



## Directors' Report to the Members

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

### 1. Financial Performance

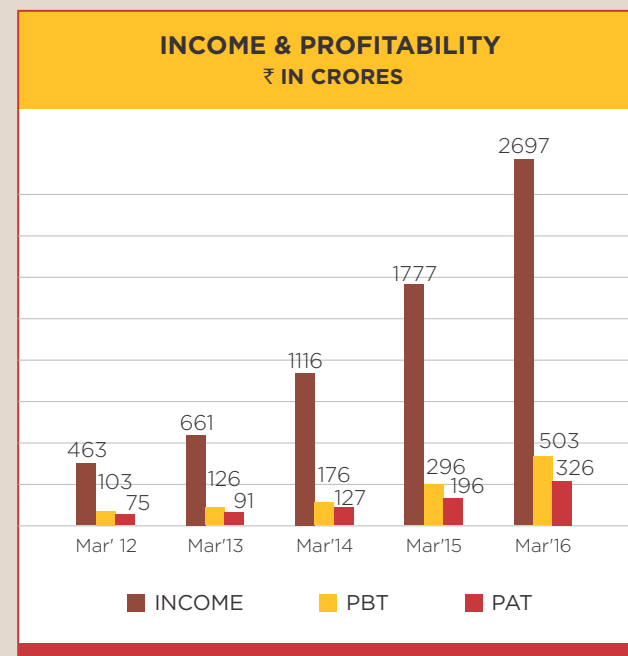
	As on March 31st, 2016	As on March 31st, 2015
Profit/Loss before tax	503.09	295.77
Less: Provision for Tax		
- Current year	165.98	89.80
- Earlier years	1.35	-
- Deferred Tax	9.29	9.86
<b>Profit/Loss After Tax</b>	<b>326.47</b>	<b>196.11</b>
<b>Add:</b> Balance brought for-ward from the previous year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

### INCOME

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

### EXPENSES

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



### DIVIDEND

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

### 2. LOANS PERFORMANCE

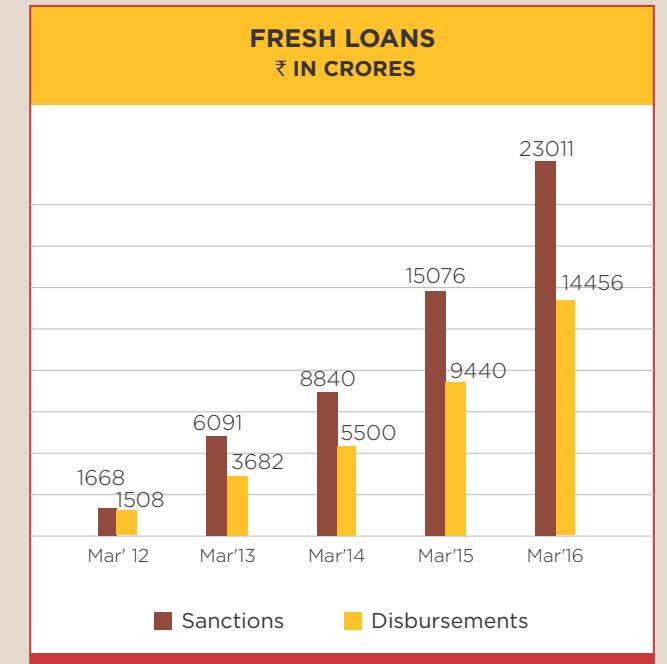
During the year, the Company has sanctioned loans amounting to ₹ 23,011 crores as compared to ₹ 15,076 crores in the previous year, recording a growth of 52.63%.

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

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

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

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



### NEW BRANCHES

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

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

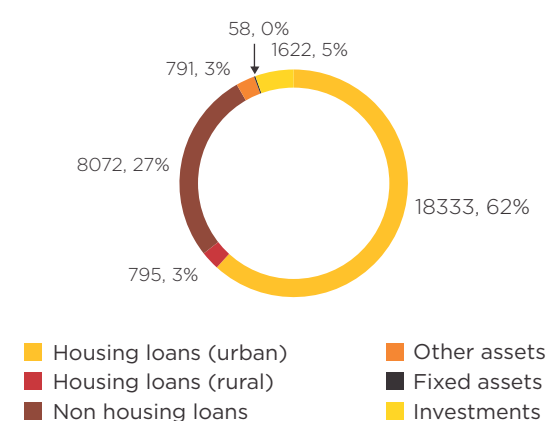
### RECOVERIES AND NON-PERFORMING LOANS

The Company has maintained low NPAs and delinquencies.

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

### COMPOSITION OF TOTAL ASSETS

₹ IN CRORES



### LOANS OUTSTANDING

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



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

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

#### PROVISIONS AND WRITE OFF

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

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

#### 4. RIGHTS ISSUE

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

#### 5. RESOURCES

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

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

#### GREEN BONDS

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

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

#### SECURED NON-CONVERTIBLE DEBENTURES (NCDs)

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

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

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

#### SUBORDINATE DEBT

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

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

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

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

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

#### DEPOSITS

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

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

#### UNCLAIMED DEPOSITS AND NCDs

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

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

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

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

#### 6. CREDIT RATING

##### DEPOSITS

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

##### NCDs

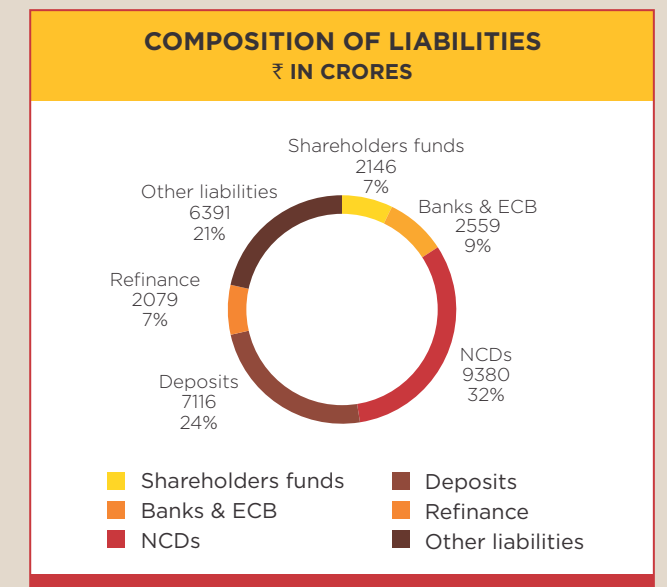
During the year, different series of NCD

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

#### COMMERCIAL PAPER

CARE has rated commercial paper programme at CARE A1+.

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



#### 7. REGULATORY COMPLIANCE

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

The know your customer (KYC) guidelines, fair practise code and anti money laundering (AML) standards as notified by the NHB are available on the Company's website. The Company has also adopted the model code of conduct for direct selling agents and guidelines for recovery agents as stipulated by the NHB.

#### 8. CAPITAL ADEQUACY RATIO

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



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

9. INVESTMENT IN SLR

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

10. RISK MANAGEMENT FRAMEWORK

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

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

11. HUMAN RESOURCES

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

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

The Company has promoted performance driven culture through formal rewards and

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

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

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

12. AWARDS AND RECOGNITION

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

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

13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

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

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

15. CORPORATE GOVERNANCE

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

BOARD COMPOSITION

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

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

BOARD COMMITTEES

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

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

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

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

AUDIT COMMITTEE

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

During the year, the Audit Committee met four times.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

During the year, the NRC met six times.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

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

During the year, the CSR Committee met three times.



**CREDIT COMMITTEE (CCB)**

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

During the year, the CCB met twenty one times.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

**RISK MANAGEMENT COMMITTEE**

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

**MEETING OF INDEPENDENT DIRECTORS**

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

**NEW POLICIES**

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

**16. BOARD OF DIRECTORS**

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

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

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

**NEW DIRECTORS**

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

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

**RE-APPOINTMENT OF DIRECTORS**

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

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

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

**17. DISCLOSURE ON MANAGERIAL REMUNERATION**

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

**18. STATUTORY AUDITORS**

During the year, the Comptroller and Auditor

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

**19. RE-VIEW OF ACCOUNTS BY C & AG**

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

**20. DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

The details forming part of the extracts of the

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

**22. SECRETARIAL AUDIT REPORT**

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

**23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE**

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

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

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

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

**25. MATERIAL CHANGES, DETAILS OF SUBSIDIARIES AND LITIGATIONS**

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

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

The Company does not have any subsidiary.

**26. EMPLOYEES STOCK OPTION SCHEME (ESOS)**

The Board of Directors in its meeting held on



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

**27. MODIFICATION IN MEMORANDUM OF ASSOCIATION**

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

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

**28. MODIFICATION IN ARTICLES OF ASSOCIATION**

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

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

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

**29. ACKNOWLEDGEMENTS**

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

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

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

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

For and on behalf of the Board

**Usha Ananthasubramanian**  
Chairperson

Dated: August 3rd, 2016  
Place: New Delhi

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

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

**COMPANY'S CSR POLICY**

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

**OBJECTIVE**

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

**GUIDING PRINCIPLES**

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

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

**FOCUS AREAS FOR CSR INITIATIVES**

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

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

For further details please refer to the link shared below-

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



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

**I. Day Care Centres**

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

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

**II. Kushal – Skilling Programme**

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

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

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

**III. Education**

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

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

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

**IV. Improved access to Mental Health Services**

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

**V. Response to Natural Disasters**

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

**VI. Decentralized Waste Management**

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

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

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

**Social Impact Created**

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

**2. THE COMPOSITION OF THE CSR COMMITTEE**

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

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

₹ 199.18 crores.

**4. PRESCRIBED CSR EXPENDITURE:**

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

**5. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR:**

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

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



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

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



#### 4. REASONS FOR NOT SPENDING THE FULL AMOUNT.

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

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

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

**Managing Director**

**Chairman of CSR Committee**

#### 5. IMPLEMENTING AGENCY:

##### Mobile Creches for Working Mothers' Children (MC):

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

##### PM National Relief Fund:

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

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

##### Vidya-Integrated Development of Youths and Adults:

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

##### Development Alternatives:

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

##### CREDAI:

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

## ANNEXURE B

### FORM MGT 9

Extracts of Annual return As on March 31st, 2016

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

#### 1. REGISTRATION AND OTHER DETAILS

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

#### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

#### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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





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

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

#### II. SHAREHOLDING OF PROMOTERS

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

#### III. CHANGE IN PROMOTERS' SHAREHOLDING

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

#### IV. SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS

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

#### V. SHAREHOLDING OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

#### 5. INDEBTEDNESS

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

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



## 6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. REMUNERATION TO MANAGING DIRECTOR

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

### B. REMUNERATION TO OTHER DIRECTORS

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

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD

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

### 7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

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

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

#### DECLARATION BY THE INDEPENDENT DIRECTORS

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



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

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

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

For **Preeti Pahwa & Associates**

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

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

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

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

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

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

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

### Corporate Laws

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



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

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

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

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

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

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

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

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

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

#### Other Key Corporate Actions

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

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

For **Preeti Pahwa & Associates**

#### Preeti Pahwa

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

Place:  
Date:



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

भारतीय लेखा तथा लेखापरीक्षा विभाग  
कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा  
एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II  
नई दिल्ली

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

दिनांक / DATE: 28/6/2016

सेवा में,

अध्यक्ष

पी.एन.बी. हाउसिंग फाइनेन्स लि.

९ वीं मंजिल, अंतरिक्ष भवन,

२२, कस्तूरबा गाँधी मार्ग,

नई दिल्ली - ११०००२

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

महोदय,

मैं कम्पनी अधिनियम २०१३ की धारा १४३ (६)(b) के अधीन ३१ मार्च २०१६ को समाप्त हुए वर्ष के लिए पी.एन.बी. हाउसिंग फाइनेन्स लि., के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीया

(सुपर्णा देब)

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

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