



Directors' Report to the Members

Your Directors have the pleasure in presenting the 27th Annual Report together with the Audited Accounts of the company for the year ended 31st March, 2015.

1. FINANCIAL PERFORMANCE

₹ in crores

	As on March 31st, 2015	As on March 31st, 2014
Profit/Loss before tax	295.77	175.74
Less: Provision for Tax		
- Current year	89.80	50.00
- Earlier years	-	0.65
- Deferred Tax	9.87	(2.35)
Profit/Loss After Tax	196.11	127.44
Add: Balance brought for-ward from the previous year	11.50	12.21
	207.61	139.65
Appropriation of Profits		
Transfer to Special Reserve (including u/s 29C of NHB Act, 1987)	39.25	25.55
Transfer to General Reserve	25.00	85.00
Proposed Dividend	24.10	15.04
Dividend distribution Tax	4.91	2.56
CSR Activities	2.69	-
Balance carried to Balance Sheet	111.66	11.50
	207.61	139.65

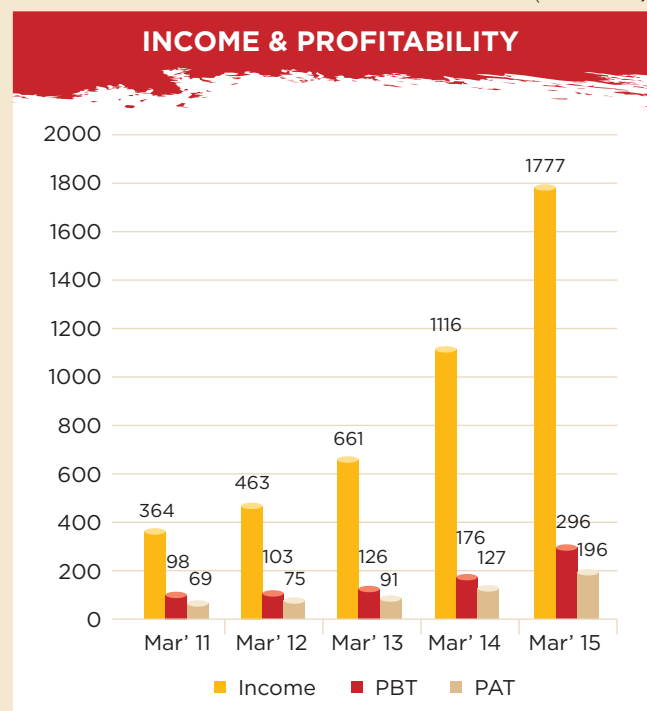
Income

During the year, the Company's revenue from operations was ₹1,776.73 crores as compared to ₹1,116.02 crores in the previous year, recording a growth of 59%. Out of the total revenue, interest income on loans was ₹1,597.64 crores, a growth of 60%, investment income was ₹108.50 crores, a growth of 43% and other income was ₹70.59 crores, a growth of 80%.

Expenses

Total expenses (except provisions and write offs) during the year were ₹1,442.85 crores as compared to ₹909.84 crores in the previous year, a growth of 59%. Out of total expenses for the year, interest expenditure was ₹1,264.84 crores (₹801.15 crores) and operating expenditure was ₹178.01 crores (₹108.69 crores).

(₹ in crores)



2. DIVIDEND

Your Directors are pleased to recommend a dividend of 30% (last year 30%) on enhanced equity share capital, post Rights Issue. Total dividend, including dividend distribution tax is ₹29.01 crores which will be paid pro-rate on enhanced equity capital.

3. LOANS PERFORMANCE

During the year, the Company has sanctioned loans to more than 27,000 customers amounting to ₹15,076 crores as compared to over 13,000 customers amounting to ₹8,840 crores in the previous year, recording a growth of 107% in sanction number and 71% in sanction amount.

During the year, the Company has disbursed loans of ₹9,440 crores as compared to ₹5,500 crores in the previous year, recording a growth of 72%.

Out of total disbursements, ₹6,510 crores loans were disbursed for housing and ₹2,930 crores were disbursed for non-housing purposes. Cumulative sanctions and disbursements as on 31st March, 2015 were ₹38,533 crores and ₹26,216 crores respectively.

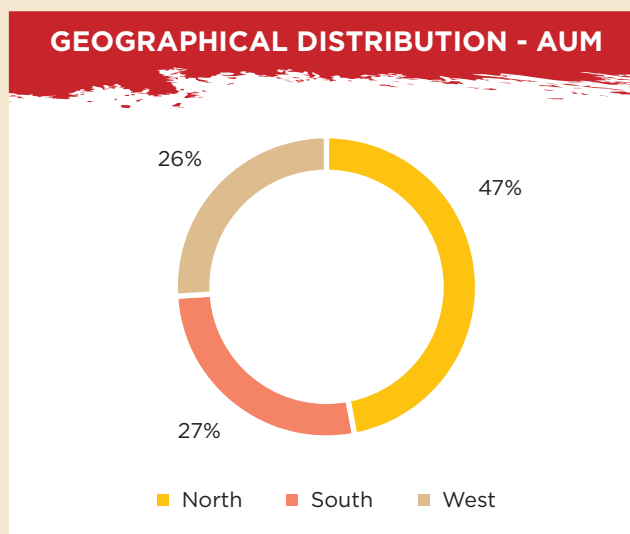
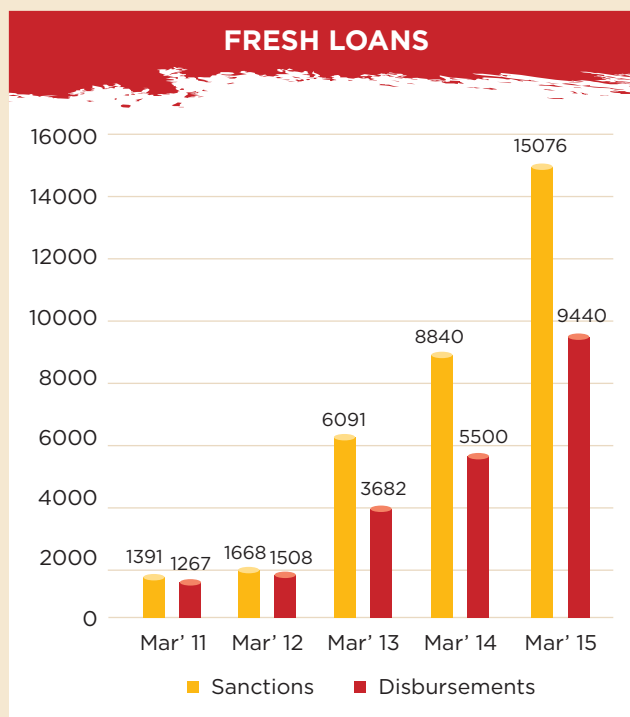
Out of total loan sanctioned during the year, loans of ₹228 crores are eligible under Golden Jubilee Rural Housing Scheme of Government of India, in respect to 574 units.

Loans Outstanding

Total loans outstanding as at 31st March, 2015 were ₹16,819 crores, recording a growth of 59% over the last year. Loan outstanding comprises ₹10,357 crores for individual housing loan, ₹1,279 crores for construction finance and ₹5,183 crores for non-housing loans.

During the year, the Company has securitized housing loan portfolio of ₹500 crores. The total Assets Under Management (AUM) as on 31st March, 2015 were ₹17,297 crores.

(₹ in crores)



During the year under review, an amount of ₹3,213 crores was received by way of scheduled re-payment and pre-payment of loan amount.

The average loan outstanding per individual customer as on 31st March, 2015 was ₹25 lac. The average ticket size for fresh loans sanctioned during the year was ₹56 lac.



Branch Network

During the year, the Company has opened six intra city branch offices; two in Bengaluru, one each at Chennai, Delhi, Pune and Thane. The Company has a network of 38 branches.

During the year, the Company opened 10 more Regional Hubs at Ahmedabad, Chennai, Dehradun, Hyderabad, Kolkatta, Kochi, Lucknow, New Delhi, Pune and Thane. The Company has three zonal hubs; North (at NOIDA), West (at Mumbai) and South (at Bengaluru). The zonal hubs are supported by thirteen regional hubs; 6 in North, 4 in West and 3 in South.

Recoveries and Non-Performing Loans

The Company has further brought down gross non-performing assets from 0.32% to 0.20% and net non-performing assets from 0.16% to 0.07%. In terms of absolute amount, gross non-performing assets as on 31st March, 2015 were ₹34.14 crores and net non-performing assets (after provision as per NHB Directions) were ₹11.37 crores.

The total delinquencies (one day past due) were 1.19%, which is lowest ever for the Company.

During the year, recovery proceedings under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) was initiated for 467 loan accounts amounting to ₹84.67 crores. The Company re-possessed properties in 57 accounts amounting to ₹28.33 crores.

Provisions and Write Off

During the year, the Company has made a provision of ₹37.08 crores towards non-performing and standard loans as per NHB Directions, 2010. The Company has written off bad loans of ₹1.02 crores during the year.

As on 31st March, 2015, the Company is carrying total provision of ₹78 crores on standard loans. The Company is also carrying a provision of ₹22.77 crores on non-performing loans. The Company is thus carrying a total provision of ₹100.77 crores on loan assets.

4. RIGHTS ISSUE

The Board of Directors had approved Rights

Issue of 7,69,23,000 equity shares of ₹10/- each at a premium of ₹120/- per share aggregating to ₹1,000 crore on 8th August, 2013. The shares were allotted to existing shareholders; Punjab National Bank (PNB) and Destimoney Enterprises Private Limited (DEPL) in the ratio of 51:49 respectively.

The Company had allotted 3,92,30,700 equity shares to PNB in FY 2013-14 and 3,76,92,300 equity shares to DEPL in FY 2014-15.

The Company has so far called ₹7/- per share in the Rights Issue along with proportionate premium of ₹84/- per share aggregating to ₹700 crores.

5. RESOURCES

Some of the major highlights for the year are-

- Company raised funds through External Commercial Borrowing (ECB) of USD 100 million under affordable housing route.
- Company securitized Home Loan Assets of ₹500 crores to PNB.
- Company raised short term funds through Commercial Paper to meet disbursement requirements.
- There was special focus on retail deposits of the Company which helped in replacing costly credit lines.
- Company has retired high cost Bank Borrowings during the year.
- Company has raised Tier-II bonds of ₹200 crores.

During the year, the Company borrowed ₹12,016 crores from various sources as under;

Deposits

During the year, the Company has raised deposits of ₹3,769 crores including renewals. The total outstanding deposits (including unclaimed deposits) as at 31st March, 2015 were ₹4,897 crores as against ₹1,712 crores outstanding last year.

The Company has accepted deposits as per 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.

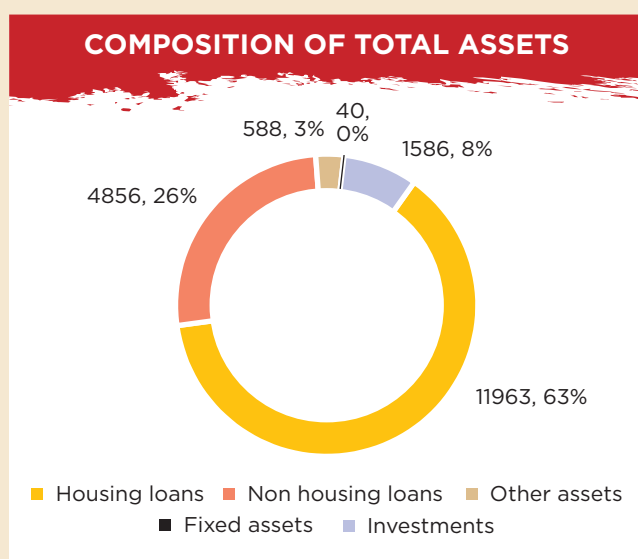
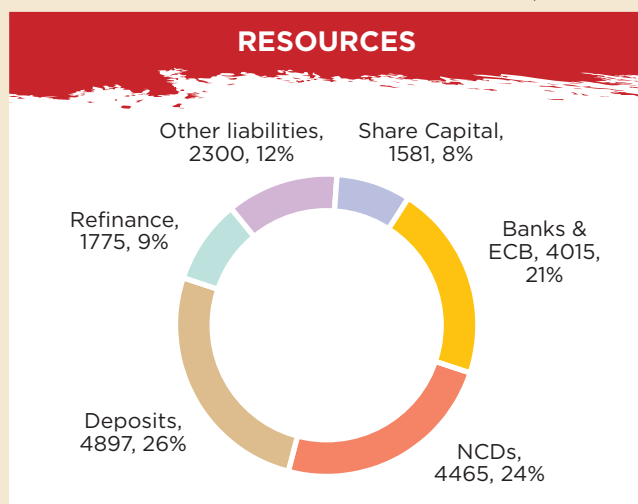
Unclaimed Deposits

Out of the deposits, which became due for repayment up to 31st March, 2015, deposits of ₹8.79 crores, including interest accrued and due relating to 921 depositors had not been claimed or renewed.

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

During the year, the Company has transferred an amount of ₹3.37 lacs to Investor Education and Protection Fund (IEPF) established by the Central Government under section 125 of the Companies Act, 2013. In terms of the said section, no claim would lie against the Company after transfer to IEPF.

(₹ in crores)



Non-Convertible Debentures (NCDs)

The Company raised ₹900 crores of secured NCDs and ₹200 crores of unsecured subordinated NCDs through private placement as under;

- 9.05% Series XVIII of ₹600 crores with 3 years maturity, issued on 21st October, 2014.
- 8.60% Series XIX of ₹300 crores with 3 years 2 months maturity, issued on 24th November, 2014.
- 8.70% unsecured subordinated NCDs of ₹200 crores with 10 years maturity, issued on 24th November, 2014.

The Company also redeemed on maturity, secured NCDs Series IX A of ₹75 crores on maturity on 9th November, 2014.

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

The outstanding balance of NCDs as on 31st March, 2015 was ₹4,465 crores as against ₹3,450 crores in the previous year.

Bank Borrowings

During the year, the Company has raised term loans of ₹1,611 crores from commercial banks for onward lending operations.

External Commercial Borrowings (ECB)

During the year, the Company has raised ECB of USD 100 million (equivalent to ₹611 crores) from IFC Washington and ANZ Bank.

NHB Refinance

During the year, the Company has availed refinance of ₹1,010 crores under various schemes of NHB.

Commercial Paper

During the year, the Company has raised short term funds of ₹3,975 crores through Commercial paper. After repayments on maturity, the net amount outstanding as on 31st March, 2015 was ₹1,600 crores.



6. CREDIT RATING

Deposits

CRISIL has maintained credit rating on fixed deposit programme at FAAA/stable, which means highest safety.

NCDs

CARE has upgraded rating of NCDs programme at CARE AAA. CRISIL has maintained credit rating of NCDs programme to CRISIL AA+/stable outlook. ICRA has rated NCDs at ICRA AA+/positive outlook.

Commercial Paper

CRISIL has reaffirmed rating on commercial paper programme at CRISIL A1+.

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

7. BUSINESS OUTLOOK

The year gone by was the year of stabilization for the country's economy. The wholesale and retail inflation has started to settle down, globally the crude oil price has come down significantly and country's GDP has grown by over 7.4% (as per revised base). The Indian rupee was stable throughout the year as compared to huge volatility seen in FY 2013-14. The stability of crude oil prices and INR has enabled the government to manage its current account deficit much better.

The Reserve Bank of India has reduced the repo rate on two occasions. Due to cumulative impact of reduced inflation and reduction in repo rates by RBI, the interest rates have started to come down. The overall outlook is optimistic and there are signs of growing investments.

With the economy starting to perform better, the real estate sector is also expected to come out of slow growth. The Government is pushing for infrastructure growth and housing for all by the year 2022. There are optimistic signs for the economy and financial sector. The Company expects to maintain high growth trajectory in the current year as well.

8. REGULATORY COMPLIANCE

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

The Know Your Customer (KYC) guidelines, Fair Practice 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.

During the year, NHB has advised HFCs to create Deferred Tax Liability (DTL) on the Special Reserves created and maintained under section 36 (1) (viii) of the Income Tax Act, 1961. Accordingly, the Company has created DTL on the amount transferred to Special Reserves during FY 2014-15. Further, as permitted by NHB, the Company has created DTL equivalent to 25% of Special Reserves created up to 31st March, 2014 directly from the General Reserves.

During the year, the NHB has issued fresh clarifications on pre-payment charges on floating rate housing and non-housing loans. The Company has complied with these directions from the date of its issuance.

9. CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CRAR) as on 31st March, 2015 was 13.76% (comprising Tier I capital of 10.41% and Tier II capital of 3.35%). The NHB has prescribed minimum CRAR of 12% of total risk weighted assets.

10. 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 ₹465.34 crores as on 31st March, 2015. The Company has classified its SLR investments as per NHB Directions, 2010.

11. RISK MANAGEMENT FRAMEWORK

The Company has broad risk management framework for risk assessment associated with its business and risk management. The formal risk management policy of the Company will be implemented in FY 2015-16 after approval by the Board.

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

12. HUMAN RESOURCES

'People First' is Company's motto. The Company is in a service oriented industry where human element is most important. In order to meet growing manpower needs, the Company has employed talent through its efficient recruitment program with individuals having the right skill sets and attitude.

Company has a contemporary Performance Management and Total Rewards program, which has consistently helped in achievement of organizational goals. The structured alignment of individual, functional and organizational goals has succeeded in fostering a high performance work culture.

In order to meet business requirement, fresh hiring were made across functions. As on 31st March, 2015, the company had a total of 631 full time employees on its rolls.

13. PARTICULARS OF EMPLOYEES

Company had only one employee as at 31st March, 2015 employed throughout the year who was in receipt of remuneration of ₹60 lacs or more per annum.

14. CHANGES IN KEY MANAGEMENT PERSONNEL (KMP)

During the year, Mr. Jayesh Jain has joined the Company as Chief Financial Officer (CFO) with effect from 22nd August, 2014.

15. AWARDS AND RECOGNITION

During FY 2014-15, the Company was the proud recipient of the following two recognitions.

"Best Practices in Talent Management":

PNB HFL was recognised and awarded with National award for 'Best Practices in Talent Management' for the year 2014 by Delhi Management Associations (DMA) & Thomas International.

"Microsoft recognising PNB HFL for early adoption of Cloud Services"

Microsoft recognised PNB HFL amongst the pioneer institutions and the first Public Financial Institution to adopt email and unified communication on cloud, i.e. Office 365. This shift to Office 365 has given PNB HFL a 100% uptime and 70% savings on cost in comparison with an in-house set up.

16. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

During the year, the Company has spent a sum of ₹0.27 crores on various CSR activities. The Company has set aside balance amount of ₹2.43 crores out of the profits of the Company for CSR activities to be undertaken in future.

The annual report on CSR activities undertaken during the year forms part of Annexure "A" to the Board's Report.



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

There is no information to disclose under the head 'Conservation of Energy and Technology Absorption' given in the above rules since the company is engaged in providing housing loans. There were no foreign exchange earnings and the Company incurred foreign exchange expenditure of ₹42.30 crores during the year.

18. CORPORATE GOVERNANCE

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

The Company has a Board of Directors, which has a formal schedule of matters reserved for its consideration and decision, apart from legally required matters. The Audit Committee comprises four directors including two independent directors. It reviews financial statements besides other matters as required under the Companies Act. The Board has approved a Charter for the Audit Committee as required under the Companies Act.

In addition, there are five Operational Matters Committees such as Nomination and Remuneration Committee, Credit Committee, Business Process Committee, CSR Committee and Marketing Committee of the Board.

The Company has entrusted the Audit Committee to oversee Vigil Mechanism and Business Process Committee to also act as Stakeholders' Relationship Committee.

In addition, the Company has Asset Liability Management Committee (ALCO) to oversee movement of assets and liabilities, liquidity requirement, movement of interest rates and determine interest rate structure on assets and liabilities.

During the year, the Board of the Company had met six times and the Audit Committee met

four times. There were twenty four meetings of other Operational Matters Committees as per the business requirements of the Company.

The independent directors have evaluated the performance of the Board during last year and they have appreciated overall performance of the Board.

19. BOARD OF DIRECTORS

Mr. K. R. Kamath, who was Chairman of the Board resigned on 27th October, 2014 upon completion of his tenure as Chairman and Managing Director of Punjab National Bank. Your Board wish to place on record significant growth achieved by the Company in the last five years under his guidance and leadership.

During the year, the parent Company of Destimoney Enterprises Private Limited (DEPL) sold its entire shareholding to Quality Investment Holdings, which is owned by Carlyle Asia Partners IV, LP, which is the flagship Asia buyout fund of the Carlyle Group. As a result, Mr. Vivek Vig and Mr. Anand Dorairaj resigned from the Board on 5th March, 2015.

Mr. G. N. Bajpai resigned from the Board on 8th August, 2014 due to personal reasons.

Mr. S. S. Bhatia has resigned from the Board on 31st March, 2015 upon attaining the age of superannuation in Punjab National Bank.

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

New Directors

Mr. Gauri Shankar, MD & CEO of Punjab National Bank has joined the Board on 5th March, 2015 as Chairman of the Board. Mr. Sunil Kaul, who is the Managing Director, Carlyle Group and Mr. Devinjit Singh who is Managing Director of Carlyle India Advisors Private Limited were nominated by the DEPL on the Board of the Company with effect from 5th March, 2015. Mrs. Kalpana Gupta, Divisional Head, Retail Banking Division, Punjab National Bank has joined as Director on 16th July, 2015.

Your Board recommends their appointment in

the forthcoming Annual General Meeting of the Company.

Managing Director

The five years term of Mr. Sanjaya Gupta is coming to an end on 24th June, 2015. In accordance with the provisions of the Companies Act, 2013, the Board has re-appointed Mr. Sanjaya Gupta as Managing Director of the Company for a five years term on 5th May, 2015.

Re-appointment of Directors

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

Your directors recommend their re-appointment in the forthcoming Annual General Meeting of the Company. All the directors have confirmed that they are not disqualified from being appointed/re-appointed as directors in terms of Section 164 of Companies Act, 2013.

20. DISCLOSURE ON MANAGERIAL REMUNERATION

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

21. STATUTORY AUDITORS

During the year, the Comptroller and Auditor General of India has appointed Messrs B. R. Maheswari & Co having registration no. 001035N as statutory auditors for the financial year ended 31st March, 2015. The statutory auditors have not made any adverse comments on the working of the Company. The report of statutory auditors on annual accounts is enclosed along with Directors' Report.

22. REVIEW OF ACCOUNTS BY C & AG

The annual accounts for the year ended 31st March, 2015 were reviewed by Comptroller and Auditor General of India (C & A G). The C & A G has not made any comment on accounts for the year 2014-15.

23. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of section 134 (5) of the Companies Act, 2013 the Board of Directors Report that;

- i. In preparation of annual accounts, the applicable accounting standards has been followed.
- ii. 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 31st March, 2015 and the profit and loss account for the year ended 31st March, 2015.
- iii. 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. Company has laid down internal controls which are adequate and are operating effectively.
- vi. 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.

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

The details forming part of the extracts of the Annual Return in Form MGT-9 is given in Annexure "B" to this Report.



25. SECRETARIAL AUDIT REPORT

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

26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE

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

The details of investments made by the Company are provided under note 12 and note 15 forming part of Annual Accounts of the Company for the year ended 31st March, 2015.

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

During the year, the Company availed fresh term loans of ₹500 crores and overdraft facility from time to time from Punjab National Bank. The Company securitized by sale a housing loan portfolio of ₹500 crores to Punjab National Bank. All the transactions with Punjab National Bank were entered into by the Company in the ordinary course of business, at arm's length and after approval by the Board.

During the year, the Company renewed its agreement for sourcing loans business with Destimoney Enterprises Private Limited (DEPL). The agreement with DEPL was at arm's length and as per Board approved commission structure. The Company paid a commission of ₹3.39 crores to DEPL for the business sourced.

28. MATERIAL CHANGES, DETAILS OF SUBSIDIARIES AND LITIGATIONS

There has been no material changes and commitment, affecting the financial position of the Company which has occurred between the

close of the financial year to which the financial statement relates and the date of the Report.

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

The Company does not have any subsidiary.

29. ACKNOWLEDGEMENTS

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

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

The Directors place on record their appreciation and gratitude to all the Bankers of the Company, Depositors and Debenture holders for their continued confidence and contribution to the growth of the Company.

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

For and on behalf of Board

Gauri Shankar
Chairman

Dated: 3rd August, 2015
Place: New Delhi

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

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

Company's CSR Policy

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

Objective

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

Guiding Principles

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

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

Focus Areas for CSR initiatives

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

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

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



During FY 2014-15, Company has undertaken various activities in the sectors of;

- (i) Promoting preventive health, providing nutrition, addressing issues of malnutrition,
- (ii) Proper immunization through regular doctor's visit, health cards are maintained and linkages are built between community and PHC.
- (iii) Promoting education.
- (iv) Communicating with the parents on issues affecting the children's and their own lives and building their capacities to respond sensitively and appropriately to their children's needs becomes necessary.
- (v) Saathi Sammooh, a new initiative was undertaken to identify 3-4 community members at every site and build their leadership skills.
- (vi) PNB HFL has also made direct Contribution to PM National Relief Fund.

2. The Composition of the CSR Committee

The CSR Committee is comprised of Dr. Ram S Sangapure, Mr. Sunil Kaul, Mr. Tejinder Singh Laschar and Mr. Sanjaya Gupta.

3. Average Net Profit of the Company for Last Three Financial Years: ₹134.79 crores.

4. Prescribed CSR Expenditure: The Company was required to spend ₹2.69 crores towards CSR.

5. Details of CSR spend for the Financial Year

- a. Total CSR Expense Incurred During FY 2014-15: ₹0.27 crores.
- b. Amount unspent, if any: ₹2.42 crores.
- c. Manner in which the amount spent during the financial year is detailed below-

6. Reasons for Not Spending the Full Amount

The Company has framed its CSR policy in January 2015 and since then, the Committee has on a priority basis articulated the amount to be spent as per CSR policy of the company. The CSR committee has considered various proposals for funding and looked at the sustainability and scalability of the project the funds were released. The Company has deployed a dedicated resource for identifying CSR activities, strategy and planning has been finalized by the CSR executive committee. The Company has set aside the unspent amount of ₹2.42 crores and in the FY 2015-16 the CSR activities will be timely rolled out.

7. We State the Implementation and Monitoring of the CSR Policy is in Accordance with CSR Objectives and Policy of the Company.

Managing Director

Chairman of CSR Committee

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs	Amount outlay (budget) project or program wise	Amount spent on the project or programs Sub-heads: (1) Direct Expenditure on projects or programs. (2) overheads	Cumulative expenditure up to the reporting period.	Amount spent: direct or through implementing agency
1.	Eradicating Malnutrition and promoting education	Education Nutrition Health Community communication	Adopt a day care centre at a construction site	₹0.07 Cr.	₹0.07 Cr.	₹0.07 Cr.	Implementing Agency
2.	Contribution to PM National Relief Fund	Contribution to PM National Relief Fund	Contribution to PM National Relief Fund	₹0.20 Cr.	₹0.20 Cr.	₹0.20 Cr.	Direct
Total Amount				₹0.27 Cr.	₹0.27 Cr.	₹0.27 Cr.	NA

Implementing Agency

Mobile Creches for Working Mothers' Children (MC)

Over four decades ago Mobile Crèches (MC) came into being with the first crèche, at a construction site, for the children of migrant construction workers.

Since 1969 MC has been providing health and childcare services to children at construction sites and urban slums in Delhi (NCR). MC has focused its energies into working closely with the urban slum communities in Delhi NCR, expanding its training initiatives through the entire Hindi speaking belt and building facilitative partnerships with real estate developers for creches at their sites.

Mobile Crèches has its dual focus on the young child under-6 years in both urban slums and construction sites. In a backdrop of uncertain wages, lack of family support systems for childcare and poor provisions of potable water, sanitation and health care, MC intervenes to ensure the holistic development of the young children with a special focus on 0-3 years.

PM National Relief Fund

In pursuance of an appeal by the then Prime Minister, Pt. Jawaharlal Nehru in January, 1948, the Prime Minister's National Relief Fund (PMNRF) was established with public contributions to assist displaced persons from Pakistan. The resources of the PMNRF are now utilized primarily to render immediate relief to families of those affected in natural calamities like floods, cyclones, earthquakes, etc. and to the victims of major accidents and riots. Assistance from PMNRF is also rendered, to partially defray the expenses for medical treatment like heart surgeries, kidney transplantation, cancer treatment, etc. The fund consists entirely of public contributions and does not get any budgetary support. The corpus of the fund is invested with banks in fixed deposits. Disbursements are made with the approval of the Prime Minister. PMNRF has not been constituted by the Parliament.

ANNEXURE B

FORM MGT 9

Extracts of Annual return As on 31st March, 2015

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

1. Registration and other details

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



2. Principal Business Activities of the Company

Sr. No.	Name and description of main products / services	NIC code of the product/service	% of the total turnover of the Company
1.	Housing Finance	65923	100%

3. Particulars of Holding, Subsidiary and Associate Companies

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

4. Shareholding Pattern (Equity Share Capital Break Up as Percentage of Total Equity)

Category of Shareholder	No. of shares held at the beginning of the year (De-mat.)		No. of shares held at the end of the year (D. mat.)		% change of the during the year
	Number	% age of shares	Number	% age of shares	
A. Promoters					
1) Indian	-	-	-	-	-
k) Banks	64730700	72.54%	64730700	51%	-21.54%
j) Bodies Corp.	-	-	-	-	-
Total	64730700	72.54%	64730700	51%	-21.54%
2) Foreign	Nil	Nil	Nil	Nil	Nil
Total shareholding of promoters	64730700	72.54%	64730700	51%	-21.54%
B. Public shareholding	Nil	Nil	Nil	Nil	Nil
C. Shares held by custodian for GDRs and ADRs	Nil	Nil	Nil	Nil	Nil
D. Bodies Corporate	24500000	27.46%	62192300	49%	+21.54%
E. Grand Total	89230700	100%	126923000	100%	

ii. Shareholding of Promoters

Category of Shareholder	No. of shares held at the beginning of the year (De-mat.)			No. of shares held at the end of the year (D. mat.)			% change during the year	
	Name	No. of shares	% of total shares of the Co.	% of total shares encumbered / pledged	No. of shares	% of total shares of the Co.	% of total shares encumbered / pledged	% change in holding during the year
	Punjab National Bank	64730700	72.54%	Nil	64730700	51%	Nil	-21.54%

iii. Change in Promoters' Shareholding

Sr. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares of the Company	% of the total shares	No. of shares of the Company	% of the total shares
1.	At the beginning of the year	64730700	72.54%	64730700	51%
2.	At the end of the year	64730700	51%		

iv. Shareholding Pattern of Top 10 Shareholders:

Category of Shareholder	No. of shares held at the beginning of the year (De-mat.)			No. of shares held at the end of the year (D. mat.)			% change during the year
Shareholder Name	No. of shares	% of total shares of the Co.	% of total shares encumbered / pledged	No. of shares	% of total shares of the Co.	% of total shares encumbered / pledged	% change in holding during the year
Punjab National Bank	64730700	72.54%	Nil	64730700	51%	Nil	-21.54%
Destimoney Enterprises Private Limited (DEPL)	24500000	27.46%	Nil	62192300	49%	Nil	+21.54%

v. Shareholding of Directors and Key Management Personnel:

Nil

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
At the beginning of the financial year				
1. Principal amount	8228.17	300.00	1582.29	10110.46
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	15.38	-	129.97	145.35
Total	8243.55	300.00	1712.26	10255.81
Change in indebtedness during the financial year	1525.04	1800.00	3185.16	6510.21
At the end of the financial year				
1. Principal amount	9754.15	2100.00	4626.61	16480.76
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	14.45	-	270.81	285.26
Total	9768.59	2100.00	4897.43	16766.02



6. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director

Sr. No.	Particulars of remuneration	Name of the Managing Director	Total Amount in ₹
1	Gross Salary	Mr. Sanjaya Gupta	
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961)		80,25,028/-
	b) Value of perquisites under section 17(2) of the Income tax Act, 1961		Nil
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	Nil
2	Stock Option	-	Nil
3	Sweat Equity	-	Nil
4	Commission as % of profit	-	Nil
5	Performance Bonus	-	25,00,000/-
	Total A		1,05,25,028/-
	Ceiling as per Act		14,86,00,000/-

B. Remuneration to Other Directors

Particulars of remuneration	Name of Directors				Total amount
	Mr. G N Bajpai	Mr. Tejinder Singh Laschar	Mr. P K Gupta	Mr. S K Jain	
Independent Directors					
Fee for attending Board/Committee Meetings	10,000/-	2,22,000/-	1,67,000/-	3,60,000/-	7,59,000/-
Commission	0	0	0	0	0
Others	0	0	0	0	0
Other Non-executive directors	Paid to PNB for its nominee directors				
Fee for attending Board / Committee Meetings	5,50,000/-	-	-	-	5,50,000/-
Commission	0	0	0	0	0
Others	0	0	0	0	0
Total B					13,09,000/-
Total Managerial Remuneration					1,18,34,028/-
Overall Ceiling as per Act					32,69,00,000/-

C. Remuneration to Key Managerial Personnel Other than MD

Sr. No.	Particulars of remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary			
	a) Salary (as per provisions contained in section 17(1) of the Income tax Act, 1961)	30,99,647/-	*27,45,196/-	58,44,843/-
	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	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission as % of profit	Nil	Nil	Nil
5	Performance Bonus	4,00,000/-	-	4,00,000/-
	Total	34,99,647/-	27,45,196/-	62,44,843/-

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

7. Penalties / Punishment /Compounding of Offences

During the year the Company or any of its directors were not liable for any penalty, punishment etc. under the Companies Act, 2013.

No. of Meetings of Board and Committees held during the year	34
Board of Directors	6
Audit Committee	4
Credit Committee	19
Nomination and Remuneration Committee	2
CSR Committee	2
Business Process Committee	1

Declaration by the Independent Directors

Company has received declaration under section 149 (3) of the Companies Act, 2013 from the three independent directors, which was placed before the Board on 5th May, 2015 i.e. the first meeting of the Board held for FY 2015-16.



Secretarial Audit Report For the Financial Year Ended 31st March, 2015

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year commencing from 1st April, 2014 till 31st March, 2015, complied with the statutory provisions listed hereunder, wherever and to the extent applicable, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the above said financial year ended on 31st March, 2015, according to the provisions of:

Corporate Laws

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

- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

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

- (i) The Listing Agreement entered into by the Company with the National Stock Exchange (“Stock Exchange”) with respect to Non Convertible Debentures listed on the Stock Exchange.
- (ii) The Reserve Bank of India Master Circular – Guidelines for Issue of Commercial Paper.
- (iii) The Memorandum and Articles of Association of the Company.

The Secretarial Standards issued by the Institute of Company Secretaries of India have not been covered since the same were not notified and hence not applicable during the period under review.

During the period under review the Company has complied with all the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

Corporate Laws

I) Companies Act 2013

1. The Company has appointed a Woman Director on its Board as per the requirement of the proviso to Section 149(1)(b) of the Act on 16th July 2015.
2. The Company has not taken deposit of ₹1 Lac with respect to appointment of Directors in General Meeting as required under Section 160 of the Act. The Company has informed that it has only two shareholders i.e Punjab National Bank and Destimoney Enterprise Private Limited and the directors can be nominated only by these shareholders in accordance with the terms of the Articles of Association of the Company read with Shareholder’s Agreement. No other person can stand for directorship on the Board of the Company and therefore the requirement of taking the said deposit was waived off by the Board of Directors of the Company.
3. The Company is in the process of applying for condonation of delay under Section 460 of the Act for late filing of Form MGT-14 for resolutions for appointment of Internal Auditor and approval of Director’s Report, passed by the Board of Directors in its meeting held on 8th August, 2014

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

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

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

We further report that adequate notices were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance (except for one Board Meeting where shorter notice was duly approved) and the system exists for seeking and obtaining further information and



clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

Other Key Corporate Actions

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

- (i) Issuance of Secured or Unsecured Non Convertible Debentures on private placement basis worth ₹1100 crores in 3 tranches.
- (ii) Issue of Commercial Papers aggregating to ₹1600 crores.
- (iii) External Commercial Borrowings of USD 100 million under “approval route” for financing Low cost affordable housing units as per Reserve Bank of India Guidelines.

For Preeti Pahwa & Associates

Preeti Pahwa

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

Place: Gurgaon

Date: July 18, 2015