

**INDEPENDENT AUDITORS' LIMITED REVIEW REPORT**

**TO THE BOARD OF DIRECTORS OF  
PNB HOUSING FINANCE LIMITED**

We have reviewed the accompanying Statement of Unaudited Financial Results of **PNB HOUSING FINANCE LIMITED** ("the Company") for the quarter ended on December 31, 2016 ("the Statement") being submitted by the Company pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulation, 2015). This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards specified in section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with circular number CIR/CFD/FAC/62/2016 dated July 05, 2016 of SEBI including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For B. R. MAHESWARI & CO. LLP**  
Chartered Accountants  
Firm Registration No. 001035N/N500050



*Sudhir*

**SUDHIR MAHESHWARI**  
Partner  
Membership No. 081075

Date: January 24, 2017  
Place: New Delhi

**Unaudited Financial Results For The Quarter And Nine Months Ended December 31, 2016**

(₹ in crore)

Particulars	Quarter ended 31.12.2016	Quarter ended 30.09.2016	Quarter ended 31.12.2015	Nine Month Ended 31.12.2016	Nine Month Ended 31.12.2015	Year ended 31.03.2016
<b>Income:</b>	(Reviewed)					(Audited)
Interest Income	937.62	913.04	675.25	2,667.86	1,825.55	2,568.26
Fees & Other Operating Income	61.13	57.13	33.85	163.91	87.19	127.58
<b>Income from Operations</b>	<b>998.75</b>	<b>970.17</b>	<b>709.10</b>	<b>2,831.77</b>	<b>1,912.74</b>	<b>2,695.84</b>
<b>Expenditure:</b>						
Finance Cost	673.08	684.68	486.65	1,965.75	1,335.44	1,860.29
Employee Benefit Expenses	24.97	26.58	20.21	73.67	59.40	75.28
Other Expenses	57.22	69.68	36.97	180.03	109.11	161.76
Depreciation Expense	4.77	4.56	4.30	13.80	10.87	15.04
Provisions and Write-offs	30.78	(22.51)	15.85	36.25	51.99	81.13
<b>Total Expenditure</b>	<b>790.82</b>	<b>762.99</b>	<b>563.98</b>	<b>2,269.50</b>	<b>1,566.81</b>	<b>2,193.50</b>
<b>Profit Before Other Income</b>	<b>207.93</b>	<b>207.18</b>	<b>145.12</b>	<b>562.27</b>	<b>345.93</b>	<b>502.34</b>
Other Income	-	0.08	0.63	0.10	0.63	0.75
<b>Profit Before Tax</b>	<b>207.93</b>	<b>207.26</b>	<b>145.75</b>	<b>562.37</b>	<b>346.56</b>	<b>503.09</b>
Tax Expenses	70.15	69.61	55.44	191.04	122.65	176.62
<b>Net Profit After Tax</b>	<b>137.78</b>	<b>137.65</b>	<b>90.31</b>	<b>371.33</b>	<b>223.91</b>	<b>326.47</b>
Paid up Equity Capital (Face value ₹ 10)	165.64	126.92	126.92	165.64	126.92	126.92
Reserves as at 31 <sup>st</sup> March						2,018.98
<b>Earning Per Share:</b>						
-Basic	9.18	10.85	7.12	27.57	19.29	27.48
-Diluted	9.04	10.64	7.12	27.14	19.29	27.48

**Notes:**

1. The main business of the Company is to provide loans for purchase or construction of residential houses. All other activities of the Company revolve around the main business and accordingly, there are no separate reportable segments as per the Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India.

2. Assets under management (AUM) have increased from ₹ 24,674 crore as on December 31, 2015 to ₹ 37,745 crore as on December 31, 2016 registering a growth of 53%. Loan Assets have increased from ₹ 24,307 crore as on December 31, 2015 to ₹ 34,330 crore as on December 31, 2016 registering a growth of 41%.

3. Gross NPAs of the Company are 0.37% of the Loan Assets as on December 31, 2016, against 0.35% of the Loan Assets on December 31, 2015. The Gross NPA as on December 31, 2016 has been calculated considering the additional 60 days time given by NHB vide its circular NHB(ND)/DRS/POLICY CIRCULAR NO. 77/2016-17 in recognition of the Sub-Standard Assets. Net NPAs of the Company are 0.27% of the Loan Assets as on December 31, 2016, against 0.21% of the Loan Assets on December 31, 2015.

4. As on December 31, 2016 the Company is carrying provision for non-performing assets and provision for standard assets of ₹ 32.53 crore and ₹ 166.96 crore respectively. The same is created and maintained in compliance of the Housing Finance Companies (NHB) Directions, 2010 as amended up to date. During the quarter, provision for contingencies of ₹ 12.50 crore is created, over and above the provisions required to be maintained in terms of NHB Direction.



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5. During the quarter ended December 31, 2016, the Company has successfully completed its Initial Public Offer (IPO) of 3,87,19,309 equity shares of ₹ 10 each at a price of ₹ 775/- per share aggregating to ₹ 3,000 crore. The equity shares of the Company were listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited on November 7, 2016. Post IPO, the shareholding of the promoter of the Company i.e. Punjab National Bank has reduced from 51% to 39.08%. Thus, the nature of relationship with PNB has changed and PNB is now no more a Holding Company.

6. Vide circular NHB (ND)/DRS/Policy Circular 65 / 2014-15 dated August 22, 2014, the National Housing Bank ("NHB") has directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to "Special Reserve" created under section 36(1) (viii) of the Income Tax Act, 1961. Accordingly, the Company has charged its Statement of Profit & Loss for the quarter and nine-month ended December 31, 2016 with the deferred tax liability on additional amount expected to be appropriated towards Special Reserve out of profits. This amount is reflected under the head "Tax Expenses".

As per the above circular, NHB has advised HFCs to create deferred tax liability in respect of accumulated balance of Special Reserve as on April 1, 2014 from the reserves over a period of 3 years starting with financial year 2014-15, in a phased manner in the ratio of 25:25:50. Accordingly, the Company has created first and second phase of deferred tax liability of 25% each aggregating to ₹ 26 crore on accumulated special reserve as at April 01, 2014 at the year-end in annual accounts of FY 2014-15 and FY 2015-16. The Company would create third and final phase of deferred tax liability of 50% amounting to ₹ 26 crore on accumulated Special Reserve as on April 01, 2014 at the year-end in annual accounts of FY 2016-17.

7. During the period ended December 31, 2016, there are no transactions in the nature of exceptional or extraordinary items.

8. Previous period/year figures have been regrouped or reclassified, wherever necessary, to make them comparable with the current period figures.

The Statutory Auditors of the Company have carried out a limited review of the financial results for the quarter and nine-month ended December 31, 2016. The above results were reviewed and recommended by the Audit Committee of Board and subsequently approved by Board of Directors at the meeting held on January 24, 2017.

January 24, 2017  
New Delhi

For PNB Housing Finance Limited



  
Sanjaya Gupta  
Managing Director  
DIN 02939128