Cumulative Derecognised Interest at the end of the year	45.55	24.68

Note 34.26: Deposit includes 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. As on March 31, 2019, the public deposits (including accrued interest) outstanding amounts to ₹12,060.45 crores (Previous year ₹9,363.49 crores).

The Company is carrying Statutory Liquid Assets amounting to ₹1,360.31 crores (Previous year ₹1,161.59 crores).

Note 34.27: Disclosure given under Note 34.1 to Note 34.26 are based on the earstwhile accounting standard notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies Accounts Rules, 2014 (India GAAP or previous GAAP) with the comparative period data as at end and for the year ended March 31, 2018.
Further, above reported figures / narratives would be different had the same being reported as per Ind AS notified under "Companies (Indian Accounting Standard) Rules, 2015"

Notes to Standalone Financial Statements
for the year ended March 31, 2019

35. OPERATING LEASE - AS LESSEE

The Company has acquired properties under cancellable and non-cancellable operating leases for periods ranging from one year to nine years. The total minimum lease payments for the current year, in respect thereof, included under Rent, aggregates to ₹38.53 crores (Previous year ₹29.67 crores). The future minimum lease payments in respect of properties taken under non-cancellable operating lease are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Not later than one year	22.18	17.22
Later than one year but not later than five years	18.06	16.37
More than five years	1.59	Nil

36. SEGMENT REPORTING:

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/ Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015. The Company operates with in India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenue from transactions with any single external customer.

37. CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities in respect of Income-tax of ₹21.50 crores (Previous year ₹21.37 crores) is disputed and are under appeals. These includes contingent liability of ₹19.54 crores (Previous year ₹20.18 crores) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority 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 ₹20.29 crores (Previous year ₹18.14 crores).

iii) Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)

iv) Letter of comfort issued on behalf of the clients ₹80.25 crores (Previous year ₹15 crores)

38. DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS:

In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

Note 38.1: The company has made contribution to Provident Fund of ₹6.20 crores (Previous year ₹4.77 crores) which has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 29.

Note 38.2: Defined Benefit Plans

GRATUITY LIABILITY

Change in present value of obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	7.30	5.57
Interest cost	0.65	0.41
Current service cost	1.71	1.43
Past service cost including curtailment gains/losses	-	0.17
Benefits paid	(0.46)	(0.15)
Actuarial (gain) / loss on obligation	0.48	(0.13)
Present value of obligation as at the end of year	9.68	7.30

Notes to Standalone Financial Statements
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Change in fair value of plan assets*

(₹ in crores)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	7.07	4.64
Actual return on plan assets	0.35	0.35
Contributions	2.76	2.23
Benefits paid	(0.45)	(0.15)
Fair Value of plan assets as at the end of year	9.73	7.07
Funded status	0.05	(0.23)

Expense recognised in the statement of Profit and Loss

(₹ in crores)

Particulars	Current Year	Previous Year
Current service cost	1.71	1.60
Interest cost	0.65	0.41
Actual return on plan assets	(0.35)	(0.35)
Net actuarial (gain) / loss recognised in the year	0.48	(0.13)
Expenses recognised in the statement of profit and losses	2.49	1.53
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	0.69	(0.13)

Expected contribution for the next financial year is ₹2.28 crores.

Assumptions

Particulars	Current Year	Previous Year
a) Discounting Rate	7.65%	7.80%
b) Future salary Increase	7.75%	7.75%
c) Retirement Age (Years)	60	60
d) Mortality Table	IALM (2006-08)	IALM (2006-08)

Maturity profile of defined benefits obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Not later than one year	0.80	0.59
Later than one year but not later than five years	3.14	2.56
More than five years	5.74	4.15

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Sensitivity analysis of the defined benefit obligation**

(₹ in crores)

Particulars	Current Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.34)	0.36	0.36	(0.34)

(₹ in crores)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.26)	0.28	0.27	(0.26)

*100% of the plan assets are managed by the insurer for current as well as previous year.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated.

39. EXPENDITURE IN FOREIGN CURRENCY:

(₹ in crores)

Particulars	Current Year	Previous Year
Interest Paid	98.18	48.23
Other Expenses	71.22	0.08

Notes to Standalone Financial Statements
for the year ended March 31, 2019

NOTE 40: DERIVATIVE FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING, NETTING ARRANGEMENTS

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	1.81	1.81	-	-	-	-	-	-	-
As at March 31, 2018	26.26	26.26	-	-	-	-	-	-	-
As at April 01, 2017	20.16	20.16	-	-	-	-	-	-	-

Derivative financial liabilities subject to offsetting, netting arrangements.

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	(212.61)	1.81	(210.80)	-	-	(210.80)	-	(210.80)	(210.80)
As at March 31, 2018	(64.81)	26.26	(38.55)	-	-	(38.55)	-	(38.55)	(38.55)
As at April 01, 2017	(61.05)	20.16	(40.89)	-	-	(40.89)	-	(40.89)	(40.89)

41. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crores)

Paticulars	As at April 01, 2018	Cash flows	Exchange difference	Others	As at March 31, 2019
Debt securities & subordinated liabilities	22,275.01	910.70	-	2.90	23,188.61
Borrowings from bank	9,950.72	16,901.78	1.81	(61.22)	26,793.19
Deposits (net)	11,339.75	2,675.64	-	7.65	14,023.04
Commercial paper	10,211.22	(2,450.00)	-	92.79	7,854.01

Notes to Standalone Financial Statements
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(₹ in crores)

Particulars	As at April 01, 2017	Cash flows	Exchange difference	Others	As at March 31, 2018
Debt securities & subordinated liabilities	14,559.85	7,754.00	-	(38.84)	22,275.01
Borrowings from bank	6,719.23	3,210.50	17.86	3.13	9,950.72
Deposits (net)	9,788.04	1,540.34	-	11.37	11,339.75
Commercial paper	4,253.56	6,030.00	-	(72.34)	10,211.22

42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However with regard to loans and advances to customers, the Company has used the contractual maturities for recovery/settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	4,025.97	-	4,025.97	2,816.90	-	2,816.90	65.88	-	65.88
Bank balance other than cash and cash equivalents	0.11	-	0.11	0.03	-	0.03	85.62	-	85.62
Trade receivables	26.74	-	26.74	0.33	-	0.33	8.01	-	8.01
Loans	4,028.54	70,298.93	74,327.47	3,302.73	53,864.54	57,167.27	2,336.00	36,398.68	38,734.68
Investments	3,101.34	1,356.09	4,457.43	1,255.41	1,157.74	2,413.15	2,365.41	958.16	3,323.57
Other financial assets	129.68	383.28	512.96	68.53	172.29	240.82	51.25	108.56	159.81
Total (a)	**11,312.38**	**72,038.30**	**83,350.68**	**7,443.93**	**55,194.57**	**62,638.50**	**4,912.17**	**37,465.40**	**42,377.57**
Non-financial assets									
Current tax assets (net)	-	98.82	98.82	-	48.81	48.81	-	12.39	12.39
Deferred tax assets (net)	-	51.21	51.21	-	45.60	45.60	-	5.35	5.35
Investment property	-	0.56	0.56	-	0.57	0.57	-	0.58	0.58
Property, plant and equipment	-	78.23	78.23	-	58.41	58.41	-	47.18	47.18
Other Intangible assets	-	23.52	23.52	-	16.98	16.98	-	10.63	10.63
Capital work-in-progress	-	3.81	3.81	-	8.23	8.23	-	2.02	2.02
Intangible assets under development	-	1.36	1.36	-	1.46	1.46	-	0.01	0.01
Other non-financial assets	10.89	0.05	10.94	20.46	0.17	20.63	6.60	0.35	6.95
Assets held for sale	131.11	-	131.11	178.70	-	178.70	154.99	-	154.99
Total (b)	**142.00**	**257.56**	**399.56**	**199.16**	**180.23**	**379.39**	**161.59**	**78.51**	**240.10**
Total asset c = (a+b)	**11,454.38**	**72,295.86**	**83,750.24**	**7,643.09**	**55,374.80**	**63,017.89**	**5,073.76**	**37,543.91**	**42,617.67**

Notes to Standalone Financial Statements
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(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES									
Financial Liabilities									
Derivative financial instruments	27.31	183.49	210.80	-	38.55	38.55	-	40.89	40.89
Trade Payables	132.16	-	132.16	123.66	-	123.66	92.18	-	92.18
Debt Securities	14,520.25	15,084.69	29,604.94	10,725.30	20,363.00	31,088.30	5,450.93	11,964.68	17,415.61
Borrowings (other than debt securities)	9,381.13	17,412.06	26,793.19	3,312.59	6,638.13	9,950.72	2,633.16	4,086.07	6,719.23
Deposits	6,291.95	7,731.09	14,023.04	3,419.47	7,920.28	11,339.75	3,196.24	6,591.80	9,788.04
Subordinated liabilities	-	1,437.68	1,437.68	-	1,397.93	1,397.93	-	1,397.80	1,397.80
Other financial liabilities	1,755.39	325.92	2,081.31	591.45	261.61	853.06	293.53	159.71	453.24
Total (d)	**32,108.19**	**42,174.93**	**74,283.12**	**18,172.47**	**36,619.50**	**54,791.97**	**11,666.04**	**24,240.95**	**35,906.99**
Non-financial liabilities									
Provisions	2.22	21.51	23.73	1.88	16.81	18.69	1.26	9.00	10.26
Other Non-financial Liabilities	2,008.38	-	2,008.38	1,638.88	-	1,638.88	900.82	-	900.82
Total (e)	**2,010.60**	**21.51**	**2,032.11**	**1,640.76**	**16.81**	**1,657.57**	**902.08**	**9.00**	**911.08**
Total liabilities f = (d+e)	**34,118.79**	**42,196.44**	**76,315.23**	**19,813.23**	**36,636.31**	**56,449.54**	**12,568.12**	**24,249.95**	**36,818.07**
Net (c-f)			**7,435.01**			**6,568.35**			**5,799.60**

Notes to Standalone Financial Statements
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43. RISK MANAGEMENT
The company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the board. The risk management framework broadly includes governance, risk appetite approach, risk-specific guidelines, risk measurement, mitigation, monitoring reporting, and key risk indicators (KRIs). The Company has developed a clearly articulated risk appetite statement, functional policies, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight, and assesses whether it is consistent with the risk tolerance levels laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

Note 43.1: Credit Risk
The Company's asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company's pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

Credit Risk Management
Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company's line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and functional heads, in implementing the risk management framework and policy. The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company's Risk Framework for credit risk management is mentioned below:

1) Established an appropriate credit risk environment
The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

2) Ensure sound credit approval process
The Company's Target Operating Model (TOM) comprises Hub and Spoke structure, advanced technology platform, experienced and specialised professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoke or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

The credit sanction is done through a well-defined delegation matrix under four eye principal. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

Hubs and Spokes are supported by central support office (CSO), centralised operations (COPS) and central processing centre (CPC).

3) Maintains an appropriate credit administration, measurement, and monitoring process
Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company's credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable.

Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

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Note 43.2: Derivative Financial Instruments
Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

Note 43.3: Analysis of risk concentration

(i) Risk concentrations on loans*
An analysis of the Company's credit risk concentrations per product / sub-product is provided in the below mentioned table:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Concentration by sector - Retail			
Housing Loans	41,018.91	32,052.39	22,888.38
Non-housing loans	15,118.17	12,771.51	8,591.07
Total (a)	**56,137.08**	**44,823.90**	**31,479.45**
Concentration by sector - Corporate			
Construction finance	11,187.52	7,752.54	4,395.48
Corporate term loan	3,773.19	2,644.35	1,531.84
Lease rental discounting	3,092.68	1,857.47	1,158.27
Total (b)	**18,053.39**	**12,254.36**	**7,085.59**
Total (a+b)	**74,190.47**	**57,078.26**	**38,565.04**

* Loans represents principal outstanding (including principal overdue) as on the date of reporting.

As of March 31, 2019, top 20 exposure covers 60% of corporate portfolio with delinquency of 1.54%. All delinquent accounts were in stage 1 as on March 31, 2019.

(ii) Risk concentrations on financial assets other than loans

(₹ in crores)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2019					
Cash and cash equivalents	-	4,025.97	-	-	4,025.97
Bank balance other than cash and cash equivalents	-	0.11	-	-	0.11
Trade receivables	-	0.02	26.72	-	26.74
Investments	1,315.33	2,904.37	237.48	-	4,457.18
Other financial assets	-	492.99	-	19.97	512.96
Total	**1,315.33**	**7,423.46**	**264.20**	**19.97**	**9,022.96**
As at March 31, 2018					
Cash and cash equivalents	-	2,816.90	-	-	2,816.90
Bank balance other than cash and cash equivalents	-	0.03	-	-	0.03
Trade receivables	-	0.21	0.03	0.09	0.33
Investments	1,182.72	821.49	408.69	-	2,412.90
Other financial assets	-	224.01	-	16.81	240.82
Total	**1,182.72**	**3,862.64**	**408.72**	**16.90**	**5,470.98**
As at April 01, 2017					
Cash and cash equivalents	-	65.88	-	-	65.88
Bank balance other than cash and cash equivalents	-	85.62	-	-	85.62
Trade receivables	-	-	7.97	0.04	8.01
Investments	978.13	1,571.30	774.14	-	3,323.57
Other financial assets	-	147.15	-	12.66	159.81
Total		**1,869.95**	**782.11**	**12.70**	

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Note 43.4: Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

Note 43.4.1 Total market risk exposure

(₹ in crores)

Particulars	As at March 31, 2019 Carrying Amount	As at March 31, 2018 Carrying Amount	As at April 01, 2017 Carrying Amount	Primary risk Sensitivity
ASSETS				
Financial assets				
Cash and cash equivalents	4,025.97	2,816.90	65.88	-
Bank balance other than cash and cash equivalents	0.11	0.03	85.62	-
Trade receivables	26.74	0.33	8.01	-
Loans	74,327.47	0.33	38,734.68	Interest rate
Investments	4,457.43	2,413.15	3,323.57	Interest rate
Other financial assets	512.96	240.82	159.81	Interest rate
Total	**83,350.68**	**5,471.56**	**42,377.57**	
LIABILITIES				
Financial liabilities				
Derivative financial instruments	210.80	38.55	40.89	Interest rate/ Currency risk
Trade payables	132.16	123.66	92.18	-
Debt securities	29,604.94	31,088.30	17,415.61	-
Borrowings (other than debt securities)	26,793.19	9,950.72	6,719.23	Interest rate
Deposits	14,023.04	11,339.75	9,788.04	-
Subordinated liabilities	1,437.68	1,397.93	1,397.80	-
Other financial liabilities	2,081.31	853.06	453.24	-
Total	**74,283.12**	**54,791.97**	**35,906.99**	

44.4.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables asses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit & (loss)
Loans	2017-18	50 bps / (50) bps	177.83 / (177.83)
	2018-19	50 bps / (50) bps	298.58 / (298.58)
Investments	2017-18	25 bps / (25) bps	(4.98) / 4.98
	2018-19	25 bps / (25) bps	(3.54) / 3.54
Other financial assets	2017-18	25 bps / (25) bps	22.73 / (22.73)
	2018-19	25 bps / (25) bps	81.01 / (81.01)
Derivative financial instruments	2017-18	20 bps / (20) bps	(2.87) / 2.87
	2018-19	20 bps / (20) bps	(5.35) / 5.35
Borrowings (other than debt securities)	2017-18	50 bps / (50) bps	(49.75) / 49.75
	2018-19	50 bps / (50) bps	(128.55) / 128.55

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44.4.3 Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contracts. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table asses the sensitivity of the assets and liabilities over the profit and loss with change in currency rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in %	Sensitivity of profit & (loss)
Derivative financial instruments	2017-18	10 % / (10) %	(6.06) / 6.06
	2018-19	10 % / (10) %	(11.19) / 11.19

Note 43.5: Liquidity risk and funding management
Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds ,fixed deposits,liquid bonds, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and asses the liquidity position. Moreover, the Compnay keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

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Note 43.5.1: Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company's financial liabilities.

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities									
Derivative financial instruments	27.31	183.49	210.80	-	38.55	38.55	-	40.89	40.89
Trade payables	132.16	-	132.16	123.66	-	123.66	92.18	-	92.18
Debt securities	14,520.25	15,084.69	29,604.94	10,725.30	20,363.00	31,088.30	5,450.93	11,964.68	17,415.61
Borrowings (other than debt securities)	9,381.13	17,412.06	26,793.19	3,312.59	6,638.13	9,950.72	2,633.16	4,086.07	6,719.23
Deposits	6,291.95	7,731.09	14,023.04	3,419.47	7,920.28	11,339.75	3,196.24	6,591.80	9,788.04
Subordinated liabilities	-	1,437.68	1,437.68	-	1,397.93	1,397.93	-	1,397.80	1,397.80
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,237.82	11,362.69	14,600.51	3,510.69	6,250.58	9,761.27	1,834.00	6,132.00	7,966.00
Other financial liabilities	1,755.39	325.92	2,081.31	591.45	261.61	853.06	293.53	159.71	453.24
Total	**35,346.01**	**53,537.62**	**88,883.63**	**21,683.16**	**42,870.08**	**64,553.24**	**13,500.04**	**30,372.95**	**43,872.99**

The table below shows the contractual expiry by maturity of the Company's contingent assets, liabilities and commitments.

(₹ in crores)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2019			
Undrawn commitments relating to advances	4,942.00	4,942.00	9,884.00
Undrawn commitments relating to Letter of comfort	-	80.00	80.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn commitments relating to borrowings	3,787.43	-	3,787.43
As at March 31, 2018			
Undrawn commitments relating to advances	6,360.14	1,780.14	8,140.28
Undrawn commitments relating to Letter of comfort	-	15.00	15.00
Undrawn commitments relating to borrowings	4,680.00	-	4,680.00
As at April 01, 2017			
Undrawn commitments relating to advances	4,822.00	-	4,822.00
Undrawn commitments relating to Letter of comfort	-	15.00	15.00
Undrawn commitments relating to borrowings	569.00	-	569.00

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44. FAIR VALUE MEASUREMENT

The principles and techniques of fair valuation measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2: Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

Level 3: Those that includes one or more unobservable input that is significant to the measurement as whole.

(b) Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

(c) Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in crores)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Debt securities	-	166.73	-	166.73
Certificate of deposits	-	2,904.38	-	2,904.38
Total assets measured at fair value on a recurring basis (a)	**-**	**3,071.11**	**-**	**3,071.11**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	131.11	-	131.11
Total assets measured at fair value on a non recurring basis (b)	**-**	**131.11**	**-**	**131.11**
Total assets measured at fair value (a)+(b)	**-**	**3,202.22**	**-**	**3,202.22**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	125.19	-	125.19
Interest rate swaps	-	85.61	-	85.61
Total liabilities measured at fair value through profit or loss	**-**	**210.80**	**-**	**210.80**

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(₹ in crores)

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	440.52	-	-	440.52
Debt securities	-	408.69	-	408.69
Commercial papers	-	193.87	-	193.87
Certificate of deposits	-	187.10	-	187.10
Total assets measured at fair value on a recurring basis (a)	**440.52**	**789.66**	**-**	**1,230.18**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	178.70	-	178.70
Total assets measured at fair value on a non recurring basis (b)	-	178.70	-	178.70
Total assets measured at fair value (a)+(b)	**440.52**	**968.36**	**-**	**1,408.88**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	38.55	-	38.55
Total liabilities measured at fair value through profit or loss	**-**	**38.55**	**-**	**38.55**

(₹ in crores)

As at April 01, 2017	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	890.26	-	-	890.26
Debt securities	-	1,224.45	-	1,224.45
Commercial papers	-	230.73	-	230.73
Total assets measured at fair value on a recurring basis (a)	890.26	1,455.18	-	2,345.44
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	154.99	-	154.99
Total assets measured at fair value on a non recurring basis (b)	-	154.99	-	154.99
Total assets measured at fair value (a)+(b)	**890.26**	**1,610.17**	**-**	**2,500.43**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	40.89	-	40.89
Total liabilities measured at fair value through profit or loss	**-**	**40.89**	**-**	**40.89**

Valuation methodologies of financial instruments measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are recorded and measured at fair value in the Company's financial statements.

1 **Mutual funds**

Units held in Mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.

2 **Debt securities**

The Company's debt instruments are standard fixed rate securities, some with zero coupon feature.The Company uses market prices whenever available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

3 **Commercial paper / Certificate of deposit**

Commercial paper / Certificate of deposit have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

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4 Assets held for sale

Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

5 Derivative financial instruments

Interest rate derivatives

For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options.

However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

(d) Fair Value of financial instruments not measured at fair value

(₹ in crores)

As at March 31, 2019	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans	74,327.47	-	74,310.85	-	74,310.85
Investment in government securities	1,386.07	-	1,436.43	-	1,436.43
Total financial assets	**75,713.54**	**-**	**75,747.28**	**-**	**75,747.28**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	21,750.93	-	21,724.30	-	21,724.30
Borrowing other than debt securities	26,793.19	-	26,793.19	-	26,793.19
Deposits (including interest accrued)	14,240.93	-	14,345.09	-	14,345.09
Subordinated liabilities	1,437.68	-	1,448.00	-	1,448.00
Total financial liabilities	**64,222.73**	**-**	**64,310.58**	**-**	**64,310.58**

(₹ in crores)

As at March 31, 2018	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	57,167.27	-	57,181.35	-	57,181.35
Investment in government securities	1,182.72	-	1,207.03	-	1,207.03
Total financial assets	**58,349.99**	**-**	**58,388.38**	**-**	**58,388.38**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	20,877.08	-	20,896.17	-	20,896.17
Borrowing other than debt securities	9,950.72	-	9,950.72	-	9,950.72
Deposits (including interest accrued)	11,535.92	-	11,738.14	-	11,738.14
Subordinated liabilities	1,397.93	-	1,404.60	-	1,404.60
Total financial liabilities	**43,761.65**	**-**	**43,989.63**	**-**	**43,989.63**

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(₹ in crores)

As at March 31, 2017	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	38,734.68	-	38,774.24	-	38,774.24
Investment in government securities	978.13	-	1,042.16	-	1,042.16
Total financial assets	**39,712.81**	**-**	**39,816.40**	**-**	**39,816.40**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	13,162.05	-	13,413.33	-	13,413.33
Borrowing other than debt securities	6,719.23	-	6,719.23	-	6,719.23
Deposits (including interest accrued)	9,947.77	-	10,209.63	-	10,209.63
Subordinated liabilities	1,397.80	-	1,451.44	-	1,451.44
Total financial liabilities	**31,226.85**	**-**	**31,793.63**	**-**	**31,793.63**

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements.

1. **Financial assets and liabilities (Short term)**

   In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not be disclosed.

2. **Loans**

   The fair values of loans are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

3. **Government debt securities**

   Government debt securities are financial instruments issued by sovereign governments and include both long- term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification.

   When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

4. **Financial liabilities**

   Debt securities and Subordinated liabilities

   Debt securities arand subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

   Borrowings other than debt securities and deposits

   The fair values of borrowings other than debt securities and deposits are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended March 31, 2019, March 31, 2018 and April 01, 2017.

(f) There is no valuation adjustment relating to Credit Valuation Adjustment/ Debit Valuation Adjustment.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

45. STANDARD ISSUES BUT NOT YET EFFECTIVE
In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires le es to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is under process of assessing the impact of application of Ind AS 116.

46. FIRST-TIME ADOPTION OF Ind AS
These financial statements, for the year ended March 31, 2019, are the first financial statements which the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/ exceptions:

a) Mandatory exemptions
(i) Use of Estimates
The estimates at April 1, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments, where application of Indian GAAP did not require estimation:

- Fair valuation of financials instruments carried at FVTPL and FVOCI

- Impairment of financial assets based on Expected Credit Loss (ECL) model

- Determination of discounted value for financial instruments carried at amortised cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2017 the date of transition to Ind AS, and as of March 31, 2018.

(ii) Classification and measurement of financial assets
The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

(iii) Impairment of financial assets
The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at April 1, 2017.

(iv) Derecognition of financial assets and liabilities
The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(b) Optional exemptions
(i) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)
Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE, Intangible assets and Investment Properties as recognised in its Indian GAAP financial as deemed cost at the transition date.

(ii) Arrangements containing a lease:
Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Equity Reconciliation as on April 01, 2017

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Non Current Investments		961.35	(961.35)	-
Current Investments		2,318.21	(2,318.21)	-
Long term loans and advances		36,443.79	(36,443.79)	-
Short term loans and advances		39.94	(39.94)	-
Other Non current assets		278.43	(278.43)	-
Other current assets		2,705.93	(2,705.93)	-
Cash and cash equivalents		151.47	(85.59)	65.88
Bank balance other than cash and cash equivalents		-	85.62	85.62
Derivative financial instruments		-	-	-
Trade receivables		-	8.01	8.01
Loans	1(a), 2,10	-	38,734.68	38,734.68
Investments	4 (a),(b)	-	3,323.57	3,323.57
Other financial assets	3	-	159.81	159.81
		42,899.12	**(521.55)**	**42,377.57**
Non-financial assets				
Current tax assets (net)		-	12.39	12.39
Deferred tax assets (net)	9	-	5.35	5.35
Investment property		-	0.58	0.58
Property, plant and equipment		47.77	(0.59)	47.18
Other Intangible assets		10.63	-	10.63
Capital work-in-progress		2.03	(0.01)	2.02
Intangible assets under development		-	0.01	0.01
Other non-financial assets		-	6.95	6.95
Assets held for sale		-	154.99	154.99
		60.43	179.67	240.10
Total		**42,959.55**	**(341.88)**	**42,617.67**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Long term borrowings		24,083.96	(24,083.96)	-
Short term borrowings		7,947.41	(7,947.41)	-
Other long term liabilities		103.90	(103.90)	-
Other current liabilities		4,836.06	(4,836.06)	-
Derivative financial instruments	7	-	40.89	40.89
Trade payables		93.56	(1.38)	92.18
Debt Securities	1 (b)	-	17,415.61	17,415.61
Borrowings (other than debt securities)	1 (b)	-	6,719.23	6,719.23
Deposits	1 (b)	-	9,788.04	9,788.04
Subordinated liabilities	1 (b)	-	1,397.80	1,397.80
Other financial liabilities		-	453.24	453.24
		37,064.89	**(1,157.90)**	**35,906.99**
Non-financial liabilities				
Long term provisions	10	242.45	(242.45)	-
Short term provisions	10	28.04	(28.04)	-
Provisions	5	-	10.26	10.26
Deferred tax liabilities (net)		46.86	(46.86)	-
Other non-financial liabilities		-	900.82	900.82
		317.35	**593.73**	**911.08**
Equity				
Equity share capital		165.64	-	165.64
Other equity	1(a),1(b),2,3,4 (a), 4(b),5, 6 ,7,8,9	5,411.67	222.29	5,633.96
Total equity		**5,577.31**	**222.29**	**5,799.60**
Total		**42,959.55**	**(341.88)**	**42,617.67**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Equity Reconciliation as on March 31, 2018

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment impact	Ind AS
ASSETS				
Financial assets				
Non Current Investments		1,161.65	(1,161.65)	-
Current Investments		1,218.46	(1,218.46)	-
Long term loans and advances		54,121.79	(54,121.79)	-
Short term loans and advances		81.31	(81.31)	-
Other Non current assets		468.13	(468.13)	-
Other current assets		3,847.72	(3,847.72)	-
Cash and cash equivalents		2,816.87	0.03	2,816.90
Bank balance other than cash and cash equivalents		-	0.03	0.03
Receivables		-	0.33	0.33
Loans	1(a), 2, 10	-	57,167.27	57,167.27
Investments	4 (a),(b)	-	2,413.15	2,413.15
Other financial assets	3	-	240.82	240.82
		63,715.93	**(1,077.43)**	**62,638.50**
Non-financial assets				
Current tax assets (net)		-	48.81	48.81
Deferred tax assets (net)	9	-	45.60	45.60
Investment property		-	0.57	0.57
Property, plant and equipment		58.98	(0.57)	58.41
Other Intangible assets		16.98	-	16.98
Capital work-in-progress		9.69	(1.46)	8.23
Intangible assets under development		-	1.46	1.46
Other non-financial assets		-	20.63	20.63
Assets held for sale		-	178.70	178.70
		85.65	293.74	379.39
Total		**63,801.58**	**(783.69)**	**63,017.89**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Long term borrowings		36,388.70	(36,388.70)	-
Short term borrowings		14,241.96	(14,241.96)	-
Other long term liabilities		141.98	(141.98)	-
Other current liabilities		6,095.17	(6,095.17)	-
Derivative financial instruments		-	38.55	38.55
Trade payables		125.36	(1.70)	123.66
Debt Securities	1 (b)	-	31,088.30	31,088.30
Borrowings (other than debts securities)	1 (b)	-	9,950.72	9,950.72
Deposits	1 (b)	-	11,339.75	11,339.75
Subordinated liabilities	1 (b)	-	1,397.93	1,397.93
Other financial liabilities		-	853.06	853.06
		56,993.17	**(2,201.20)**	**54,791.97**
Non-financial liabilities				
Long term provisions	10	399.79	(399.79)	-
Short term provisions	10	44.18	(44.18)	-
Provisions	5	-	18.69	18.69
Deferred tax liabilities (net)		57.66	(57.66)	-
Other non-financial liabilities		-	1,638.88	1,638.88
		501.63	**1,155.94**	**1,657.57**
Equity				
Equity share capital		166.59	-	166.59
Other equity	1(a),1(b),2,3,4 (a), 4(b),5, 6 ,7,8,9	6,140.19	261.57	6,401.76
Total equity		6,306.78	261.57	6,568.35
Total		**63,801.58**	**(783.69)**	**63,017.89**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Profit Reconciliation for the year ended March 31, 2018

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment impact	Ind AS
Revenue from operations				
Revenue from operations		5,516.39	(5,516.39)	-
Interest Income	1 (a), 4 (a)	-	5,005.67	5,005.67
Fees and commission Income	1 (a), 3	-	332.66	332.66
Net gain on derecognition of financial instruments under amortised cost category	3	-	116.22	116.22
Net gain on fair value changes	4(b)	-	33.51	33.51
Total revenue from operations		**5,516.39**	**(28.33)**	**5,488.06**
Other Income		0.56	0.07	0.63
Total income		**5,516.95**	**(28.26)**	**5,488.69**
Expenses				
Finance costs	1 (b)	3,530.80	5.76	3,536.56
Office operating expenses		101.20	(101.20)	-
Provisions and Contingencies		180.53	(180.53)	-
Bad debts written off		18.30	(18.30)	-
Impairment on financial instruments	2	-	276.57	276.57
Employee benefits expense	5,6	136.48	6.24	142.72
Fees and commission expense		-	84.74	84.74
Depreciation, amortisation and impairment		24.11	-	24.11
Other expenses		246.45	(57.04)	189.41
Total expenses		4,237.87	16.24	4,254.11
Profit before tax		**1,279.08**	**(44.50)**	**1,234.58**
Tax expense				
Current tax		437.71	(0.69)	437.02
Earlier years		(0.08)	0.08	-
Deferred tax	9	10.80	(55.38)	(44.58)
Profit for the year		**830.65**	**11.49**	**842.14**
Other Comprehensive (loss) / income				
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gain / (loss) on defined benefit plan	5	-	0.13	0.13
(ii) Income tax relating to items that will not be reclassified to profit or loss	9	-	(0.05)	(0.05)
Subtotal (A)		**-**	**0.08**	**0.08**
B (i) Items that will be reclassified to profit or loss				
Cash flow hedge	7	-	(3.76)	(3.76)
(ii) Income tax relating to items that will be reclassified to profit or loss	9	-	1.52	1.52
Subtotal (B)		**-**	**(2.24)**	**(2.24)**
Other comprehensive (loss) / income (A + B)		**-**	**(2.16)**	**(2.16)**
Total comprehensive income for the year		**830.65**	**9.33**	**839.98**

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Foot notes to the reconciliation of the equity as at April 01, 2017 and March 31, 2018 and profit and loss for the year ended March 31, 2018:

1. **EIR on loans and borrowings**
   a) Under Indian GAAP, transaction costs on origination of loan assets was recognised as an expense on straight line basis over the expected life of the loan assets and fees collected from the customer on origination of loan assets was recognised as an income on straight line basis over the expected life of the loan assets.

      Under Ind AS, transaction costs and fees from customers are included in the initial recognition amount of loan assets and recognised as interest income using the effective interest rate method.

      Consequently loan assets as at March 31, 2018 have increased by ₹199.97 crores and on the date of transition (i.e April 01, 2017) have increased by ₹138.56 crores. Interest income for the year ended March 31, 2018 have decreased by ₹0.14 crores and retained earnings on the date of transition (i.e April 01, 2017) have decreased by ₹18.52 crores.

   b) Under Indian GAAP, transaction costs incurred on borrowings was recognised as an expense on straight line basis over the life of the borrowings.

      Under Ind AS, transaction costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest rate method.

      Consequently, borrowings as at March 31, 2018 have decreased by ₹67.42 crores and on the date of transition (i.e April 01, 2017) have decreased by ₹60.02 crores and interest exepnse for the year ended March 31, 2018 have increased by ₹6.23 crores and retained earnings on the date of transition (i.e April 01, 2017) decreased by ₹8.94 crores.

2. **Expected Credit Loss on loans**
   Under Indian GAAP, the Company has created provision for loans based on the guidelines on prudential norms issued by National Housing Bank. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

   Consequently, loan assets as at March 31, 2018 have impaired by ₹432.32 crores and on the date of transition (i.e April 01, 2017) have impaired by ₹174.05 crores (including additional provision for unforeseen macro-economic factors).
   Impairment on financial instruments for the year ended March 31, 2018 have increased by ₹93.22 crores and on the date of transition (i.e April 01, 2017) decreased by ₹86.18 crores.

3. **Gain on derecognition of loans (assignment of loans)**
   Under Indian GAAP, interest spread and servicing fees on derecognition of the loans was recognised as an income during the contractual term of the derecognised loans.

   Under Ind AS, interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of loans.

   Consequently, other financial assets as at March 31, 2018 have increased by ₹220.17 crores and on the date of transition (i.e April 01, 2017) have increased by ₹141.60 crores.

   Gain on derecognition of loans for the year ended March 31, 2018 have increased by ₹116.22 crores.

   Fees and commission income for the year ended March 31, 2018 have decreased by ₹37.65 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹141.60 crores.

4. **Investments**
   a) Under Indian GAAP, the company accounted for long term investments in Central and State Government securities at cost less provision for diminution in the value of investments (other than temporary).

      Under Ind AS, these Investments are classified as amortised cost since these are to be held till maturity and the cash flows are solely payments of principal and interest only.

      Consequently Investments as at March 31, 2018 have increased by ₹3.12 crores and on the date of transition (i.e April 01, 2017) have increased by ₹1.82 crores.

      Interest income for the year ended March 31, 2018 have increased by ₹1.30 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹1.82 crores.

   b) Under Indian GAAP, the company accounted for short term investments in quoted bonds / debentures and mutual funds as investment measured at cost or market value whichever is less.

      Under Ind AS, the company has classified such investments as FVTPL investments and are measured at fair value.

      Consequently Investments as at March 31, 2018 have increased by ₹3.60 crores and on the date of transition (i.e April 01, 2017) have increased by ₹11.11 crores.

Notes to Standalone Financial Statements
for the year ended March 31, 2019

Net gain on fair value changes for the year ended March 31, 2018 have decreased by ₹7.51 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹11.11 crores.

5. **Defined benefit obligations**
Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, premeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus for the year ended March 31, 2018 the employee benefit cost is increased by ₹0.13 crores and premeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

6. **Share-based payments**
Under Indian GAAP, the Company recognised only the intrinsic value for the share based payments plans as an expense.

Under Ind AS, the fair value of the share options to be determined using an appropriate pricing model, recognised over the vesting period.

Consequently, share based expense to employees for the year ended March 31, 2018 have increased by ₹17.15 crores and retained earnings on the date of transition (i.e April 01, 2017) have decreased by ₹20.74 crores with the corrosponding adjustment to reserves as "share option outstanding account."

7. **Derivative Instruments (forward contracts / currency swaps / interest rate swaps)**
Under Indian GAAP, exchange differences arising on principal only swaps are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes.

Under Ind AS , derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied. The Company applies hedge accounting for derivative instruments.The effective portion of the cumulative gain or loss on the hedging instrument is recognised directly in other comprehensive income (OCI) and accumulated in a seperate component of equity as "cash flow hedge reserve."

8. **Other comprehensive income**
Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

9. **Deferred tax**
Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period.

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

10. **Reclassification of provision of standard / non-performing assets (NPA)**
Under Indian GAAP provision for non performing assets, standard assets and contingencies were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

Sr. No.	Particulars	Details / (₹ in crores)
1	Name of the subsidiary	PHFL Home Loans and Services Limited
2	Date since when subsidiary was acquired/ incorporated	August 22, 2017
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	From April 01, 2018 to March 31, 2019
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	₹
5	Share capital	0.25
6	Reserves and surplus	138.38
7	Total assets	190.00
8	Total Liabilities	51.37
9	Investments	103.45
10	Turnover	404.22
11	Profit before taxation	193.09
12	Provision for taxation	56.24
13	Profit after taxation	136.85
14	Proposed Dividend (including Dividend Distribution Tax)	Nil
15	Extent of shareholding (in percentage)	**100**

Notes: 1. Names of subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

Part B Associates and Joint Ventures

The Company has no associate company or joint venture.

For **and on behalf of the Board of Directors**

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: May 09, 2019

Independent Auditors' Report

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of PNB Housing Finance Limited ("the Holding Company"), and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2019, the consolidated statement of profit and loss (including consolidated other comprehensive income), consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and its consolidated profit, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	KEY AUDIT MATTER	OUR RESPONSE
1.	**Transition to Ind AS from Indian GAAP** The consolidated financial statements of the Company for the year ended March 31, 2019 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, 'First-Time Adoption of Indian Accounting Standards', with April 01, 2017 as the transition date and IGAAP as the previous GAAP. The transition to Ind AS has resulted in material changes in: • Classification and measurement of financial assets and financial liabilities • Measurement of loan losses (expected credit losses) • Accounting for loan related fees and costs • Accounting for employee stock option plan • Accounting for Derivative financial instruments	The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. Our audit procedures included: • Evaluating the accounting interpretations for compliance with Ind AS and testing the adjustments and disclosures made on transition. • The accounting policies (Refer Note 1.2) reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed. (Refer Note 47 for detailed note on First-Time Adoption of Ind AS) • Assessed that the areas of significant estimates and management judgment are in line with principles under Ind AS.
2.	**Impairment of loans** The Company reported total gross loans of ₹74,190.47 crore and ₹437.59 crore of expected credit loss provisions as on March 31, 2019 (Refer Note 6). Key judgements and estimates (Refer Note 2.20) in respect of the timing and measurement of expected credit losses (ECL) include: • Allocation of assets to stage 1, 2 or 3 using criteria in accordance with the Indian Accounting Standard 109; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL;	Our audit procedures included testing the design and operating effectiveness of key controls across the processes relevant to the ECL. These controls/ processes included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and disclosures and accounting thereof. The criteria used to allocate an asset to stage 1, 2 or 3 in accordance with Ind AS 109 was evaluated. Assets in stage 1, 2 or 3 were reviewed to verify that they were allocated to the appropriate stage.

- Completeness and accuracy of data used to calculate the ECL;
- Inputs and assumptions used to estimate the impact of multiple economic scenarios;
- Completeness and valuation of post model adjustments;
- Measurements of individually assessed provisions including the assessment of multiple scenarios; and
- Accuracy and adequacy of the financial statement disclosures

With the support of the team of modelling specialists employed by the Company to make the models, we tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default', 'Exposure at Default', historical loss rates used and the valuation of collateral.

To verify data quality, calculation of the data used in the ECL was tested by reconciling to source systems. To test credit monitoring, risk ratings were checked for a sample of performing loans.

Appropriateness of forecasted macroeconomic variables, such as GDP, Money supply and House Price Index were evaluated.

The completeness and appropriateness of post model adjustments was assessed.

The adequacy and appropriateness of disclosures for compliance with the Ind AS including disclosure of Ind AS 107 was evaluated.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, for example, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, Key Highlights etc., but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

The other information is expected to be made available to us after the date of this auditors' report. When we read this other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the Companies include in a Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, based on our audit 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 so far as it appears from our examination of those books.

    (c) The consolidated balance sheet, the consolidated statement of profit and loss (including consolidated other comprehensive income), consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS 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 March 31, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 Group and the operating effectiveness of such controls, refer to our separate report in Annexure 'I'.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated financial statements disclose the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 37(i) to the consolidated financial statements;

ii. The Group did not have any long term contracts including any derivative contracts for which there were any material foreseeable losses;

iii. The Holding Company has generally been regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund.

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

Annexure 'I' to the Independent Auditors' Report

(Referred to in Paragraph 1(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 Holding Company") and its Subsidiary as of March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Group are 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Holding Company and its Subsidiary, have, 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 March 31, 2019 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 and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

Consolidated Balance Sheet

as at March 31, 2019

(₹ in crores)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	4,033.96	2,816.95	65.88
Bank balance other than cash and cash equivalents	4	0.11	0.03	85.62
Trade receivables	5	38.88	0.33	8.01
Loans	6	74,287.88	57,164.80	38,734.68
Investments	7	4,560.67	2,412.95	3,323.57
Other financial assets	8	512.99	240.82	159.81
		83,434.49	**62,635.88**	**42,377.57**
Non-financial assets				
Current tax assets (net)	9	115.60	48.46	12.39
Deferred tax assets (net)	10	60.99	45.46	5.35
Investment property	11	0.56	0.57	0.58
Property, plant and equipment	12	78.34	58.41	47.18
Other intangible assets	13	24.21	17.14	10.63
Capital work-in-progress		3.81	8.23	2.02
Intangible assets under development		1.36	1.46	0.01
Other non-financial assets	14	18.52	20.16	6.95
Assets held for sale		131.11	178.70	154.99
		434.50	**378.59**	**240.10**
Total		**83,868.99**	**63,014.47**	**42,617.67**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Derivative financial instruments	15	210.80	38.55	40.89
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro and small enterprises		127.16	119.60	92.18
Debt securities	16	29,604.94	31,088.30	17,415.61
Borrowings (other than debt securities)	17	26,793.19	9,950.72	6,719.23
Deposits	18	14,023.04	11,339.75	9,788.04
Subordinated liabilities	19	1,437.68	1,397.93	1,397.80
Other financial liabilities	20	2,091.26	854.46	453.24
		74,288.07	**54,789.31**	**35,906.99**
Non-financial liabilities				
Provisions	21	25.26	18.74	10.26
Other non-financial liabilities	22	2,011.76	1,639.08	900.82
		2,037.02	**1,657.82**	**911.08**
Equity				
Equity share capital	23	167.47	166.59	165.64
Other equity		7,376.43	6,400.75	5,633.96
Equity attributable to equity holders of the parent		7,543.90	6,567.34	5,799.60
Non-controlling interest		-	-	-
Total equity		**7,543.90**	**6,567.34**	**5,799.60**
Total		**83,868.99**	**63,014.47**	**42,617.67**
Overview, principles of consolidation and significant accounting policies	1 & 2			

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

For and on behalf of the Board of Directors

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: May 09, 2019

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in crores)

Particulars	Note No.	Current Year	Previous Year
Revenue from operations			
Interest income	24	6,792.86	5,046.70
Fees and commission income	25	449.44	292.26
Net gain on derecognition of financial instruments under amortised cost category		308.09	116.22
Net gain on fair value changes	26	128.93	33.53
Total revenue from operations		**7,679.32**	**5,488.71**
Other income		3.90	0.63
Total income		**7,683.22**	**5,489.34**
Expenses			
Finance costs	27	5,166.37	3,536.56
Impairment on financial instruments	28	188.95	276.57
Employee benefits expense	29	303.88	144.14
Fees and commission expense		54.62	83.47
Depreciation, amortisation and impairment		31.37	24.13
Other expenses	30	203.64	189.89
Total expenses		**5,948.83**	**4,254.76**
Profit before tax		**1,734.39**	**1,234.58**
Tax expense/(credit)	31		
Current tax		503.48	437.87
Deferred tax		39.39	(44.44)
Profit for the year		**1,191.52**	**841.15**
Other comprehensive (loss)/income			
A (i) Items that will not be reclassified to profit or loss Remeasurement (loss) / gain on defined benefit plan		(1.06)	0.13
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.37	(0.05)
Subtotal (A)		(0.69)	0.08
B (i) Items that will be reclassified to profit or loss Cash flow hedge		(156.19)	(3.76)
(ii) Income tax relating to items that will be reclassified to profit or loss		54.55	1.52
Subtotal (B)		(101.64)	**(2.24)**
Other comprehensive (loss) / income (A + B)		**(102.33)**	**(2.16)**
Total comprehensive income for the year		**1,089.19**	**838.99**
Profit for the year, net of tax attributable to			
Owners of the parent		1,191.52	841.15
Non-controlling interest		-	-
Other comprehensive loss for the year, net of tax attributable to			
Owners of the parent		(102.33)	(2.16)
Non-controlling interest		-	-
Total comprehensive income for the year, net of tax attributable to			
Owners of the parent		1,089.19	838.99
Non-controlling interest		-	-
Earnings per equity share (Face value of ₹10/- each fully paid up)	32		
Basic (₹)		71.19	50.52
Diluted (₹)		70.76	49.94
Overview, principles of consolidation and significant accounting policies	1 & 2		

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: May 09, 2019

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

(₹ in crores)

Particular	Equity share	Other equity*						Total equity attributable to equity holders of the parent	Total non-controlling interest	Total equity
		Reserves and surplus					Other comprehensive income			
		Share premium reserve	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges			
Balance as at April 01, 2017	**165.64**	**3,932.42**	**334.76**	**40.84**	**20.74**	**1,339.63**	**(34.43)**	**5,633.96**	**-**	**5,799.60**
Equity shares issued during the year	0.95	30.97	-	-	-	-	-	30.97	-	31.92
Employee stock option exercised during the year (Refer note 23.8)	-	10.55	-	-	(10.55)	-	-	-	-	-
Transfer to special reserve#	-	-	150.00	-	-	(150.00)	-	-	-	-
Transfer to statutory reserve##	-	-	-	16.13	-	(16.13)	-	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	17.15	-	-	17.15	-	17.15
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(120.30)	-	(120.30)	-	(120.30)
Profit for the year	-	-	-	-	-	841.15	-	841.15	-	841.15
Fair value changes on derivatives	-	-	-	-	-	-	(2.24)	(2.24)	-	(2.24)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.08	-	0.08	-	0.08
Others	-	-	-	-	-	(0.02)	-	(0.02)	-	(0.02)
Balances as at March 31, 2018	**166.59**	**3,973.94**	**484.76**	**56.97**	**27.34**	**1,894.41**	**(36.67)**	**6,400.75**	**-**	**6,567.34**
Equity shares issued during the year	0.88	28.95	-	-	-	-	-	28.95	-	29.83
Employee stock option exercised during the year (Refer note 23.8)	-	9.86	-	-	(9.86)	-	-	-	-	-
Transfer to special reserve#	-	-	147.00	-	-	(147.00)	-	-	-	-
Transfer to statutory reserve##	-	-	-	70.00	-	(70.00)	-	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	39.25	-	-	39.25	-	39.25
Transfer on account of stock option lapsed/ expired	-	-	-	-	(0.62)	0.62	-	-	-	-
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(181.70)	-	(181.70)	-	(181.70)
Profit for the year	-	-	-	-	-	1,191.52	-	1,191.52	-	1,191.52
Fair value changes on derivatives	-	-	-	-	-	-	(101.64)	(101.64)	-	(101.64)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	(0.69)	-	(0.69)	-	(0.69)
Others	-	-	-	-	-	(0.01)	-	(0.01)	-	(0.01)
Balances as at March 31, 2019	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,687.15**	**(138.31)**	**7,376.43**	**-**	**7,543.90**

* Refer note 23.6 for nature and the purpose of reserves

#As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any special reserve created by the Company under section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹147.00 crores (Previous year ₹150.00 crores) to special reserve in terms of section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹70.00 crores (Previous year ₹16.13 crores) to statutory reserve u/s 29C of the National Housing Bank Act, 1987.

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date
For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Consolidated Statement of Cash Flow

for the year ended March 31, 2019

(Indirect Method)

(₹ in crores)

	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,734.39	1,234.58
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	31.37	24.13
Loss on sale of property, plant and equipment	0.12	0.17
Impairment on financial instruments	162.15	258.27
Impairment/ (reversal of impairment) on assets held for sale	(0.81)	8.73
Net loss on financial asset at fair value through profit or loss	(3.80)	(7.51)
Share based payment expense	39.25	17.15
Effective interest rate on loans and investments	(31.13)	(4.44)
Effective interest rate on borrowings	41.99	(97.10)
Net gain on derecognition of financial instruments under amortised cost category	268.61	78.57
Derivative impact of external commercial borrowings	16.05	(6.10)
Bad debts Written-off	26.80	18.30
	550.60	**290.17**
Operating profits before changes in working capital	**2,284.99**	**1,524.75**
Working Capital changes		
Trade payables	7.56	27.42
Provisions	6.18	8.48
Financial liabilities	1,236.80	401.22
Non-financial liabilities	371.86	744.60
Loans at amortised cost	(17,280.18)	(18,700.96)
Trade receivable	(38.55)	7.68
Other financial asset	(540.78)	(159.58)
Other non-financial asset	1.64	(13.21)
Investments (net)	(2,144.30)	916.84
Asset held for sale	48.40	(32.45)
Other bank balances	(0.08)	85.59
	(18,331.45)	**(16,714.37)**
Cash used in operations	**(16,046.46)**	**(15,189.62)**
Taxes paid (net of refunds)	(570.62)	(473.94)
Net cash used in operating activities	**(16,617.08)**	**(15,663.56)**
Cash flow from investing activities		
Purchase of property plant and equipment and other intangible assets	(58.67)	(42.10)
Capital work-in-progress and intangible assets under development (net)	4.52	(7.66)
Sale of property plant and equipment and other intangible assets	0.18	0.07
Net cash used in investing activities	**(53.97)**	**(49.69)**

Consolidated Statement of Cash Flow

for the year ended March 31, 2019

(₹ in crores)

	Current Year	Previous Year
Cash flow from financing activities		
Proceeds from borrowings		
Debt securities & subordinated liabilities	1,440.70	8,954.00
Borrowings from bank	24,338.50	5,371.36
Deposits (net)	2,675.64	1,540.34
Commercial paper	33,575.00	26,600.00
Repayment of borrowings		
Commercial paper	(36,025.00)	(20,570.00)
Debt securities & subordinated liabilities	(530.00)	(1,200.00)
Borrowings from bank	(7,434.91)	(2,143.00)
Proceeds from issue of share capital	0.88	0.95
Share premium received	28.95	30.97
Dividend paid (including dividend distribution tax)	(181.70)	(120.30)
Net cash from financing activities	**17,888.06**	**18,464.32**
Net changes in cash and cash equivalents	**1,217.01**	**2,751.07**
Cash and cash equivalents at the beginning of the year	2,816.95	65.88
Cash and cash equivalents at the end the of the year	4,033.96	2,816.95
Net increase of cash and cash equivalents during the year	**1,217.01**	**2,751.07**

Note : Figures in bracket denotes application of cash

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

1. OVERVIEW AND PRINCIPLES OF CONSOLIDATION

1.1. Overview

PNB Housing Finance Limited ('PNBHFL'), 'the Company' was incorporated on November 11, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. The Company is listed on BSE Limited and the National Stock Exchange of India Limited. The Company's registered office is at 9th floor, Antriksh Bhawan, 22, K.G.Marg, New Delhi -110001.

These consolidated financial statement are approved and adopted by the Board of Directors of the Company in their meeting held on May 9, 2019.

1.2. Basis of preparation / Statement of compliance

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial assets held for trading, all of which have been measured at fair value.

The consolidated financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the National Housing Bank Act, 1987 and the Housing Finance Companies Directions, 2010 as amended from time to time.

The consolidated financial statements are prepared in accordance with provision contained in section 129 of the Companies Act 2013, read with Division III of Schedule III.

The consolidated financial statements relate to the Company and its wholly owned subsidiary Company (herewith referred to as "Company") incorporated in India.

For all periods up to and including the year ended March 31, 2018, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended March 31, 2019 are the first the Company has prepared in accordance with Ind AS.

The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crore, except when otherwise indicated.

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note no. 43.

Principles and methods considered for the first time adoption of Ind AS are explained in the note no. 47.

1.3. Principles of consolidation

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statement of the Company and its subsidiary are consolidated on line-by-line basis, by combining the like items of assets, liabilities, income, expense and cash flow after as far as possible eliminating the intra company balances and transactions resulting in unrealised profits or losses.

The financial statements of all Companies used for the purpose of consolidation are drawn up to same reporting date as that of the holding Company. (i.e. year ended and as at March 31).

The subsidiary considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership*	Country of incorporation	Date of incorporation	Principal activities
PHFL Home Loans and Services Limited	100%	India	August 22, 2017	Professional, consultancy and advisory services

*Including nominee shareholders

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) **Business model assessment**
Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of the assets.

b) **Fair value of financial instruments**
The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c) **Effective Interest Rate (EIR) method**
EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

d) **Impairment of financial asset**
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

e) **Provisions and other contingent liabilities**
The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above.

2.3 Revenue recognition

a) **Interest and related income**
Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

applying the effective interest rate on net amount and restricting to the extent of the fair valuation of underlying asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at Fair value through profit or loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

b) **Dividend income**
Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

c) **Profit on derecognition of financial assets**
When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety, then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

d) **Other income**
Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) **PPE**
PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

b) **Intangible assets**
Intangible assets acquired separately are measured on initial recognition at cost and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

2.5 Depreciation and Amortisation

a) **Depreciation**
Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively. Leasehold improvements are amortised over the period of five years.

All fixed assets individually costing ₹5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is put to use. Depreciation on sale / derecognition of fixed assets is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) **Amortisation**
Intangible assets are amortised over a period of five years on straight line basis, except website development costs which are amortised over a period of three years from the date when the assets are available for use.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

2.6 Investment property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Part C of Schedule II of the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.7 Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss except for differences arising on cash flow hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

2.8 Operating leases

Company as a Lessee - Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognised as per terms of the lease agreement in the statement of profit and loss.

Company as a Lessor - Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. The Company has ascertained that the payments by the lessee are structured to increase in line with expected general inflation to compensate for the Company's (lessor's) expected inflationary cost increases and therefore, the lease income is recognised as per terms of the lease agreement in the statement of profit and loss.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.11 Contingent liabilities and assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

a) Contingent liability is disclosed in case of –

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

b) Contingent assets are not recognised in the financial statements.

2.12 Employee benefits

a) **Retirement and other employee benefits**

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to reduction in future payment or a cash refund.

Defined Benefit Plan

The Company has defined benefit plans as compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

b) **Short term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences, which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- In case of non-accumulating compensated absences, when the absences occur

c) **Share based payments**

The Company operates a number of Employee Stock Option Scheme ('the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. These equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account) . The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

2.13 Taxes
Tax expense comprises current and deferred tax.

a) Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow, all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

2.14 Earnings per share
Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

- **Initial recognition and measurement**
  Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

- **Classification and subsequent measurement**
  For purposes of subsequent measurement, financial assets are classified in three categories:

  - Financial asset at amortised cost
  - Financial asset (debt instruments) at FVTOCI
  - Financial asset at FVTPL

  Financial asset at amortised costs
  Financial asset is measured at the amortised cost if both the following conditions are met:

  i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees / costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets (debt instruments) at FVOCI
Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii) The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL
Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

b) Financial liabilities
Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees , commission / brokerage and ancillary costs incurred in relation to the financial liability .The EIR amortisation is included in interest expense in the statement of profit and loss.

2.16 Derivative financial instruments
A derivative is a financial instrument or other contract with all three of the following characteristics

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

2.17 Hedge accounting
The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for as Cash flow hedges.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.19 Derecognition of financial assets and liabilities

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash and cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are

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substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

2.20 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit loss for all loans, other debts financial assets not held at FVTPL together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

Definition of default: Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. National Housing Bank defines NPA in its Paragraph 2 sub-paragraph (1), clause (v) in its Housing Finance Companies (NHB) Directions, 2010 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

The mechanics and key inputs for computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired & for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance based on the expectation of default.
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having Significant Increase in Credit Risk ("SICR") since initial recognition (origination of facilities) are classified under (if not impaired) stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	DPD 90+	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses 90+ DPD as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components of Expected Credit Loss are:

- **Probability of Default (PD)**

Probability of default (PD) is one of the three risk components needed to estimate ECL under Ind AS 109. PD is defined as the probability that a borrower will be unable to meet his/her debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

The Company uses 12-month PD for stage 1 borrowers and lifetime PD for stage 2 and Stage 3 assets.

- **Loss Given Default (LGD)**

The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral. It is expressed as a percentage of EAD.

- **Exposure at Default (EAD)**

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail loans	Multinomial logistic regression	Workout Method
Corporate loans	Pluto-Tasche	FIRB + Asset coverage based

Broadly, the Company has grouped the portfolio into retail and corporate categories. ECL computation is based on collective approach. Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

The retail portfolio is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Previous years(s) portfolio behavior of homogeneous pool is considered for PD estimation.

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The company has identified various parameters to trigger SICR, which are described in the SICR section.

Loss Given Default
The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last 4 years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/ expected recoveries, depending on resolution strategies already materialised or in the process. Further, LGD pools have been aligned with the PD pools.

Exposure at Default
EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Corporate loans
Probability of Default
Historically, the Company has observed low instance of default for the corporate portfolio. For nil default portfolio, the Company has floored the PD at the minimum required level and for low default portfolio, statistical technique of Pluto-Tasche methodology, using latest external rating as available as cohort, has used to arrive at PDs. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

The Company has identified various parameters to trigger SICR which are described in the SICR section.

Loss Given Default
Given a very low instance of loss experience, the Company has referred Foundation internal rating based (FIRB) estimates. Further, the Company has applied business logic based on security coverage ratio to normalise the LGD estimates. A cut-off based on the skewness of the density plot of security coverage ratio was calculated.

Exposure at Default
EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Significant increase in credit risk (SICR)
The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans
Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is those stage 1 loan assets where underlying property is under construction and construction progress in last one year is slow.

Corporate Loans
The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward looking information
Ind AS 109 requires entities to model their ECL and apply forward-looking macroeconomic scenarios taking into consideration possibility of stressed and favourable economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL we have considered several macroeconomic variables such as growth rates of GDP, Housing Price Index (HPI) inflation, money supply, Private Final Consumption Expenditure (PFCE), interest rates among others.

The forward-looking scenario-based PDs were computed based on the selected macroeconomic variables for different portfolios. The list of macroeconomic variables was narrowed down using expert judgement based on business logic. The statistical significance of these variables was checked to finalise variables for each portfolio. List of macroeconomic variables as finalised are given below:

Macro parameter
GDP (Lag 1)
Money Supply (Lag 2)
HPI (Lag 1 and Lag 2)
WPI
CPI (Lag 1)

The macroeconomic variables with up to two-time lags were regressed against 20 quarter historic default rates of the portfolios. A Quasi-Binomial with logit regression was used to establish the relationships between default rates and macroeconomic variables.

Worst, Base, Mild and Best scenarios were created for all the portfolios and default rates were estimated for all the four scenarios. The differential default rates between the Base scenario and the Best, Worst and Mild scenarios were created/built to compute the shock factors. These shock factors were then added to the base Residual maturity probability of default (RMPD)

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term structure which was arrived using the Kaplan Meier technique, thereby creating four different RMPD term structures for the four scenarios. By this method, RMPD is a combination of the exogenous and the endogenous variables and hence PD value will constitute both idiosyncratic risk of the portfolio as well as the influence of macroeconomic risk factors. For the purpose of finding likelihood (probability weights) of different scenarios, the frequency of each of the scenarios was ascertained. ECL for all portfolios is computed for these different scenarios and a probability weighted ECL is computed using the likelihood (weights) as calculated.

2.21 ECL on financial guarantee contracts
ECL on financial guarantee contracts has been computed basis the methodologies defined under note no 2.20.

2.22 Write offs
The company undertakes write off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of senior officials of the Company. For LGD computation, the Company considers contractual amount written off i.e. principal as well as interest overdue.

2.23 Collateral
The Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody & settlement and free from all encumbrances in the relevant jurisdictions and complied with local by laws. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

On case-to-case basis, the Company may ask for additional security, which may be in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

2.24 Dividend
The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

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

2.26 Share Issue Expenses
Share issue expenses, net of tax, are adjusted against the securities premium account, as permissible under section 52(2) of the Companies Act. 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.

2.27 Assets held for sale
Assets acquired by the company under SARFASI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Company is committed to sell these asset and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.28 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and make strategic decisions.

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3. CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balances with banks in current accounts	3,519.40	2816.14	51.96
Cheques-on-hand	-	-	13.26
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	513.27	-	-
Cash on hand	1.27	0.76	0.63
Stamps on hand	0.02	0.05	0.03
	4,033.96	**2,816.95**	**65.88**

Note: 3.1: Short-term deposits earn interest at the respective short-term deposit rates.

Note: 3.2: Cash and cash equivalents for cash flow statement is including bank overdraft.

4. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Bank Deposits (More than 3 months & upto 12 months) (Refer Note 4.1)	-	-	85.62
Earmarked balances with bank (Refer Note 4.2)	0.11	0.03	-
	0.11	**0.03**	**85.62**

Note: 4.1: Short-term deposits earn interest at the respective short-term deposit rates.

Note: 4.2: Earmarked balances with bank include unclaimed dividend.

5. RECEIVABLES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade receivables			
Unsecured considered good (Refer note 5.1)	38.88	0.33	8.01
Receivables – credit impaired	-	-	-
	38.88	0.33	8.01
Provision for impairment			
Unsecured considered good	-	-	-
Receivables – credit impaired	-	-	-
	-	-	-
Other receivables	-	-	-
	38.88	**0.33**	**8.01**

Note: 5.1: No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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6. LOANS (AT AMORTISED COST)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Term Loans	74,882.01	57,597.12	38,908.73
Total	74,882.01	57,597.12	38,908.73
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,287.88**	**57,164.80**	**38,734.68**
Secured by tangible assets	74,882.01	57,597.12	38,908.73
Total	74,882.01	57,597.12	38,908.73
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,287.88**	**57,164.80**	**38,734.68**
Public Sector	-	-	-
Others	74,882.01	57,597.12	38,908.73
Total	74,882.01	57,597.12	38,908.73
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,287.88**	**57,164.80**	**38,734.68**

Note: 6.1: Loans - Staging analysis

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Retail loans*	54,508.64	1,303.44	325.00	56,137.08	43,985.05	673.19	165.66	44,823.90	30,932.59	461.09	85.77	31,479.45
Total	**54,508.64**	**1,303.44**	**325.00**	**56,137.08**	**43,985.05**	**673.19**	**165.66**	**44,823.90**	**30,932.59**	**461.09**	**85.77**	**31,479.45**

As on March 31, 2018, the Company had loan assets of ₹44,823.90 crores of which 98.13% were in stage 1, 1.50% were in stage 2 and 0.37% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 11.42% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 15.56% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 12.02% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

As on April 01, 2017, the Company had loan assets of ₹31,479.45 crores of which 98.26% were in stage 1, 1.47% were in stage 2 and 0.27% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 16.58% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 14.62% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

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c) Movement of Stage 3:

i) 26.84% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans*	16,903.67	1,119.85	29.87	18,053.39	11,940.28	293.64	20.44	12,254.36	7,029.26	56.33	-	7,085.59
Total	**16,903.67**	**1,119.85**	**29.87**	**18,053.39**	**11,940.28**	**293.64**	**20.44**	**12,254.36**	**7,029.26**	**56.33**	**-**	**7,085.59**

As on March 31, 2018, the Company had loan assets of ₹12,254.36 crores of which 97.44% were in stage 1, 2.39% were in stage 2 and 0.17% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 19.46% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 50.78% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 100% of loan assets moved out of books by year end

As on April 01, 2017, the Company had loan assets of ₹7,085.59 crores of which 99.21% were in stage 1, 0.79% were in stage 2 and 0.00% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 26.80% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 0.00% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

* Loans represents principal outstanding (including principal overdue) as on the date of reporting.

Note: 6.2: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail loans	27.89	52.57	64.48	144.94	13.20	31.98	44.19	89.37	16.63	11.17	26.52	54.32
Total	**27.89**	**52.57**	**64.48**	**144.94**	**13.20**	**31.98**	**44.19**	**89.37**	**16.63**	**11.17**	**26.52**	**54.32**

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ECL movement as on March 31, 2018 and March 31, 2019

a) The loan assets in stage 2 were 2.32% as on March 31, 2019 as against 1.50% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹370 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.66%.

b) Despite the applicability of SICR, the improvement in stage 2 ECL % POS is attributed to low forward flows from stage 2 to stage 3 for the Company's non-housing portfolio. In addition, lower loan to value ratios for non-housing loan have resulted in improved LGDs.

c) Overall ECL % POS have increased by 26 bps but stage 3 ECL as % POS have reduced because of improvement in trend of resolution of stage 3 assets and applicability of behaviour LGDs.

ECL movement as on March 31, 2017 and March 31, 2018

a) Despite the increase in stage 1 loan assets, the ECL as % POS gets reduced by 2 bps. This decrease in ECL % is attributed to improved performance and resolution of non-housing loans which resulted in lower probability of default.

b) ECL as % POS for stage 2 portfolio increased as there was higher transition due to vintage impact of portfolio and relatively lower percentage of roll backs.

c) Dynamism of portfolio behaviour and model validation exercise have also resulted in improved predictability.

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Particulars	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate loans	112.45	170.34	9.86	292.65	173.35	15.36	8.70	197.41	34.20	2.49	-	36.69
Total	**112.45**	**170.34**	**9.86**	**292.65**	**173.35**	**15.36**	**8.70**	**197.41**	**34.20**	**2.49**	**-**	**36.69**

ECL movement as on March 31, 2018 and March 31, 2019

a) Despite the growth in loan book, stage 1 ECL % of POS reduced from 1.45% to 0.67%. This is attributed to application of SICR and movement of frequent delinquent accounts from stage 1 to stage 2.

b) The loan assets in stage 2 were 6.20% as on March 31, 2019 as against 2.40% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹845 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 5.23% to 15.22%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.52% as against 2.40% as on March 31, 2018.

d) The Company's stage 3 asset ratio remains consistent. However, ECL as % POS has reduced due to higher asset coverage ratio, hence, higher expected recovery from defaulted assets.

ECL movement as on March 31, 2017 and March 31, 2018

a) In FY 2016-17 and FY 2017-18, the economy had disruptive but far reaching positive impact measures of GST, RERA and demonetisation which slowed the growth engine temporarily and adversely impacted the real estate market. During the FY 2017-18, our corporate finance book also registered increase in early bucket delinquencies i.e. DPD of 1 to 30 days over dues and subsequent forward flows to higher stages of loan assets were also increased. Due to higher flows, stage 1 and stage 2 ECL as % POS has increased.

b) Despite the higher forward flows to stage 2, the Company, through its collective efforts and robust monitoring mechanism, was able to hold stage 3 assets at 0.17% as on March 31, 2018. For this, the Company provided provision coverage at 43%.

Given the current state of affairs in real estate industry, transitionary phase of small and medium scale business due to GST and demonetisation, macro economic factors like interest rates etc. the Company is maintaining an additional provision for unforeseen macro-economic factors of ₹156.54 crores (March 31, 2018 ₹145.54 crores and April 01, 2017 ₹83.04 crores).

[#]Refer note no. 2.20 and 44.1

Notes to Consolidated Financial Statements
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Note: 6.3: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

i) Equitable / Simple / English Mortgage of immovable property;

ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;

iii) Demand Promissory Note;

iv) Post Dated Cheques towards the repayment of the debt;

v) Personal / Corporate Guarantees;

vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account , fixed deposit, current and escrow accounts;

vii) Undertaking to create a security;

viii) Letter of comfort.

7. INVESTMENTS

(₹ in crores)

Particulars	As at March 31, 2019		
	Amortised cost	At fair value through profit or loss	Total
Investments in India (a)			
Mutual funds	-	103.49	103.49
Government securities	1,386.07	-	1,386.07
Debt securities	-	166.73	166.73
Certificate of deposits	-	2,904.38	2,904.38
Total	**1,386.07**	**3,174.60**	**4,560.67**
Investments outside India (b)	-	-	-
Total (a+b)	**1,386.07**	**3,174.60**	**4,560.67**
Less: Allowance for impairment loss (c)	-	-	-
Total net (a+b-c)	**1,386.07**	**3,174.60**	**4,560.67**

(₹ in crores)

Particulars	As at March 31, 2018		
	Amortised cost	At fair value through profit or loss	Total
Investments in India (a)			
Mutual funds	-	440.57	440.57
Government securities	1,182.72	-	1,182.72
Debt securities	-	408.69	408.69
Commercial papers	-	193.87	193.87
Certificate of deposits	-	187.10	187.10
Total	**1,182.72**	**1,230.23**	**2,412.95**
Investments outside India (b)	-	-	-
Total (a+b)	**1,182.72**	**1,230.23**	**2,412.95**
Less: Allowance for impairment loss (c)	-	-	-
Total net (a+b-c)	**1,182.72**	**1,230.23**	**2,412.95**

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(₹ in crores)

Particulars	As at April 01, 2017		
	Amortised cost	At fair value through profit or loss	Total
Investments in India (a)			
Mutual funds	-	890.26	890.26
Government securities	978.13	-	978.13
Debt securities	-	1,224.45	1,224.45
Commercial papers	-	230.73	230.73
Total	**978.13**	**2,345.44**	**3,323.57**
Investments outside India (b)	-	-	-
Total (a+b)	**978.13**	**2,345.44**	**3,323.57**
Less: Allowance for impairment loss (c)	-	-	-
Total net (a+b-c)	**978.13**	**2,345.44**	**3,323.57**

8. OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Receivables on assignment of loan (Refer note 8.1)	492.99	224.01	147.15
Other receivables	1.25	0.32	-
Security deposit	18.75	16.49	12.66
Total	**512.99**	**240.82**	**159.81**

Note: 8.1: During the year ended March 31, 2019, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, the de-recognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crores)

Loans and advances measured at amortised cost	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Carrying amount of derecognised financial assets	10,699.00	5,238.00	2,960.00

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial asset.

9. CURRENT TAX ASSETS (NET)

(₹ in crores)

Particulars	
As at April 01, 2017	**12.39**
Advance tax (including TDS)	473.94
Current tax liability	(437.95)
Current tax related to earlier years	0.08
As at March 31, 2018	**48.46**
Advance tax (including TDS)	570.62
Current tax liability	(508.64)
Current tax related to earlier years	5.16
As at March 31, 2019	**115.60**

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for the year ended March 31, 2019

10. DEFERRED TAX ASSETS (NET)

As at March 31, 2019

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	6.21	-	3.38	-
Provision for employee benefits	22.04	-	15.56	-
Impairment allowance for financial assets	196.86	-	38.75	-
Derivative instruments in cash flow hedge	74.29	-	-	54.55
Expenses paid in advance (net of income received in advance)	-	75.31	(13.77)	-
Interest spread on assigned loans	-	170.36	(93.86)	-
Fair valuation of financial instruments held for trading	-	0.30	0.92	-
Remeasurement gain/(loss) on defined benefit plan	0.32	-	-	0.37
Others temporary differences	7.24	-	9.63	-
Total	**306.96**	**245.97**	**(39.39)**	**54.92**

As at March 31, 2018

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	2.83	-	2.86	-
Provision for employee benefits	6.48	-	2.93	-
Impairment allowance for financial assets	158.11	-	92.76	-
Derivative instruments in cash flow hedge	19.74	-	-	1.52
Expenses paid in advance (net of income received in advance)	-	61.54	(19.28)	-
Interest spread on assigned loans	-	76.50	(27.49)	-
Fair valuation of financial instruments held for trading	-	1.22	2.63	-
Remeasurement gain/(loss) on defined benefit plan	-	0.05	-	(0.05)
Others temporary differences	9.74	12.13	(9.97)	-
Total	**196.90**	**151.44**	**44.44**	**1.47**

As at April 01, 2017

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on property, plant and equipment and amortisation of Other Intangible asset	-	0.03
Provision for employee benefits	3.55	-
Impairment allowance for financial assets	65.35	-
Derivative instruments in cash flow hedge	18.22	-
Expenses paid in advance (net of income received in advance)	-	42.26
Interest spread on assigned loans	-	49.01
Fair valuation of financial instruments held for trading	-	3.85
Others temporary differences	20.72	7.34
Total	**107.84**	**102.49**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

11. INVESTMENT PROPERTY

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.58	-	-	0.58	0.01	0.01	-	0.02	0.56	0.57
Total	**0.58**	**-**	**-**	**0.58**	**0.01**	**0.01**	**-**	**0.02**	**0.56**	**0.57**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Buildings*	0.58	-	-	0.58	-	0.01	-	0.01	0.57	0.58
Total	**0.58**	**-**	**-**	**0.58**	**-**	**0.01**	**-**	**0.01**	**0.57**	**0.58**

*Refer note 16.1 (a)

Note: 11.1: Amount recognised in statement of profit and loss for investment properties are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Rental Income	0.11	0.05
Profit from investment properties before depreciation	0.11	0.05
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.10**	**0.04**

Note: 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum lease payments receivable under non-cancellable leases of investment properties are as follows:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Within one year	0.11	0.05	-
Later than one year but not later than five year	0.14	0.25	-
Later than five years	-	-	-

Note: 11.3: The Company obtains independent valuations for its investment properties by a specialist in valuing these type of investment property. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Investment properties	5.88	5.93	6.03

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

12. PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.27	-	-	0.27	0.01	0.01	-	0.02	0.25	0.26
Furniture & Fixtures	17.94	5.04	0.26	22.72	3.04	3.08	0.23	5.89	16.83	14.90
Vehicles	0.10	-	0.00	0.10	0.01	0.01	0.00	0.02	0.08	0.09
Computers	15.54	8.33	0.40	23.47	4.92	5.19	0.34	9.77	13.70	10.62
Office Equipment & Others	16.74	11.87	0.94	27.67	3.85	5.62	0.84	8.63	19.04	12.89
Leasehold Improvements	26.90	18.92	0.40	45.42	7.25	10.01	0.28	16.98	28.44	19.65
Total	**77.49**	**44.16**	**2.00**	**119.65**	**19.08**	**23.92**	**1.69**	**41.31**	**78.34**	**58.41**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Buildings*	0.27	-	-	0.27	-	0.01	-	0.01	0.26	0.27
Furniture & Fixtures	11.73	6.71	0.50	17.94	-	3.31	0.27	3.04	14.90	11.73
Vehicles	0.10	-	-	0.10	-	0.01	-	0.01	0.09	0.10
Computers	7.54	8.00	-	15.54	-	4.92	-	4.92	10.62	7.54
Office Equipment & Others	10.44	6.57	0.27	16.74	-	4.11	0.26	3.85	12.89	10.44
Leasehold Improvements	17.10	9.81	0.01	26.90	-	7.26	0.01	7.25	19.65	17.10
Total	**47.18**	**31.09**	**0.78**	**77.49**	**-**	**19.62**	**0.54**	**19.08**	**58.41**	**47.18**

*Refer note 16.1(a)

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

13. OTHER INTANGIBLE ASSETS

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	21.64	14.51	-	36.15	4.50	7.44	-	11.94	24.21	17.14
Total	**21.64**	**14.51**	**-**	**36.15**	**4.50**	**7.44**	**-**	**11.94**	**24.21**	**17.14**

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Software	10.63	11.01	-	21.64	-	4.50	-	4.50	17.14	10.63
Total	**10.63**	**11.01**	**-**	**21.64**	**-**	**4.50**	**-**	**4.50**	**17.14**	**10.63**

14. OTHER NON FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	2.61	1.35	1.33
Statutory receivables (net)	10.89	2.17	1.24
Advances recoverable in cash or kind	5.02	16.64	4.38
Total	**18.52**	**20.16**	**6.95**

15. DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:									
Spot forwards	375.89	-	27.00	-	-	-	-	-	-
Currency swaps	5,345.99	1.81	100.00	1,526.66	26.26	64.81	1,604.13	20.16	61.05
(i)	**5,721.88**	**1.81**	**127.00**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**
Interest rate derivatives:									
Forward rate agreements and interest rate swaps	3,216.47	-	85.61	-	-	-	-	-	-
(ii)	**3,216.47**	**-**	**85.61**	**-**	**-**	**-**	**-**	**-**	**-**
Total derivative financial instruments (i)+(ii)	**8,938.35**	**1.81**	**212.61**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Included in above are derivatives held for hedging and risk management purposes as follows:									
Cash flow hedging:									
Currency derivatives	5,721.88	1.81	127.00	1,526.66	26.26	64.81	1,604.13	20.16	61.05
Interest rate derivatives	3,216.47	-	85.61	-	-	-	-	-	-
Total derivative financial instruments	**8,938.35**	**1.81**	**212.61**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**

* Refer note no. 17.3, 40 and 44.2

16. DEBT SECURITIES

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured												
Redeemable non convertible debentures	21,750.93	-	-	21,750.93	20,877.08	-	-	20,877.08	13,162.05	-	-	13,162.05
Unsecured												
Commercial papers	7,854.01	-	-	7,854.01	10,211.22	-	-	10,211.22	4,253.56	-	-	4,253.56
Total	**29,604.94**	-	-	**29,604.94**	**31,088.30**	-	-	**31,088.30**	**17,415.61**	-	-	**17,415.61**
Debt securities in India	29,604.94	-	-	29,604.94	31,088.30	-	-	31,088.30	17,415.61	-	-	17,415.61
Debt securities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**29,604.94**	-	-	**29,604.94**	**31,088.30**	-	-	**31,088.30**	**17,415.61**	-	-	**17,415.61**

Note:16.1: Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, all the redeemable non-convertible debentures are also secured by mortgage of buildings of ₹0.77 crores (Refer Note 11 & 12).

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest												
7.01% - 8.00%	3,870.00	5,570.00	700.00	-	200.00	8,870.00	1,270.00	-	-	800.00	1,275.00	-
8.01% - 9.00%	3,813.00	5,369.00	1,155.00	-	-	5,683.00	2,653.00	600.00	300.00	2,783.00	4,664.00	800.00
9.01% - 10.00%	30.00	460.00	830.00	-	330.00	60.00	960.00	300.00	900.00	360.00	460.00	830.00
	7,713.00	**11,399.00**	**2,685.00**	-	**530.00**	**14,613.00**	**4,883.00**	**900.00**	**1,200.00**	**3,943.00**	**6,399.00**	**1,630.00**

Note: 16.2:
The rate of interest and amount of repayment appearing in note 16.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

17. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured												
Term loans												
National housing bank	7,021.58	-	-	7,021.58	3,891.97	-	-	3,891.97	2,748.40	-	-	2,748.40
Banks	11,212.81	-	-	11,212.81	2,052.18	-	-	2,052.18	221.85	-	-	221.85
External commercial borrowing	2,868.78	-	-	2,868.78	1,461.14	-	-	1,461.14	1,502.00	-	-	1,502.00
Bank overdraft	2,417.88	-	-	2,417.88	1,495.43	-	-	1,495.43	1,856.98	-	-	1,856.98
Loans from related party	3,272.14	-	-	3,272.14	1,050.00	-	-	1,050.00	390.00	-	-	390.00
Total	**26,793.19**	-	-	**26,793.19**	**9,950.72**	-	-	**9,950.72**	**6,719.23**	-	-	**6,719.23**
Borrowings in India	22,135.56	-	-	22,135.56	8,489.58	-	-	8,489.58	5,217.23	-	-	5,217.23
Borrowings outside India	4,657.63	-	-	4,657.63	1,461.14	-	-	1,461.14	1,502.00	-	-	1,502.00
Total	**26,793.19**	-	-	**26,793.19**	**9,950.72**	-	-	**9,950.72**	**6,719.23**	-	-	**6,719.23**

Note: 17.1: Refinance from National Housing Bank (NHB):

a) Nature of security

During FY19, the Company has availed refinance facility aggregating to ₹3,500 crores from NHB under various schemes. All the present and outstanding refinance from NHB are secured by hypothecation of specific loans/ book debts against which refinance has been availed.

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	132.45	353.20	353.20	311.15	-	-	-	-	-	-	-	-
6.01% - 8.00%	-	-	-	-	153.77	400.82	399.59	718.96	53.55	124.68	116.23	368.24
8.01% - 10.00%	644.68	1,303.03	1,215.63	2,708.24	215.12	573.64	557.16	872.91	213.79	551.85	549.10	770.96
	777.13	**1,656.23**	**1,568.83**	**3,019.39**	**368.89**	**974.46**	**956.75**	**1,591.87**	**267.34**	**676.53**	**665.33**	**1,139.20**

Notes to Consolidated Financial Statements
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Note 17.2: Term loan from Banks:

a) Nature of security

i) Term loan from Punjab National Bank (related party) are secured by hypothecation of specific book debts and negative lien on assets created out of finance availed from Punjab National Bank.

ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.25 times of outstanding amount.

b) Terms of repayment

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:												
7.00% - 9.00%	800.00	558.29	125.00	-	650.00	50.00	350.00	-	-	-	-	-
9.01% - 11.00%	-	-	-	-	-	-	-	-	240.00	150.00		
from others:												
7.00% - 9.00%	4,087.20	5,181.51	919.34	-	750.92	1,051.26	250.00	-	149.68	-	-	-
9.01% - 11.00%	558.33	466.43	-	-	-	-	-	-	72.17	-	-	-
	5,445.53	**6,206.23**	**1,044.34**	**-**	**1,400.92**	**1,101.26**	**600.00**	**-**	**461.85**	**150.00**	**-**	**-**

Note: 17.3: External commercial borrowing:

a) Nature of security

i) Pursuant to the Reserve bank of India (RBI) circular dated 27th April 2018, whereby RBI allowed Housing finance companies (HFC) to borrow through External commercial borrowings (ECB) under the “Automatic Route”, the company during FY19 has raised ECB of USD 465 million from various lenders under automatic route. Earlier the company has availed ECB of USD 150 million in FY17 and USD 100 million in FY15 for financing eligible housing units under “approval route” in terms of the erstwhile RBI guidelines. All the ECB borrowings are secured against eligible housing loans/book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.

ii) The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

iii) As at March 31, 2019, the company has outstanding foreign currency borrowings of USD 683.13 million (March 31, 2018 USD 225.62 million and March 31, 2017 USD 233.13 million). The Company has undertaken principal only swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

Notes to Consolidated Financial Statements
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b) **Terms of repayment**

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:												
USD LIBOR + 120 - 200 bps	-	-	1,833.04	-	-	-	-	-	-	-	-	-
from others:												
USD LIBOR + 120 - 200 bps	743.59	204.92	1,943.72	-	50.09	788.19	450.81	178.47	50.09	744.19	192.08	525.19
	743.59	**204.92**	**3,776.76**	-	**50.09**	**788.19**	**450.81**	**178.47**	**50.09**	**744.19**	**192.08**	**525.19**

Note 17.4: Bank overdraft:

a) **Nature of security**

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.2 times of outstanding amount.

b) **Terms of Repayment**

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
8.00% - 9.85%	2,417.88	-	-	-	1495.43	-	-	-	1856.98	-	-	-

Note : 17.5:

The rate of interest and amount of repayment appearing in note 17.1(b), 17.2(b) and 17.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate)

18. DEPOSITS*

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
From public	11,781.99	-	-	11,781.99	9,131.11	-	-	9,131.11	8,527.86	-	-	8,527.86
From banks	528.94	-	-	528.94	487.84	-	-	487.84	330.87	-	-	330.87
From others	1,712.11	-	-	1,712.11	1,720.80	-	-	1,720.80	929.31	-	-	929.31
Total	**14,023.04**	-	-	**14,023.04**	**11,339.75**	-	-	**11,339.75**	**9,788.04**	-	-	**9,788.04**

* Refer note 34.26

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

19. SUBORDINATED LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019 Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	As at March 31, 2018 Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	As at April 01, 2017 Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured												
Redeemable non convertible debentures	1,437.68	-	-	1,437.68	1,397.93	-	-	1,397.93	1,397.80	-	-	1,397.80
Total	**1,437.68**	**-**	**-**	**1,437.68**	**1,397.93**	**-**	**-**	**1,397.93**	**1,397.80**	**-**	**-**	**1,397.80**
Subordinated liabilities in India	1,437.68	-	-	1,437.68	1,397.93	-	-	1,397.93	1,397.80	-	-	1,397.80
Subordinated liabilities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,437.68**	**-**	**-**	**1,437.68**	**1,397.93**	**-**	**-**	**1,397.93**	**1,397.80**	**-**	**-**	**1,397.80**

Note: 19.1: Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2019, ₹1,258.90 crores (March 31, 2018 ₹1,359.00 crores and March 31, 2017 ₹1,399.00 crores) qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy.

b) Terms of repayment

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest												
8.01% - 9.00%	-	-	499.00	700.00	-	-	-	1,199.00	-	-	-	1,199.00
9.01% - 10.00%	-	-	200.00	39.70	-	-	200.00	-	-	-	-	200.00
	-	-	699.00	739.70	-	-	200.00	1,199.00	-	-	-	1,399.00

Note: 19.2:

The rate of interest and amount of repayment appearing in note 19.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

20. OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not due on deposits	217.89	196.17	159.73
Interest accrued but not due on borrowings	1,271.97	289.41	15.05
Amount payable under assignments	267.99	134.14	133.27
Other liabilities	333.41	234.74	145.19
Total	**2,091.26**	**854.46**	**453.24**

21. PROVISIONS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Retirement benefits	24.92	18.74	10.26
Letter of comforts	0.34	-	-
Total	**25.26**	**18.74**	**10.26**

22. OTHER NON-FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Book overdraft	1,805.17	1455.62	777.74
Advance received from customers	135.62	129.86	95.18
Statutory dues payable	43.93	32.48	22.32
Other liabilities	27.04	21.12	5.58
Total	**2,011.76**	**1,639.08**	**900.82**

23. EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorised			
50,00,00,000 equity shares of ₹10/- each	500.00	500.00	500.00
	500.00	**500.00**	**500.00**
Issued, subscribed and paid-up			
16,74,69,016 equity shares of ₹10/- each fully paid up (March 31, 2018: 16,65,86,482 and March 31, 2017: 16,56,42,309)	167.47	166.59	165.64
Total	**167.47**	**166.59**	**165.64**

Note: 23.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	(₹ in crores)	No. of shares	₹ in crores
At the beginning of the year	16,65,86,482	166.59	16,56,42,309	165.64
Add: Share alloted pursuant to exercise of stock option	8,82,534	0.88	9,44,173	0.95
Outstanding at the end of the year	**16,74,69,016**	**167.47**	**16,65,86,482**	**166.59**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

Note: 23.2: Details of shareholders holding more than 5% of equity shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares	% of Holding	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.79	5,49,14,840	32.96	6,47,30,700	39.08
Quality Investments Holdings	5,41,92,300	32.36	6,21,92,300	37.33	6,21,92,300	37.55
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.91	1,41,99,928	8.52	1,14,24,537	6.90

Note: 23.3: Terms/Rights attached to equity shares
The company has only one class of shares referred to as equity shares having a par value of ₹10/ - per share. Each holder of equity shares is entitled to one vote per share.
The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in propotion to the number of equity shares held by the shareholders.

Note: 23.4: The Company has not alloted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note: 23.5: The Company has not

i. Issued any securities convertible into equity / preference shares.

ii. Issued any shares where calls are unpaid.

iii. Forfeited any shares.

Note: 23.6: Nature and purpose of reserves

Share premium reserve
Share premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve and Special reserve
In accordance with Section 29C(i) of the National Housing Bank Act,1987, the Company is required to transfer at least 20% of its net profit every year to a reserve fund (statutory reserve) before any dividend is declared.
The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29(C(i).

Share option outstanding accounts
The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity settled transaction is credited to share option outstanding account in equity.(Refer Note 23.8)

Cash flow hedge reserve
The company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the company uses foreign currency forward contracts, cross currency swaps and interest rate swaps.
To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

Note: 23.7: Capital Management
The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements National Housing Bank ("NHB") the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB from time to time.
Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure after taking in to consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board at regular intervals.

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve, deferred revenue expenditure and other intangible assets. The book value of Investment in equity, bonds, debentures and loan & advances to subsidiaries and group companies exceeding 10% of owned funds will be reduced while arriving the Tier I capital.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

The other component of regulatory capital is Tier II Capital, which includes non convertible preference shares, revaluation and loss reserves, hybrid capital instruments and subordinated debts.(Refer note no. 34.1).

Note: 23.8: Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details are as follows:

Particulars	As at March 31, 2019			
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹338.00	₹1,600.60	₹1,206.35	₹1,333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	As at March 31, 2019		
	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019
Number of options granted	18,15,000	2,35,000	1,81,200
Exercise price per option	₹1,333.35	₹1,333.35	₹847.40
Date of vesting	The vesting will be as under:		
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023
Exercise period	Within 3 years from the date of respective vesting		
Method of settlement	Through allotment of one equity share for each option granted		
Vesting conditions	Employee to remain in service on the date of vesting		

Particulars	As at March 31, 2018			As at April 01, 2017
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche I
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	April 22, 2016
Number of options granted	38,07,690	4,05,700	1,00,000	38,07,690
Exercise price per option	₹338.00	₹1,600.60	₹1,206.35	₹338.00
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on April 22, 2017
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on April 22, 2018
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on April 22, 2019
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on April 22, 2020
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Notes to Consolidated Financial Statements

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(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2019			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	26,70,101	3,57,700	1,00,000	-
Options exercisable at the beginning of the year	(b)	1,500	-	-	-
Options granted during the year	(c)	-	-	-	1,36,485
Options lapsed / expired during the year	(d)	5,500	10,125	-	-
Options vested during the year	(e)	8,90,034	85,800	20,000	-
Options exercised during the year*	(f)	8,82,534	-	-	-
Options forfeited during the year	(g)	1,03,267	44,875	-	29,300
Options outstanding at end of the year	(h) = (a+c-e-g)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,500	75,675	20,000	-
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35
Contractual life (year)		2.51	3.87	4.91	4.83

Particulars		As at March 31, 2019		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	18,15,000	2,35,000	1,81,200
Options lapsed / expired during the year	(d)	-	-	-
Options vested during the year	(e)	-	-	-
Options exercised during the year*	(f)	-	-	-
Options forfeited during the year	(g)	1,11,200	36,000	9,800
Options outstanding at end of the year	(h) = (a+c-e-g)	17,03,800	1,99,000	1,71,400
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40
Contractual life (year)		6.04	4.83	5.47

Particulars		As at March 31, 2018		
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III
Options Outstanding at the beginning of the year	(a)	37,82,690	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	-	4,05,700	1,00,000
Options lapsed / expired during the year	(d)	-		
Options vested during the year	(e)	9,45,673	-	-
Options exercised during the year**	(f)	9,44,173	-	-
Options forfeited during the year	(g)	1,66,916	48,000	-
Options outstanding at end of the year	(h) = (a+c-e-g)	26,70,101	3,57,700	1,00,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,500	-	-
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35
Contractual life (year)		3.54	4.92	5.91

* Weighted average share price at the date of the exercise of the stock option is ₹1008.31

** Weighted average share price at the date of the exercise of the stock option is ₹1010.65

Notes to Consolidated Financial Statements
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(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Estimated Value of Stock Option (₹)	593.17	511.64	321.87
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40
Exercise Price (₹)	1,333.35	1,333.35	847.40
Expected Volatility (%)*	0.3560	0.3560	0.4102
Dividend Yield Rate (%)	0.53	0.55	1.06
Expected Life of Options** (year)	5.21	4.00	4.00
Risk Free Rate of Interest (%)	7.90	7.79	6.97

*Expected volatility has been computed from the date of the listing of the share to the grant date.

**Expected life of the share option is based on the historical data and the current expectation and is not necessarily indicative of exercise pattern that may occur.

(iv) The expense recognised for the employee services received during the year are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	39.25	17.15
Expense arising from cash settled share based payment transaction	-	-
Total	**39.25**	**17.15**

Note: 23.9: Dividend paid and proposed

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders.

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2018: ₹9/- per share	181.70	-
Final dividend for 2017: ₹6/- per share	-	120.30
Total dividend paid	**181.70**	**120.30**
Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31)		
Dividend on ordinary shares:		
Final dividend for 2019: ₹9/- per share	182.62	-
Final dividend for 2018: ₹9/- per share	-	181.70

Note: 23.9.1: Dividend includes dividend distribution taxes

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24. INTEREST INCOME

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	6,637.44	-	6,637.44	4,908.46	-	4,908.46
Investments						
Financial investments - Debt	101.65	-	101.65	89.55	-	89.55
Financial asset valued at fair value through profit or loss	-	23.86	23.86	-	46.87	46.87
Deposits with banks	25.97	-	25.97	0.53	-	0.53
Other interest income						
Corporate deposits	2.35	-	2.35	-	-	-
Loan against deposits	1.59	-	1.59	1.29	-	1.29
Total	**6,769.00**	**23.86**	**6,792.86**	**4,999.83**	**46.87**	**5,046.70**

25. FEES AND COMMISSION INCOME

(₹ in crores)

Particulars	Current Year	Previous Year
Fees Income	392.70	212.04
Other charges recovered	56.74	80.22
Total	**449.44**	**292.26**

26. NET GAIN ON FAIR VALUE CHANGES

(₹ in crores)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	128.93	33.53
Total	**128.93**	**33.53**
Fair value changes:		
-Realised	132.73	41.04
-Unrealised	(3.80)	(7.51)
Total	**128.93**	**33.53**

27. FINANCE COSTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Interest on debt securities	-	2,482.59	2,482.59	-	1,996.84	1,996.84
Interest on borrowings	-	1,491.64	1,491.64	-	531.65	531.65
Interest on deposits	-	1,034.62	1,034.62	-	861.24	861.24
Interest on subordinated liabilities	-	121.12	121.12	-	120.71	120.71
Fee and other charges	-	36.40	36.40	-	26.12	26.12
Total	**-**	**5,166.37**	**5,166.37**	**-**	**3,536.56**	**3,536.56**

Notes to Consolidated Financial Statements
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28. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
Loans	-	161.81	161.81	-	258.27	258.27
Bad debts written off	-	26.80	26.80	-	18.30	18.30
Letter of comforts	-	0.34	0.34	-	-	-
Total	**-**	**188.95**	**188.95**	**-**	**276.57**	**276.57**

29. EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	242.92	117.95
Contribution to provident and other funds	17.26	6.58
Share based payments to employees	39.25	17.15
Staff welfare expenses	4.45	2.46
Total	**303.88**	**144.14**

30. OTHER EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Rent, taxes and energy costs	49.18	37.68
Repairs and maintenance	12.71	8.74
General office expenses	37.10	35.90
Legal and professional charges	34.05	23.77
Advertisement and publicity	23.64	41.48
Corporate social responsibility expenses (Refer note 30.1)	17.24	10.69
Communication costs	7.19	5.36
Travelling and conveyance	6.80	5.26
Printing and stationery	8.51	6.14
Training and recruitment expenses	3.81	3.28
Director's fees, allowances and expenses	1.62	1.27
Auditor's fees and expenses (Refer note 30.2)	0.63	0.50
Insurance	0.11	0.41
Bank charges	0.83	0.47
Net loss on derecognition of property, plant and equipment	0.12	0.17
Impairment on assets held for sale	-	8.73
Other expenditure	0.10	0.04
Total	**203.64**	**189.89**

Notes to Consolidated Financial Statements

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Note: 30.1: Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014, the company is required to spent for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

(₹ in crores)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	**17.24**	**10.69**
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above*		
Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	16.38	11.81
Expenditure on administrative overheads for CSR	0.86	0.53
Total	**17.24**	**12.34**

*Amount spent during the previous year includes ₹1.65 crores for financial year 2016-17.

Note: 30.2: Auditor's fees and expenses

(₹ in crores)

Particulars	Current Year	Previous Year
Statutory audit fee	0.25	0.17
Tax audit fee	0.07	0.06
Limited review fee	0.15	0.11
Other certification fee	0.16	0.16
Total	**0.63**	**0.50**

31. INCOME TAXES

The components of income tax expense are:

(₹ in crores)

Particulars	Current Year	Previous Year
Current tax	508.64	437.95
Adjustments in respect of current income tax of prior years	(5.16)	(0.08)
Deferred tax relating to origination and reversal of temporary differences	39.39	(44.44)
Total	**542.87**	**393.43**
Current tax	503.48	437.87
Deferred tax (Refer note 10)	39.39	(44.44)

Notes to Consolidated Financial Statements
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Note: 31.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2019 and March 31, 2018 is as follows:

(₹ in crores)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,734.39	1,234.58
Statutory income tax rate (%)	(b)	34.944	34.608
Tax at statutory income tax rate	(c) = (a*b)	606.07	427.26
Adjustments in respect of current income tax of prior years	(d)	(5.16)	(0.08)
Impact of:			
Income not subject to tax	(e)	(92.94)	(26.66)
Non deductible expenses	(f)	65.87	93.79
Deduction under section 35 D	(g)	(5.23)	(5.18)
Deduction under section 36 (1) (viii)	(h)	(51.21)	(49.16)
Deduction under section 80G	(i)	(2.72)	(1.92)
Tax impact on differential tax rates of subsidiary	(j)	(11.20)	(0.17)
Income tax expense	(c+d+e+f+g+h+i+j)	**503.48**	**437.87**

32. EARNING PER SHARE

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

Particulars	Unit	Current Year	Previous Year
a) Amount used as the numerator for basic EPS profit after tax	(₹ in crores)	1,191.52	841.15
b) Weighted average number of equity shares for basic EPS	Number	16,73,78,194	16,64,83,012
c) Weighted average number of equity shares for diluted EPS	Number	16,83,96,661	16,84,35,845
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
-Basic (a/b)	(in ₹)	71.19	50.52
-Diluted (a/c)	(in ₹)	70.76	49.94

ii) The basic earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceed receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented.
Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows:-

Particulars	Current Year	Previous Year
Weighted average number of equity shares for computation of basic EPS	16,73,78,194	16,64,83,012
Effect of dilutive equity shares - share option outstanding	10,18,467	19,52,833
Weighted average number of equity shares for computation of dilutive EPS	16,83,96,661	16,84,35,845

33. ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of selling the same. These properties are classified as assets held for sale.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

34. DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

(i) The following additional disclosures have been given in terms of the circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 issued by the National Housing Bank.

Note 34.1: Capital to Risk Assets Ratio (CRAR)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
i) CRAR (%)	13.98	16.67
ii) CRAR – Tier I Capital (%)	11.00	12.75
iii) CRAR – Tier II Capital (%)	2.98	3.92
(iv) Amount of subordinated debt raised as Tier-II Capital	39.70	-

Note: 34.2: Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crores)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	56.97	40.84
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	484.76	334.76
(c) Total	**541.73**	**375.60**
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	70.00	16.13
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	147.00	150.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
Balance at the end of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	56.97
(b) 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	631.76	484.76
(c) Total	**758.73**	**541.73**

Note: 34.3: Investments

(₹ in crores)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	4,447.28	2,394.58
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	21.47	14.47
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	4,425.81	2,380.11
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	14.47	7.73
(ii) Add: Provisions made during the year	7.00	6.75
(iii) Less: Write-off / Written-back of excess provisions	-	0.01
(iv) Closing balance	21.47	14.47

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

Note: 34.4: Derivatives
i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
(i) The notional principal of swap agreements	8,938.35	1,526.66
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	77.27	17.35
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	8,938.35	1,526.66
(v) The fair value of the swap book	(210.80)	(38.55)

@ The Company has entered into swap and forward agreements with various banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

ii) Exchange Traded Interest Rate (IR) Derivative – There is no exchange traded interest rate derivative.

iii) Disclosure on Risk Exposure in Derivatives

A. Qualitative Disclosure

Particulars	Details
a) the structure and organisation for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade into derivative products. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates, and	The Company has not entered into any speculative derivative transaction except as required under RBI guidelines for its ECB borrowing for financing prospective buyers of eligible housing units. The derivate transactions entered into for hedging the ECB borrowings are all held-till-maturity transaction. As such, as of now, the Company is not required to have policy on hedging or mitigation of risk on derivative transactions. All the derivatives transaction are executed under specific approval of Board.
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

B. Quantitative Disclosure

(₹ in crores)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	4,735.30	4,203.05	1,526.66	-
(ii) Marked to Market Positions				
(a) Assets (+)	1.81	-	26.26	-
(b) Liability (-)	(127.00)	(85.61)	(64.81)	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	262.27	77.29	61.70	-

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

Note: 34.5: Assignment / Securitisation

i) There are no SPVs sponsored by PNB Housing Finance Limited.

ii) During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (Previous year ₹ Nil)

iii) Details of assignment transactions undertaken:

(₹ in crores)

Particulars	Current Year	Previous Year
(i) No. of accounts	35,004	14,472
(ii) Aggregate value (net of provisions) of accounts assigned	7,336.89	3,128.49
(iii) Aggregate consideration	7,336.89	3,128.49
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

iv) During the year, the Company has not purchased / sold any non-performing financial assets (Previous year ₹ Nil)

Note: 34.6: Asset Liability Management

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

As at March 31, 2019

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	277.75	1,398.33	2,400.00	-	1,588.02	89.96	-
Over 1 month to 2 months	242.58	17.73	1,000.00	-	1,392.89	519.73	-
Over 2 months to 3 months	197.95	856.25	2,613.00	12.98	1,812.07	1,606.74	-
Over 3 months to 6 months	885.31	1,212.26	2,990.00	704.68	3,875.78	849.19	-
Over 6 months to 1 year	2,704.73	2,698.30	2,570.00	25.94	6,969.84	0.50	-
Over 1 year to 3 years	3,225.62	9,111.21	11,399.00	204.92	20,057.02	11.15	-
Over 3 years to 5 years	2,152.25	3,822.10	7,474.00	3,776.75	12,413.89	482.79	-
Over 5 years to 7 years	1,867.02	1,338.40	410.00	-	8,094.21	652.17	-
Over 7 years to 10 years	2,762.29	916.55	329.70	-	7,443.02	212.12	-
Over 10 years	-	764.44	-	-	10,575.20	1.46	-
Total	**14,315.50**	**22,135.57**	**31,185.70**	**4,725.27**	**74,221.94**	**4,425.81**	**-**

* Includes Installments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

As at March 31, 2018

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	435.59	1,720.44	2,175.00	-	1,309.58	1,027.10	-
Over 1 month to 2 months	240.46	112.73	1,700.00	-	1,175.44	191.17	-
Over 2 months to 3 months	185.90	675.00	3,700.00	12.16	1,148.21	-	-
Over 3 months to 6 months	597.94	335.70	1,375.00	12.16	3,288.09	0.09	-
Over 6 months to 1 year	1,941.05	421.38	1,980.00	24.31	5,928.95	0.10	-
Over 1 year to 3 years	5,824.46	2,075.72	14,613.00	784.17	17,094.86	0.83	-
Over 3 years to 5 years	1,862.01	1,556.76	5,083.00	437.66	10,273.74	87.68	-
Over 5 years to 7 years	326.39	810.43	1,599.00	197.10	6,194.70	678.89	-
Over 7 years to 10 years	172.40	689.42	500.00	-	5,178.82	357.80	-
Over 10 years	-	92.00	-	-	5,485.94	36.45	-
Total	**11,586.20**	**8,489.58**	**32,725.00**	**1,467.56**	**57,078.33**	**2,380.11**	**-**

* Includes Installments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

Note: 34.7: Exposure:

i) Exposure to Real Estate Sector

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
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 Lakh – ₹3,935.10 crores, Previous year ₹3,196.37 crores)	47,858.06	38,421.23
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	26,797.32	18,978.39
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures – i) Residential	-	-
ii) Commercial Real Estate	-	-
ii) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

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

ii) As on March 31, 2019, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2019, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2019, the Company has not exceeded the prudential exposure limit prescribed by National Housing Bank for single borrower or group borrower (Previous year ₹ Nil).

v) As on March 31, 2019, the Company has not given any unsecured advances (Previous year ₹ Nil).

Note: 34.8: Registration obtained from financial sector regulators

From NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note: 34.9: Disclosure of Penalties imposed by National Housing Bank and other regulators:

During the financial year ended March 31, 2019:

i) NHB has carried out inspection for FY 2017-18 and has not reported any adverse comment having material impact on the financial.

ii) Company has not been imposed any penalty by National Housing Bank and other regulators.

Note: 34.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Punjab National Bank	Enterprise having Significant Influence
ii) Quality Investments Holdings	Enterprise having Significant Influence
iii) PNB Metlife India Insurance Company Limited	Enterprise having Significant Influence
iv) Mr. Sunil Mehta (Chairman-Non Executive Director)	Key Managerial Personnel
v) Mr. L. V. Prabhakar (Non-Executive Director) (w.e.f August 09, 2018)	Key Managerial Personnel
vi) Mr. Sunil Kaul (Non-Executive Director)	Key Managerial Personnel
vii) Mr. Shital Kumar Jain (Independent Director)	Key Managerial Personnel
viii) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Managerial Personnel
ix) Dr Gourav Vallabh (Independent Director)	Key Managerial Personnel
x) Mr. Nilesh S Vikamsey (Independent Director)	Key Managerial Personnel

Notes to Consolidated Financial Statements
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Name of the Related Party	Nature of Relationship
xi) Mr. Ashwani Kumar Gupta (Independent Director)	Key Managerial Personnel
xii) Mrs. Shubhalakshmi Panse (Independent Director)	Key Managerial Personnel
xiii) Mr. Jayant Dang (Independent Director) (upto July 20, 2018)	Key Managerial Personnel
xiv) Mr. Sanjaya Gupta (Managing Director)	Key Managerial Personnel
xv) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xvi) Mr. Kapish Jain (Chief Financial Officer) (February 09, 2018 onwards)	Key Managerial Personnel
xvii) Mr. Jayesh Jain (Chief Financial Officer) (upto January 05, 2018)	Key Managerial Personnel

Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

(₹ in crores)

Particulars	Enterprises having significant influence		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:				
Punjab National Bank				
- Term Loan Instalment / ECB / OD (Net)	2,763.49	2,914.54	-	-
- Interest Paid on Term Loan Instalment / ECB / OD	175.00	59.97	-	-
- Processing Fees Paid	46.31	-		
- Rent & Maintenance Charges	1.34	1.42	-	-
- Bank Charges	0.29	0.44	-	-
- Servicing Fees received on assignment	4.00	3.39	-	-
- Interest received on Fixed Deposits	19.15	0.10	-	-
- Dividend Paid	49.42	38.84	-	-
- Principal, Interest & Other charges paid on assignment on loans	467.58	99.25	-	-
- Fixed deposit matured (Net)	4,868.60	6.20	-	-
Quality Investments Holdings				
- Dividend Paid	48.77	37.32	-	-
PNB Metlife India Insurance Company Limited				
- Insurance Premium Paid	0.52	-	-	-
Sitting Fee and Commission paid to Directors				
- Punjab National Bank	-	-	0.06	0.14
- Mr. Shital Kumar Jain	-	-	0.24	0.20
- Mr. Chandrasekaran Ramakrishnan	-	-	0.21	0.21
- Dr Gourav Vallabh	-	-	0.22	0.21
- Mr. Nilesh S Vikamsey	-	-	0.21	0.21
- Mr. Ashwani Kumar Gupta	-	-	0.24	0.16
- Mrs. Shubhalakshmi Panse	-	-	0.20	0.12
- Mr. Jayant Dang			0.03	-
Remuneration paid to KMPs:				
Transactions with KMPs:$				
- Mr. Sanjaya Gupta				
- Remuneration paid#	-	-	2.30	2.16
- Dividend Paid	-	-	0.12	0.12
- Mr. Sanjay Jain				
- Remuneration paid#	-	-	0.56	0.57
- Mr. Jayesh Jain				
- Remuneration paid#	-	-	-	0.88
- Mr. Kapish Jain				
- Remuneration paid	-	-	0.80	0.32

$ As the liabilities for gratuity are provided on actuarial basis for the Company as a whole, amount accrued pertaining to key management personnel are not included above.

Excluding perquisites on exercise of stock options during the year.

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(₹ in crores)

Particulars	Enterprises having significant influence		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Outstanding balances#			
Punjab National Bank			
Receivables			
- Bank Deposits	510.26	-	-
- Interest accrued on bank deposits	3.01	-	-
- Servicing fees receivable on assignment on loans	0.52	0.25	0.34
Payables			
- Term loans	1,483.29	1,050.00	390.00
- External Commercial Borrowings##	1,833.04	-	-
- Interest accrued on term loans and external commercial borrowings	12.05	13.36	3.57
- Payable on assignment on loans	87.56	7.87	9.68

#Excluding running current / overdraft account balances.

##Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note: 34.11: During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

Note: 34.12: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

Note: 34.13: Rating assigned by Credit Rating Agencies and migration of rating during the year

Nature of Instrument	Ratings
Deposits	CRISIL FAAA (Outlook-table) CARE AAA (Outlook-Stable)
Long term bonds (Secured and Tier-II bonds)	CRISIL AA+(Outlook-Stable) CARE AAA (Outlook-Stable) IND AA+ (Outlook-Stable) ICRA AA+ (Outlook-Stable)
Commercial Paper	CARE A1+ CRISIL A1+
Bank Term Loan	CRISIL AA+ (Outlook-Stable) CARE AAA (Outlook-Stable)

Note: 34.14: Provisions and Contingencies:
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account is given as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	7.00	6.75
2. Provision made towards Income tax	447.49	437.63
3. Provision towards NPA	34.13	15.52
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	30.23	27.45
iii) CRE – RH	26.76	26.29
iv) Other Loans	19.01	33.29
Total (i + ii + iii + iv)	76.00	87.03
5. Other Provision and Contingencies (Refer Note 1.20)	11.00	62.50
6. Provision for Stock of Acquired Properties	(0.81)	8.73

Notes to Consolidated Financial Statements
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Note: 34.15: Break-up of Loan & Advances and Provisions thereon:

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.

(₹ in crores)

Particulars	Housing		Non-Housing	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Standard Assets				
a) Total Outstanding Amount	52,249.91	39,870.72	22,050.60	17,342.80
b) Provision made	209.68	171.02	147.32	109.98
Sub-Standard Assets				
a) Total Outstanding Amount	180.01	110.83	62.15	37.38
b) Provision made	27.65	17.79	9.36	5.62
Doubtful Assets - Category-I				
a) Total Outstanding Amount	66.53	16.95	17.21	2.52
b) Provision made	18.73	5.05	4.61	0.65
Doubtful Assets - Category-II				
a) Total Outstanding Amount	19.98	8.45	3.32	2.10
b) Provision made	9.06	4.24	1.36	1.09
Doubtful Assets - Category-III				
a) Total Outstanding Amount	3.42	3.65	2.24	4.21
b) Provision made	3.42	3.65	2.24	4.21
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision made	-	-	-	-
Total				
a) Total Outstanding Amount	**52,519.85**	**40,010.60**	**22,135.52**	**17,389.01**
b) Total Provision made	**268.54**	**201.75**	**164.89**	**121.55**

Note: 34.16: Concentration of Public Deposits

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Deposits of twenty largest depositors	3,858.17	3,239.19
Percentage of Deposits of twenty largest depositors to Total Deposits	31.99%	34.59%

Note: 34.17: Concentration of Loans & Advances

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Loans & Advances to twenty largest borrowers	10,831.75	7,703.88
Percentage of Loans & Advances to twenty largest borrowers to Total Advances	14.51%	13.42%

Note: 34.18: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to twenty largest borrowers /customers	13,381.38	9,774.53
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	15.83%	14.91%

Notes to Consolidated Financial Statements
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Note: 34.19: Concentration of NPAs

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to top ten NPA accounts	71.02	51.04

Note: 34.20: Sector-wise NPAs

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2019	As at March 31, 2018
A. Housing Loans:	0.51	0.35
1. Individuals	0.57	0.38
2. Builders/Project Loans	0.26	0.26
3. Corporates*	1.20	-
4. Others (specify)	-	-
B. Non-Housing Loans:	0.38	0.27
1. Individuals	0.57	0.30
2. Builders/Project Loans	-	-
3. Corporates	0.39	0.33
4. Others (specify)	-	-

* It is from two accounts of retail loans.

Note: 34.21: Movement of NPAs

(₹ in crores)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	0.38%	0.25%
(II) Movement of NPAs (Gross)		
a) Opening balance	186.11	85.78
b) Additions during the year	1,054.54	625.54
c) Reductions during the year	885.78	525.21
d) Closing balance	354.87	186.11
(III) Movement of Net NPAs		
a) Opening balance	143.81	59.00
b) Additions during the year	1,004.08	501.11
c) Reductions during the year	869.45	416.30
d) Closing balance	278.44	143.81
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	42.30	26.78
b) Provisions made during the year	50.46	124.44
c) Write-off/write-back of excess provisions	16.33	108.91
d) Closing balance	76.43	42.30

Note: 34.22: As on March 31, 2019, the Company does not have any assets outside the country (Previous year ₹ Nil).

Note: 34.23: As on March 31, 2019, the Company does not have any Off-Balance Sheet SPVs sponsored (Previous year Nil).

Note: 34.24: Disclosure of Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	22	53
b) No. of complaints received during the year	3,265	4,627
c) No. of complaints redressed during the year	3,259	4,658
d) No. of complaints pending at the end of the year	28	22

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(ii) In addition to the disclosures under 34.1 to 34.24 following additional disclosures have been given as per NHB directions, 2010.

Note: 34.25: Movement of derecognised interest as at the Balance Sheet date is summarised as under:-

(₹ in crores)

Particulars	Current Year	Previous Year
Cumulative Derecognised Interest at the beginning of the year	24.68	17.71
Add: Interest derecognised during the year:		
- Sub-Standard Assets	52.83	34.66
- Doubtful/ Loss Assets	8.47	5.23
Less: Recovered/Write-off during the year	40.43	32.92
Cumulative Derecognised Interest at the end of the year	45.55	24.68

Note: 34.26: Deposit includes 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. As on March 31, 2019, the public deposits (including accrued interest) outstanding amounts to ₹12,060.45 crores (Previous year ₹9,363.49 crores).

The Company is carrying Statutory Liquid Assets amounting to ₹1,360.31 crores (Previous year ₹1,161.59 crores).

Note: 34.27: Disclosure given under Note 34.1 to Note 34.26 are based on the erstwhile accounting standard notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies Accounts Rules, 2014 (India GAAP or previous GAAP) with the comparative period data as at end and for the year ended March 31, 2018.
Further, above reported figures / narratives would be different had the same being reported as per Ind AS notified under "Companies (Indian Accounting Standard) Rules, 2015".
NHB Directions are applicable to the Company on standalone basis , hence the above disclosures are basis the standalone financial statement of the Company

35. OPERATING LEASE - AS LESSEE

The Company has acquired properties under cancellable and non-cancellable operating leases for periods ranging from one year to nine years. The total minimum lease payments for the current year, in respect thereof, included under Rent, aggregates to ₹38.53 crores (Previous year ₹29.67 crores). The future minimum lease payments in respect of properties taken under non-cancellable operating lease are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Not later than one year	22.18	17.22
Later than one year but not later than five years	18.06	16.37
More than five years	1.59	Nil

36. SEGMENT REPORTING

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/ Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015.

The Company operates in India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

37. CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities in respect of Income-tax of ₹21.50 crores (Previous year ₹21.37 crores) is disputed and are under appeals. These includes contingent liability of ₹19.54 crores (Previous year ₹20.18 crores) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.

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ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹20.37 crores (Previous year ₹18.59 crores).

iii) Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)

iv) Letter of comfort and bank guarantee issued on behalf of the clients ₹80.25 crores (Previous year ₹15 crores)

38. DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS

In accordance with Indian Accounting Standards on “Employee Benefits” (Ind AS 19), the following disclosure have been made:

Note: 38.1: The company has made contribution to Provident Fund of ₹14.56 crores (Previous year ₹4.91 crores) which has been recognised in the statement of profit and loss which are included under “Contribution to Provident Fund and Other Funds” in Note 29.

Note: 38.2: Defined Benefit Plans

GRATUITY LIABILITY

Change: in present value of obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	7.32	5.57
Interest cost	0.68	0.41
Current service cost	2.54	1.45
Past service cost including curtailment gains / losses	-	0.17
Benefits paid	(0.45)	(0.15)
Actuarial (gain) / loss on obligation	0.86	(0.13)
Present value of obligation as at the end of year	10.95	7.32

Change in fair value of plan assets*

(₹ in crores)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	7.07	4.64
Actual return on plan assets	0.35	0.35
Contributions	2.76	2.23
Benefits paid	(0.45)	(0.15)
Fair Value of plan assets as at the end of year	9.73	7.07
Funded status	(1.22)	(0.25)

Expense recognised in the statement of Profit and Loss

(₹ in crores)

Particulars	Current Year	Previous Year
Current service cost	2.54	1.45
Interest cost	0.68	0.41
Actual return on plan assets	(0.35)	(0.35)
Net actuarial (gain) / loss recognised in the year	0.86	(0.13)
Expenses recognised in the statement of profit and losses	3.73	1.38
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	1.06	(0.13)

Expected contribution for the next financial year is ₹4.32 crores.

Notes to Consolidated Financial Statements
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Assumptions

Particulars	Current Year	Previous Year
a) Discounting rate	7.65%	7.80%
b) Future salary increase	7.75%	7.75%
c) Retirement age (Years)	60	60
d) Mortality table	IALM (2006-08)	IALM (2006-08)

Maturity profile of defined benefits obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Not later than one year	0.81	0.59
Later than one year but not later than five years	3.27	2.56
More than five years	6.87	4.17

Sensitivity analysis of the defined benefit obligation**

(₹ in crores)

Particulars	Current Year			
	Discount Rate		Future salary increase	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.46)	0.50	0.49	(0.47)

(₹ in crores)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.26)	0.28	0.28	(0.27)

*100% of the plan assets are managed by the insurer for current as well as previous year.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated.

39. EXPENDITURE IN FOREIGN CURRENCY:

(₹ in crores)

Particulars	Current Year	Previous Year
Interest Paid	98.18	48.23
Other Expenses	71.22	0.23

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NOTE 40: DERIVATIVE FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING, NETTING ARRANGEMENTS

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	1.81	1.81	-	-	-	-	-	-	-
As at March 31, 2018	26.26	26.26	-	-	-	-	-	-	-
As at April 01, 2017	20.16	20.16	-	-	-	-	-	-	-

Derivative financial liabilities subject to offsetting, netting arrangements.

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	(212.61)	1.81	(210.80)	-	-	(210.80)	-	(210.80)	(210.80)
As at March 31, 2018	(64.81)	26.26	(38.55)	-	-	(38.55)	-	(38.55)	(38.55)
As at April 01, 2017	(61.05)	20.16	(40.89)	-	-	(40.89)	-	(40.89)	(40.89)

41. ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013, OF ENTERPRISE CONSOLIDATED AS SUBSIDIARY/ASSOCIATES/JOINT VENTURES

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crores)	As % of consolidated profit or (loss)	Amount (₹ in crores)	As % of consolidated other comprehensive income	Amount (₹ in crores)	As % of consolidated total comprehensive income	Amount (₹ in crores)
	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
Parent								
PNB Housing Finance Limited	98.56	7,435.01	90.76	1,081.38	99.76	(102.09)	89.91	979.29
Indian subsidiary								
PHFL Home Loans and Services Limited	1.84	138.63	11.49	136.85	0.24	(0.24)	12.54	136.59
Inter-Company elimination and other consolidated adjustments	(0.40)	(29.74)	(2.25)	(26.71)	-		(2.45)	(26.69)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**7,543.90**	**100.00**	**1,191.52**	**100.00**	**(102.33)**	**100.00**	**1,089.19**

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Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crores)	As % of consolidated profit or (loss)	Amount (₹ in crores)	As % of consolidated other comprehensive income	Amount (₹ in crores)	As % of consolidated total comprehensive income	Amount (₹ in crores)
	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
Parent								
PNB Housing Finance Limited	100.02	6,568.35	100.12	842.14	100.00	(2.16)	100.12	839.98
Indian subsidiary								
PHFL Home Loans and Services Limited	0.03	2.04	0.21	1.79	-	-	0.21	1.79
Inter-Company elimination and other consolidated adjustments	(0.05)	(3.05)	(0.33)	(2.78)	-	-	(0.33)	(2.78)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**6,567.34**	**100.00**	**841.15**	**100.00**	**(2.16)**	**100.00**	**838.99**

42. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crores)

Paticulars	As at April 01, 2018	Cash flows	Exchange difference	Other	As at March 31, 2019
Debt securities & subordinated liabilities	22,275.01	910.70	-	2.90	23,188.61
Borrowings from bank	9,950.72	16,901.78	1.81	(61.22)	26,793.19
Deposits (net)	11,339.75	2,675.64	-	7.65	14,023.04
Commercial paper	10,211.22	(2,450.00)	-	92.79	7,854.01

(₹ in crores)

Paticulars	As at April 01, 2017	Cash flows	Exchange difference	Other	As at March 31, 2018
Debt securities & subordinated liabilities	14,559.85	7,754.00	-	(38.84)	22,275.01
Borrowings from bank	6,719.23	3,210.50	17.86	3.13	9,950.72
Deposits (net)	9,788.04	1,540.34	-	11.37	11,339.75
Commercial paper	4,253.56	6,030.00	-	(72.34)	10,211.22

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43. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However, with regard to loans and advances to customers the Company has used the contractual maturities for recovery/settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	4,033.96	-	4,033.96	2,816.95	-	2,816.95	65.88	-	65.88
Bank balance other than cash and cash equivalents	0.11	-	0.11	0.03	-	0.03	85.62	-	85.62
Trade receivables	38.88	-	38.88	0.33	-	0.33	8.01	-	8.01
Loans	4,014.95	70,272.93	74,287.88	3,283.10	53,881.70	57,164.80	2,336.00	36,398.68	38,734.68
Investments	3,204.83	1,355.84	4,560.67	1,255.46	1,157.49	2,412.95	2,365.41	958.16	3,323.57
Other financial assets	129.71	383.28	512.99	68.53	172.29	240.82	51.25	108.56	159.81
Total (a)	**11,422.44**	**72,012.05**	**83,434.49**	**7,424.40**	**55,211.48**	**62,635.88**	**4,912.17**	**37,465.40**	**42,377.57**
Non- financial assets									
Current tax assets (net)	-	115.60	115.60	-	48.46	48.46	-	12.39	12.39
Deferred tax assets (net)	-	60.99	60.99	-	45.46	45.46	-	5.35	5.35
Investment property	-	0.56	0.56	-	0.57	0.57	-	0.58	0.58
Property, plant and equipment	-	78.34	78.34	-	58.41	58.41	-	47.18	47.18
Other Intangible assets	-	24.21	24.21	-	17.14	17.14	-	10.63	10.63
Capital work-in-progress	-	3.81	3.81	-	8.23	8.23	-	2.02	2.02
Intangible assets under development	-	1.36	1.36	-	1.46	1.46	-	0.01	0.01
Other non- financial assets	18.22	0.30	18.52	20.01	0.15	20.16	6.60	0.35	6.95
Assets held for sale	131.11	-	131.11	178.70	-	178.70	154.99	-	154.99
Total (b)	**149.33**	**285.17**	**434.50**	**198.71**	**179.88**	**378.59**	**161.59**	**78.51**	**240.10**
Total asset c = (a+b)	**11,571.77**	**72,297.22**	**83,868.99**	**7,623.11**	**55,391.36**	**63,014.47**	**5,073.76**	**37,543.91**	**42,617.67**
LIABILITIES									
Financial liabilities									
Derivative financial instruments	27.31	183.49	210.80	-	38.55	38.55	-	40.89	40.89
Trade Payables	127.16	-	127.16	119.60	-	119.60	92.18	-	92.18
Debt Securities	14,520.25	15,084.69	29,604.94	10,725.30	20,363.00	31,088.30	5,450.93	11,964.68	17,415.61
Borrowings (other than debt securities)	9,381.13	17,412.06	26,793.19	3,312.59	6,638.13	9,950.72	2,633.16	4,086.07	6,719.23
Deposits	6,291.95	7,731.09	14,023.04	3,419.47	7,920.28	11,339.75	3,196.24	6,591.80	9,788.04
Subordinated liabilities	-	1,437.68	1,437.68	-	1,397.93	1,397.93	-	1,397.80	1,397.80
Other financial liabilities	1,765.29	325.97	2,091.26	609.62	244.84	854.46	293.53	159.71	453.24
Total (d)	**32,113.09**	**42,174.98**	**74,288.07**	**18,186.58**	**36,602.73**	**54,789.31**	**11,666.04**	**24,240.95**	**35,906.99**
Non financial liabilities									
Provisions	2.22	23.04	25.26	1.90	16.84	18.74	1.26	9.00	10.26
Other Non-financial liabilities	2,011.76	-	2,011.76	1,639.08	-	1,639.08	900.82	-	900.82
Total (e)	**2,013.98**	**23.04**	**2,037.02**	**1,640.98**	**16.84**	**1,657.82**	**902.08**	**9.00**	**911.08**
Total liabilities f = (d+e)	**34,127.07**	**42,198.02**	**76,325.09**	**19,827.56**	**36,619.57**	**56,447.13**	**12,568.12**	**24,249.95**	**36,818.07**
Net (c-f)			**7,543.90**			**6,567.34**			**5,799.60**

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44. RISK MANAGEMENT

The company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the board. The risk management framework broadly includes governance, risk appetite approach, risk-specific guidelines, risk measurement, mitigation, monitoring reporting, and key risk indicators (KRIs). The Company has developed a clearly articulated risk appetite statement, functional policies, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight, and assesses whether it is consistent with the risk tolerance levels laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

Note: 44.1: Credit Risk

The Company's asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company's pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

Credit Risk Management

Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company's line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and functional heads, in implementing the risk management framework and policy.

The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company's Risk Framework for credit risk management is mentioned below:

1 Established an appropriate credit risk environment

The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

2 Ensure sound credit approval process

The Company's Target Operating Model (TOM) comprises Hub and Spoke structure, advanced technology platform, experienced and specialised professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoke or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

The credit sanction is done through a well-defined delegation matrix under four eye principle. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

Hubs and Spokes are supported by central support office (CSO), centralised operations (COPS) and central processing centre (CPC).

3 Maintains an appropriate credit administration, measurement, and monitoring process

Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company's credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable.

Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

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Note: 44.2: Derivative Financial Instruments
Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

Note: 44.3: Analysis of risk concentration
(i) Risk concentrations on loans*

An analysis of the Company's credit risk concentrations per product / sub-product is provided in the below mentioned table:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Concentration by sector - Retail			
Housing loans	41,018.91	32,052.39	22,888.38
Non-housing loans	15,118.17	12,771.51	8,591.07
Total (a)	**56,137.08**	**44,823.90**	**31,479.45**
Concentration by sector - Corporate			
Construction finance	11,187.52	7,752.54	4,395.48
Corporate term loan	3,773.19	2,644.35	1,531.84
Lease rental discounting	3,092.68	1,857.47	1,158.27
Total (b)	**18,053.39**	**12,254.36**	**7,085.59**
Total (a+b)	**74,190.47**	**57,078.26**	**38,565.04**

* Loans represents principal outstanding (including principal overdue) as on the date of reporting.

As of March 31, 2019, top 20 exposure covers 60% of corporate portfolio with delinquency of 1.54%. All delinquent accounts were in stage 1 as on March 31, 2019.

(ii) Risk concentrations on financial assets other than loans

(₹ in crores)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2019					
Cash and cash equivalents	-	4,033.96	-	-	4,033.96
Bank balance other than cash and cash equivalents	-	0.11	-	-	0.11
Trade receivables	-	0.02	28.25	10.61	38.88
Investments	1,315.33	3,007.86	237.48	-	4,560.67
Other financial assets	-	492.99	-	20.00	512.99
Total	**1,315.33**	**7,534.94**	**265.73**	**30.61**	**9,146.61**
As at March 31, 2018					
Cash and cash equivalents	-	2,816.95	-	-	2,816.95
Bank balance other than cash and cash equivalents	-	0.03	-	-	0.03
Trade receivables	-	0.21	0.03	0.09	0.33
Investments	1,182.72	821.54	408.69	-	2,412.95
Other financial assets	-	224.01	-	16.81	240.82
Total	**1,182.72**	**3,862.74**	**408.72**	**16.90**	**5,471.08**
As at April 01, 2017					
Cash and cash equivalents	-	65.88	-	-	65.88
Bank balance other than cash and cash equivalents	-	85.62	-	-	85.62
Trade receivables	-	-	7.97	0.04	8.01
Investments	978.13	1,571.30	774.14	-	3,323.57
Other financial assets	-	147.15	-	12.66	159.81
Total	**978.13**	**1,869.95**	**782.11**	**12.70**	**3,642.89**

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Note: 44.4: Market Risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

Note: 44.4.1 Total market risk exposure

(₹ in crores)

Particulars	As at March 31, 2019 Carrying Amount	As at March 31, 2018 Carrying Amount	As at April 01, 2017 Carrying Amount	Primary risk Sensitivity
ASSETS				
Financial assets				
Cash and cash equivalents	4,033.96	2,816.95	65.88	-
Bank balance other than cash and cash equivalents	0.11	0.03	85.62	-
Trade receivables	38.88	0.33	8.01	-
Loans	74,287.88	57,164.80	38,734.68	Interest rate
Investments	4,560.67	2,412.95	3,323.57	Interest rate
Other financial assets	512.99	240.82	159.81	Interest rate
Total	**83,434.49**	**62,635.88**	**42,377.57**	
LIABILITIES				
Financial liabilities				
Derivative financial instruments	210.80	38.55	40.89	Interest rate/ Currency risk
Trade payables	127.16	119.60	92.18	-
Debt securities	29,604.94	31,088.30	17,415.61	-
Borrowings (other than debt securities)	26,793.19	9,950.72	6,719.23	Interest rate
Deposits	14,023.04	11,339.75	9,788.04	-
Subordinated liabilities	1,437.68	1,397.93	1,397.80	-
Other financial liabilities	2,091.26	854.46	453.24	-
Total	**74,288.07**	**54,789.31**	**35,906.99**	

44.4.2 Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables asses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit & (loss)
Loans	2017-18	50 bps / (50) bps	177.83 / (177.83)
	2018-19	50 bps / (50) bps	298.58 / (298.58)
Investments	2017-18	25 bps / (25) bps	(4.98) / 4.98
	2018-19	25 bps / (25) bps	(2.77) / 2.77
Other financial assets	2017-18	25 bps / (25) bps	22.73 / (22.73)
	2018-19	25 bps / (25) bps	81.01 / (81.01)
Derivative financial instruments	2017-18	20 bps / (20) bps	(2.87) / 2.87
	2018-19	20 bps / (20) bps	(5.35) / 5.35
Borrowings (other than debt securities)	2017-18	50 bps / (50) bps	(49.75) / 49.75
	2018-19	50 bps / (50) bps	(128.55) / 128.55

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

44.4.3 Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contracts. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table asses the sensitivity of the assets and liabilities over the profit and loss with change in currency rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in %	Sensitivity of profit & (loss)
Derivative financial instruments	2017-18	10 % / (10) %	(6.06) / 6.06
	2018-19	10 % / (10) %	(11.19) / 11.19

Note: 44.5: Liquidity risk and funding management
Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds ,fixed deposits,liquid bonds, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and asses the liquidity position. Moreover, the Compnay keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

Notes to Consolidated Financial Statements
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Note: 44.5.1. Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company's financial liabilities.

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities									
Derivative financial instruments	27.31	183.49	210.80	-	38.55	38.55	-	40.89	40.89
Trade payables	127.16	-	127.16	119.60	-	119.60	92.18	-	92.18
Debt securities	14,520.25	15,084.69	29,604.94	10,725.30	20,363.00	31,088.30	5,450.93	11,964.68	17,415.61
Borrowings (other than debt securities)	9,381.13	17,412.06	26,793.19	3,312.59	6,638.13	9,950.72	2,633.16	4,086.07	6,719.23
Deposits	6,291.95	7,731.09	14,023.04	3,419.47	7,920.28	11,339.75	3,196.24	6,591.80	9,788.04
Subordinated liabilities	-	1,437.68	1,437.68	-	1,397.93	1,397.93	-	1,397.80	1,397.80
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,237.82	11,362.69	14,600.51	3,510.69	6,250.58	9,761.27	1,834.00	6,132.00	7,966.00
Other financial liabilities	1,765.29	325.97	2,091.26	609.62	244.84	854.46	293.53	159.71	453.24
Total	**35,350.91**	**53,537.67**	**88,888.58**	**21,697.27**	**42,853.31**	**64,550.58**	**13,500.04**	**30,372.95**	**43,872.99**

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

(₹ in crores)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2019			
Undrawn commitments relating to advances	4,942.00	4,942.00	9,884.00
Undrawn commitments relating to Letter of comfort	-	80.00	80.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn commitments relating to borrowings	3,787.43	-	3,787.43
As at March 31, 2018			
Undrawn commitments relating to advances	6,360.14	1,780.14	8,140.28
Undrawn commitments relating to Letter of comfort	-	15.00	15.00
Undrawn commitments relating to borrowings	4,680.00	-	4,680.00
As at April 01, 2017			
Undrawn commitments relating to advances	4,822.00	-	4,822.00
Undrawn commitments relating to Letter of comfort	-	15.00	15.00
Undrawn commitments relating to borrowings	569.00	-	569.00

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45. FAIR VALUE MEASUREMENT

The principles and techniques of fair value measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2: Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

Level 3: Those that includes one or more unobservable input that is significant to the measurement as whole.

(b) Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

(c) Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in crores)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual Funds	103.49	-	-	103.49
Debt securities	-	166.73	-	166.73
Certificate of deposits	-	2,904.38	-	2,904.38
Total assets measured at fair value on a recurring basis (a)	**103.49**	**3,071.11**	**-**	**3,174.60**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	131.11	-	131.11
Total assets measured at fair value on a non recurring basis (b)	**-**	**131.11**	**-**	**131.11**
Total assets measured at fair value (a)+(b)	**103.49**	**3,202.22**	**-**	**3,305.71**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	125.19	-	125.19
Interest rate swaps	-	85.61	-	85.61
Total liabilities measured at fair value through profit or loss	**-**	**210.80**	**-**	**210.80**

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(₹ in crores)

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	440.57	-	-	440.57
Debt securities	-	408.69	-	408.69
Commercial papers	-	193.87	-	193.87
Certificate of deposits	-	187.10	-	187.10
Total assets measured at fair value on a recurring basis (a)	**440.57**	**789.66**	**-**	**1,230.23**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	178.70	-	178.70
Total assets measured at fair value on a non recurring basis (b)	-	178.70	-	178.70
Total assets measured at fair value (a)+(b)	**440.57**	**968.36**	**-**	**1,408.93**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	38.55	-	38.55
Total liabilities measured at fair value through profit or loss	**-**	**38.55**	**-**	**38.55**

(₹ in crores)

As at April 01, 2017	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	890.26	-	-	890.26
Debt securities	-	1,224.45	-	1,224.45
Commercial papers	-	230.73	-	230.73
Total assets measured at fair value on a recurring basis (a)	**890.26**	**1,455.18**	**-**	**2,345.44**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	154.99	-	154.99
Total assets measured at fair value on a non recurring basis (b)	**-**	**154.99**	**-**	**154.99**
Total assets measured at fair value (a)+(b)	**890.26**	**1,610.17**	**-**	**2,500.43**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	40.89	-	40.89
Total liabilities measured at fair value through profit or loss	**-**	**40.89**	**-**	**40.89**

Valuation methodologies of financial instruments measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are recorded and measured at fair value in the Company's financial statements.

1 Mutual funds

Units held in mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.

2 Debt securities

The Company's debt instruments are standard fixed rate securities, some with zero coupon feature. The Company uses market prices whenever available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

3 Commercial paper / Certificate of deposit

Commercial paper / Certificate of deposit have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Notes to Consolidated Financial Statements
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4 Assets held for sale
Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

5 Derivative financial instruments
Interest rate derivatives
For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts
Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the counter foreign exchange options. However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

(d) Fair Value of Financial Instruments not measured at Fair Value

(₹ in crores)

As at March 31, 2019	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans	74,287.88	-	74,271.26	-	74,271.26
Investment in government securities	1,386.07	-	1,436.43	-	1,436.43
Total financial assets	**75,673.95**	**-**	**75,707.69**	**-**	**75,707.69**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	21,750.93	-	21,724.30	-	21,724.30
Borrowing other than debt securities	26,793.19	-	26,793.19	-	26,793.19
Deposits (including interest accrued)	14,240.93	-	14,345.09	-	14,345.09
Subordinated liabilities	1,437.68	-	1,448.00	-	1,448.00
Total financial liabilities	**64,222.73**	**-**	**64,310.58**	**-**	**64,310.58**

(₹ in crores)

As at March 31, 2018	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	57,164.80	-	57,178.88	-	57,178.88
Investment in government securities	1,182.72	-	1,207.03	-	1,207.03
Total financial assets	**58,347.52**	**-**	**58,385.91**	**-**	**58,385.91**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	20,877.08	-	20,896.17	-	20,896.17
Borrowing other than debt securities	9,950.72	-	9,950.72	-	9,950.72
Deposits (including interest accrued)	11,535.92	-	11,738.14	-	11,738.14
Subordinated liabilities	1,397.93	-	1,404.60	-	1,404.60
Total financial liabilities	**43,761.65**	**-**	**43,989.63**	**-**	**43,989.63**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(₹ in crores)

As at March 31, 2017	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	38,734.68	-	38,774.24	-	38,774.24
Investment in government securities	978.13	-	1,042.16	-	1,042.16
Total financial assets	**39,712.81**	**-**	**39,816.40**	**-**	**39,816.40**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	13,162.05	-	13,413.33	-	13,413.33
Borrowing other than debt securities	6,719.23	-	6,719.23	-	6,719.23
Deposits (including interest accrued)	9,947.77	-	10,209.63	-	10,209.63
Subordinated liabilities	1,397.80	-	1,451.44	-	1,451.44
Total financial liabilities	**31,226.85**	**-**	**31,793.63**	**-**	**31,793.63**

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements.

1. Financial assets and liabilities (Short term)

In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not be disclosed.

2. Loans

The fair values of loans are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

3. Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long- term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

4. Financial liabilities

Debt securities and subordinated liabilities

Debt securities arand subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

Borrowings other than debt securities and deposits

The fair values of borrowings other than debt securities and deposits are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended March 31, 2019, March 31, 2018 and April 01, 2017.

(f) There is no valuation adjustment relating to Credit Valuation Adjustment/ Debit Valuation Adjustment.

46. STANDARD ISSUES BUT NOT YET EFFECTIVE

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019.

Notes to Consolidated Financial Statements
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Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is under process of assessing the impact of application of Ind AS 116.

47. FIRST-TIME ADOPTION OF Ind AS

These financial statements, for the year ended March 31, 2019, are the first financial statements which the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/ exceptions:

a) Mandatory exemptions

(i) Use of Estimates

The estimates at April 1, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments, where application of Indian GAAP did not require estimation:

- Fair valuation of financials instruments carried at FVTPL and FVOCI
- Impairment of financial assets based on expected credit loss (ECL) model
- Determination of discounted value for financial instruments carried at amortised cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2017 the date of transition to Ind AS, and as of March 31, 2018.

(ii) Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

(iii) Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at April 1, 2017.

(iv) Derecognition of financial assets and liabilities

The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(b) Optional exemptions

(i) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE, Intangible assets and Investment Properties as recognised in its Indian GAAP financial as deemed cost at the transition date.

(ii) Arrangements containing a lease:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

Notes to Consolidated Financial Statements
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Equity Reconciliation as on April 01, 2017

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment	Ind AS
ASSETS				
Financial assets				
Non Current Investments		961.35	(961.35)	-
Current Investments		2,318.21	(2,318.21)	-
Long term loans and advances		36,443.79	(36,443.79)	-
Short term loans and advances		39.94	(39.94)	-
Other Non current assets		278.43	(278.43)	-
Other current assets		2,705.93	(2,705.93)	-
Cash and cash equivalents		151.47	(85.59)	65.88
Bank balance other than cash and cash equivalents		-	85.62	85.62
Derivative financial instruments		-	-	-
Trade receivables		-	8.01	8.01
Loans	1(a), 2,10	-	38,734.68	38,734.68
Investments	4 (a),(b)	-	3,323.57	3,323.57
Other financial assets	3	-	159.81	159.81
		42,899.12	**(521.55)**	**42,377.57**
Non-financial assets				
Current tax assets (net)		-	12.39	12.39
Deferred tax assets (net)	9	-	5.35	5.35
Investment property		-	0.58	0.58
Property, plant and equipment		47.77	(0.59)	47.18
Other Intangible assets		10.63	-	10.63
Capital work-in-progress		2.03	(0.01)	2.02
Intangible assets under development		-	0.01	0.01
Other non-financial assets		-	6.95	6.95
Assets held for sale		-	154.99	154.99
		60.43	**179.67**	**240.10**
Total		**42,959.55**	**(341.88)**	**42,617.67**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Long term borrowings		24,083.96	(24,083.96)	-
Short term borrowings		7,947.41	(7,947.41)	-
Other long term liabilities		103.90	(103.90)	-
Other current liabilities		4,836.06	(4,836.06)	-
Derivative financial instruments	7	-	40.89	40.89
Trade payables		93.56	(1.38)	92.18
Debt Securities	1 (b)	-	17,415.61	17,415.61
Borrowings (other than debt securities)	1 (b)	-	6,719.23	6,719.23
Deposits	1 (b)	-	9,788.04	9,788.04
Subordinated liabilities	1 (b)	-	1,397.80	1,397.80
Other financial liabilities		-	453.24	453.24
		37,064.89	**(1,157.90)**	**35,906.99**
Non-financial liabilities				
Long term provisions	10	242.45	(242.45)	-
Short term provisions	10	28.04	(28.04)	-
Provisions	5	-	10.26	10.26
Deferred tax liabilities (net)		46.86	(46.86)	-
Other non-financial liabitilies		-	900.82	900.82
		317.35	**593.73**	**911.08**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment	Ind AS
Equity				
Equity share capital		165.64	-	165.64
Other equity	1(a),1(b),2,3,4 (a), 4(b),5, 6 ,7,8,9	5,411.67	222.29	5,633.96
Equity attributable to equity holders of the parent		5,577.31	222.29	5,799.60
Non-controlling interest		-	-	-
Total equity		5,577.31	222.29	5,799.60
Total		**42,959.55**	**(341.88)**	**42,617.67**

Equity Reconciliation as on March 31, 2018

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Non Current Investments		1,161.40	(1,161.40)	-
Current Investments		1,218.51	(1,218.51)	-
Long term loans and advances		54,121.79	(54,121.79)	-
Short term loans and advances		80.97	(80.97)	-
Other Non current assets		465.27	(465.27)	-
Other current assets		3,848.14	(3,848.14)	-
Cash and cash equivalents		2,816.93	0.02	2,816.95
Bank balance other than cash and cash equivalents		-	0.03	0.03
Receivables		-	0.33	0.33
Loans	1(a), 2, 10	-	57,164.80	57,164.80
Investments	4 (a),(b)	-	2,412.95	2,412.95
Other financial assets	3	-	240.82	240.82
		63,713.01	**(1,077.13)**	**62,635.88**
Non-financial assets				
Current tax assets (net)		-	48.46	48.46
Deferred tax assets (net)	9	-	45.46	45.46
Investment property		-	0.57	0.57
Property, plant and equipment		58.98	(0.57)	58.41
Other Intangible assets		17.14	-	17.14
Capital work-in-progress		9.69	(1.46)	8.23
Intangible assets under development		-	1.46	1.46
Other non-financial assets		-	20.16	20.16
Assets held for sale		-	178.70	178.70
		85.81	**292.78**	**378.59**
Total		**63,798.82**	**(784.35)**	**63,014.47**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Long term borrowings		36,388.70	(36,388.70)	-
Short term borrowings		14,241.96	(14,241.96)	-
Other long term liabilities		141.98	(141.98)	-
Other current liabilities		6,097.66	(6,097.66)	-
Derivative financial instruments	7	-	38.55	38.55
Trade payables		121.30	(1.70)	119.60
Debt Securities	1 (b)	-	31,088.30	31,088.30
Borrowings (other than debts securities)	1 (b)	-	9,950.72	9,950.72
Deposits	1 (b)	-	11,339.75	11,339.75
Subordinated liabilities	1 (b)	-	1,397.93	1,397.93
Other financial liabilities		-	854.46	854.46
		56,991.60	**(2,202.29)**	**54,789.31**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustments	Ind AS
Non-financial liabilities				
Long term provisions	10	399.82	(399.82)	-
Short term provisions	10	44.20	(44.20)	-
Provisions	5	-	18.74	18.74
Deferred tax liabilities (net)		57.66	(57.66)	-
Other non-financial liabilities		-	1,639.08	1,639.08
		501.68	**1,156.14**	**1,657.82**
Equity				
Equity share capital		166.59	-	166.59
Other equity	1(a),1(b),2,3,4 (a), 4(b),5, 6 ,7,8,9	6,138.95	261.80	6,400.75
Equity attributable to equity holders of the parent		6,305.54	261.80	6,567.34
Non-controlling interest		-	-	-
Total equity		**6,305.54**	**261.80**	**6,567.34**
Total		**63,798.82**	**(784.35)**	**63,014.47**

Profit reconciliation for the year ended March 31, 2018

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment	Ind AS
Revenue from operations				
Revenue from operations		5,516.40	(5,516.40)	-
Interest Income	1 (a), 4 (a)	-	5,046.70	5,046.70
Fees and commission Income	1 (a), 3	-	292.26	292.26
Net gain on derecognition of financial instruments under amortised cost category	3	-	116.22	116.22
Net gain on fair value changes	4 (b)	-	33.53	33.53
Total revenue from operations		**5,516.40**	**(27.69)**	**5,488.71**
Other Income		0.56	0.07	0.63
Total income		**5,516.96**	**(27.62)**	**5,489.34**
Expenses				
Finance costs	1 (b)	3,530.80	5.76	3,536.56
Office operating expenses		101.22	(101.22)	-
Provisions and Contingencies		180.53	(180.53)	-
Bad debts written off		18.30	(18.30)	-
Impairment on financial instruments	2	-	276.57	276.57
Employee benefits expense	5,6	137.08	7.06	144.14
Fees and commission expense		-	83.47	83.47
Depreciation, amortisation and impairment		24.13	-	24.13
Other expenses		246.21	(56.32)	189.89
Total expenses		**4,238.27**	**16.49**	**4,254.76**
Profit before tax		**1,278.69**	**(44.11)**	**1,234.58**
Tax expense				
Current tax		438.56	(0.69)	437.87
Earlier years		(0.08)	0.08	-
Deferred tax	9	10.80	(55.24)	(44.44)
Profit for the year		**829.41**	**11.74**	**841.15**

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment	Ind AS
Other Comprehensive (loss) / income				
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gain / (loss) on defined benefit plan	5	-	0.13	0.13
(ii) Income tax relating to items that will not be reclassified to profit or loss.	9	-	(0.05)	(0.05)
Subtotal (A)		-	**0.08**	**0.08**
B (i) Items that will be reclassified to profit or loss				
Cash flow hedge	7	-	(3.76)	(3.76)
(ii) Income tax relating to items that will be reclassified to profit or loss	9	-	1.52	1.52
Subtotal (B)		-	**(2.24)**	**(2.24)**
Other comprehensive (loss) / income (A + B)		-	(2.16)	(2.16)
Total comprehensive income for the year		**829.41**	**9.58**	**838.99**

Foot notes to the reconciliation of the equity as at April 01, 2017 and March 31, 2018 and profit and loss for the year ended March 31, 2018:

1. EIR on loans and borrowings

a) Under Indian GAAP, transaction costs on origination of loan assets was recognised as an expense on straight line basis over the expected life of the loan assets and fees collected from the customer on origination of loan assets was recognised as an income on straight line basis over the expected life of the loan assets.

Under Ind AS, transaction costs and fees from customers are included in the initial recognition amount of loan assets and recognised as interest income using the effective interest rate method.

Consequently loan assets as at March 31, 2018 have increased by ₹197.50 crores and on the date of transition (i.e April 01, 2017) have increased by ₹138.56 crores. Interest income for the year ended March 31, 2018 have increased by ₹0.26 crores and retained earnings on the date of transition (i.e April 01, 2017) have decreased by ₹18.52 crores.

b) Under Indian GAAP, transaction costs incurred on borrowings was recognised as an expense on straight line basis over the life of the borrowings.

Under Ind AS, transaction costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest rate method.

Consequently, borrowings as at March 31, 2018 have decreased by ₹67.42 crores and on the date of transition (i.e April 01, 2017) have decreased by ₹60.02 crores. Interest exepnse for the year ended March 31, 2018 have increased by ₹6.23 crores and retained earnings on the date of transition (i.e April 01, 2017) decreased by ₹8.94 crores.

Further, under Indian GAAP, discount on issue / premium on redemption of debentures are adjusted from securities premium account while under Ind AS these are to amortised basis effective interest rate method. Consequently, discount on issue / premium on redemption of debentures reversed from securities premium account.

2. Expected Credit Loss on loan

Under Indian GAAP, the Company has created provision for loans based on the guidelines on prudential norms issued by National Housing Bank. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

Consequently, loan assets as at March 31, 2018 have impaired by ₹432.32 crores and on the date of transition (i.e April 01, 2017) have impaired by ₹174.05 crores (including additional provision for unforeseen macro-economic factors).

Impairment on financial instruments for the year ended March 31, 2018 have increased by ₹93.22 crores and on the date of transition (i.e April 01, 2017) decreased by ₹86.18 crores.

3. Gain on derecognition of loans (assignment of loans)

Under Indian GAAP, interest spread and servicing fees on derecognition of the loans was recognised as an income during the contractual term of the derecognised loans.

Under Ind AS, interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of loans.

Consequently, other financial assets as at March 31, 2018 have increased by ₹220.17 crores and on the date of transition (i.e April 01, 2017) have increased by ₹141.60 crores.

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

Gain on derecognition of loans for the year ended March 31, 2018 have increased by ₹116.22 crores.

Fees and commission income for the year ended March 31, 2018 have decreased by ₹37.65 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹141.60 crores.

4. **Investments**

a) Under Indian GAAP, the company accounted for long term investments in Central and State Government securities at cost less provision for diminution in the value of investments (other than temporary).

Under Ind AS, these Investments are classified as amortised cost since these are to be held till maturity and the cash flows are solely payments of principal and interest only.

Consequently Investments as at March 31, 2018 have increased by ₹3.12 crores and on the date of transition (i.e April 01, 2017) have increased by ₹1.82 crores.

Interest income for the year ended March 31, 2018 have increased by ₹1.30 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹1.82 crores.

b) Under Indian GAAP, the company accounted for short term investments in quoted bonds / debentures and mutual funds as investment measured at cost or market value whichever is less.

Under Ind AS, the company has classified such investments as FVTPL investments and are measured at fair value.

Consequently Investments as at March 31, 2018 have increased by ₹3.60 crores and on the date of transition (i.e April 01, 2017) have increased by ₹11.11 crores.

Net gain on fair value changes for the year ended March 31, 2018 have decreased by ₹7.51 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹11.11 crores.

5. **Defined benefit obligations**

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, premeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus for the year ended March 31, 2018 the employee benefit cost is increased by ₹0.13 crores and premeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

6. **Share-based payments**

Under Indian GAAP, the Company recognised only the intrinsic value for the share based payments plans as an expense.

Under Ind AS, the fair value of the share options to be determined using an appropriate pricing model, recognised over the vesting period.

Consequently, share based expense to employees for the year ended March 31, 2018 have increased by ₹17.15 crores and retained earnings on the date of transition (i.e April 01, 2017) have decreased by ₹20.74 crores with the corrosponding adjustment to reserves as "share option outstanding account."

Notes to Consolidated Financial Statements
for the year ended March 31, 2019

7. **Derivative Instruments (forward contracts / currency swaps / interest rate swaps)**
   Under Indian GAAP, exchange differences arising on principal only swaps are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes.

   Under Ind AS, derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied. The Company applies hedge accounting for derivative instruments.The effective portion of the cumulative gain or loss on the hedging instrument is recognised directly in other comprehensive income (OCI) and accumulated in a seperate component of equity as "cash flow hedge reserve."

8. **Other comprehensive income**
   Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

9. **Deferred tax**
   Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period.

   Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

   In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

10. **Reclassification of provision of standard / non-performing assets (NPA)**
    Under Indian GAAP provision for non performing assets, standard assets and contingencies were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses.

48. The requirement of preparation of consolidated financial statements is applicable to the Company w.e.f August 22, 2017 (since the subsidiary Company was incorporated on August 22, 2017), therefore the comparative consolidated financial statements of the Company represents the income and expenses of the subsidiary Company from the said date and consolidated financial statements as on April 01, 2017 represents the standalone financial statements of the Company only.

Corporate Information

DIRECTORS ON BOARD
Mr. Sunil Mehta
Chairman
Mr. L V Prabhakar
Mr. Sunil Kaul
Mr. S. K. Jain
Mr. R Chandrasekaran
Mr Nilesh S Vikamsey
Prof. (Dr.) Gourav Vallabh
Mr. Ashwani Kumar Gupta
Mrs. Shubhalakshmi Panse
Mr. Neeraj Vyas
Mr. Sanjaya Gupta
Managing Director

DIRECTORS RESIGNED DURING THE YEAR
Mr. Jayant Dang
(w.e.f July 20, 2018)

AUDITORS
M/s 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. Kapish Jain

COMPANY SECRETARY
Mr. Sanjay Jain

REGISTERED AND CENTRAL SUPPORT OFFICE
9th Floor, Antriksh Bhawan, 22, K. G. Marg, New
Delhi - 110 001

BANKERS AND FINANCIAL INSTITUTIONS
Allahabad Bank
Andhra Bank
Asian Development Bank
Australia and New Zealand Banking Group Limited
Axis Bank Limited
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank PLC
Canara Bank
Catholic Syrian Bank
Central Bank of India
Citibank
Corporation Bank
CTBC Bank Co. Ltd.
Dena Bank
Deutsche Bank
Federal Bank
FirstRand Bank
HDFC Bank Limited
ICICI Bank Limited
IDFC First Bank Limited
Indian Bank
Indian Overseas Bank
Indusind Bank Ltd.
International Finance Corporation
Karnataka Bank
Kotak Mahindra Bank Limited
National Bank Of Agriculture and Rural Development
National Housing Bank (Refinance)
Oriental Bank of Commerce
Punjab & Sind Bank
Punjab National Bank
RBL Bank Limited
South Indian Bank
Standard Chartered Bank
State Bank of India
Sumitomo Mitsui Banking Corporation
Syndicate Bank
The Jammu & Kashmir Bank Limited
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank (Now Bank of Baroda)
Yes Bank Limited

pnb Housing
Finance Limited
Ghar Ki Baat