Ghar Ki Baat

PNB Housing Finance Limited

Our Company was incorporated as "PNB Housing Finance Private Limited" on November 11, 1988 at New Delhi, as a private limited company under the Companies Act, 1956, with a certificate of incorporation granted by the Registrar of Companies, Delhi and Haryana at New Delhi (the "**RoC**"). Pursuant to the conversion of our Company to a public limited company, the name of our Company was changed to "PNB Housing Finance Limited" and the RoC certified the change of name upon conversion to a public limited company on December 30, 1989. For details of changes in name and registered office of our Company, see "*General Information*" beginning on page 89.

Registered and Corporate Office: 9th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg, New Delhi 110 001, India
Tel: +91 11 2373 6857
Contact Person: Sanjay Jain, Company Secretary and Compliance Officer
E-mail: investor.services@pnbhousing.com; **Website**: www.pnbhousing.com
Corporate Identity Number: L65922DL1988PLC033856

OUR PROMOTER: PUNJAB NATIONAL BANK

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF PNB HOUSING FINANCE LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO 9,06,81,828# FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹10 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹275 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹265 PER RIGHTS EQUITY SHARE) AGGREGATING UP TO ₹2,493.76# CRORES ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 29 RIGHTS EQUITY SHARES FOR EVERY 54 EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON, WEDNESDAY, APRIL 5, 2023 (THE "ISSUE"). FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" BEGINNING ON PAGE 358.

#Assuming full subscription. Subject to finalisation of the Basis of Allotment.

WILFUL DEFAULTER(S) OR FRAUDULENT BORROWER(S)

Neither our Company nor our Promoter or any of our Directors have been identified as Wilful Defaulter(s) or Fraudulent Borrower(s).

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the statement of "*Risk Factors*" beginning on page 23.

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and collectively, the "**Stock Exchanges**). Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through their letters dated December 9, 2022 and December 8, 2022, respectively. Our Company will also make applications to BSE and NSE to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is NSE.

LEAD MANAGERS TO THE ISSUE				REGISTRAR TO THE ISSUE
Axis Capital Limited 1st Floor, Axis House C-2 Wadia International Centre Pandurang Budhkar Marg, Worli Mumbai 400 025 Maharashtra, India **Tel:** +91 22 4325 2183 **E-mail:** pnbhfl.rights@axiscap.in **Investor Grievance ID:** complaints@axiscap.in **Website:** www.axiscapital.co.in **Contact Person:** Sagar Jatakiya/ Akash Aggarwal **SEBI Registration No.:** INM000012029	**BNP Paribas** 1-North Avenue Maker Maxity, Bandra Kurla Complex Bandra (E), Mumbai 400 051 Maharashtra, India **Tel:** +91 22 3370 4000 **E-mail:** dl.pnbhfl.rights@asia.bnpparibas.com **Investor Grievance ID:** indiainvestors.care@asia.bnpparibas.com **Website:** www.bnpparibas.co.in **Contact Person:** Piyush Ramchandani **SEBI Registration No.:** INM000011534	**BofA Securities India Limited** Ground Floor, "A" Wing One BKC, "G" Block Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India **Tel:** +91 22 6632 8000 **E-mail:** dg.pnbhf-rights-bofa@bofa.com **Investor Grievance ID:** dg.india_merchantbanking@bofa.com **Website**: www.ml-india.com **Contact Person**: Sweta Birdika **SEBI Registration No**.: INM000011625	**J.P. Morgan India Private Limited** J.P. Morgan Tower, Off. C.S.T. Road Kalina, Santacruz (East) Mumbai 400 098 Maharashtra, India **Tel:** +91 22 6157 3000 **E-mail:** pnbhf_rightsissue@jpmorgan.com **Investor Grievance ID:** investorsmb.jpmipl@jpmorgan.com **Website:** www.jpmipl.com **Contact Person**: Agrim Gupta **SEBI Registration No.:** INM000002970	**Link Intime India Private Limited** C-101, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel:** +91 22 4918 6200 **E-mail:** pnbhfl.rights@linkintime.co.in **Investor Grievance ID:** pnbhfl.rights@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person:** Sumeet Deshpande **SEBI Registration No.:** INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
THURSDAY, APRIL 13, 2023	MONDAY, APRIL 24, 2023	THURSDAY, APRIL 27, 2023

**Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renouncees on or prior to the Issue Closing Date.*

***Our Board or the Stakeholders' Relationship Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates, requires or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, clarification or policy shall be to such legislation, act, regulation, rule, guideline, clarification or policy as amended, supplemented, re-enacted, or modified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI LODR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

The following list of capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Provided that terms used in "Summary of Letter of Offer", "Selected Statistical Information", "Statement of Possible Special Tax Benefits", "Financial Statements", "Outstanding Litigation and Material Developments" and "Terms of the Issue" beginning on pages 18, 75, 103, 188, 334 and 358 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections.

General Terms

Term	Description
"Company", "Our Company", "the Company", "the Issuer" or "PNBHF"	PNB Housing Finance Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at 9th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg, New Delhi 110 001, India
"We", "Our", "Us", or "our Group"	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company along with our Subsidiaries, on a consolidated basis

Company Related Terms

Term	Description
Articles of Association or Articles	Articles of Association of our Company, as amended from time to time
Audit Committee	Audit committee of our Board, as described in "*Our Management – Committees of our Board*" on page 178
Auditors or Statutory Auditors	Joint statutory auditors of our Company, being, T R Chadha & Co. LLP, Chartered Accountants and Singhi & Co., Chartered Accountants
"Board of Directors", or "Board" or "our Board"	Board of directors of our Company or any duly constituted committee thereof
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Board, as described in "*Our Management – Committees of our Board*" on page 178
Directors	Directors on our Board, as may be appointed from time to time
Equity Shares	Equity shares of face value of ₹10 each of our Company
ESOP Scheme 2016	PNB Housing Finance Limited Employee Stock Option Scheme – 2016
ESOP Scheme 2018	PNB Housing Finance Limited Employee Stock Option Scheme – 2018
ESOP Scheme III 2022	PNB Housing Employees Stock Option Scheme III 2022
Independent Director(s)	Independent Director(s) on our Board as of the date of this Letter of Offer appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details of the Independent Directors, see "*Our Management*" beginning on page 172
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" beginning on page 172
Limited Reviewed Consolidated Financial Statements	Limited reviewed unaudited consolidated financial results of our Company for the nine months ended December 31, 2022 with the comparatives for the nine months ended December 31, 2021, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India
"Memorandum of Association" or "Memorandum"	Memorandum of Association of our Company, as amended from time to time

Term	Description
Nomination and Remuneration Committee	Nomination and remuneration committee of our Board, as described in "*Our Management – Committees of our Board*" on page 178
"Promoter" or "PNB"	The promoter of our Company, being Punjab National Bank
Promoter Group	Entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
"Registered and Corporate Office" or "Registered Office"	Registered and corporate office of our Company situated at 9th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg, New Delhi 110 001, India
"Restated Consolidated Financial Statements"	Restated consolidated financial statements of our Company as of and for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, comprising (i) the restated consolidated statement of assets and liabilities for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, (ii) the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows and the restated consolidated statement of changes in equity for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, and (iii) notes thereto prepared in terms of the requirements of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time
Risk Management Committee	Risk management committee of our Board, as described in "*Our Management – Committees of our Board*" on page 178
RSU Scheme 2020	PNB Housing Restricted Stock Unit Scheme 2020
RSU Scheme 2022	PNB Housing Restricted Stock Unit Scheme 2022
"Senior Management"	Senior management of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" beginning on page 172
"Shareholders" or "Equity Shareholders"	Holders of the Equity Shares from time to time
Stakeholders' Relationship Committee	Stakeholders' relationship committee of our Board, as described in "*Our Management – Committees of our Board*" on page 178
Subsidiaries	Subsidiaries of our Company, namely, PHFL Home Loans and Services Limited and PEHEL Foundation

Issue Related Terms

Term	Description
"Abridged Letter of Offer"	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under the Issue in addition to the Rights Entitlement
"Allotment" or "Allot" or "Allotted"	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Accounts	The accounts opened with the Banker to the Issue, into which the Application Money blocked by ASBA Applicants in the ASBA Account, with respect to successful Applicants, will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act
Allotment Account Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Allotment Accounts will be opened, in this case being, HDFC Bank Limited
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
Axis	Axis Capital Limited
"Applicant(s)" or "Investor(s)"	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form used by an Applicant to make an application for the Allotment of Rights Equity Shares in the Issue

Term	Description
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
"Application Supported by Blocked Amount" or "ASBA"	Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard
Assured Subscription Shares	Assured Subscription Shares shall mean (i) such number of Rights Equity Shares of the Promoter aggregating to ₹498,75,00,375 as would not result in a breach by the Promoter of the RBI approval dated June 2, 2022; and (ii) such number of Rights Equity Shares that represents 100% of the Rights Entitlements of each of Quality Investment Holdings PCC, Investment Opportunities V Pte. Ltd. and General Atlantic Singapore Fund Pte. Ltd., subject to compliance with regulatory limits prescribed under applicable law
Banker to the Issue	Collectively, the Allotment Account Bank and the Refund Bank in this case being HDFC Bank Limited
Banker to the Issue Agreement	Agreement dated March 24, 2023 entered into by and among our Company, the Registrar to the Issue, the Lead Managers and the Banker to the Issue for *inter alia* collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange in the Issue, as described in "*Terms of the Issue*" beginning on page 358
BofA Securities	BofA Securities India Limited
BNP	BNP Paribas
"Controlling Branches" or "Controlling Branches of the SCSBs"	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time
Demographic Details	Details of Investors including the Investor's address, PAN, DP ID, Client ID, bank account details and occupation, where applicable
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	NSE
Draft Letter of Offer	The draft letter of offer dated November 29, 2022 filed with SEBI in accordance with the SEBI ICDR Regulations
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see "*Notice to Investors*" beginning on page 12
"Equity Shareholder(s)" or "Shareholders"	Holder(s) of the Equity Shares of our Company
Fraudulent Borrower(s)	Fraudulent Borrower as defined under Regulations 2(1)(lll) of the SEBI ICDR Regulations
Identified Jurisdictions	The jurisdictions provided in "*Restrictions on Purchases and Resales*" beginning on page 383, which include Australia, Bahrain, the British Virgin Islands, China, the Cayman Islands, the European Economic Area, Hong Kong, Japan, Kuwait, Mauritius, Singapore, the United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, and the United States
Issue	Issue of up to 9,06,81,828* Rights Equity Shares for cash at a price of ₹275 per Rights Equity Share aggregating up to ₹2,493.76* crores on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 29 Rights Equity Shares for every 54 Equity Shares held by the Eligible Equity Shareholders on the Record Date **Assuming full subscription. Subject to finalisation of the Basis of Allotment.*
Issue Agreement	Issue agreement dated November 29, 2022 between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue

Term	Description
Issue Closing Date	Thursday, April 27, 2023
Issue Materials	Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue
Issue Opening Date	Thursday, April 13, 2023
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	₹275 per Rights Equity Share
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to 9,06,81,828* Rights Equity Shares aggregating up to ₹ 2,493.76* crores **Assuming full subscription. Subject to finalisation of the Basis of Allotment.*
J.P. Morgan	J.P. Morgan India Private Limited
Lead Managers	Axis, BNP, BofA Securities and J.P. Morgan
Letter of Offer	This Letter of Offer dated March 29, 2023 filed with the Stock Exchanges and the SEBI
Listing Agreement	The uniform listing agreement entered into between our Company and the Stock Exchanges in terms of the SEBI LODR Regulations
Monitoring Agency	CARE Ratings Limited
Monitoring Agency Agreement	Agreement dated March 28, 2023 entered between our Company and the Monitoring Agency in relation to monitoring of the Net Proceeds
Multiple Application Forms	More than one Application form submitted by an Eligible Equity Shareholder/ Renouncee in respect of the same Rights Entitlement available in their demat account. However additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" beginning on page 99
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before Monday, April 24, 2023
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, in the Issue, being Wednesday, April 5, 2023
Refund Bank	The Banker to the Issue with whom the refund account has been opened, in this case being HDFC Bank Limited
Registrar Agreement	Agreement dated November 29, 2022 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
"Registrar to the Issue" or "Registrar" or "Share Transfer Agent"	Link Intime India Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Monday, April 24, 2023 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by such Eligible Equity Shareholder on the Record Date, in this case being 29 Rights Equity Shares for every 54 Equity Shares held by an Eligible Equity Shareholder
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to the Issue
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company and Registrar
SCSB(s)	Self-certified syndicate bank(s) registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or such other website as updated from time to time

Term	Description
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, *i.e.*, BSE and NSE
Transfer Date	The date on which the Application Money blocked in the ASBA Accounts will be transferred to the Allotment Account upon finalization of the Basis of Allotment and as approved by the Designated Stock Exchange
Underwriters	Collectively Axis, BNP and J.P. Morgan
Underwriting Agreement	The underwriting agreement dated March 29, 2023 entered into between our Company and the Lead Managers
Wilful Defaulter(s)	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI
Working Days	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
"₹" or "Rs." or "Rupees" or "INR"	Indian Rupee
Aadhar	Aadhar card
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the SEBI AIF Regulations
"AS" or "Accounting Standards"	Accounting standards issued by the ICAI
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CERSAI	Central Registry of Securitisation Asset Reconstruction and Security Interest
CIBIL	Credit Information Bureau (India) Limited
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
"Companies Act" or "Companies Act, 2013"	Companies Act, 1956 and the Companies Act, 2013, as applicable

Term/Abbreviation	Description/ Full Form
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the relevant rules made thereunder
"Consolidated FDI Policy" or "FDI Policy"	Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020 issued by DPIIT, effective from October 15, 2020
CRISIL	CRISIL Limited
CRISIL Report	Report titled "Housing Finance Report" dated October 2022 as amended by the report titled "Indian Economy – An Overview" dated March 2023, issued by CRISIL and which have been commissioned by our Company
CrPC	The Code of Criminal Procedure, 1973
CSR	Corporate Social Responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
"DP" or "Depository Participant"	Depository participant as defined under the Depositories Act
DP ID	Depository Participant's Identification number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly Department of Industrial Policy and Promotion)
EBIT	Earnings before interest and taxes
EBITDA	Aggregate of profit/(loss) after tax, tax expense, finance cost and depreciation and amortisation for the year/ period
ECB	External Commercial Borrowings
ECB Master Directions	Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 issued by the RBI
EGM	Extraordinary general meeting
EPF	Employees' provident fund
EPFO	Employees' Provident Fund Organisation
EPS	Earnings Per Share
EUR	Euro
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"Financial Year" or "Fiscal Year" or "FY"	Period of 12 months ending March 31 of that particular year
FIR	First information report
FPI	Foreign portfolio investors as defined and registered under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GAAR	General anti-avoidance rules
GAAP	Generally Accepted Accounting Principles in India
Gazette	Official Gazette of India
GIR	General Index Register
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable

Term/Abbreviation	Description/ Full Form
GST	Goods and services tax
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Income-tax Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
ISIN	International Securities Identification Number
IST	Indian Standard Time
IT	Information Technology
KYC	Know Your Customer
"Mn" or "mn"	Million
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
NBFC	Non-Banking Financial Company
NBFC-SI	Systemically Important Non-Banking Financial Company
NBFC-SI Master Directions	Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17) dated September 1, 2016
Net Worth	Net worth as defined under Regulation 2(1)(hh) of the SEBI ICDR Regulations, i.e., the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the restated balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NHB Act	The National Housing Bank Act, 1987
NOF	Net owned funds
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE	Non- residential external
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non- resident ordinary
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
"OCBs" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in

Term/Abbreviation	Description/ Full Form
	existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
ODI	Off-shore Derivate Instruments
p.a.	Per annum
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	Prevention of Money Laundering Act, 2002
RBI	Reserve Bank of India
RBI Master Circular	Master Circular – Requirement for Obtaining Prior Approval of RBI in Cases of Acquisition / Transfer of Control of NBFCs (DNBR (PD) CC.No.061/03.10.119/2015-16) dated July 1, 2015
RBI Master Directions	Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued on February 17, 2021
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Delhi and Haryana at New Delhi
ROE	Return on equity
RoNW	Return on Net Worth
RoW	Rest of the World
Rule 144A	Rule 144A under the U.S. Securities Act
“SARFAESI Act” or “SARFAESI”	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SBI	State Bank of India
SBR Regulations	Scale Based Regulation for Non-Banking Financial Companies effective from October 1, 2022
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI LODR Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI circular bearing reference number

Term/Abbreviation	Description/ Full Form
	SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular(s) issued by SEBI in this regard
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
"Securities Act" or "U.S. Securities Act"	U.S. Securities Act of 1933, as amended
Stamp Act	The Indian Stamp Act, 1899
STT	Securities Transaction Tax
Systemically Important NBFC	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
State Government	Government of a state of India
TAN	Tax deduction account number
TDS	Tax deductible at source
"USD" or "US$"	United States Dollar
"U.S." or "USA" or "United States"	United States of America, its territories or possessions, any state of the United States, and the District of Columbia
U.S. QIB	Persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
VPN	Virtual private network

Industry Related Terms

Term/Abbreviation	Description/ Full Form
Affordable Loans	Loans for financing affordable housing, especially in Tier 2 and Tier 3 cities.
AHP	Affordable Housing in Partnership
ALCO	Asset liability management committee
AUM	Assets under management
BLC-C/BLC-E	Beneficiary-led Individual House Construction/Enhancement
CAM	Credit appraisal memo
CC/OD	Cash credit/overdraft
CERSAI	Central Registry of Securitization Asset Reconstruction and Security Interest of India
COPS	Centralised operations
CIRP	Corporate Insolvency Resolution Process
CLM	Co-lending model
CLSS	Credit Linked Subsidy Scheme
CPC	Central processing centre
CRAR	Capital to risk-weighted assets ratio
CSO	Central Support Office
CTL	Corporate Term Loans
DSA	Direct selling associates

Term/Abbreviation	Description/ Full Form
DST	Direct sales team
ECB	External commercial borrowings
ECLGS	Emergency Credit Line Guarantee Scheme
EMI	Equated Monthly Instalments
ESS	Enterprise system solution
FCU	Fraud Control Units
FOIR	Fixed Obligations to Income Ratio
GNPA	Gross non-performing assets
Gross Retail NPA	Represents closing balance of the Gross NPA of our Retail AUM as of the last day of the relevant year or period
HFC	Housing finance company, in terms of the RBI Master Directions
IVR	Interactive voice response
ISSR	In-Situ Slum Redevelopment
JDA	Joint development agreement
JV	Joint venture
KRIs	Key risk indicators
KYC	Know your customer
LAP	Loans against property
LOS	Loan origination system
LTV	Loan-to-value
NACH	National Automated Clearing House
NBFC	Non-banking financial companies
NCD	Non-convertible debentures
Net Retail NPA	Represents closing balance of the Net NPA of our Retail AUM as of the last day of the relevant year or period
NHB	National Housing Bank
NIA	Negotiable Instrument Act, 1881, as amended
NII	Net Interest Income, which represents our total interest income less total interest expense, including brokerage on deposits, but excluding loan origination costs
NPA	Non-performing assets, and in relation to the RBI Master Directions, shall have the meaning ascribed to it in the RBI Master Directions
NRI	Non-resident Indians
NRPL	Non-Residential Premises Loans
PAN	Permanent account number
PAT	Profit After Tax
PMAY-CLSS	Pradhan Mantri Awas Yojana Credit Linked Subsidy Scheme
PMAY-G	Pradhan Mantri Awas Yojana - Gramin
PMAY-U	Pradhan Mantri Awas Yojana - Urban
PNBHFLR	Our reference interest rate
PTP	Promised-to-pay, a date by which payments have been promised
RBI	Reserve Bank of India

Term/Abbreviation	Description/ Full Form
RMC	Risk Management Committee
RoAs	Return to Assets
ROE	Return on equity
RPA	Robotic Process Automation
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
Self-employed professionals	Certain self-employed customers, including professionals such as lawyers, doctors or chartered accountants
Self-employed non-professionals	Certain other self-employed customers, who rely on their commercial businesses for their income
SWAMIH	Special Window for Affordable and Mid-Income Housing
TAT	Turnaround time
TLRO	Targeted long-term repo operations
TSG	Technical Service Group
WCDL	Working capital demand loan

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions.

This Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the "**Issue Materials**") will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Managers, and the Stock Exchanges.

Our Company, the Lead Managers, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent on the registered email addresses of such Eligible Equity Shareholders.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI for observations. In particular, the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States, except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulation S under the Securities Act and in the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in transactions exempt from the registration requirements under Section 4(a) of the Securities Act. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States or as a solicitation therein of an offer to buy any of such securities, except in each case to persons in the United States who are U.S. Qualified Institutional Buyers ("**QIBs**"). Accordingly, you should not forward or transmit this Letter of Offer in or into the United States at any time. This Letter of Offer, and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, and any other Issue Materials should not distribute or send this Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their affiliates to any filing or registration requirement (other than in India). If this Letter of Offer or any other Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see "*Restrictions on Purchases and Resales*" beginning on page 383.

NOTICE TO INVESTORS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT AND IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN TRANSACTIONS EXEMPT FROM THE REGISTRATION

REQUIREMENTS UNDER SECTION 4(a) OF THE SECURITIES ACT. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF SUCH SECURITIES, EXCEPT IN EACH CASE TO PERSONS IN THE UNITED STATES WHO ARE U.S. QIBs. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Restrictions on Purchases and Resales*" beginning on page 383.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, (A) in the United States when the buy order is made (other than persons in the United States who are U.S. QIBs) or (B) outside India or the United States, and not a corporate Shareholder acquiring the Rights Entitlements or Rights Equity Shares in compliance with laws of such other jurisdiction. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States (other than from persons in the United States who are U.S. QIBs) or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer and Application Form only to Eligible Equity Shareholders (i) who have provided an Indian address to our Company and (ii) to foreign corporate or institutional Shareholders in Identified Jurisdictions. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made and (a) is either in India or (b) is in an Identified Jurisdiction (other than the United States) and a corporate Shareholder acquiring the Rights Entitlements or Rights Equity Shares in compliance with laws of its jurisdiction, or (ii) it is a U.S. QIB in the United States, and in each case is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States (unless the Application Form is submitted by a limited number of U.S. QIB in the United States); or (ii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or Allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares in terms of this Letter of Offer, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Managers or their affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year. Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial data in this Letter of Offer is derived from the (a) restated consolidated financial statements of our Company as of and for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, comprising (i) the restated consolidated statement of assets and liabilities for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, (ii) the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows and the restated consolidated statement of changes in equity for the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, and (iii) notes thereto prepared in terms of the requirements of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time, and (b) limited reviewed unaudited consolidated financial results of our Company for the nine months ended December 31, 2022, with the comparatives for the nine months ended December 31, 2021, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. For further information, see "*Financial Statements*" beginning on page 188.

Unless otherwise stated, references in this Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31.

Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Rupees, in crores.

Non-GAAP Measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Letter of Offer. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. For further information, see "*Selected Statistical Information*" beginning on page 75.

Market and Industry Data

Unless stated otherwise, the industry related information contained in this Letter of Offer, including in "*Risk Factors*", "*Industry Overview*" and "*Our Business*" on pages 23, 109 and 145, has been derived from report entitled "Housing Finance Report" dated October 2022 as amended by the report titled "Indian Economy – An Overview" dated March 2023 (collectively, the "**CRISIL Report**") prepared by CRISIL pursuant to an engagement letter dated May 19, 2022. The CRISIL Report has been commissioned and paid for by our Company, for an agreed fee only for the purposes of confirming our understanding of the industry in connection with the Issue.

The CRISIL Report is subject to the following disclaimer:

"*CRISIL Research, a division of CRISIL Limited ("**CRISIL**") has taken due care and caution in preparing this report (Report) based on the information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. PNB Housing Finance Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited ("**CRIS**"), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

Although we believe that the industry and market data used in this Letter of Offer is reliable, this information is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, and thus we have relied on internally developed estimates. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors –We have commissioned and paid for an industry report which is exclusively prepared for the purposes of the Issue and issued by CRISIL Limited, which has been used for industry related data in this Letter of Offer. Accordingly, prospective investors are advised not to base their investment decision solely on such information.*" on page 59. Accordingly, investment decisions should not be based solely on such information.

Currency of Presentation

All references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India; and
- 'US$', 'USD', '$' and 'U.S. dollars' are to the legal currency of the United States of America.

Please note:

- One million is equal to 1,000,000 or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

Conversion Rates for Foreign Currency:

The conversion rate for the following foreign currency is as follows:

S. No.	Name of the Currency	As of December 31, 2022 (in ₹)	As of December 31, 2021 (in ₹)	As of March 31, 2022 (in ₹)	As of March 31, 2021 (in ₹)	As of March 31, 2020 (in ₹)
1.	1 USD	82.79	74.30	75.81	73.50	75.39

(Source: www.fbil.org.in)
Note: Exchange rate is rounded off to two decimal places

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to' 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, result of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- inability to recover the full value of collateral, or amounts outstanding under defaulted loans in a timely manner;
- non-compliance with observations made during any such inspections could result in penalties and fines;
- any increase in the levels of NPAs in our Gross AUM;
- inability to maintain capital adequacy ratio;
- decreases in our total income and Gross AUM in prior periods; and
- volatility in interest rates for both our lending and treasury operations.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and "*Our Business*" beginning on pages 23 and 145, respectively. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company, the Lead Managers and their respective affiliates undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI and Stock Exchange requirements, our Company will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchange.

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures and terms of the Issue included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including "*Risk Factors*", "*Objects of the Issue*", "*Our Business*" and "*Outstanding Litigation and Material Developments*" beginning on pages 23, 99, 145 and 334, respectively.

Primary Business of our Company

We are the the fourth largest housing finance company in India in terms of assets under management and third largest in terms of deposits, as of March 31, 2022 (Source: *CRISIL Report*). As of December 31, 2022, our assets under management aggregated to ₹65,752.69 crore. We have been operating in the Indian housing finance industry for over three decades through our pan-India network. Our portfolio of products consists of retail loans, which include individual housing loans, loans against property, and non-residential premises loans, and corporate loans (construction finance, lease rental discounting and corporate term loans).

Primary Industry in which our Company operates

CRISIL Research estimates the housing finance segment to be ₹25,587 billion in Financial Year 2022 and estimates that of this, housing loans at non-banking financial companies, including housing finance companies, accounted for ₹8,742 billion, upto approximately 12% on-year. CRISIL Research expects growth to continue in Financial Year 2023, supported by pent-up demand for housing, as individuals working from home hasten their decision to own a house or purchase a larger unit. CRISIL Research forecasts housing finance companies/non-banking financial companies housing credit growth to be 12% to 14% in Financial Year 2023, and for the affordable housing segment credit growth to be 15% to 17% in Financial Year 2023.

Name of our Promoter

Our Promoter is Punjab National Bank.

Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

(in ₹ crore)

Particulars	Estimated amount (up to)
Augmenting our capital base	1,875.00
General corporate purposes*	572.06
Total Net Proceeds	2,447.06

** The amount shall not exceed 25% of the Issue Proceeds. For details, see "Objects of the Issue" beginning on page 99.*

For further details, see "*Objects of the Issue*" beginning on page 99.

Summary of consolidated financial statements

A summary of the Limited Reviewed Consolidated Financial Statements as of and for the nine months ended December 31, 2022 and December 31, 2021, and Restated Consolidated Financial Statements as of and for the Financial Years ended March 31, 2022, March 31, 2021 and March 31, 2020, are as follows:

(in ₹ crore, except per share data)

Particulars	As of and for the nine months ended		As of and for the Financial Year ended		
	December 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Equity Share capital	168.79	168.59	168.60	168.27	168.19
Net Worth	10, 707.26	9,629.28	9,871.63	8,923.03	7,997.77
Revenue from operations	4,891.62	4,770.51	6,195.93	7,603.92	8,481.84
Profit after tax	766.72	666.94	836.48	929.90	646.24
Earnings per share					
- Basic	45.47	39.59	49.64	55.29	38.45
- Diluted	45.44	39.48	49.53	55.26	38.41
Net asset value per equity share*	634.34	571.18	585.51	530.28	475.49

Particulars	As of and for the nine months ended		As of and for the Financial Year ended		
	December 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Total borrowings	51,898.95	52,984.94	53,004.97	59,392.44	67,735.10

**Net asset value per equity share (₹): Net assets at the end of the year/period divided by total number of equity shares outstanding at the end of the year/period.*

Summary of outstanding litigation and material developments

A summary of outstanding litigation proceedings involving our Company, Directors, Promoter and Subsidiaries, as on the date of this Letter of Offer is provided below:

Name of entity	Criminal matters	Actions by regulatory or statutory authorities	Civil Matters			Tax Proceedings	Aggregate amount involved *(₹ in crore) **
			Above the materiality threshold**	Below the materiality threshold** but otherwise deemed material	Non-quantifiable but otherwise deemed material		
	Company						
By the Company	7,656^	N.A.	24	Nil	Nil	N.A.	5,044.18
Against the Company	23	7	10	7	Nil	6	1,987.16***
	Directors						
By the Directors	Nil	N.A.	Nil	Nil	Nil	N.A.	N.A.
Against the Directors	4	Nil	1	Nil	Nil	1	40.66
	Promoter						
By the Promoter	8,989^^	N.A.	25	Nil	Nil	N.A.	1,37,542.18
Against the Promoter	1	1	Nil	Nil	Nil	80	13,768.39
	Subsidiaries						
By the Subsidiaries	Nil	N.A.	Nil	Nil	Nil	N.A.	N.A.
Against the Subsidiaries	Nil	Nil	Nil	Nil	Nil	2	31.76#

**To the extent quantifiable. Further, the aggregate amount involved does not include amounts disclosed in the summaries of proceedings in the section "Outstanding Litigation and Material Developments" beginning on page 334, to the extent such amounts are not the claim amount or outstanding amount in such proceedings.*

***Outstanding litigation: (i) involving our Company, its Directors and Subsidiaries have been considered material if the monetary amount of claim by or against such entity or person in any such pending proceeding is in excess of ₹20.91 crores (being 2.5% of the consolidated profit after tax of our Company for the Financial Year ended 2022), in terms of the Restated Consolidated Financial Statements; and (ii) involving our Promoter has been considered material if the monetary amount of claim by or against our Promoter in any such pending proceeding is in excess of ₹1,038.09 crore (being 5% of the operating profit, on a standalone basis, of our Promoter for the Financial Year ended 2022), in terms of its latest audited annual financial statements.*

**** Contingent liabilities in respect of Income-tax of ₹56.01 crore is disputed and are under appeals. These includes contingent liability of ₹1.96 crore which have been decided by Income Tax Appellate Tribunal in our Company's favour.*

^ 7,569 of these matters are recovery proceedings initiated by our Company in the ordinary course of business under section 138 of the Negotiable Instruments Act, 1881 and Section 25 of the Payment and Settlement Systems Act, 2007 against our borrowers for claims aggregating to approximately ₹2,948.89 crore.

^^ 6,827 of these matters are legal proceedings filed by our Promoter under Section 138 of the Negotiable Instruments Act, 1881 and the amount involved in such cases aggregates to ₹626.02 crore. 2,161 of these matters are cases filed by our Promoter in relation to fraud matters in accordance with the Reserve Bank of India circulars and guidelines on fraud classification and reporting.

 # Rectification application under Section 154 of the Income tax Act, 1961 has been filed before the assessing officer against demand of ₹31.49 crore for one of the matters due to certain mistakes apparent from record in the assessment order for assessment year 2020-21.

Set out below are the brief details of major outstanding litigation against our Company. For further details, see "*Outstanding Litigation and Material Developments – Litigation involving our Company – Litigation against our Company – Civil Proceedings – Civil Proceedings above the materiality threshold of ₹20.91 crore*" on page 336.

1. Adonis Buildtech Private Limited ("**Adonis**") and Ajnara India Limited ("**Ajnara**" collectively, the "**Borrowers**") obtained loan facilities aggregating to ₹280 crore ("**Loan**") including loan facility of ₹155 crore ("**Loan 1")** for repayment of their existing loans and construction of residential apartments. The Borrowers defaulted in repayment of outstanding amount of ₹172.09 crore in relation to the Loan and failed to pay the overdue amount and additional interest, as applicable. The Borrowers have filed securitisation

applications ("**Applications**") against our Company, each before the Debt Recovery Tribunal Delhi-2 , seeking stay on dispossession of the secured assets in pursuance of Possession Notice, and all actions in furtherance of Demand Notice. Further, in relation to the Loan 1, Adonis has also filed a writ petition ("**Petition**") against our Company before the High Court of Delhi, seeking quashing of order dated November 2, 2021, passed by the Regional Director (Northern Region), Ministry of Corporate Affairs ("**Order**"). Pursuant to the Order, the Regional Director has extended the charge on the property bearing description "Ajnara Times Square" ("**Property**") from ₹45 crore to ₹155 crore. Additionally, in relation to the Loan 1, RR Buildtown Private Limited ("**Applicant**"), a shareholder of Adonis, has filed a securitisation application and an amendment application before the Debt Recovery Tribunal Delhi-2 against our Company and others, seeking, inter alia, quashing of the Demand Notice and the Possession Notice and the auction notice dated October 22, 2021 ("**Auction Notice**") and to restrain our Company from taking any measures in furtherance of the aforesaid notices. Pursuant to order dated November 12, 2021, the High Court of Delhi has transferred this matter from Debt Recovery Tribunal Delhi-2 to Debt Recovery Tribunal, Jaipur. Subsequently, pursuant to order dated January 13, 2022, (the "**Impugned Order**"), the Debt Recovery Tribunal, Jaipur restrained our Company from taking any coercive action in relation to the subject property. Thereafter, pursuant to an order dated March 9, 2022, the High Court of Delhi, transferred the matter back from Debt Recovery Tribunal, Jaipur to Debt Recovery Tribunal Delhi-2. Our Company has filed an appeal against the Impugned Order before the Debt Recovery Appellate Tribunal, New Delhi. All the matters are currently pending.

2. Sequel Buildcon Private Limited ("**Corporate Guarantor**") has filed a securitisation application against our Company before the Debt Recovery Tribunal Delhi-2, seeking quashing and setting aside of demand notice dated June 28, 2021 issued under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and guarantee enforcement notice dated October 21, 2021 demanding payment of ₹71.07 crore in relation to loan facilities availed by Ajnara India Limited ("**Ajnara**"). The Corporate Guarantor alleged has alleged inter alia that our Company has failed to dispose the objections raised by it, has not considered Form CHG-4 filed by it and is trying to recover dues of Ajnara from the Corporate Guarantor despite initiating proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 against Ajnara. The matter is currently pending.

3. Joyous Housing Limited ("**Applicant**") has filed a securitisation application ("**Application**") against our Company before the Debt Recovery Tribunal – II, Mumbai under Section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 seeking quashing of demand notice dated January 15, 2022, possession notices dated March 29, 2022 and sale notices dated April 27, 2022 issued by our Company under Section 13 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 upon failure by the Applicant to repay the outstanding amount of ₹715.60 crore in relation to secured construction finance of ₹800 crore availed by the Applicant. The matter is currently pending.

4. Happy Home Corporation, Himmat B. Sorathia and Mukesh B. Patel (collectively, "**Applicants**") have filed two securitisation applications against our Company before the Debt Recovery Tribunal – II, Ahmedabad under Section 17(1) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 seeking, inter alia, quashing of demand notices dated October 7, 2021 and December 3, 2021 issued by our Company under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 upon failure of the Applicants to repay the outstanding amounts of ₹406.03 crore and ₹66.21 crore in relation to construction finance of aggregate ₹900 crore and of aggregate ₹64.35 crore, respectively, availed by the Applicants. Subsequently, our Company has filed a reply against securitisation application in relation to the construction finance of aggregate ₹900 crore. The matters are currently pending.

5. Gajendra Sharma and others (collectively, "**Complainants**") have filed a consumer complaint under the Consumer Protection Act, 2019, against Supertech Limited and seven others including our Company before the National Consumer Disputes Redressal Commission, New Delhi in relation to non-delivery of possession of flats in a housing project 'Eco Village 4' purchased by the Complainants for which total consideration of above ₹500 crore has been paid by the Complainants. The Complainants have alleged that they have been misled to invest in the said project. wherein Supertech Limited did not have an intention to construct the project and handover the flats to the Complainants, and had employed unfair and restrictive trade practices amounting to deficiency of services. Our Company has received copy of application for our arraignment as defendants in relation to the Complaint against which our Company has filed a reply on December 27, 2021. The matter is currently pending and the amount involved in the matter is not ascertainable.

Set out below are the details of the proceedings initiated by Financial Intelligence Unit and Reserve Bank of India against our Promoter. For further details, see "*Risk Factors - Our Promoter is subject to certain proceedings initiated by regulatory and statutory authorities including the Reserve Bank of India and Financial Intelligence Unit – India ("**FIU-IND**") and any adverse outcome in these or other proceedings may lead to reputation risks*.", "*Outstanding Litigation and Material Developments – Litigation involving our Promoter – Litigation against Promoter – Actions taken by Regulatory or Statutory Authorities*" and "*Outstanding Litigation and Material Developments – Litigation involving our Promoter – Litigation against Promoter – Criminal Proceedings*" on pages 50, 342 and 342 of this Letter of Offer.

1. Reserve Bank of India has filed a criminal complaint ("**Complaint**") under Section 200 of the Criminal Procedure Code, 1973 read with Sections 46 and 47 of the Banking Regulation Act, 1949 and Section 120B of the Indian Penal Code, 1860 before the Court of Metropolitan Magistrate, Patiala House Courts, New Delhi, seeking prosecution against our Promoter, directors of our Promoter and certain other employees of our Promoter ("**Accused Persons**"). Reserve Bank of India, by way of its Complaint, alleged, inter alia, that the Accused Persons have wilfully made false and misleading statements and furnished false information regarding the implementation of core banking software and integration of Society for Worldwide Interbank Financial Telecommunication system with core banking software. Further, our Promoter has also filed a petition ("**Petition**") under Section 482 of the Criminal Procedure Code, 1973, before the High Court of Delhi ("**High Court**"), seeking quashing of the Complaint which was subsequently rejected by the High Court vide its order dated June 25, 2021 ("**Order**"). Thereafter, our Promoter filed a criminal special leave petition before the Supreme Court of India on November 15, 2021, challenging the Order. Both the Complaint and the Petition are currently pending.

2. Financial Intelligence Unit – India had issued a show cause notice dated November 9, 2018 alleging violations of the provisions of the Prevention of Money Laundering Act, 2002 by our Promoter. Financial Intelligence Unit - India pursuant to the show cause notice alleged that the Promoter had failed to file various reports including suspicious transaction reports, internal mechanism compliance report as required in terms of Prevention of Money Laundering Act, 2002 within the stipulated timelines. Subsequently, Financial Intelligence Unit - India, vide its order dated July 29, 2019 ("**Order**") imposed a penalty of ₹ 15.63 crore on our Promoter. Our Promoter, aggrieved by the Order, filed an appeal before the Appellate Tribunal under the Prevention of Money Laundering Act, 2002 ("**Appellate Tribunal**") on August 19, 2019. The Appellate Tribunal vide its order dated August 26, 2019 granted stay against the Order. The matter is currently pending

Set out below are the major outstanding litigation against our Promoter. For further details, see "*Outstanding Litigation and Material Developments – Litigation involving our Promoter – Taxation cases above the materiality threshold of ₹1,038.09 crore*" on page 345 of this Letter of Offer.

1. Our Promoter had filed its return of income tax under Section 139(1) of the Income Tax Act, 1961 ("**Income Tax Act**") for the assessment year 2019-20 declaring Nil taxable income and refund claim ₹166.82 crore. After a scrutiny of the return under Section 143(2) of the Income Tax Act, the Additional Commissioner of Income Tax, ("**Assessing Officer**") passed an order dated September 30, 2021 ("**Order**") under Section 143(3) of the Income Tax Act, making certain disallowances of claims of, inter alia, business losses by our Promoter and arrived at a tax liability of ₹2,245 crore. Aggrieved with the aforesaid tax liability and the Order, our Promoter filed an appeal before the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi. The matter is currently pending.

2. Our Promoter had filed its return of income tax under Section 139(1) of the Income Tax Act, 1961 ("**Income Tax Act**") for the assessment year 2015-16 declaring taxable income of ₹6,009.53 crore. After a scrutiny of the return under Section 143(2) of the Income Tax Act, the Additional Commissioner of Income Tax, ("**Assessing Officer**") passed an order dated October 31, 2018 ("**Order**") under Section 143(3) of the Income Tax Act. Pursuant to the Order, the Assessing Officer assessed the total income at ₹9,030.58 crore and arrived at a tax liability of ₹1,116 crore. Aggrieved with the Order, our Promoter filed an appeal before the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi. The matter is currently pending.

3. Erstwhile Oriental Bank of Commerce (now amalgamated with our Promoter) ("**OBC**") has filed an appeal ("**Appeal**") before the Commissioner of Income Tax (Appeals) – 7, Delhi ("**CIT(A)**") under Section 139(1) of IT Act against the order dated December 30, 2019 ("**Order-I**") issued by the Additional/Joint Commissioner of Income Tax, Special Range – 7, New Delhi ("**Assessing Officer**"). The Assessing Officer, pursuant to Order-I, applied the provisions of Section 115JB of the IT Act to OBC and computed the income

under Minimum Alternate Tax provisions for the assessment year 2017-18. The Assessing Officer assessed the total income of OBC for the assessment year 2017-18 at ₹6,483.38 crore and arrived at a tax liability of ₹2,921.47 crore. Pursuant to order dated January 31, 2023 ("**Order-II**"), the CIT(A) allowed all grounds of the Appeal, except for the claim of ₹4,545.89 crore under Section 36(1)(vii) of the IT Act, which was referred back to the Assessing Officer for verification. Aggrieved by Order-II, our Promoter has filed an appeal with the Income Tax Appellate Tribunal. The matter is currently pending.

For further details, see "*Outstanding Litigation and Material Developments*" beginning on page 334.

Risk Factors

For details, see "*Risk Factors*" beginning on page 23. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

Contingent liabilities

The details of our contingent liabilities as of March 31, 2022, see "*Financial Statements – Restated Consolidated Financial Statements – Notes to Restated Consolidated Financial Statements – Note 40: Contingent Liabilities and Commitments*" on page 273.

Related party transactions

For details regarding our related party transactions for the Financial Years ended 2022, 2021 and 2020, see "*Financial Statements – Restated Consolidated Financial Statements – Notes to Restated Consolidated Financial Statements – Note 36.10: Related Party Transactions*" on page 262.

Issue of Equity Shares for consideration other than cash

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Letter of Offer.

Split / Consolidation of Equity Shares in the last one year

Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Letter of Offer.

Exemption from complying with any provisions of securities laws, if any, granted by the Securities and Exchange Board of India

Pursuant to letter dated June 2, 2022 issued by the Reserve Bank of India ("**Reserve Bank of India Approval Letter**"), Reserve Bank of India allowed our Promoter to participate in the Issue for an amount of up to ₹500 crore, subject to our Promoter's shareholding in our Company not exceeding 30% of the post-Issue share capital of our Company ("**Promoter Shareholding Limit**"). Accordingly, our Promoter has, *vide* intimation dated June 7, 2022 to the Stock Exchanges, indicated their participation in the Issue for an amount of up to ₹500 crore in order to (a) retain its shareholding in the Company at 30% or below but above 26% of the post-Issue share capital of the Company; and (b) retain its status as promoter of our Company. In light of the participation limit of up to ₹500 crore prescribed under the Reserve Bank of India Approval Letter and the Promoter Shareholding Limit, our Promoter will not be able to subscribe to the full extent of its Rights Entitlement in the Issue. Therefore, our Company *vide* its letter dated July 13, 2022 had sought an exemption under Regulation 300(1)(a) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 from the strict applicability of the proviso to Regulation 81(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and permit the Underwriters appointed by the Company for the Issue to underwrite (in full) the portion of the entitlement of our Promoter which will not be subscribed by it in the Issue in view of aforementioned conditions imposed by the Reserve Bank of India in the Reserve Bank of India Approval Letter. Subsequently, the Securities and Exchange Board of India vide its letter bearing reference no. SEBI/HO/CFD/DIL-2/P/OW/2022/39690/1 dated August 10, 2022, has granted the exemption sought by our Company.

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider each of the following risk factors and all the other information in this Letter of Offer, including the risks and uncertainties described below, before evaluating our business and making an investment in the Equity Shares pursuant to the Issue. You should read this section together with "Industry Overview", "Our Business", "Selected Statistical Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the Limited Reviewed Consolidated Financial Statements and Restated Consolidated Financial Statements, including the notes thereto, and other financial information included elsewhere in this Letter of Offer on pages 109, 145, 75 and 291, respectively. Prospective investors should also consult their tax, financial and legal advisors about the particular consequences to them of an investment in the Equity Shares.

The risks and uncertainties described in this section are not the only risks that are relevant to us or the Equity Shares or industry in which we currently operate or propose to operate. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, financial condition, results of operations and cash flows. If any of the following risks or other risks that are not currently known or are now deemed immaterial occur, our business, financial condition, results of operations and cash flows could be adversely affected and the trading price of our Equity Shares could decline and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of the Company and the terms of this Issue, including the merits and risks involved.

This Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. For details, see "Forward Looking Statements" on page 17.

*The industry-related information contained in this section is derived from the report titled "Housing Finance Report" dated October 2022 as amended by the report titled "Indian Economy – An Overview" dated March 2023 (collectively, the "**CRISIL Report**") prepared by CRISIL Research ("**CRISIL**"). We commissioned and paid for the CRISIL Report for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. We officially engaged CRISIL in connection with the preparation of the CRISIL Report pursuant to an engagement letter dated May 19, 2022. We commissioned and paid for the CRISIL Report for the purposes of confirming our understanding of the industry specifically for the purpose of the Issue, as no report is publicly available which provides a comparable, comprehensive analysis of the housing finance industry, particularly for our Company's services, similar to the CRISIL Report.*

Our Financial Year ends on March 31 of each year, so all references to a particular FY, Financial or Financial Year are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from the Restated Consolidated Financial Statements, which are included in this Letter of Offer.

INTERNAL RISK FACTORS

Risks Relating to Our Business

1. ***Our inability to recover the full value of collateral, or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our business, results of operations, cash flows and financial condition.***

   Our portfolio of products primarily consists of retail loans, which include a range of individual housing loans, loans against property, and non-residential premises loans. Our portfolio also includes corporate loans (construction finance, lease rental discounting and corporate term loans). The underlying security on our loans is primarily mortgages. As a result, a substantial portion of our loan portfolio is exposed to events affecting the real estate sector. The demand for our housing loans, in particular, is affected by movement in real estate prices.

   At the time of disbursement, 100% of our portfolio is secured by collateral. However, the value of the collateral on the loans disbursed by us may decline due to adverse market conditions, including an economic downturn or a downward movement in real estate prices. If we are required to revalue a property which serves as collateral for a loan during a period of reduced real estate prices or if we are required to increase our provisions for loan losses, it could result in a material adverse effect on our business, financial condition and results of operations. Also, if any of the projects which form part of our collateral are delayed for any reason, it may affect our ability to enforce our security, thereby effectively diminishing the value of such security. Any failure to recover the expected value of collateral could have a direct impact on our business and expose us to losses and, in turn, result in a material adverse effect on our business, results of operations, cash flows and financial condition.

We may also not be able to realise the full value of our collateral, due to, among others, delays in foreclosure proceedings, defects in the perfection of collateral, fraudulent transfers by customers and decreases in the value of collateral. Foreclosure on collateral may also be subject to delays and administrative requirements that could result in, or be accompanied by, a decrease in the value of the collateral. We may also encounter difficulties in repossessing and liquidating collateral. For instance, when a customer defaults under a financing facility availed from us, after the initial measures to recover, we resort to repossession followed by sale of the collateral through an auction process. However, we cannot assure you that we will be able to successfully repossess the collateral in the event of default under a loan agreement.

In the nine months ended December 31, 2022 and Financial Years 2022, 2021 and 2020, we had bad debts written-off (due to various factors, including the non-realization of the full value of collateral, delay in foreclosure proceedings, defects in the perfection of collateral, fraudulent transfers by customers and decreases in value of collateral) aggregating to ₹1,266.63 crores, ₹562.03 crores, ₹83.08 crores and ₹78.22 crores, respectively. The average time taken by us from obtaining possession of collateral to the auction of properties forming part of the collateral during the nine month period ended December 31, 2022 was 593 days. This time period was higher than earlier periods, due to the delays caused by the impact of the COVID-19 related lockdowns and court closures. However, with the improvement in the real estate sector following the impact of the COVID-19 pandemic, we have witnessed auctions concluding in relation to the properties where the physical possession is for more than 1,500 days. As a result, during the third quarter of Financial Year 2023, for seven properties the average time taken by us from obtaining possession of collateral to the auction of properties forming part of the collateral was 1,656 days. In the event of any inability or delay in the repossession and liquidation of the collateral securing loans in default on a timely basis or at all, we may incur losses which could adversely affect our business, results of operations and financial condition.

2. ***We are subject to periodic inspections by the NHB. Non-compliance with observations made during any such inspections could result in penalties and fines, and could adversely affect our reputation, business, financial condition, results of operations and cash flows.***

We are subject to periodic inspections by the NHB of our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information, which we may have failed to furnish when called upon to do so.

The NHB, in its past inspection reports for the Financial Years ended 2021, 2020 and 2019, has identified certain deficiencies and made observations in relation to our operations and sought clarifications in relation to, among others: (a) failure to comply with certain provisions of the liquidity risk management framework made applicable to us in terms of the RBI Master Directions; (b) errors in complying with applicable Ind AS accounting standards; (c) discrepancies in asset classification; (d) shortfalls in provisioning for our non-performing assets ("**NPAs**"); (e) incorrect calculation of the Capital to Risk-weighted Asset Ratio ("**CRAR**") for the Financial Year 2020; (f) breaching the prescribed limits for a loan given to a single borrower; and (g) defects in our corporate governance norms.

In the event that we are unable to comply with the observations made by the NHB or comply with the NHB's policies and directions, we could be subject to penalties and restrictions which may be imposed by the NHB. For instance, in the Financial Years 2020 and 2022, the NHB imposed a penalty of ₹0.01 crore and ₹0.01 crore, respectively, on us for violation of NHB policy circulars requiring us to link disbursement of home loans with the specific stages of construction of home construction projects. Further, in the Financial Year 2020, pursuant to the inspection carried out by the NHB on our Company with respect to our position on March 31, 2019, the NHB found non-compliances, in relation to, *inter alia* reduction of the rate of interest at the request of a specific borrower (not a class of borrowers), basis of classification of asset, and failure to classify loan accounts as sub-standard, as per the Master Circular– The Housing Finance Companies-NHB Directions-2010 ("**NHB Directions**") and policy circular number

55 in respect of retail loan documents and failure to put in place adequate credit appraisal systems and controls commensurate with the scale of operations, with particular reference to exposure on high value builder loans, construction finance etc. as per NHB's miscellaneous circular number 5 in respect of due diligence in the matter of deployment of funds by HFCs, and imposed a total penalty of ₹1.90 crore on us for such non-compliances. We have deposited the required penalty amounts with the NHB. Moreover, in December 2020, the NHB issued a show cause notice to our Company in relation to alleged non-compliance with the requirements of the NHB circular to ensure due diligence in the matter of deployment of funds by HFCs, pursuant to which the NHB vide letter dated August 12, 2021, advised our Company to exercise due caution while processing loan applications and also strengthen our due diligence mechanism.

Further, vide a show cause notice dated July 15, 2021 ("**July SCN**"), the NHB made certain observations in relation to, among others, failure to classify loan accounts, non-deduction of TDS in accordance with the NHB Directions and non-disclosure of migration of rating in the annual report for Financial Year 2020. Our Company responded to the July SCN vide letter dated July 23, 2021, however, the matter pertaining to July SCN was closed on account of change in jurisdiction vide letter dated October 10, 2021, issued by NHB to our Company. While we have responded to the letters and show cause notices issued against us by NHB in the past, we cannot assure you that there will be no further action by the NHB or the RBI in the future. Our Company was last subject to inspection by the NHB in 2022 and we may receive further observations from them in the future. Any further imposition of penalty or adverse findings by the NHB or the RBI during any future inspections or otherwise may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

3. ***Any increase in the levels of NPAs in our Gross AUM could adversely affect our business, cash flows, results of operations, and financial condition. As of December 31, 2022, our Gross NPAs as a percentage of our Loan Assets were 4.87%, and our net NPAs as a percentage of our Loan Assets were 3.22%.***

If the credit quality of our loan book deteriorates or we are unable to implement effective monitoring and collection methods, our results of operations and financial condition may be adversely affected. As we intend to continue our efforts to originate new loans, we cannot assure you that there will not be significant additional NPAs in the future.

The RBI Master Directions, which are applicable to us, have laid down prudential norms with regard to NPAs, including in relation to the identification of NPAs and income recognition against NPAs. These may become more stringent than they currently are, which may adversely affect our profitability and results of operations. The RBI Master Directions also prescribe the provisioning required in respect of our outstanding assets under management ("**AUM**"). However, we follow Ind AS norms for provisioning, as per the RBI Circular RBI/2019 - 20/170 DOR (NBFC).CC.PD.No.109/ 22.10.106/2019-20 dated March 13, 2020 which provides that NBFCs upon whom Ind AS is applicable are required to follow Ind AS accounting standards. In the event that the aggregate impairment provision under Ind AS 109 is lower than that required under the Income Recognition, Asset Classification and Provisioning Norms ("**IRACP**") of the RBI, then the difference shall be appropriated from the Net Profit or loss after tax to a separate "Impairment Reserve". Our provisions under Ind AS 109 are higher than provisions under IRACP. For a detailed comparison between income recognition, identification of NPAs, and provisions required under IRACP and impairment allowances made under Ind AS 109, see "*Financial Statements – Restated Consolidated Financial Statements - Note 36.37*" on page 271. Should the overall credit quality of our AUM deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. As of December 31, 2022, our Gross NPAs, as a percentage of our Loan Assets, were 4.87%, and our net NPAs as a percentage of our Loan Assets were 3.22%.

Further, on November 12, 2021, the RBI issued a circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications (the "**November 12 Circular**") pursuant to which certain aspects of the Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRACP norms) dated October 1, 2021 were clarified and harmonized and made applicable to all lending institutions (including HFCs). Pursuant to the November 12 Circular it is clarified that the classification of borrower accounts as special mention accounts ("**SMAs**") or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower).

The table below sets forth selected information regarding our NPAs and the composition of our loan assets:

Loan Asset	As of December 31, 2022		As of March 31, 2022		As of March 31, 2021		As of March 31, 2020	
	(₹ in crore)	*% of loan assets*	*(₹ in crore)*	*% of loan assets*	*(₹ in crore)*	*% of loan assets*	*(₹ in crore)*	*% of loan assets*
Retail Loan Asset								
Stage 1	49,529.36	85.35%	46,593.50	80.48%	47,162.28	74.64%	51,283.40	74.98%
Stage 2	2,076.09	3.58%	1,959.25	3.38%	2,644.27	4.18%	1,596.68	2.33%
Stage 3	1,517.56	2.61%	1,966.81	3.40%	1,381.95	2.19%	714.77	1.05%
	53,123.01	91.54%	**50,519.56**	87.26%	**51,188.50**	81.01%	**53,594.85**	78.36%
Corporate Loan Asset								
Stage 1	3,603.94	6.21%	4,615.85	7.97%	9,197.09	14.55%	12,567.48	18.38%
Stage 2	-	0.00%	21.38	0.04%	1,187.70	1.88%	934.04	1.37%
Stage 3	1,306.73	2.25%	2,738.09	4.73%	1,615.54	2.56%	1,297.27	1.90%
	4,910.67	8.46%	**7,375.32**	12.74%	**12,000.33**	18.99%	**14,798.79**	21.64%
Gross NPAs	2,824.29	**4.87%**	**4,704.90**	**8.13%**	**2,997.49**	**4.74%**	**2,012.04**	**2.94%**
Total Loan Asset	**58,033.68**	**100.00%**	**57,894.88**	**100.00%**	**63,188.83**	**100.00%**	**68,393.64**	**100.00%**

Provisions	As of December 31, 2022		As of March 31, 2022		As of March 31, 2021		As of March 31, 2020	
	(₹ in crore)	*% of loan assets*	*(₹ in crore)*	*% of loan assets*	*(₹ in crore)*	*% of loan assets*	*(₹ in crore)*	*% of loan assets*
Provision on Retail Loan Asset								
Stage 1	245.68	13.96%	283.21	11.07%	251.31	9.88%	233.57	13.23%
Stage 2	235.31	13.37%	197.35	7.71%	288.24	11.33%	173.10	9.80%
Stage 3	487.44	27.70%	527.83	20.63%	358.95	14.11%	167.94	9.51%
	968.43	55.04%	**1,008.39**	39.41%	**898.50**	35.32%	**574.61**	32.54%
Provision on Corporate Loan Asset								
Stage 1	289.82	16.47%	300.10	11.73%	396.25	15.58%	432.13	24.47%
Stage 2	-	0.00%	3.07	0.12%	359.05	14.11%	254.37	14.41%
Stage 3	501.18	28.49%	1,247.38	48.75%	890.31	34.99%	504.51	28.57%
	791.00	44.96%	**1,550.55**	60.59%	**1,645.61**	64.68%	**1,191.01**	67.46%
Total ECL Provision	**1,759.43**	**100.00%**	**2,558.94**	**100.00%**	**2,544.11**	**100.00%**	**1,765.62**	**100.00%**

Our Corporate GNPA as of March 31, 2022 of ₹2,738.09 crore (37.13% of our Corporate Ind AS balance) includes nil loan assets (0.00% of our Corporate Ind AS balance) of not more than 90 days past due, which have been classified as NPA according to the November 12 Circular. Our Corporate GNPA as of December 31, 2022 of ₹1,306.73 crore (26.61% of our Corporate Ind AS balance) includes nil loan assets (0.00% of our Corporate Ind AS balance) of not more than 90 days past due, which have been classified as NPA according to the November 12 Circular.

If we are required to increase our provisioning in the future due to increased NPAs or due to any decrease in the value of the underlying collateral or deterioration in the quality of our security or the introduction of more stringent requirements in respect of loan loss provisioning, this may reduce our profit after tax and adversely impact our results of operations. Further, there can be no assurance that we will be able to recover the outstanding amounts due under any defaulted loans. We may also face difficulties in disposing of the underlying assets relating to such loans, as a result of which we may be unable to realize any liquidity from such assets. Further, as our loan portfolio grows, our NPAs and Stage 2 assets may increase and the current level of our provisions may not adequately cover any such increases. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs as our loan portfolio matures. Any material increase in NPAs or deterioration in our provisioning coverage ratio may require us to increase our provisions, which could result in a material adverse effect on our business, cash flows, results of operations, and financial condition.

4. ***We may not be able to maintain our capital adequacy ratio, which could adversely affect our business.***

The RBI Master Directions require HFCs to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital, which has been revised over time, and collectively shall not be less than 15% of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items on or before March 31, 2022 and thereafter. This ratio is used to measure an HFC's capital strength and to promote stability and efficiency of the housing finance system. At a minimum, Tier I capital of an HFC, at any point of time, cannot be less than 10%, and common equity Tier I capital cannot be less than 9% of risk weighted assets. Further, we are required to ensure that the total Tier II capital at any point of time, should not exceed 100% of Tier – I capital. As of December 31, 2022, March 31, 2022, March 31, 2021, and March 31, 2020, our CRAR was 24.60%, 23.40%, 18.73%, and 15.32%, respectively. As of March 31, 2022, our Tier I and Tier II capital was 20.73% and 2.67%, respectively, of risk weighted assets as of that date. As of December 31, 2022, our Tier I and Tier II capital was 22.43% and 2.17%, respectively, of risk weighted assets as of that date.

As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital adequacy ratios. There is no assurance that our NPA level will continue to stay at its current level. Further, the RBI may increase its current CRAR requirements or risk weight for assets, which may require us to raise additional capital. We compete with other HFCs to attract capital and we cannot assure you that we will be able to raise adequate additional capital in the future in order to maintain our CRAR above the existing and future minimum required levels or otherwise on terms favourable to us, in a timely manner, or at all, which may adversely affect the growth of our business. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Government Policy and Regulation*" and "*Objects of the Issue*" on pages 296 and 99, respectively.

5. ***We have experienced decreases in our total income and Gross AUM in prior periods, which may have a material adverse effect on our business, results of operations, cash flows and financial condition.***

Our total income decreased from ₹8,489.55 crore for the Financial Year 2020 to ₹7,624.08 crore for the Financial Year 2021, and to ₹6,200.73 crore for Financial Year 2022, respectively. Our total income decreased by ₹1,423.35 crore, or 18.67%, to ₹6,200.73 crore during Financial Year 2022 from ₹7,624.08 crore during Financial Year 2021, primarily on account of a decrease in our interest income from ₹7,189.83 crore in Financial Year 2021 to ₹5,822.00 crore in Financial Year 2022, a decrease in our net gain on fair value changes, and a decrease in our income on derecognised (assigned) loans. This was partially offset by an increase in our fees and commission income from ₹181.23 crore in Financial Year 2021 to ₹262.55 crore in Financial Year 2022. In addition, our total income decreased by ₹865.47 crore, or 10.19%, to ₹7,624.08 crore during Financial Year 2021 from ₹8,489.55 crore during Financial Year 2020, primarily on account of a decrease in our interest income, fees and commission income and income on derecognised (assigned) loans. This was offset by increases in our net gain on fair value changes and other income. Our profit after tax increased from ₹646.24 crore for the Financial Year 2020 to ₹929.90 crore for the Financial Year 2021, and decreased to ₹836.48 crore for Financial Year 2022, respectively. Our total income was ₹4,891.94 crore in the nine months ended December 31, 2022, while our profit after tax was ₹766.72 crore in the nine months ended December 31, 2022. For further details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 291. Our Gross AUM has decreased from ₹84,169.02 crore as of March 31, 2020, to ₹75,402.78 crore as of March 31, 2021, to ₹66,982.90 crore as of March 31, 2022 and to ₹65,752.69 crore as of December 31, 2022. The decreases in AUM are primarily attributable to our strategic realignment in favour of retail lending, while reducing our exposure to the corporate segment. Since Financial Year 2020, we have not sanctioned any new corporate loans and have reduced the corporate component of our loan portfolio through sell-downs, pre-payments and reduced disbursements. In addition, we reduced our disbursements during the year due to the adverse impacts of the COVID-19 pandemic. Our loan portfolio shrank at a CAGR of 6%, from ₹68,393.64 crore as of March 31, 2020 to ₹57,894.88 crore as of March 31, 2022. Additionally, during the period from Financial Year 2020 to Financial Year 2022, our loan sanctions shrank at a CAGR of 11%, from ₹24,503.20 crore in Financial Year 2020 to ₹17,560.35 crore in Financial

Year 2022, and our loan disbursements shrank at a CAGR of 15%, from ₹18,625.53 crore in Financial Year 2020 to ₹11,246.57 crore in Financial Year 2022.

We cannot assure you that our growth strategy will be successful, or that we will not experience similar slowdowns in our income or AUM growth. Further, growth in our business exposes us to a wide range of increased risks within India, including business risks, operational risks, liquidity risks, interest rate risks and market risks, and the possibility that the quality of our AUM may decline. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key management personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of customers, developing managerial experience to address emerging challenges and ensuring a high standard of customer service. Going forward, we may not have adequate processes and systems such as credit appraisal and risk management to sustain this growth.

Our cost to income ratio increased from 15.59% in Financial Year 2021 to 20.41% in Financial Year 2022, and high cost to income ratios can potentially adversely affect our margins, return on average assets and profitability. For further details, see "*–Our profitability may be impacted by high operating costs*" below on page 56.

Our results of operations depend on a number of internal and external factors, including the increase in demand for housing loans in India, competition, the RBI's monetary and regulatory policies, NHB / RBI regulations, inflation, our ability to expand geographically and diversify our product offerings and also, significantly, on our net interest income. Further, it cannot be assured that we will not experience issues such as capital constraints, difficulties in expanding our existing business and operations, and hiring and training of new personnel in order to manage and operate our expanded business.

Our business also depends on our marketing initiatives. There can be no assurance in relation to the impact of such initiatives and any failure to achieve the desired results may negatively impact our ability to leverage our brand value. There can also be no assurance that we would be able to continue such initiatives in the future in a similar manner and on commercially viable terms. Furthermore, any adverse publicity about, or loss of reputation by us could negatively impact our results of operations.

If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers or new businesses, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our business, prospects, financial condition, cash flows and results of operations.

We cannot assure you that our existing or future management, operational and financial systems, processes, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations. Any one or a combination of some or all of the above-mentioned factors may result in a failure to maintain the growth of our AUM which may in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

6. ***We have experienced certain downgrades in our credit ratings for our deposits, long term bonds and bank term loans between Financial Year 2020 and Financial Year 2021. Any downgrade in our credit ratings may increase interest rates for refinancing our borrowings, which would increase our cost of borrowings, and adversely affect our ability to borrow on a competitive basis.***

Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. We have received ratings from rating agencies such as CRISIL Limited ("**CRISIL**"), ICRA Limited ("**ICRA**"), Credit Analysis and Research Limited ("**CARE**") and India Ratings and Research Private Limited ("**India Ratings (Fitch)**"). For instance, we have received "CRISIL AA/Stable and "CARE AA/Stable" credit ratings, from CRISIL and CARE, respectively, for our ₹20,000 crore and ₹28,500 crore fixed deposit programmes, respectively, and "CARE AA/Stable" by CARE and "CRISIL AA/Stable" by CRISIL for our long-term loan facilities as well as for our NCDs (secured and unsecured) and A1(+) credit ratings from CRISIL and CARE for our commercial paper programme. The table below details certain information regarding our credit ratings:

Rating Agency	Instrument Type	Rating as on March 31, 2020	Rating as on March 31, 2021	Rating as on March 31, 2022	Rating as on February 28, 2023
CRISIL	Deposits	CRISIL FAA+ (Outlook-Stable)	CRISIL FAA+ (Outlook-Negative)	CRISIL FAA+ (Outlook-Negative)	CRISIL AA (Outlook-Stable)
CRISIL	Long Term Bonds	CRISIL AA (Outlook-Stable)	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)
CRISIL	Commercial Paper	CRISIL A1+	CRISIL A1+	CRISIL A1+	CRISIL A1+
CRISIL	Bank Term Loans	CRISIL AA (Outlook-Stable)	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)
CARE	Deposits	CARE AA+ FD (Outlook-Stable)	CARE AA FD (Outlook - Stable)	CARE AA FD(Outlook - Stable)	CARE AA (Outlook - Stable)
CARE	Long Term Bonds	CARE AA+ (Outlook-Stable)	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)
CARE	Commercial Paper	CARE A1+	CARE A1+	CARE A1+	CARE A1+
CARE	Bank Term Loans	CARE AA+ (Outlook-Stable)	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)	CARE AA (Outlook - Stable)
ICRA	Long Term Bonds	ICRA AA+ (Outlook-Negative)	ICRA AA (Outlook-Negative)	ICRA AA (Outlook-Negative)	ICRA AA (Outlook-Stable)
India Ratings	Long Term Bonds	IND AA (Outlook-Stable)	IND AA (Outlook-Negative)	IND AA (Outlook-Negative)	IND AA (Outlook-Stable)

For further details, see "*Selected Statistical Information—Sources of Funding—Credit Ratings*" on page 86.

We have experienced certain downgrades in our credit ratings in Financial Year 2021, as disclosed above, which was primarily due to delays in capital raises, increases in Gross NPA, high gearing and high concentration in our corporate loans. ICRA, CRISIL and India Ratings have since revised our outlook to Stable. Any downgrade in our credit ratings may increase interest rates for refinancing our borrowings, which would increase our cost of borrowings, and may have an adverse effect on our future issuances of debt and our ability to borrow on a competitive basis. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of repayment of certain of our borrowings. If any of these risks materialise, it could have a material adverse effect on our business, cash flows, financial condition and results of operations.

7. ***We are vulnerable to volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to vary and consequently affect our profitability.***

Our operations are vulnerable to volatility and mismatches in interest rates. Our net interest income ("**NII**") and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow. We are vulnerable to volatility and mismatch in generally prevailing interest rates, especially if the changes are sudden or sharp.

The cost of our funding and the pricing of our loan products are highly sensitive to a number of factors, many of which are beyond our control, including the RBI's monetary policies, inflationary expectations, competition, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Volatility and changes in interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest bearing liabilities because of the different maturity periods applicable to our loans and borrowings and also because liabilities generally re-price faster than assets. Our ability to manage our interest rate risk and mismatches between our assets and liabilities adequately is critical to our business and operations, financial condition and financial performance. We monitor our exposure to fluctuations in interest rates and the related liquidity risk primarily by categorising our assets and liabilities in different maturity profiles (based on the actual behavioural maturities), and evaluating them for mismatches across periods. The table below sets forth, for the periods indicated, the allocation of the changes in our interest income and interest expense and other charges (including brokerage on deposits, including the commission paid to our Direct Selling Agents ("**DSAs**") in connection with new loans, which are amortised over the tenure of our loans) between changes in average balance and changes in average rates.

				Financial Year 2022 Compared to Financial Year 2021			**Financial Year 2021 Compared to Financial Year 2020**		
Particulars	**Financial Year 2022 (a)**	**Financial Year 2021 (b)**	**Financial Year 2020 (c)**	**Net Change (a-b)**	**Change in Average Balance**	**Change in Average Rate**	**Net Change (b-c)**	**Change in Average Balance**	**Change in Average Rate**
	(in ₹ crore)								
Income on Loans	5,567.81	7,058.90	7,824.80	(1,491.09)	(661.20)	(829.89)	(765.89)	(742.40)	(23.49)
Income on Investments and Fixed Deposits	365.57	363.79	358.20	1.78	7.54	(5.75)	5.59	141.95	(136.36)
Others	-	-	-	-	-	-	-	-	-
Total Interest Income	**5,933.38**	**7,422.69**	**8,183.00**	**(1,489.31)**	**(610.75)**	**(878.56)**	**(760.31)**	**(410.05)**	**(350.26)**
Interest Expense									
Deposits	1,309.13	1,336.52	1,307.15	(27.39)	65.38	(92.77)	29.37	21.10	8.27
Other Borrowings	2,748.34	3,755.26	4,556.74	(1,006.92)	(693.88)	(313.04)	(801.48)	(543.48)	(258.00)
Total Interest Expense	**4,057.47**	**5,091.78**	**5,863.89**	**(1,034.31)**	**(639.76)**	**(394.55)**	**(772.11)**	**(526.66)**	**(245.45)**
Net Interest Income	**1,875.91**	**2,330.91**	**2,319.11**	**(455.00)**	**29.01**	**(484.01)**	**11.80**	**116.62**	**(104.81)**
Net Interest Margin	**2.81%**	**3.15%**	**2.95%**	**-**	**-**	**-**	**-**	**-**	**-**

Notes:

1. *The change due to a change in average volume was calculated from the change in average balance over the two years multiplied by the average rate in the earlier year, ignoring the variation during the year.*
2. *Including ancillary costs and brokerage on deposits.*

Our net interest income decreased from ₹2,319.11 crore in Financial Year 2020 and ₹2,330.91 crore in Financial Year 2021 to ₹1,875.91 crore in Financial Year 2022, primarily on account of a decrease in our interest income from ₹7,189.83 crore in Financial Year 2021 to ₹5,822.00 crore in Financial Year 2022 due to a decrease in our corporate loan portfolio from ₹12,000.33 crore as of March 31, 2021 to ₹7,375.32 crore as of March 31, 2022, which significantly impacted our interest income. A decrease in our interest rates during the period also contributed to a decrease in our net interest income.

We witnessed a decrease in gain on fair value changes by ₹50.95 crore, or 31.39%, to ₹111.38 crore during Financial Year 2022 from ₹162.33 crore during Financial Year 2021, primarily on account of lower income derived due to lower average investments held for trading and decreases in interest rate during Financial Year 2022 as compared to Financial Year 2021, and cost of borrowings by ₹1,034.31 crore, or 20.31%, to ₹4,057.47 crore during Financial Year 2022 from ₹5,091.78 crore during Financial Year 2021, primarily due to decreases in interest on debt securities and interest on borrowings, which contributed to a decrease in our net interest income.

While any reduction in our cost of funds may be passed on to our customers, we may not have the same flexibility in passing on any increase in our cost of funds to our customers, thereby affecting our net interest income. Similarly, competition pressures may require us to reduce our cost of lending to our customers without a proportionate reduction in our cost of borrowing from our lenders. Further, if we do not pass on the reduced interest rates to our borrowers, it may result in some of the borrowers prepaying the loan to take advantage of the reduced interest rate environment, thereby impacting our growth and profitability. Declining interest rates also result in a higher component of principal being repaid in every EMI, resulting in reduced growth of our loan portfolio despite robust new disbursements showing lower loan portfolio growth rates overall.

If interest rates rise, some or all of our lenders may increase the interest rates at which we borrow resulting in an increase in our effective cost of funds. We may or may not be able to pass on the increased interest rates to our borrowers simultaneously with the increase in our borrowing rates, or at all, thereby affecting our net interest income and we may find it difficult to compete with our competitors, who may have access to low-cost funds or lower cost deposits. Additionally, an increase in interest rates may result in some of our borrowers, particularly those with variable interest rate loans, prepaying their loans by arranging funds from other less expensive sources, thereby impacting our growth and profitability. Further, we are prohibited under the RBI Master Directions from charging pre-payment penalties on loans with variable interest rates. An increase in general interest rates in the economy could reduce the overall demand for housing finance and impact our growth.

Our inability to retain customers as a result of changing interest rates may adversely impact our earnings in future periods and as a consequence have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be able to adequately manage our interest rate risk in the future, and if we are unable to do so, this could have an adverse effect on our net interest income and net interest margin, which could in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. This would increase our financing costs, affect our margins and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis. For details, see "*— We have experienced certain downgrades in our credit ratings for our deposits, long term bonds and bank term loans between Financial Year 2020 and Financial Year 2021. Any downgrade in our credit ratings may increase interest rates for refinancing our borrowings, which would increase our cost of borrowings, and adversely affect our ability to borrow on a competitive basis.*" on page 28.

An increase in interest rates applicable to our borrowings, without a corresponding increase in interest rates we charge on our loans to our customers or that we receive on our investments, will result in a decline in our NII and Net Interest Margin ("**NIM**"). Competitive pressures may also require us to routinely lower the interest rates at which we lend to our customers without a proportionate reduction in interest rates at which we borrow.

For instance, on May 4, 2022, the RBI increased the repo rate (i.e., the rate at which the RBI lends money to commercial banks in India) by 40 basis points to 4.40%. On June 8, 2022, the RBI increased the repo rate by another 50 basis points to 4.90%. It increased the repo rate by another 50 basis points to 5.40% on August 5, 2022, another 50 basis points to 5.90% on September 30, 2022. It further increased the repo rate by 35 basis points to 6.25% on December 7, 2022, and another 25 basis points to 6.50% on February 8, 2023. This increase has impacted the rate at which we lend money to our consumers. On May 7, 2022, we increased our retail lending reference rate ("**PNBHFR**") on housing and non-housing loans on which our floating rate loans are benchmarked by 35 basis points for existing retail customers and by 40 basis points for corporate customers, with effect from the cycle starting June 1, 2022 and onwards. Further, we increased PNBHFR by 50 basis points for retail and corporate customers with effect from the cycle starting July 1, 2022 and onwards. On August 8, 2022, we increased our lending rate by 50 basis points for existing retail and corporate customers, with effect from September 1, 2022, on September 30, 2022 we increased our lending rate by 50 basis points for existing retail and corporate customers, with effect from October 1, 2022, on December 8, 2022 we increased our lending rate by 35 basis points for existing retail and corporate customers, with effect from December 9, 2022 and on March 18, 2023, we increased our lending rate by 30 basis points for existing retail and corporate customers, with effect from March 20, 2023. RBI increased the repo rate by 250 basis points in six instances over 10 months from May 2022 to February 2023. Consequently, we increased our PNBHFR by 250 basis points for retail customers and by 255 basis points for corporate customers in six instances over 11 months from May 2022 to March 2023. To effectively compete with other housing finance providers in India, we may need to maintain low interest rates without a proportionate reduction in interest rates at which we borrow, which may result in a relative decline in average yields for us. Furthermore, certain of our customers may prepay their loans to take advantage of a declining interest rate environment. Similarly, an increase in interest rates could result in our customers, particularly those with variable interest rate loans, prepaying their loans if less expensive loans are available from other sources. As of December 31, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, the percentage of loans provided on variable interest rates was 99.18%, 98.42%, 97.51% and 99.36%, respectively. This could adversely affect our business, results of operations, cash flows and financial condition. For details, see "—*We are exposed to risks that may arise if our customers opt for balance transfers to other banks or financial institutions, or if customers face increased difficulties in refinancing their existing housing loans from other banks and financial institutions to our Company"* on page 57.

8. ***We may face interest rate and maturity mismatches between our assets and liabilities in the future, which may cause liquidity concerns. As of December 31, 2022, we face a cumulative mismatch in the maturity of our assets and liabilities in the over 6 months to 1 year segment and over 1 year to 3 year segment.***

We may also face potential liquidity risks due to mismatches in the maturity of our assets and liabilities. Such mismatches, where the financial terms of an institution's assets and liabilities do not match, are a key financial parameter for us. As is typical for a company in the business of lending, in addition to deposits, a portion of our funding requirements is met through short and medium-term funding sources such as bank loans, NCDs, commercial paper, or cash credit. However, a significant portion of our assets (such as loans to our customers) have maturities with longer terms than our borrowings. Our inability to obtain additional credit facilities or renew our existing credit facilities for matching the tenure of our liabilities in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance. While we currently face a mismatch on cumulative basis in the maturity of our assets and liabilities in the over six months to one year and over one year to three years segments, each of these mismatches are within the limits prescribed by our Board. The table below sets forth the details of the asset-liability gap position for our operations as of December 31, 2022.

Particular (in ₹ crore)	**1 to 7 Days**	**8 to 14 Days**	**15 Days to 1 Month**	**Over 1 Month to 2 Months**	**Over 2 Months to 3 Months**	**Over 3 Months to 6 Months**	**Over 6 Months to 1 Year**	**Over 1 Year to 3 Years**	**Over 3 Years to 5 Years**	**Over 5 Years**	**Total**
Total Outflows[1]	1,097.45	290.33	1,481.52	1,287.67	2,677.32	4,704.02	10,900.70	21,182.65	10,511.82	14,427.91	68,561.38
Total Inflows[2]	1,612.72	1,258.42	2,336.41	2,969.90	1,451.54	3,784.89	6,784.45	20,185.07	15,117.48	28,832.85	84,333.73
Gap	515.27	968.09	854.89	1,682.23	(1,225.78)	(919.13)	(4,116.25)	(997.58)	4,605.66	14,404.95	15,772.35
Cumulative Gap	515.27	1,483.36	2,338.25	4,020.49	2,794.71	1,875.58	(2,240.68)	(3,238.26)	1,367.41	15,772.35	NA
Cumulative Gap/ Mismatch as %	47%	107%	81%	97%	41%	16%	-10%	-7%	3%	23%	NA
Cumulative Gap limit stipulated by RBI	-10%	-10%	-20%	NP*	NP*	NP*	NP*	NP*	NP*	NP*	NP*
Cumulative Gap limit stipulated by the Board of Directors of the Company/ Company Policy	0%	0%	-10%	-15%	-15%	-15%	-15%	-30%	-45%	-35%	NA

[1] *Outflows primarily include deposits, borrowings, current liabilities and provisions.*
[2] *Inflows primarily include cash and bank balances and advances.*
**Not prescribed by the RBI*

Notes:

1. *The asset liability management shown above is our structural liquidity statement that is submitted with NHB on a quarterly basis and includes undisbursed portion of committed loans and borrowings and estimated net interest flows. Further, classification of assets and liabilities under different maturity buckets is based on the estimates and assumptions to capture the behavioural pattern of the past data.*
2. *All the above gaps or mismatches are within the limits set by the RBI and the Board of our Company. As of December 31, 2022, we are not in breach of any limit stipulated by the RBI or our internal policy. In case there is a breach, we immediately take corrective action and remedial measures through new market borrowings or assignment of assets to bring back the breached levels within the regulatory and board approved limits.*
3. *On an ongoing basis, we maintain liquidity in the nature of cash and current investments. We also hold additional short term overdraft/cash credit and WCDL credit lines which, we believe, will help in addressing our liquidity needs for a period of three to four months during any stressed situation. As of December 31, 2022, we had cash and cash equivalents and current investments amounting to ₹3,877.59 crores with a sanctioned but unutilised short term credit line of ₹2,100 crores and a sanctioned but unutilised long term credit line of ₹1,250 crores.*
4. *Further, on a conservative basis, while preparing the statement of structural liquidity (SSL), we consider all sanctioned but not disbursed loans and any other probable contingent liabilities that may affect our future cash outflow/liquidity position.*

In the past, in instances where there has been a breach of such limits, we have immediately taken corrective action and introduced remedial measures through new market borrowings or assignment of assets to restore mismatches within the limits approved by our Board and stipulated by the RBI. We continue to cater to our liquidity needs and maintain adequate sources of funding for fresh credit sanctions through short-term cash and current investments, short-term overdraft facilities and cash credit facilities. For further details, see "*Selected Statistical Information – Asset-Liability Management*" on page 86.

There can be no assurance that a substantial number of our customers will roll over their deposits with us upon maturity, and we may be required to pay higher interest rates in order to attract or retain further deposits. Moreover, raising long-term borrowings in India has historically been challenging and is also dependent on our credit ratings. Our inability to obtain additional credit facilities or renew our existing credit facilities for matching tenure of our liabilities in a timely and cost-effective manner or at all, may adversely affect our liquidity position. Furthermore, the long average tenure of our loans may expose us to risks arising out of economic cycles and our exposure to liquidity risk may increase as a result of an increase in delinquency rates on our loans or the risk of being unable to liquidate a position in a timely manner at a reasonable price, which may in turn materially and adversely affect our business, financial condition and results of operations.

9. ***We are party to certain legal proceedings and any adverse outcome in these or other proceedings may adversely affect our business.***

We are involved, from time to time, in legal proceedings that are incidental to our operations and these involve proceedings filed by and against us. These include among others, criminal and civil proceedings, tax proceedings, proceedings under the Prevention of Money Laundering Act, 2002 and criminal complaints filed by us under the Negotiable Instruments Act, 1881, Payment and Settlement Systems Act, 2007 and applications under the SARFAESI Act challenging proceedings adopted by us towards enforcement of security interests. These proceedings are pending at different levels of adjudication before various authorities. A significant degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings.

The summary of outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation involving our Company, Subsidiaries, Directors and Promoter. According to the materiality policy adopted by the Board pursuant to a resolution dated November 29, 2022, all outstanding litigation involving the Company, its Directors and Subsidiaries other than criminal proceedings, tax proceedings (direct or indirect) and actions by statutory or regulatory actions, would be considered material if the monetary amount of claim by or against such entity or person in any such pending matter is in excess of ₹20.91 crore. Further, all outstanding litigation involving the Promoter other than criminal proceedings, tax proceedings (direct or indirect), actions by statutory or regulatory actions and disciplinary actions including any penalty imposed by SEBI or stock exchanges against the Promoter in the last five financial years including any outstanding actions, would be considered material if the monetary amount of claim by or against the Promoter in any such pending matter is in excess of ₹1,038.09 crore. Further, pending litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed the respective materiality thresholds set out above, or if an adverse outcome of any outstanding litigation which may not meet the respective monetary thresholds above for the Company and Promoter, or wherein the monetary liability is not quantifiable, but where an adverse outcome could materially and adversely affect our business, operations, financial position, reputation or prospects is also considered material.

Name of entity	Criminal matters	Actions by regulatory or statutory authorities	Civil Matters			Tax Proceedings	Aggregate amount involved *(₹ in crore)* *
			Above the materiality threshold**	Below the materiality threshold** but otherwise deemed material	Non-quantifiable but otherwise deemed material		
	Company						
By the Company	7,656^	N.A.	24	Nil	Nil	N.A.	5,044.18
Against the Company	23	7	10	7	Nil	6	1,987.16***
	Directors						
By the Directors	Nil	N.A.	Nil	Nil	Nil	N.A.	N.A.
Against the Directors	4	Nil	1	Nil	Nil	1	40.66
	Promoter						
By the Promoter	8,989^^	N.A.	25	Nil	Nil	N.A.	1,37,542.18
Against the Promoter	1	1	Nil	Nil	Nil	80	13,768.39
	Subsidiaries						
By the Subsidiaries	Nil	N.A.	Nil	Nil	Nil	N.A.	N.A.
Against the Subsidiaries	Nil	Nil	Nil	Nil	Nil	2	31.76#

**To the extent quantifiable. Further, the aggregate amount involved does not include amounts disclosed in the summaries of proceedings in the section "Outstanding Litigation and Material Developments" beginning on page 334, to the extent such amounts are not the claim amount or outstanding amount in such proceedings.*

***Outstanding litigation: (i) involving our Company, its Directors and Subsidiaries have been considered material if the monetary amount of claim by or against such entity or person in any such pending proceeding is in excess of ₹20.91 crores (being 2.5% of the consolidated profit after tax of our Company for the Financial Year ended 2022), in terms of the Restated Consolidated Financial Statements; and (ii) involving our Promoter has been considered material if the monetary amount of claim by or against our Promoter in any such pending proceeding is in excess of ₹1,038.09 crore (being 5% of the operating profit, on a standalone basis, of our Promoter for the Financial Year ended 2022), in terms of its latest audited annual financial statements.*

**** Contingent liabilities in respect of Income-tax of ₹56.01 crore is disputed and are under appeals. These includes contingent liability of ₹1.96 crore which have been decided by Income Tax Appellate Tribunal in our Company's favour.*

^ 7,569 of these matters are recovery proceedings initiated by our Company in the ordinary course of business under section 138 of the Negotiable Instruments Act, 1881 and Section 25 of the Payment and Settlement Systems Act, 2007 against our borrowers for claims aggregating to approximately ₹2,948.89 crore.

^^ 6,827 of these matters are legal proceedings filed by our Promoter under Section 138 of the Negotiable Instruments Act, 1881 and the amount involved in such cases aggregates to ₹626.02 crore. 2,161 of these matters are cases filed by our Promoter in relation to fraud matters in accordance with the Reserve Bank of India circulars and guidelines on fraud classification and reporting.

 # Rectification application under Section 154 of the Income tax Act, 1961 has been filed before the assessing officer against demand of ₹31.49 crore for one of the matters due to certain mistakes apparent from record in the assessment order for assessment year 2020-21.

We cannot assure you that any of the outstanding litigation matters will be adjudicated in favour of our Company, Directors, Promoter and Subsidiaries or that no additional liability will arise out of these proceedings.

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. If a significant number of these disputes are determined against us and if we are required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be a material and adverse impact on our reputation, business, financial condition, cash flows and results of operations. For details in relation to the proceedings involving our Company, Subsidiaries, Directors and Promoter, see "*Outstanding Litigation and Material Developments*" beginning on page 334.

10. ***We have been non-compliant with the corporate governance requirements with respect to composition of board of directors in the past.***

While as on the date of this Letter of Offer, the composition of board of directors of our Company is compliant with the applicable law, including the Companies Act and SEBI LODR Regulations, there have been instances of non-compliance with the provisions of the Companies Act and SEBI LODR Regulations in the past. For example, our Board did not have a woman director in accordance with Regulation 17(1) of SEBI LODR Regulations during the period between January 5, 2021 and May 28, 2021 due to resignation by a woman independent director prior to the expiry of the term. Subsequently, our Company received a notice for non-compliance from NSE *vide* letter dated August 20, 2021, imposing a penalty of ₹0.03 crore and an email dated August 20, 2021 from BSE regarding the aforementioned non-compliance imposing a penalty of ₹0.03 crore. Our Company has paid the penalty and requested waivers of the penalties imposed by the Stock Exchanges contending, among others, that our Company had already initiated efforts to appoint another woman director and also highlighted the concern to SEBI vide email dated March 24, 2021 and that there were no lack of efforts from our Company to appoint a suitable candidate. However, NSE and BSE have, vide an intimation dated July 12, 2022 and email dated January 11, 2023, respectively, to our Company rejected the request made by our Company.

Our Board did not have the requisite number of independent directors and accordingly, the composition of our Board was also non-compliant with the provisions of the SEBI LODR Regulations during the period between May 12, 2022 till October 21, 2022, i.e., the quarters ended September 30, 2022 and December 31, 2022, on account of completion of tenure of one of our independent directors. Our Company has received notices on November 21, 2022 from the Stock Exchanges imposing fines of ₹0.03 crore each on our Company for non-compliances with the requirements pertaining to the composition of the board of directors of our Company in accordance with SEBI LODR Regulations during the quarter ended September 30, 2022. Further, for the non-compliance during the quarter ended December 31, 2022, our Company has received notices from the Stock Exchanges on February 21, 2023 imposing fines of ₹123,900 each which has been paid by our Company on February 23, 2023.

We cannot assure you that there will be no further non-compliances by our Company and actions taken or penalties or fines imposed against our Company. For details in relation to the notices received from the Stock Exchanges, please see "*Outstanding Litigation and Material Developments - Litigation against our Company - Actions taken by Regulatory or Statutory Authorities*" on page 338.

11. ***We are exposed to risks related to concentration of loans to certain real estate developers and risks associated with construction finance loans, as well as risks related to concentration of loans to self-employed customers. As of December 31, 2022, loans to our top 10 largest customer groups amounted to 80.47% of our total outstanding corporate loans, and individual housing loans to self-employed customers constituted ₹11,237.57 crore, representing 19.36% of our total loan portfolio.***

Our corporate book is spread across 38 unique developers as of December 31, 2022, down from 57 as of March 31, 2022, 110 as of March 31, 2021 and 141 as of March 31, 2020. As of December 31, 2022, our construction finance exposure is spread over 30 developers and 33 projects, while our corporate term loan and lease rental discounting exposure are spread over 9 and 1 developers, respectively. As of December 31, 2022, loans to our top five and 10 largest customer group amounted to 55.00% and 80.47% of our total outstanding corporate loans, respectively. If the loans to any of our other 20 single largest customers becomes non-performing, it could result in deterioration of the credit quality of our loan portfolio, which could in turn have a material and adverse effect on our business, financial condition and results of operations.

We offer our retail customers a variable interest rate, which are linked to our reference rate. From March 20, 2023, the PNBHFR has been revised to 12.65% for retail loans (PNBHFL Retail Reference Rate ("**PNBRRR**")) including housing and non-housing loans. Based on market conditions, we price our loans at either a discount or a premium to our reference rate, which is determined primarily on the basis of our cost of borrowings, which in turn is determined by a number of factors, many of which are beyond our control, including the RBI's monetary policies, the applicable regulations prescribed by the NHB and the RBI, inflation, competition and the prevailing domestic and international economic conditions. As of December 31, 2022, approximately 65.30% of our Total Borrowings, including securitization through assignment, were at floating rates, while 99.18% of our Loan Assets were at floating rates with a weighted

ROI of 11.11%. Any change in interest rates may affect the interest expenses on our floating interest-bearing liabilities as well as our net interest income and net interest margins. Moreover, any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin.

As of December 31, 2022, individual housing loans to self-employed customers constituted ₹11,237.57 crore, representing 19.36% of our total loan portfolio. Self-employed customers are often considered to be higher credit risk customers due to their potential to be more exposed to fluctuations in cash flows from income and their increased exposure to adverse economic conditions generally. To the extent we are not able to successfully manage the risks associated with lending to these customers, it may become difficult for us to make recoveries on these loans. In addition, we may experience higher delinquency rates due to prolonged adverse economic conditions or a sharp increase in interest rates. An increase in delinquency rates could result in a reduction in our interest income and as a result, lower revenue from our operations, while increasing costs as a result of the increased expenses required to service and collect delinquent loans.

12. ***Our relationship with and reliance on our Promoter, PNB, may result in certain conflicts of interest, which may adversely affect our business, operations, results of operations and financial condition.***

As of the date of this Letter of Offer, our Promoter, PNB, owns 32.07% of our fully diluted equity share capital including vested and unvested options. PNB is a nationalised bank and financial institution engaged in the business of providing a range of banking and financial services in India. PNB has access to a wider customer network than us, along with better access to low cost funding. Certain other PNB group companies and members of the Promoter Group are also engaged in a range of financial services, including life and other insurance, lending, and investment services. There are no agreements between us and PNB or any other PNB group companies that restrict us or them from offering similar products and services. Further, certain other members of our Promoter Group, namely PNB (International) Limited, United Kingdom and Druk PNB Bank Limited, Bhutan, which are subsidiaries of our Promoter, and Everest Bank Limited, Nepal, which is a joint venture of our Promoter, are engaged in the same line of business as that of our Company. As a result, our relationship with PNB may cause certain conflicts of interest, particularly with respect to distribution of housing and non-housing loans and deposit products as PNB continues to distribute these products and we may compete with PNB on the basis of range of product offerings, interest rates and fees as well as customer service, particularly in the retail housing market. We may also compete with PNB for capital and other low-cost sources of funding. There can be no assurance that we will be able to successfully compete with PNB, and our failure to do so could materially and adversely affect our reputation, business, financial condition and results of operations.

We rely on PNB in connection with the right to use the name, brand and trademark "PNB" and the associated logo. We believe that our relationship with PNB has also assisted us in the past with branding and marketing of our products. Our ability to market our products could be impacted if we are no longer able to use the PNB brand or if there is adverse publicity with respect to the PNB brand. See "*—We use the brand "PNB" of our Promoter, PNB and are exposed to the risk that the "PNB" brand may be affected by events beyond our control and that PNB may prevent us from using it in the event its shareholding in our Company falls below 20%.*" on page 43.

Subject to certain conditions, the terms of certain of our financing agreements require, among others, our Company to continue to carry "PNB" in our name, PNB to own at least 26% of our equity share capital, remain a promoter of our Company and/or to be the single largest shareholder of our Company until the relevant loan remains outstanding.

Following the Issue, it is expected that PNB will cease to be the single largest shareholder of our Company. Pursuant to an approval of the RBI dated June 2, 2022, PNB shall participate in the Issue for an amount of up to ₹500 crore, subject to PNB ensuring that its shareholding in our Company is not more than 30% post completion of the Issue, PNB submitting details of its shareholding in our Company post completion of the Issue, obtaining prior approval of the RBI for any changes in holding structure or nature of business of our Company and PNB ensuring compliance with instructions issued vide 'Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated May 26, 2016 and other instructions.

Any further dilution in PNB's shareholding in our Company could require us to obtain consent of, or waivers from, the relevant lenders and/or the RBI. Our failure to obtain relevant consent or waivers from our lenders and/or the regulator or a deterioration of our relationship with PNB could materially and adversely affect our reputation, operations, business, financial condition and results of operations. See "*—Our indebtedness and conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.*" on page 40.

13. ***We outsource certain operational activities to third-party service providers. Any lapse by such third party service providers may have adverse consequences on our business and reputation.***

We have entered into a number of outsourcing agreements with different third party service providers for certain services including, among others, cash management services, housekeeping services, back-office support services, security services, documents and records management, software application management services, technology infrastructure services. Our fraud control, field investigation teams at processing hubs, and collection teams work regularly with third party customer verification agencies to conduct credit appraisals, to verify customer details and to collect overdue payments from customers. Our technical teams work closely with external valuation agencies to assess the market value of a property provided as collateral. Our legal teams regularly work with independent legal advisers in connection with due diligence of our customers' documents as well as title verification of property provided as collaterals by our customers.

In addition, our internal audit team conducts periodic audits for all our functions, offices and branches. The business team is responsible for conducting a review and assessment of the financial and operational conditions of our service providers, in order to determine their ability to continue to meet their obligations. In reviewing our service providers, our business functions cover areas such as performance standards, confidentiality and security and business continuity preparedness, the process of which is reviewed by our internal audit department. Further, onsite vendor audits are conducted for critical functions on a sample basis by appointing external firms. However, there can be no assurance that such measures would be adequate. Accordingly, we are exposed to the risk that third party service providers may be unable to fulfil their contractual obligations to us (or will be subject to the risk of fraud or operational errors by their respective employees) and to the risk that their (or their vendors') business continuity and data security systems prove to be inadequate. In the last three Financial Years, we have received observations from our internal audit team and external auditors, including in relation to an expired escrow agreement, weak SLA monitoring, non-adherence of insurance covenants for an outsourced service, and deficiencies in security configuration and security tools used by third-party service providers, among others. While we continue to take steps to strengthen monitoring, amend agreements with third-party service providers to ensure compliance with our security requirements, and renew any lapsed agreements, we cannot assure you that such instances may not occur in the future. Any defaults or lapses by our third-party service providers could result in a material adverse effect on our business, reputation, financial condition and results of operations.

Further, while some of the agreements entered into with our third-party service providers provide that we are indemnified for payment of statutory dues, levies, penalties, interests imposed by any statutory authority and employee benefits of the personnel provided by such agencies, however we are not indemnified for any loss or damage that we may suffer as a result of the act or omission of such personnel. In the event of any such occurrence, we may incur losses, and to that extent, our business, financial condition, results of operations and prospects may be adversely affected.

14. ***Our increased focus on retail lending may expose us to certain risks, including risk of default and non-payment by our customers. Retail loan assets accounted for 91.54% of our Loan Assets as of December 31, 2022.***

Since Financial Year 2020, we have realigned our strategy in favour of our retail business, including the affordable segment, which may expose us to certain risks. In order to be successful, we have adopted a cautious sales and credit underwriting approach for the affordable segment, in order to cater to the customer segment. We have built separate underwriting policies and processes to underwrite loans in the affordable segment. However, there can be no assurance that our risk management and credit appraisal measures will continue to be successful in respect of affordable housing loans, and we may have a higher proportion of NPAs attributable to this customer segment than what we had anticipated or made provisions for. Our Retail GNPA increased from ₹714.77 crore (1.33% of our Retail Ind AS balance) as of March 31, 2020 to ₹1,381.95 crore (2.70% of our Retail Ind AS balance) as of March 31, 2021, and ₹1,966.81 crore (3.89% of our Retail Ind AS balance) as of March 31, 2022. Our Retail GNPA decreased to ₹1,517.56 crore (2.86% of our Retail Ind AS balance) as of December 31, 2022. Similarly, our Net NPA increased from ₹1,339.59 crore (1.96% of our total loan portfolio) as of March 31, 2020 to ₹1,748.23 crore (2.77% of our total loan portfolio) as of March 31, 2021, and ₹2,929.69 crore (5.06% of our total loan portfolio) as of March 31, 2022. Our Net NPA decreased to ₹1,835.67 crore as of December 31, 2022. Further, certain factors outside our control such as competition, general economic conditions, a failure to understand customer demand or requirements may affect our ability to develop and manage these loans successfully, which could cause us to discontinue these loans and we may lose all or a part of the costs incurred in their promotion and development. If any or a combination of the above-mentioned risks materialise, it could result in a material adverse effect on our business, cash flows, financial condition and results of operations.

15. ***We depend on third-party selling agents for referrals of a certain portion of our customers, who do not work exclusively for us. Such agents contributed 40.71% of our disbursements for the nine months ended December 31, 2022.***

We depend on external direct selling agents ("**DSAs**"), who are typically proprietorships and self-employed professionals, for, among others, soliciting potential customers, creating database of potential customers, collecting loan applications, marketing of our financial products, coordinating with the developers and builders approved by our Company to provide the options to the potential customers according to their financial needs. Our agreements with such DSAs are typically perpetual in nature until terminated by either party. Our agreements with such DSAs typically do not provide for any exclusivity, and accordingly, such DSAs can work with other lenders, including our competitors. Under these agreements, the payout structure to such DSAs is variable and targets may vary based on commercial terms agreed with DSAs. There can be no assurance that our DSAs will continue to drive a significant number of customers to us, and not to our competitors, or at all. Further, there can be no assurance that these agents will be able to meet the monthly targets agreed upon in the agreements executed by our Company with these agents. DSAs contributed 42.57%, 40.67% and 37.92% of our disbursements for the Financial Years 2020, 2021 and 2022, respectively. As of December 31, 2022, we had approximately 1,125 DSAs, which contributed 40.71% of our disbursements for the nine months ended December 31, 2022.

16. ***We were subject to settlement proceedings before SEBI in the past in connection with a proposed preferential allotment of Equity Shares. Separately, certain of our Directors, Key Managerial Personnel, Senior Management, and employees have been issued summons by SEBI requesting for information in connection with an ongoing investigation of insider trading activities by SEBI.***

Our Company, along with our directors (as of May 31, 2021), had filed a suo moto settlement application dated December 8, 2021 with SEBI under the Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (which was subsequently revised and submitted on January 17, 2022 owing to certain deficiencies highlighted by SEBI in the original application) to settle all matters that may arise in relation to the preferential issue of Equity Shares for an aggregate amount of ₹4,000 crore which was proposed to be undertaken by our Company ("**Proposed Preferential Allotment**") pursuant to a resolution of the Board dated May 31, 2021, subject to approval of the Shareholders under Section 62(1)(c) of the Companies Act ("**Settlement Application**"). Prior to filing the Settlement Application, SEBI had, vide letters each dated June 25, 2021, issued to our Company and certain Directors ("**SEBI Letters**"), alleged non-compliances of certain provisions of the SEBI LODR Regulations and the Companies Act, 2013 by our Company and its Directors in connection with the Proposed Preferential Allotment. In this regard, the SEBI raised certain concerns including, misrepresentation of a certificate issued by our erstwhile auditors as a valuation report prepared by a registered valuer, non-disclosure of PNB's proposed reduction of stake and re-consideration of usage of PNB brand by our Company, failure to observe principles governing disclosures and obligations, evasion of statutory responsibilities of working in the best interest of our investors and shareholders and non-compliance of the code of conduct by our Directors. Owing to the uncertainty as to the timeline for judicial determination of the legal issues, our Company vide resolution of the Board dated October 14, 2021 decided not to proceed with the Proposed Preferential Allotment and terminated the share subscription agreements executed in relation to the Proposed Preferential Allotment. Our Company had proposed to settle the matter for an amount of ₹14,62,500 plus legal charges which after the internal committee hearings with SEBI was revised to ₹72,76,533, including the legal expenses of ₹44,26,533, based on the revised settlement terms agreed upon with SEBI ("**Revised Settlement Amount**") without being subject to any non-monetary terms. As on the date of this Letter of Offer, our Company has paid the Revised Settlement Amount and has received a final settlement order dated July 18, 2022 from SEBI. The order states that "this order disposes of any proceedings that may be initiated by SEBI for the defaults as mentioned earlier in respect of the applicants".

Subsequent to the filing of the Settlement Application but before the issue of the final settlement order by SEBI, our Company and our Directors had also received a show cause notice dated May 19, 2022 from the Chief General Manager & Adjudicating Officer at SEBI ("**SCN**") in relation to the same facts under the earlier letters issued by SEBI, to which our Company had responded vide communication dated May 27, 2022 requesting SEBI to rescind the SCN citing the Settlement Application. The maximum penalty that could be imposed on our Company under Section 15HB of the SEBI Act (cited in the SCN) is ₹1 crore. The SCN stated that our Company was required to show cause as to why an inquiry should not be held against us in terms of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995; and a penalty under Section 15HB should not be imposed under the SEBI Act.

Separately, SEBI has issued summons, requesting for information, dated October 3, 2022, under Section 11C(3) of the SEBI Act, to certain Directors, certain KMPs and Senior Management and certain other existing and former employees of our Company, requiring them to produce certain documents and provide information in connection with an ongoing investigation by SEBI of insider trading activities by certain persons in the securities of our Company during the period between November 1, 2020 and September 30, 2021. The information was sought in connection with the press release issued by the Company on May 31, 2021 in relation to the Board's approval for proposed capital raise of ₹4,000 crore by the Company. The relevant Directors, KMP, Senior Management and other employees have responded to the summons providing the relevant information and have confirmed that they do not have any relationship with the persons/entities identified in the summons. Certain enquiries seeking information by SEBI, including to the Company and a summon for personal hearing was issued by SEBI which have been appropriately responded to / attended, as applicable. For further details, see "*Outstanding Litigation and Material Developments - Other Matters*" on page 348.

There can be no assurance that the SEBI or any other regulatory authority or court will not take any further action or initiate proceedings against our Company, Promoter, Directors, erstwhile directors and other officers in respect of any of these matters. Any such proceeding or action which may be initiated in the future may divert management time and attention and may subject us to further regulatory consequences which may have an adverse effect on our reputation, business, financial condition and results of operations.

17. ***Our business is subject to various operational risks associated with the financial industry, including fraud.***

Our business is subject to various operational and other risks associated with the financial industry, including:

- inadequate procedures and controls;
- failure to obtain proper internal authorizations;
- misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations;
- improperly documented transactions;
- customer or third-party fraud, such as impersonation or identity theft;
- failure of operational and information security procedures, computer systems, software or equipment;
- the risk of fraud or other misconduct by employees;
- failure to detect money-laundering and other illegal or improper activities;
- unauthorized transactions by employees; and
- inadequate training and operational errors, including record keeping errors or errors resulting from faulty computer or communications systems.

There can be no assurance that measures adopted by us have been or will be effective in preventing frauds, or that any of these events will not occur again in the future or that we will be able to recover funds misused or misappropriated if such events occur. Further, where possible, there could be instances of fraud and misconduct by our employees which may go unnoticed for a certain period of time before they are identified and corrective actions are taken. For example, in Financial Year 2022 we reported frauds aggregating to ₹4.04 crore to the NHB, which pertained to a fraud aggregating to ₹3.21 crore in relation to falsification of loan documents by our customers and a fraud case by two employees for misappropriation of deposits aggregating to ₹0.83 crore. In Financial Year 2021, we reported fraud in relation to loans advanced to borrowers aggregating to ₹1.92 crore. Similarly, in Financial Year 2020, we reported fraud aggregating to ₹4.22 crore, including one fraud case committed by an employee for a sum of ₹0.20 crore, which was later fully recovered from the employee and one fraud case committed by customer for a sum of ₹ 1.91 crores against which ₹ 2.20 crores was later recovered from the customer. A regulatory proceeding initiated by a report filed against us in connection with an unauthorized transaction, fraud or misappropriation by our employees could adversely affect our reputation and business prospects, and any significant frauds committed by customers or outsiders could result in an adverse effect on our business, financial condition and results of operations.

18. ***Our indebtedness and conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.***

Our primary sources of funding are loans and deposits. In addition to deposits, our funding requirements is met through short and medium-term funding sources such as bank loans, NCDs, commercial paper, or cash credit. As at December 31, 2022, our borrowings (other than debt securities) were ₹29,438.90 crore, debt securities were ₹3,873.63 crore, subordinated liabilities were ₹1,238.32 crore and deposits (net of maturities) were ₹17,348.10 crore. As at December 31, 2022 and March 31, 2022, March 31, 2021 and March 31, 2020, we had a debt to equity ratio* of 4.85, 5.37, 6.66 and 8.47, respectively. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Some of our agreements require us to take consent from our lenders for undertaking various actions, including, for:

- Entering into any schemes of mergers, amalgamations, or reconstruction;
- Changing the Company's ownership/control/management wherein Promoter ceases to be a promoter of the Company;
- Effecting any change in shareholding whereby the Promoter's shareholding in the Company falls below 26% or the current level;
- Entering into any borrowing arrangement with any bank, financial institution, company or person or otherwise accepting deposits which increase the indebtedness of the company beyond the permitted limits as per sanction terms;
- Approaching capital market for mobilizing additional resources;
- Effecting any change in our capital structure, including any change in the shareholding of our Promoter;
- Pledging of our Promoter's shareholding in the Company to any bank or non-banking financial institution;
- Permitting any transfer of controlling interest or making any drastic change in the management set-up;
- Any amendments to our Memorandum or Articles of Association;
- Undertaking guarantee obligations that exceed certain specified amounts;
- Declaring any dividends to our shareholders if there is a subsisting event of default/ breach in any financial covenant;
- Repaying any monies brought in by our Promoter / directors / principal shareholders and their and relatives by way of deposits / loans / advances during the currency of the facility; and
- Entering into any long-term contractual obligations or which in the reasonable assessment of the lender is detrimental to the lender's interest.

* *Debt to equity ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.*

Please see below the details of our sources of funding as on December 31, 2022:

Serial No.	Sources of Funding	Total Borrowing (in ₹ crore)	Average Tenure (in years)	Average Rate of Interest per Annum (in %)
1.	Bank Facilities	20,381.82	2.49	7.89%

Serial No.	Sources of Funding	Total Borrowing (in ₹ crore)	Average Tenure (in years)	Average Rate of Interest per Annum (in %)
2.	Non-Convertible Debentures	3,873.63	7.94	8.52%
3.	Deposits	17,348.10	4.01	7.24%
4.	External Commercial Borrowings	5,773.40	5.13	8.57%
5.	Refinance Facility from NHB	3,283.68	11.03	6.97%
6.	Subordinated Tier-II NCD	1,238.32	8.80	8.55%

Some of our loan agreements also require us to maintain certain periodic financial ratios. Non-compliance with such covenants could result in penal interest being charged or trigger events of default under the relevant financing agreements. In the past, we have not been in compliance with financial covenants relating to asset quality/Net NPA ratio under certain of our loan agreements and in relation to certain facilities, we continue to be non-compliant. We have submitted waiver requests in relation to the above non-compliance to the relevant lenders. We have received waivers for such breaches and certain lenders have reset the required financial covenants to be maintained. We cannot assure you that we will be able to meet all the financial/ non-financial covenants/ ratios and other covenants included in the financing agreements in future. Additionally, most of our financing agreements also contain cross-default and cross-acceleration clauses, which are triggered in the event of default by our Company under the respective financing agreements. For further details on risks associated, please see "*Our non-convertible debentures ("NCDs") are listed on the NSE and we have defaulted in complying with certain covenants and certain obligations and reporting requirements under SEBI LODR Regulations and circulars issued thereunder. Any further default, non-compliances and delays in obtaining waivers and complying with such obligations and reporting requirements in the future may render us liable to prosecution and/or penalties.*" on page 45.

Our future borrowings may also contain similar restrictive provisions. In the event that we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which are only identified in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may be forced to sell some or all of the assets in our portfolio if we do not have sufficient cash or credit facilities to make repayments. The restrictive clauses/ covenants under the financing arrangements as mentioned above are in the ordinary course of business as an HFC and will continue post completion of the Issue, as is customary for borrowing arrangements entered in the ordinary course of business.

We cannot assure you that our business will generate sufficient cash to enable us to service our debt or to fund our other liquidity needs. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

19. ***We may have to comply with stricter regulations and guidelines issued by regulatory authorities in India, including the NHB and RBI, which may increase our compliance costs, and subject us to penalties.***

We are regulated principally by RBI and have reporting obligations to the NHB. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us differs in certain material respects from that in effect in other countries and may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's housing finance sector. Activities of HFCs are primarily regulated by the RBI Master Directions, including various aspects of our business, such as the definition of housing finance and housing finance company, net owned fund requirement, capital adequacy, sourcing of funds, onboarding of customers and risk management and asset classification and provisioning. Accordingly, there may be further scrutiny and instructions from the RBI in relation to the regulation of HFCs. If we fail to comply with such requirements, we may be subject to penalties or compounding proceedings.

The laws and regulations governing the housing finance industry in India have become increasingly complex and cover a wide variety of issues. Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks. Moreover, new regulations may be passed that restrict our ability to do business. Further, these regulations are subject to frequent amendments and depend upon government policy. We cannot assure you that we will not be subject to any adverse regulatory action in the future. The costs of compliance may be high, which may affect our profitability. If we are unable to comply with any such regulatory requirements, our business and results of operations may be materially and adversely affected.

Pursuant to amendments to the NHB Act which came into force on August 9, 2019 (the "**NHB Act Amendments**"), the following changes were made, among others, (i) the regulation authority over the housing finance sector was transferred from NHB to RBI and, accordingly, the RBI has the power to determine policy and issue instructions in relation to housing finance institutions; and (ii) the RBI has the power to regulate by specifying conditions or prohibit the issue by any HFC which is a company of any prospectus or advertisement soliciting deposits of money from the public.

Further, on February 17, 2021, RBI issued the RBI Master Directions in supersession of, *inter alia*, the NHB Directions. The RBI Master Directions apply to every HFC registered under the NHB Act.

Further, the RBI Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**NBFC-ND-SI Directions**") and RBI Master Directions are applicable on various aspects to HFCs including managing risk and code of conduct in outsourcing of financial services, liquidity risk management framework and liquidity coverage ratio.

Further, pursuant to a notification dated November 18, 2019 issued by the Ministry of Corporate Affairs, certain prescribed non-banking finance companies (which include HFCs) with asset size of ₹ 500 crore or more, as per last audited balance sheet have been notified as a category of financial service providers ("**Notified FSPs**") for the purposes of the Insolvency and Bankruptcy Code, 2016. The Ministry of Corporate Affairs has also issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, in terms of which the RBI may initiate insolvency and liquidation proceedings under the IBC against Notified FSPs (which includes our Company) for a 'default' in terms of the IBC.

Additionally, pursuant to the RBI Master Directions, HFCs accepting deposits are currently required to pursue liquidity risk management which should cover, among other things, adherence to gap limits, making use of liquidity risk monitoring tools and adoption of stock approach to liquidity risk. We are required to maintain a liquidity buffer in terms of liquidity coverage ratio ("**LCR**") that enables us to survive any acute liquidity stress scenario for 30 days. As a deposit taking HFC, we are required to maintain a minimum LCR of 50%, which under the applicable RBI Master Directions is required to increase in the manner set forth below.

From	December 1, 2022	December 1, 2023	December 1, 2024	December 1, 2025
Minimum LCR	60%	70%	85%	100%

As on December 31, 2022, our LCR was 117%, which is in compliance with the limits prescribed by the applicable RBI Master Directions. However, there can be no assurance that we will be able to maintain our LCR within these limits or that these LCR requirements will not increase further in the future, which may require us to raise additional capital in the form of approved investments. Our inability to raise sufficient capital when necessary or on terms favourable to us to meet these requirements could have a material adverse effect on our growth, and as a result, our business, financial condition and results of operations.

The Scale Based Regulation for NBFCs ("**SBR Regulations**"), which came into effect on October 1, 2022, reflect the RBI's attempt to premise the regulatory framework for NBFCs on the scale, size, leverage, risk and complexity of its operations. In this respect, the SBR Regulations place the NBFCs into four brackets, namely, base layer, middle layer, upper layer and top layer, and prescribe a customised regulatory framework for each. Presently, our Company is categorised in the upper category, and accordingly, we are subject to certain additional capital, prudential guidelines, regulatory changes and governance requirements, basis which bracket we fall within such as the Company is required to, among other things, (a) maintain common equity tier 1 capital of at least 9% of risk weighted assets, (b) hold differential provisioning towards different classes of standard assets, (c) adhere to the large exposures framework issued by RBI and (d) put in place a board-approved policy for adoption of the enhanced regulatory framework applicable to NBFC-UL. The SBR Regulations have also merged the credit concentration limits for investments and lending into a single exposure limit of 25% for single borrower/party and 35% for single group of borrowers/parties. We were required to chart out an implementation plan for adhering to the new set of regulations by December 31, 2022. Our board has approved our policy on the SBR Regulations on December 29, 2022 and is required to ensure that the stipulations prescribed for the NBFC-UL are adhered to by September 30, 2024, at the latest. Further, the SBR Regulations restrict key managerial personnel, as defined under the Companies Act, 2013, of upper layer or middle layer NBFCs from holding any other positions (including other directorships) in any other upper layer or middle layer NBFCs. However, for the purposes of the above restriction, a directorship on the board of directors of a subsidiary will not be considered. A timeline of two years from October 1, 2022, has been provided under the SBR Regulations to ensure compliance with the above restriction. While we are currently in compliance with the SBR Regulations, as applicable, as of the date of this Letter of Offer, there can be no guarantee that we will be able to comply with any increased or more stringent regulatory requirements in a timely manner, in part or at all.

Failure to comply with such further regulatory requirements could lead to regulatory actions, including penalties, which may have an adverse effect on our future business, cash flows, results of operations, and financial condition. For instance, regulatory actions were initiated by IRDAI and penalties were imposed, vide its orders dated March 24, 2017 and December 12, 2014, against one of our Group Companies and one of the members of our Promoter Group, namely, PNB MetLife India Insurance Company Limited and one of the members of our Promoter Group, namely, Canara HSBC Life Insurance Company Limited, respectively, for certain non-compliances of the regulations enacted by the IRDAI. Further, an advisory was issued by the SEBI vide letter dated September 5, 2022 to one of our Group Companies and one of the members of our Promoter Group, namely, PNB Investment Services Limited mandating that consent letters/ no-objection certificates issued for creation of pari-passu charge or any other relevant communication shall be properly signed and name and designation of authorised signatory shall be provided on such official communication or letters/ certificates as well. Additionally, administrative warnings were issued to our Promoter, and PNB Investment Services Limited in August, 2013 based on the inspections carried out by the SEBI during the month of February, 2013.

Uncertainty in the applicability, interpretation or implementation of the above regulations may impact the viability of our current business or restrict our ability to grow our business in the future. If the interpretation of regulations by the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. Any changes in the existing regulatory framework, including any increase in the compliance requirements, may require us to divert additional resources, including management time and costs towards such increased compliance requirements. Such an increase in costs could have an adverse effect on our business, prospects, financial condition and results of operations. Additionally, our management may be required to divert substantial time and effort towards meeting such enhanced compliance requirements and may be unable to devote adequate time and efforts towards our business, which may have an adverse effect on our future business, prospects, financial condition and results of operations.

20. ***We are subject to the risk of failure of, or a material weakness in, our internal control systems.***

We are exposed to risks arising from the inadequacy or failure of internal systems or processes, and any actions we may take to mitigate these risks may not be sufficient to ensure an effective internal control environment. Given our high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such weaknesses. In addition, several of our credit appraisal, portfolio management and collection related processes are yet to be fully automated, which may increase the risk that human error will result in losses that may be difficult to detect. As a result, we may incur expenses or suffer monetary losses, which may not be covered by our insurance policies and may result in a material adverse effect on our business, reputation, financial condition and results of operations.

21. ***We use the brand "PNB" of our Promoter, PNB and are exposed to the risk that the "PNB" brand may be affected by events beyond our control and that PNB may prevent us from using it in the event its shareholding in our Company falls below 20%.***

The name, brand and trademark "PNB" and the associated logo is owned by, and is registered in favor of, our Promoter, PNB. Pursuant to an agreement dated December 7, 2009, between our Promoter and our Company ("**First TM Licence Agreement**"), PNB granted us a royalty-free, non-exclusive right to use the name, brand and trademark "PNB" and the associated logo in relation to our business and in our corporate name/trade name. Under the First TM Licence Agreement, our Promoter has the right to terminate the license if its shareholding in our Company falls below 30% of our outstanding Equity Share capital. Subsequently, on May 24, 2021, our Company and our Promoter have entered into another trademark license agreement ("**Second TM Licence Agreement**"). Under the terms of the Second TM License Agreement, PNB has granted our Company a non-exclusive non-assignable license to use the "PNB" trademark and the associated logos in relation to our business and in our corporate name and as part of the domain name and website, in exchange for an annual royalty fee of the higher of 0.2% of our revenue and 2% of profit after tax, subject to a minimum of ₹14.97 crore per annum and a maximum of ₹30.00 crore per annum. The license under the Second TM License Agreement shall become effective when the Promoter's shareholding in our Company falls below 30% of our outstanding Equity Share capital. Our Promoter will have the right to terminate the license under the Second TM License Agreement if its shareholding in our Company falls below 20% of our outstanding Equity Share capital, in which case we would be required to change our brand name within a transition period of a maximum of up to 24 months. There can be no assurance that PNB will not exercise such right to terminate the license. If PNB were to exercise this right, we would be required to change our name and brand, which could require us to expend significant resources to establish new branding and name recognition in the market as well as undertake efforts to rebrand our branches and our digital presence, which could materially and adversely affect our reputation, business, financial condition and results of operations. While we have adopted our own logo, we continue to rely on our Promoter's "PNB" brand. There can be no assurance that our Promoter's "PNB" brand, which we believe is a well-recognized brand in India due to its long presence in the Indian market and the banking and financial services businesses in which PNB, along with its subsidiaries and joint ventures, operates, will not be adversely affected in the future by events or actions that are beyond our control, including customer complaints, developments in other businesses that use this brand or adverse publicity from any other source. Any damage to this brand name, if not immediately and sufficiently remedied, could have an adverse effect on our business, financial condition and results of operations.

22. ***We may not be able to sustain the growth in our deposits or access sources of capital as frequently as we expect, which could have a material adverse effect on our liquidity position, financial condition, business and results of operations.***

We believe that certain funding sources, such as deposits, which are primarily retail in nature and hence relatively more stable, form integral parts of our overall borrowing mix. In addition, we also avail ourselves of NHB refinancing and term loans from banks and financial institutions.

Our outstanding deposits (net of maturities) grew at a CAGR of 3.04% from ₹16,131.94 crore as of March 31, 2020 to ₹17,648.98 crore as of March 31, 2022. As of December 31, 2022, our outstanding deposits (net of maturities) were ₹17,348.10 crore. As of March 31, 2022, our outstanding deposits from 235,173 deposit accounts constituted 31.78% of our total financial liabilities, and 33.30% of total outstanding borrowings as of that date. In Financial Years 2022, 2021 and 2020, the average interest rate paid on our deposits aggregated to 7.52%, 8.07% and 8.02%, respectively. The interest rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, and regulatory landscape. In addition, acceptance of deposits requires compliance with a number of restrictions under the applicable regulations in India. For instance, under the RBI Master Directions, we are only allowed to mobilise public deposits up to three times of our Net Owned Fund ("**NOF**").

As of December 31, 2022, our public deposits amounted to 1.69 times our NOF (₹9,184.86 crore). Further, we are not allowed to accept or renew any public deposit which is repayable on demand or on notice, or unless such deposit is repayable after a period of one year or more, but not later than 10 years from the date of acceptance or renewal of such deposits, or which pays interest at a rate exceeding 12.50% per annum. HFCs are not permitted to offer NRIs at a deposit rate that exceeds the maximum rate specified by the RBI for similar deposits offered by scheduled commercial banks. The tenure for deposits by NRIs cannot be less than one year and more than three years. Moreover, HFCs are not permitted to pay to any broker on public deposit collected by or through it: (a) brokerage, commission, incentive or any other benefit in excess of 2.00% of the deposit so collected; and (b) reimbursement of expenses in excess of 0.5% of the deposit so collected. The interest rate offered by deposits compared to other investment options plays a vital role in customers choosing to invest in deposits. Deposits tend to be more attractive in an increasing interest rate scenario, as compared to a declining interest rate scenario.

The NHB provides refinance for certain qualifying loans at reduced, competitive rates to certain qualifying HFCs pursuant to various housing schemes, including rural and affordable housing schemes. As of December 31 , 2022 our outstanding refinance from NHB was ₹3,283.68 crore. In the nine months period ended December 31 , 2022 and the Financial Years ended 2022, 2021, 2020 we availed nil, ₹1,490 crore, ₹3,500 crore and ₹1,500 crore, respectively, under various refinancing schemes of NHB. Our outstanding refinance from NHB amounts to 6.33% , 8.80%, 13.21% and 9.21% of our total borrowing as on December 31, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, respectively. Further, our outstanding refinancing from the NHB as a ratio of our NOF as on December 31, 2022, and the Financial Years 2022, 2021 and 2020 amounted to 0.36, 0.55, 1.07 and 1.07, respectively.

Moreover, under the RBI Master Directions, on or after March 31, 2022, deposits including public deposits, together with borrowings from various sources including loans or other assistance from the NHB, cannot exceed 12 times of an HFC's NOF. However, there can be no assurance that we will continue to be eligible for refinancing from the NHB in the same proportion as prior periods, or at all. As on December 31, 2022, the total amount of qualifying loans under various NHB schemes was more than 50% of our total loan assets.

In addition, we may not have access to funding at the same levels as we have in prior periods. Recently, certain defaults in the HFC industry have affected sources of funding for NBFCs. In addition, any increases in our NPAs may affect our access to sources of funding. Additionally, we have witnessed a decline in our cash and cash equivalents in the last three Financial Years. Our cash and cash equivalents decreased by ₹1,545.76 crore, or 18.15%, from ₹8,514.32 crore as of March 31, 2020 to ₹6,968.56 crore as of March 31, 2021. This decrease was primarily on account of a decrease in our current accounts from ₹4,803.65 crore as of March 31, 2020 to ₹933.77 crore as of March 31, 2021, and partially offset by an increase in bank deposits with maturity of less than three months from ₹3,710.49 crore as of March 31, 2020 to ₹6,033.92 crore as of March 31, 2021. Our cash and cash equivalents further decreased by ₹1,902.94 crore, or 27.31%, from ₹6,968.56 crore as of March 31, 2021, to ₹5,065.62 crore as of March 31, 2022 primarily on account of a decrease in bank deposits with maturity of less than three months, which earn interest at the respective short-term deposit rates, from ₹6,033.92 crore as of March 31, 2021 to ₹4,552.31 crore as of March 31, 2022. Our failure to sustain the growth in our deposits or access other low-cost sources of funds could have a material adverse effect on our liquidity position, financial condition, business and results of operations.

23. ***Our non-convertible debentures ("NCDs") are listed on the NSE and we have defaulted in complying with certain covenants and certain obligations and reporting requirements under SEBI LODR Regulations and circulars issued thereunder. Any further default, non-compliances and delays in obtaining waivers and complying with such obligations and reporting requirements in the future may render us liable to prosecution and/or penalties.***

Our NCDs are listed on the wholesale debt segment of NSE. We are required to comply with various applicable rules and regulations, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and SEBI LODR Regulations, in terms of our listed NCDs. There have been certain instances of defaults, non-compliance and delays in complying with the terms of such NCDs and complying with the obligations and reporting requirements under SEBI LODR Regulations and various circulars issued thereunder. For instance, our Company had defaulted in maintaining the Net NPA ratio of more than 3% as prescribed under the terms and conditions of the debenture trust deed for a series of NCDs for the quarters ended June 30, 2021, September 30, 2021, December 31, 2021, March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022. As of December 31, 2022, the aggregate amount of NCDs under which the NPA covenant was breached was ₹455 crore. As of the date of this Letter of Offer we have obtained the required waivers from the holders of the NCDs. Further, there have been certain delays in, among others, intimating the stock exchanges of the record date and providing details for all the NCDs for which interest/dividend/principal obligations was paid during the quarter in terms of SEBI LODR Regulations. For instance, NSE has imposed fines of ₹0.01 crore and ₹11,800 respectively on our Company for a delay in submitting a certificate to NSE for the payment of principal amount of commercial paper in terms of Regulation 57(1) and for the non-submission of notice to the Stock Exchanges for the record date of our non-convertible securities in terms of Regulation 60(2) of the SEBI LODR Regulations, respectively. Our Company has, citing the COVID-19 pandemic as the cause for the above non-compliances, filed responses requesting waiver of the fines imposed by NSE. Our waiver applications are currently pending. If we fail to comply with the applicable rules and regulations, or incur any further defaults in relation to the material covenants of the NCDs as per the terms of issuance of such NCDs, we may be subject to certain penal actions which may have an adverse effect on our business, results of operations, financial condition and cash flows and reputation.

We are also required to comply with SEBI circular dated November 26, 2018 on fund raising pursuant to which we are required to raise 25% of our incremental long term borrowings through the issuance of debt securities among other requirements. There is no assurance we will be able to comply with the requirements of such circular and any non-compliance may subject us to any fine, penalty or regulatory action in the future.

24. ***Our GNPA and NNPA ratios increased from Financial Year 2021 and Financial Year 2022, and are the highest amongst our peers. Any further increase in the levels of our NPAs could adversely affect our business, cash flows, results of operations, and financial condition.***

Our gross non-performing assets ("**GNPA**") increased from ₹2,012.04 crore as of March 31, 2020 to ₹2,997.49 crore as of March 31, 2021 and to ₹4,704.90 crore as of March 31, 2022, and decreased to ₹2,824.29 crore as of December 31, 2022. The increase from March 31, 2020 to as of March 31, 2021 was primarily due to the impact of the COVID-19 pandemic, which resulted in an increase in retail (primarily self-employed) and corporate GNPA. In order to mitigate the impact of the COVID-19 pandemic, we undertook various measures, including reduction in the corporate loan book, increasing disbursements to salaried customers (as compared to self-employed customers), reducing the concentration of loans towards under-construction properties and seeking to maintain our loan-to-value ("**LTV**") metrics. As of December 31, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, our consolidated GNPA represented 4.87%, 8.13%, 4.74% and 2.94% of our Loan Assets, respectively.

Our GNPA for the Financial Years 2022, 2021 and 2020 has been the highest amongst our peers. Based on data available, the table below sets out our GNPA as a percentage of our loan assets in comparison with our peers as of and for the Financial Years 2022, 2021 and 2020:

Particulars	As of March 31, 2022	As of March 31, 2021	As of March 31, 2020
PNB Housing Finance Limited	8.13%	4.74%	2.94%
HDFC Limited	1.91%	1.98%	1.99%
LIC Housing Finance Limited	5.35%	4.01%	2.86%
Indiabulls Housing Finance Limited	3.21%	2.66%	1.84%
Can Fin Homes Limited	0.64%	0.91%	0.76%
Average GNPA% for the housing finance industry*	1.6%	1.8%	1.2%

**Source: CRISIL Report*

Defaults by our customers for a period more than 90 days result in loans disbursed by us being classified as "non-performing". If we are unable to implement credit appraisal, portfolio monitoring and recovery processes to counteract these developments and the related deterioration in the credit quality of our loan portfolio, NPAs as a proportion of our total loan portfolio could increase, and could also potentially result in higher provisions or write-offs in our financial statements. Our NPA level is thus a function of our credit quality, which is dependent upon our credit appraisal, portfolio monitoring and recovery processes. There can be no assurance our NPAs may not continue to increase. Any further increase in the levels of our NPAs could adversely affect our business, cash flows, results of operations, and financial condition.

25. ***The COVID-19 pandemic poses unique challenges to the economy and to our business and the effects of the pandemic could adversely impact our ability to originate loans, our customers' ability to service our loans, our liquidity and our employees. Such effects, if they continue for a prolonged period, may have a material adverse effect on our business, cash flows, results of operations, and financial condition.***

An outbreak of COVID-19 was recognized as a pandemic by the World Health Organization ("**WHO**") on March 11, 2020. In response to the COVID-19 outbreak the governments of several countries, including India, had taken and may continue to take preventive or protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations and advising or requiring individuals to limit their time outside of their homes. Temporary closures of businesses were ordered and numerous other businesses were temporarily closed on a voluntary basis as well.

The COVID-19 pandemic has had, and continues to have, a significant impact on the Indian economy and the communities in which we operate. Certain sectors, such as construction and real estate, aviation, tourism, hospitality, transportation and logistics have been severely affected by COVID-19. According to the CRISIL Report, India's GDP reduced by 6.6% in Financial Year 2021. For further details, see "*Industry Overview*" on page 109. Despite the lifting of the lockdowns, there is uncertainty regarding the duration and long-term impact of the COVID-19 pandemic on our business and operations in the future. Further, the detection of new strains, among other developments, could lead to new lockdowns or other business restrictions or constraints and reduction in business activity in subsequent years, which may adversely affect our business operations.

The COVID-19 pandemic also impacted our origination of loans. The lockdown restrictions imposed by governments in India slowed our business operations that depend on customer facing activities, back-office operations, recoveries and others for loan-related verifications and processing. Additionally, home sales slowed during the first wave of COVID-19, and during the second wave of COVID-19 in April to May 2021, our overall business was impacted negatively with a slowdown both in our disbursements and collections, due to a surge in infections across the country, which resulted in localized lockdowns in various regions of India. The slowdown in disbursements also contributed to a decrease in our interest income for Financial Year 2021, compared to Financial Year 2020. For further details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Financial Year 2021 compared to Financial Year 2020*" on page 318. Whilst the third wave of the 'Omicron variant' did not result in any major impact on our business, it resulted in a temporary slowdown of our operations, due to a lack of manpower when a number of employees fell ill at the same time. Given the uncertainty regarding the duration and long-term impact of COVID-19, there is no assurance that the ongoing COVID-19 pandemic, including the detection and spread of new variants, will not result in an adverse impact to our business, financial condition and results of operations. If the COVID-19 pandemic leads to a prolonged economic downturn with sustained high unemployment rates, we anticipate that real estate transactions may continue to be affected. Any such slowdown may materially decrease the number and volume of loans we originate. Further, many of our customers are retail customers, and due to the slowdown and downturn in the global and Indian economies, it is possible that large-scale furloughs, terminations of employees, reductions in salaries or closure of businesses during lockdowns may lead to loss of pay or income of our customers which may lead to increased defaults by our customers. Further, an overall deterioration in the economy may also lead to a reduction in the value of collateral provided for our loans, leading to higher than anticipated losses on default. In addition, economic deterioration could lead to significantly higher interest rates for our customers which could increase the number of customers who face difficulty paying the amounts due on their loans.

There is no assurance that future developments, including the detection of new variants, will not result in government measures or responses to contain spread of COVID-19, including imposing country-wide lockdowns and other restrictions on travel and business operations, which may result in a complete or partial closure of our branches. In particular:

- RBI has released a notification dated August 6, 2020 titled "Resolution Framework for COVID-19-related Stress" and related notifications dated September 7, 2020, May 5, 2021 and August 6, 2021 (collectively, the "**Resolution Framework 1.0**"), which allowed a one-time restructuring of loans impacted by COVID-19 to help lenders and customers reschedule repayment of instalments based on customers' income streams. The restructuring will limit the potential increase in NPAs out of restructured loan accounts till a revised repayment schedule is agreed with such customers. These restructured accounts might become NPAs if customers fail to make payments as per the restructured schedule. Under Resolution Framework 1.0, we restructured a total of 1,944 accounts amounting to ₹1,417.59 crore;

- During the second wave of COVID-19 in May 2021, RBI announced several measures to protect small and medium businesses and individual borrowers from the adverse impact of the intense second wave of COVID-19 across the country and issued two notifications on May 5, 2021 titled "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" and "Resolution Framework 2.0 – Resolution of COVID-19 related stress of Micro, small and Medium Enterprises ("**MSMEs**") ("**Resolution Framework 2.0**") wherein individuals and MSMEs having aggregate loan exposure of up to ₹25 crore (as on March 31, 2021), who have not availed restructuring under any of the earlier restructuring frameworks (including under the Resolution Framework 1.0), and who were classified as 'Standard' as on March 31, 2021, were allowed to restructure their loans. Restructuring under the framework could be invoked up to September 30, 2021 and had to be implemented within 90 days after invocation. Further, through a circular dated June 4, 2021, the RBI enhanced the above limit of ₹25 crore to ₹50 crore for MSMEs. Further, for small businesses and MSMEs restructured earlier, banks and NBFCs had also been permitted, as a one-time measure, to review the working capital sanctioned limits, based on a reassessment of, among other things, the working capital cycle and margins. Under Resolution Framework 2.0, we restructured a total of 1,035 accounts amounting to ₹756.55 crore; and

- There is no assurance that the payments due on such loans will be made or these loans will not be classified as NPAs in the future. We may be required to recognize higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, which may adversely impact our asset quality and profitability in future periods.

Our liquidity may be affected by the COVID-19 pandemic which may impact our ability to continue to operate and grow our business. We fund substantially all of the loans through borrowings under our various funding facilities. Given the broad impact of COVID-19 on the financial markets, our ability to borrow money to fund our current and future customer demand is uncertain. The quantitative impact of the abovementioned factors (including measures undertaken by the RBI) on our business is demonstrated by a decrease in the total value of loans disbursed by us to retail and non-retail customers over the last three Financial Years, and is set out in the table below:

Period	***Disbursement Value (in ₹ crore)***		
	Retail	***Non Retail***	***Total***
Financial Year 2020	17,110.70	1,514.83	18,625.53
Financial Year 2021	10,033.82	410.71	10,444.53
Financial Year 2022	10,881.04	364.53	11,245.57

During the COVID-19 pandemic, our retail customers with cumulative principal outstanding of approximately ₹18,000 crores availed moratorium (from March 2020 to August 2020), and we closely monitor the performance of erstwhile moratorium customers. As on December 31, 2022, out of approximately ₹18,000 crores, ₹10,689.30 crores are outstanding in loan asset including loan asset of ₹1,814.00 crores under the onetime restructuring scheme pursuant to the COVID-19 pandemic. Out of this restructured book, customers with loan outstanding of ₹110.63 crores are in moratorium. There is no assurance that COVID-19 will not have a material adverse effect on our business. For a discussion of the significant areas where we have seen an impact of COVID-19 on our business and our approach on these areas going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Condition – Macro-economic factors and the performance of the Indian economy*" on page 294.

26. ***We depend on the accuracy and completeness of information provided by our potential borrowers and third-party service providers. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations, cash flows and financial condition.***

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential customers for certain key elements of the credit assessment process, including their income, assets, financial transactions, credit history, and analysis of the information by independent valuers and advocates. To further verify the information provided by potential borrowers, we conduct searches with credit bureaus for credit history, creditworthiness and conduct of borrowers. We also verify information with registrars and sub-registrars of assurances for encumbrances on collateral. We follow the know your customer ("**KYC**") guidelines prescribed by the RBI on the potential borrower, verify the place of business or place of employment as applicable to the potential borrower and also verify the details with the sanctions list of the RBI as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property secured. Additionally, once a prospective borrower has submitted a completed loan application, our empanelled third-party agencies conduct various on-site checks to verify the prospective customer's work and home addresses. Our risk management measures may not be adequate to prevent or deter fraud in all cases, and any instances of fraudulent mortgages that may result in default on loans disbursed by us may expose us to litigation and adversely affect our business, results of operations and financial condition. Moreover, any delays on our part to take immediate action in connection with enforcement of security, delays in bankruptcy foreclosure proceedings, economic downturns, defects in security and fraudulent transfers by borrowers, may hinder our ability to realize the full value of security, which may result in a material adverse effect on our business, cash flows, results of operations, and financial condition.

While we have a credit appraisal process, there can be no assurance that information furnished to us by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by us with credit bureaus, or the on-site verification conducted by our empanelled third-party agencies will be accurate, or that we will interpret the information provided correctly, and our reliance on such information given by potential borrowers may affect our judgment of the credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations, cash flows and financial condition. With increasing demand in the new to credit segment ("**NTC**"), credit bureaus have developed an exclusive score band for NTC customers based on their social profile and information available to the bureaus. While we charge risk-appropriate pricing to NTC customers, which helps mitigate the risk relating to lending to NTC customers, the information we rely on to make credit appraisals, received from potential borrowers and third-party service providers, may not be accurate and such difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing assets, which could adversely affect our business, results of operations, cash flows and financial condition.

27. ***A majority of our retail loan portfolio comprises loans to salaried customers and self-employed customers, who may be adversely affected by various factors such as business failure, insolvency, lack of liquidity, loss of employment or personal emergencies, any of which could be exacerbated by the COVID-19 pandemic and its impact on the Indian economy. These factors could lead to increased customer defaults, leading to an increase in the levels of our NPAs and possible fall in the rate of loan portfolio expansion.***

Our portfolio of products primarily consists of retail loans, which include a range of individual housing loans, affordable loans, loans against property, and non-residential premises loans. Our portfolio also includes corporate loans (construction finance, lease rental discounting and corporate term loans). As of December 31, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, 57.92%, 55.86%, 54.04% and 55.22% of our retail loan asset were from salaried customers, and 42.08%, 44.14%, 45.96% and 44.78%, were from self-employed customers, respectively. Such borrowers may be particularly adversely affected by various factors such as business failure, insolvency, lack of liquidity, loss of employment or personal emergencies, any of which could be exacerbated by the COVID-19 pandemic and its impact on the Indian economy. These factors could lead to increased customer defaults, leading to an increase in the levels of our NPAs and possible fall in the rate of loan portfolio expansion.

28. ***Our Promoter is subject to certain proceedings initiated by regulatory and statutory authorities including the Reserve Bank of India and Financial Intelligence Unit – India ("FIU-IND") and any adverse outcome in these or other proceedings may lead to reputation risks.***

Our Promoter is subject to various proceedings and regulatory actions from time to time. For details, see "*Outstanding Litigation and Material Developments – Litigation Involving our Promoter*" on page 342. For instance, RBI and FIU-IND have initiated proceedings against our Promoter, both of which are outstanding as of the date of this Letter of Offer. RBI has filed a criminal complaint against our Promoter seeking prosecution against our Promoter, directors of our Promoter and certain other employees of our Promoter, in relation to implementation of core banking software ("**CBS**") and integration of Society for Worldwide Interbank Financial Telecommunication system with CBS.

Further, FIU-IND had issued a show cause notice dated November 9, 2018 to our Promoter alleging violations of the provisions of the Prevention of Money Laundering Act, 2002, as amended ("**PMLA**") by our Promoter, in relation to alleged failure to file various reports including suspicious transaction reports, internal mechanism compliance report as required in terms of the PMLA within the stipulated timelines. The FIU-IND, pursuant to an order dated July 29, 2019 imposed a penalty of ₹15.63 crore on our Promoter.

Our Promoter has filed a special leave petition before the Supreme Court of India, challenging the order of the High Court of Delhi, pursuant to which it rejected our Promoter's application to quash the complaint filed by RBI. Further, the order passed by FIU-IND against our Promoter, has been stayed by the Appellate Tribunal under PMLA. However, we cannot assure you that the abovementioned proceedings will be decided in favour of our Promoter or that no liability will be imposed or actions will be taken by RBI against our Promoter. For further details, see "*Outstanding Litigation and Material Developments - Litigation involving our Promoter - Litigation against our Promoter*" on page 342 of this Letter of Offer. Further, any such similar proceedings in the future, may divert the attention of management of our Promoter, strain the financial resources and have an adverse impact on the reputation of our Promoter.

29. ***We are dependent on our senior management and other key personnel, and the loss of, or our inability to attract or retain, such persons could adversely affect our business, results of operations, financial condition and cash flows.***

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We believe that the inputs and experience of our senior management, in particular, and other key personnel are valuable for the development of our business and operations and the strategic directions taken by us. For details in relation to the experience of our senior management and key management personnel, see "*General Information - Board of Directors of our Company*" and "*Our Management*" on pages 89 and 172.

Our senior management has contributed significantly to our business and operations, and we continue to depend significantly on the continued services and performance of our senior management and other key employees and our ability to attract and retain such personnel. Our ability to identify, recruit and retain our senior management and other key employees is critical to the successful operation of our business. As of December 31, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, we employed 1,591, 1,425, 1,391 and 1,549 personnel and in nine months ended December 31, 2022, and Financial Years 2022, 2021 and 2020, we had attrition of 449, 483, 318 and 357 employees, representing an attrition rate of 37.63%, 33.89%, 22.86% and 23.05%, respectively. We face a continuing challenge to recruit, adequately compensate and retain a sufficient number of suitably skilled personnel, knowledgeable in sectors to which we lend. There is significant competition in India for such personnel, which has increased in recent years as a significant number of commercial banks, small finance banks, payment banks, NBFCs and HFCs have recently commenced operations. We also need to train and motivate existing employees to adhere to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of our customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

In the recent past, we have had significant changes to our senior management and there is no assurance that such changes will not occur in the future. For example, Hardayal Prasad resigned as MD & CEO of the Company with effect from October 20, 2022, for personal reasons, and Girish Kousgi was appointed in his place with effect from October 21, 2022. Further, (A) Kapish Jain had resigned as the CFO of our Company with effect from April 7, 2022 to pursue better career opportunities, and was replaced with Kaushal Mithani; (B) Kaushal Mithani resigned as interim CFO of our Company with effect from August 23, 2022, due to better career opportunities, and Vinay Gupta was appointed as CFO with effect from October 26, 2022. Further, Pankaj Jain resigned as the Chief Sales Officer – Retail of our Company for personal reasons with effect from February 6, 2023.

As we continue to expand our business and operations, recruiting and retaining qualified and skilled personnel is critical to our future, especially since our business depends on our credit appraisal, asset valuation and collection methodologies and direct customer relationships, which are largely personnel-driven aspects of our business. Our inability to attract and retain our senior management and other key personnel due to these or other reasons could significantly impair our ability to continue to manage and grow our business and may result in an adverse effect on our business, prospects, financial condition and results of operations.

In the nine months ended December 31, 2022, and the Financial Years 2022, 2021 and 2020, the average attrition rate of our KMPs and Senior Management was 30%, 40%, nil and 15.38%, respectively. We cannot assure you that other key personnel will not terminate their employment with us or join a competitor, or that we will be able to retain such key personnel, including senior management, or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations, financial condition and cash flows.

30. ***We rely on our information technology systems for our business and operations. A failure, inadequacy or security breach in our information technology and telecommunication systems may adversely affect our business, cash flows, results of operations, and financial condition. In addition, security breaches of customers' confidential information that we store may expose us to liability and harm our reputation.***

We are reliant on IT systems in connection with, but not limited to, financial controls, risk management and transaction processing. The size and complexity of our computer systems may make them potentially vulnerable to breakdown, system integration problems, malicious intrusion and computer viruses. Our ability to operate and remain competitive depends in part on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis, including our ability to process a large number of transactions on a daily basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our financial, accounting and other data processing systems, management information systems and our corporate website may fail to operate adequately or become disabled as a result of events beyond our control, including a disruption of electrical or communications services. We may also face risks relating to our migration to a new IT infrastructure as part of our digital transformation program. For instance, in 2020, we launched our digital acquisition platform 'ACE', our flagship mobile app for contactless applications and onboarding.

There is no assurance that our transition to our new technological platforms will be smooth or in the manner that we anticipate or that the any or all technologies we adopt will achieve the efficiencies we expect, or that we will not face any disruptions or problems resulting from any or all technologies we use, which may adversely affect our business, results of operations, cash flows and financial condition. See "*Our Business – Information Technology*" on page 168. Although we have not experienced any significant disruptions to our information technology systems in the past, we cannot assure you that we will not encounter disruptions in the future. Further, while we have procedures to monitor for and prevent system failures, and to recover from system failures in the event they occur, there is no guarantee that these procedures will successfully prevent a system failure or allow us to recover quickly from a system failure.

In December 2022, we faced an incident wherein our internet routers were compromised and our access control list was removed from the router for internet routers. There was no data breach during this incident and the incident was immediately reported to the relevant regulators. While we employed preventive measures to prevent a data leak in the future, among others, our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. Further, customer applications and interfaces, may be open to being hacked or compromised by third parties, resulting in thefts and losses to our customers and to us. Some of these cyber threats from third parties include: (a) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt ex-filtration of account sensitive information; (b) hacking – wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; (d) ransomware – a malware which threatens to block or publish data unless a ransom is paid and (e) advanced persistency threat – network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time. In addition, there has been an increase in electronic transactions in recent periods which increases the risk of cyber-attacks. The intention of these attacks is to steal our data or information, or to shut down our systems and only release them for a fee.

Further, the information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. If any of these systems are disabled or if there are other shortcomings or failures in our internal processes or systems, it may disrupt our business or impact our operational efficiencies and render us liable to regulatory intervention or damage to our reputation. The occurrence of any such events may adversely affect our business, cash flows, results of operations, and financial condition.

As part of our business, we store and have access to confidential information of our customers, including bank information, credit information and other sensitive data. Any accidental security breaches whether by employees who may have a lack of experience with our newer information technology systems or other unauthorized access to confidential information could expose us to liability related to the loss of the information, legal proceedings against us including the potential imposition of penalties, and negative publicity. Data security breaches could lead to the loss of trade secrets or other intellectual property, or the public exposure of personal information (including sensitive financial and personal information) of our customers and employees. Security measures could be breached by third-party actions, intrusion into our software by hackers due to software flaws or due to employee error and malfeasance. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. Although we have not experienced any material instances of data security breaches as on the date of this Letter of Offer, we cannot assure you that we will not do so in the future. Any security breach may cause our customers to lose confidence in the effectiveness of our data security measures, and in turn have an adverse effect on our business, cash flows, results of operations, and financial condition.

31. ***We may not be able to identify or correct defects or irregularities in title to the properties which are made collateral to the loans offered by us to our customers, which may adversely affect our business. Our further inability to realise the loan amount from such properties may adversely affect our business.***

There is no central title registry for real property in India and the documentation of land records in India has not been fully digitized. Property records in India are maintained at the state/district/local sub-registrar level and in local languages and are updated manually through physical records. Therefore, property records may not be available online for inspection, may be illegible, untraceable, tampered and incomplete, may not have been updated regularly, may be inaccurate in certain respects or may have been kept in poor condition which may impede title investigations or our ability to rely on such property records. Title to land in India is often fragmented, and in many cases, land may have multiple owners. Title may also suffer from irregularities, such as non-execution or non-registration of conveyance/title deeds and inadequate stamping and may be subjected to encumbrances that we are unaware of and that may not be apparent on the face of the relevant documentation. Any defects in, or irregularities of, title may result in a loss of development or operating rights over the land, which may prejudice our ability to realize the loan amount extended to our customers in case of a default in payment. This will compel us to write off such loans or litigate the cases with a heavy cost and an indefinite time to resolution, which will adversely affect our revenues.

For the nine months ended December 31, 2022, and Financial Years 2022, 2021 and 2020, our entire portfolio (100% of loans disbursed by us) was secured by collateral in property. Furthermore, although we have procedures in place to identify defects or irregularities in title to the properties which are made collateral to the loans offered by us to our customers, there is no mechanism to verify multiple executions on the same day with different registrars or to verify the legitimacy of such executions. Whenever a customer submits his original agreement to sell, the sale deed or any other title deed, we can only verify, among other things, if the correct stamp duty has been paid, if the agreement to sell or the sale deed has been signed by all parties, if there is a proper seal of registrar and if there is a registration receipt with the customer. We also cannot immediately ascertain the legitimacy of the deed without obtaining a certified copy of the deed from the relevant registrar office to verify its genuineness, and this involves cost and time since we are compelled to rely on officials. Additionally, improperly executed, unregistered or insufficiently stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property.
During the last three Financial Years, we have encountered 13 instances of defects in the title of our collateral. While we are in the process of recovering disbursed amounts from borrowers, during the last three Financial Years, we have been able to finalize the process of recovery for one such instance after having recovered 48.69% of the disbursed amount. The table below sets forth details of instances where we have encountered defects in title of our collateral.

	Financial Year 2020	Financial Year 2021	Financial Year 2022
Number of instances	4	5	4
Amount disbursed (₹ in crore)	4.02	1.92	1.72
Principal outstanding (₹ in crore) as on December 31, 2022	2.08	1.79	1.42

The Government of India established and operationalised the Central Registry of Securitization Asset Reconstruction and Security Interest of India ("**CERSAI**") on March 31, 2011 under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**SARFAESI Act**") to create a central database of all mortgages created by lending institutions. However, the management and maintenance of this database is subject to the accuracy of descriptions of property submitted by borrowers and set out in the relevant property deeds. Although data is required to be updated on the CERSAI portal, potential disputes or claims over title to our mortgaged properties may arise. Moreover, an adverse decision from a court or adjudicating agency may result in additional costs and delays in the realization of any disbursement made by us. Any such disputes, whether resolved in our favour or not, may divert management's attention, harm our reputation, and otherwise disrupt or adversely affect our business, financial condition and results of operations.

32. ***If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We are exposed to a variety of risks, including credit risk, liquidity risk, market risk, interest rate risk, operational risk, and information security and technology risk. We have devoted significant resources to develop our risk management policies and procedures and plan to continue to do so in the future. The effectiveness of our risk management policies is affected by the quality and timeliness of available data. Our policies and procedures to identify, monitor and manage risks of fraud, money laundering, any other credit, operational or other risks may not be fully effective. Our Board and the Risk Management Committee reviews our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions. For details, see "*Our Business – Information Technology*" on page 168. However, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management processes may not be automated and subject to human error.

Further, some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. To the extent that any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risks are not effective, we may face risk exposure in certain market environments or particular types of risk as a result of not being able to effectively mitigate those market or credit risks. In addition, as we seek to expand the scope of our operations, we also face the risk of being unable to develop commensurate risk management policies and procedures.

Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. For details, see "*—Any increase in the levels of NPAs in our Gross AUM could adversely affect our business, cash flows, results of operations, and financial condition. As of December 31, 2022, our Gross NPAs as a percentage of our Loan Assets were 4.87%, and our net NPAs as a percentage of our Loan Assets were 3.22%.*" on page 25. In addition, certain processes are carried out manually, which may increase the risk that human error, tampering, frauds or manipulation will result in losses that may be difficult to detect. As a result, we may suffer monetary losses, which may not be covered by our insurance policies.

While we have systems and procedures in place to ensure that risk is managed through a standardised framework there can be no assurance that the Risk Management Committee will successfully identify and correct defects or irregularities in title to the properties which are made collateral to the loans offered by us to our customers, which may adversely affect our business.

If we fail to effectively implement our risk management policies, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

33. ***Changing regulations in India could lead to new compliance requirements that are uncertain.***

The regulatory and policy environment in which we operate is continuously evolving and is subject to change. The government of India ("**GoI**") may implement new laws or other regulations and policies that could affect the HFC industry in general, which could lead to new compliance requirements.

Further, changes in labour laws, such as minimum wage laws, may also require us to incur additional costs, such as raising salaries or increasing our contributions to the EPF. For example, the GoI has introduced (a) the Code on Wages, 2019 ("**Wages Code**"); (b) the Code on Social Security, 2020; (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 which consolidate, subsume and replace numerous existing central labour legislations. The codes have not yet been completely notified, and as such, the full impact of such laws on our business, operations and growth prospects, remain uncertain. For instance, the Wages Code limits the amounts that may be excluded from being accounted towards employment benefits (such as gratuity and maternity benefits) to a maximum of 50% of the wages payable to employees. The implementation of laws enhancing employee benefits may increase our employee and labour costs, thereby adversely impacting our results of operations, cash flows, business and financial performance. The GoI also recently introduced the draft Digital Personal Data Protection Bill, 2022. As of the date of this Letter of Offer, the Digital Personal Data Protection Bill, 2022 is in draft form. Should the above bill be enacted as a law and notified, our ability to collect, use, disclose and transfer data may be further restricted. Our failure to take reasonable security precautions, safeguard personal information or collect such information in the future may have a material adverse effect on our business, financial condition and results of operations.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence or ambiguity, or a limited body, of administrative or judicial precedent may be time consuming, as well as, costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Clarifications on ambiguous aspects may not be received in time which may affect the manner in which we conduct our business. Additionally, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business, results of operations or financial condition may be adversely affected.

34. ***We may experience difficulties in expanding our business or pursuing new business opportunities in new regions and markets.***

Our portfolio of products primarily consists of retail loans, which include a range of individual housing loans, loans against property, and non-residential premises loans. Our portfolio also includes corporate loans (construction finance, lease rental discounting and corporate term loans). As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business, such as in the affordable housing segment. Factors such as competition, customer requirements, regulatory regimes, culture, business practices and customs in these new markets may differ from those in our current markets, and our experience in our current markets may not be applicable to these new markets.

Our present and future business may be exposed to various additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully marketing our products in markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to different regions of India in which different languages are spoken, including engagement with local and national DSAs, deposit brokers and connectors. To address these challenges, we may have to make significant investments that may not yield the desired results or incur costs that we may not recover. As we enter new markets and regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who may be more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers. In particular, we have shifted our focus towards the retail segment and cannot assure you that our strategy realignment, or our increased emphasis on our affordable housing portfolio will be successful. Our development of new products may not yield the intended results, and may in turn have an adverse effect on our business, prospects, and results of operations. For further details, see "*Our Business – Our Strategies – Expand our affordable housing loan offering*" on page 152.

35. ***Any negative events affecting the Indian real estate sector could adversely affect the value of the collateral for our loans, our business and result of operations.***

All of our AUM is exposed to the real estate sector as the underlying security on these loans is primarily mortgages. In the event the real estate sector is adversely affected due to any reason whatsoever, including without limitation, the passing of any stringent norms regarding construction, floor space index or other compliances, the value of our collateral may diminish which may affect our business and results of operations in the event of a default in repayment by our clients. Also, if any of the projects which form part of our collateral are stalled for any reason for any length of time, the same may affect our ability to enforce our security, thereby effectively diminishing the value of such security.

The value of real estate properties secured under our loans is largely dependent on housing market conditions prevalent at that time, as well the quality of the construction and the relevant developer. Following the introduction of the SARFAESI Act and the subsequent extension of its application to HFCs, we are allowed to enforce any security interest and take certain other actions, including taking over the management of the business of the borrower, and which includes our right to transfer (in any manner) the underlying collateral after 60 days' notice to a borrower whose loan has been classified as non-performing.

Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that creditors like us will be able to realize the value of the collateral, in full or in part, pursuant to enforcement action under the SARFAESI Act. The Debt Recovery Tribunal ("**DRT**") has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, there can be no assurance that any foreclosure proceedings would not be stayed by the DRT or any other relevant authority. In addition, delays on our part to take immediate action, delays in bankruptcy foreclosure proceedings, economic downturns, defects in security and fraudulent transfers by borrowers, may hinder our ability to realize the full value of security, which may result in a material adverse effect on our business, cash flows, results of operations, and financial condition.

36. ***Our profitability may be impacted by high operating costs.***

One of the key ratios we use to measure our performance is the cost to income ratio, which we measure as the ratio of total operating expenses to our net income. Our ability to improve our profitability depends on our efforts to continue to grow our loan portfolio and expand our operations, while at the same time reducing our costs. High cost to income ratios could adversely affect our margins, return on average assets and profitability. In recent years, we have made a number of investments in connection with our business transformation, including affordable loan-specific branch expansion, and digitisation, which, along with a reduction in revenue, have impacted our cost to income ratio. In Financial Years 2020, 2021 and 2022, our cost to income ratio was 17.70%, 15.59% and 20.41%, respectively, and our return on average assets during those periods was 0.8%, 1.2% and 1.2%, respectively.

As we continue to expand our business and operations consistent with our growth strategy, our operating expenses could increase in the near future, primarily on account of increased expenditure on branch expansion for the affordable segment, automation, collections and digitisation, and other activities related to marketing and distribution of our loan products. In order to reduce our cost to income ratio and to efficiently utilise our available resources in the future, we will need to derive economies of scale and other efficiencies by continuing to grow our loan portfolio significantly. Our business could also be adversely affected by factors outside of our control such as a decline in global and Indian economic growth or increase in real estate prices, changes in regulatory policies, decline in customer demand for loans, inflation and changes in interest rates, which could reduce our interest income and increase our operating expenses and adversely affect our ability to grow our business. Increased investments towards enhancing our business activities and a decrease in our income led to an increase in our cost to income ratio from 17.70% in Financial Year 2020 to 15.59% in Financial Year 2021 to 20.41% in Financial Year 2022 to 18.20% in the nine months ended December 31, 2022. Higher operating costs may result in an increase in our cost to income ratio, which may result in lower margins and returns on our average assets, which may in turn materially and adversely affect our business, prospects, financial condition and results of operations.

37. ***Our Statutory Auditor has included an emphasis of matter paragraph in their report on our financial statements for the Financial Years 2021 and 2020.***

Our Statutory Auditor has included emphasis of matters in their report on our financial statements for the Financial Years 2021 and 2020, which describe uncertainties relating to the effects of COVID-19 pandemic on our operations. In addition, the emphasis of matter in our Statutory Auditor's report on our financial statements in Financial Year 2020 describes the moratorium we offered on the payment of instalments to all eligible borrowers classified as standard as on February 29, 2020. As a result, ageing of the accounts which have opted for moratorium has been determined with reference to days past due status as of February 29, 2020. For further details, see "*Financial Statements*" on page 188. We cannot assure you that our Statutory Auditor's observations for any future financial period will not contain similar remarks, emphasis of matters or other matters including any matters required to be reported under Companies (Auditors Report) Order 2016, and that such matters will not otherwise affect our results of operations.

38. ***Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures, restrictive covenants of our financing arrangements, and compliance with applicable laws.***

Our ability to pay dividends in the future will depend on profits earned during the financial year, capital adequacy ratio, future capital requirements, working capital requirements, capital expenditure, regulatory restrictions and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, profits earned during the financial year, capital adequacy ratio, future capital requirements, and any other factors and material events which the Board may consider. Additionally, our ability to pay dividends may also be restricted by regulatory restriction and the terms of financing arrangements that we may enter. While our Company had paid dividends in Financial Year 2020 which was paid pursuant to the final dividend for the Financial Year ended March 31, 2019, we did not declare any dividend to our Shareholders in the last three financial years and cannot assure you that we will be able to pay dividends in the future. For details of such financing arrangements, see "−*Our indebtedness and conditions and restrictions imposed* *by our financing arrangements could adversely affect our ability to conduct our business and operations*" on page 40.

39. ***We may not be able to obtain, renew or maintain statutory and regulatory permits and approvals required to operate our business, which may materially and adversely affect our business, cash flows, results of operations, and financial condition.***

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India for carrying out our business. This includes registration with the NHB for carrying out business as an HFC, registration with the CERSAI, our legal entity identifier code as well as maintaining licenses under various applicable national and state labour laws in force in India for some of our offices and employees. While we currently possess or have applied for renewals of certain licenses, including shops and establishment licenses for some of our branches, there can be no assurance that the relevant authorities will renew these in the anticipated timeframe, or at all. In addition, we may apply for more approvals. We cannot assure you that we will be able to maintain the conditions required to retain all our licenses.

Moreover, we cannot assure you that approvals and licenses currently held by us would not be suspended or cancelled in the event of non-compliance or alleged non- compliance with any terms or conditions thereof, or pursuant to any regulatory action. Additionally, failure by us to comply with the terms and conditions to which such licenses, approvals, permits or registrations are subject, and/or to renew, maintain or obtain the required licenses, approvals, permits or registrations may result in the interruption of our operations and may have a material adverse effect on our business, cash flows, results of operations, and financial condition.

40. ***We are exposed to risks that may arise if our customers opt for balance transfers to other banks or financial institutions, or if customers face increased difficulties in refinancing their existing housing loans from other banks and financial institutions to our Company.***

We offer our customers a variable interest rate, which is linked to our reference rate, which as of the date of this Letter of Offer is 12.65% for retail loans. Based on market conditions, we price our loans at either a discount or a premium to our reference rate, which is determined primarily on the basis of our cost of borrowings, which in turn is determined by a number of factors, many of which are beyond our control, including the RBI's monetary policies, the applicable regulations prescribed by the NHB and the RBI, inflation, competition and the prevailing domestic and international economic conditions. As of December 31, 2022, 65.30% of our Total Borrowings, including securitization through assignment, were at floating rates, while 99.18% of our Gross Loan Assets were at floating rates with a weighted average yield of 11.11%.

Customers with variable interest rates on their loans are exposed to increased loan tenures or increased equated monthly instalments ("**EMIs**") when the loans' interest rate adjusts upward from an initial fixed rate, as applicable, to the rate computed in accordance with the applicable index and margin. Such customers typically seek to refinance their loans through balance transfer to other banks and financial institutions, to avoid increased EMIs that may result from an upwards adjustment of the loans' interest rate. In the nine months ended December 31, 2022, the total loan account closures with total principal outstanding amounted to ₹5,374.77 crore, aggregating to 10.29% of our total retail principal outstanding. Out of these loan account closures, a principal outstanding amount aggregating to ₹3,467.24 crore was refinanced through balance transfer to other banks and financial institutions, amounting to 64.51% of total principal loan account closures. While refinancing of loans by other lenders could in certain circumstances be beneficial for our customers, it results in a loss of interest income expected from such loans over the course of their tenure. In addition, all housing finance providers in India are prohibited from charging pre-payment penalties on loans with variable interest rates, which has led to a high incidence of balance transfer, which results in a high turnover of loan assets between lenders, causing lenders to incur increased origination costs. In addition, increased difficulties for customers in refinancing their existing housing loan from another bank or financial institution, may also adversely affect our balance transfer loan originations. As competition in the housing finance sector intensifies, certain of our customers with variable interest rate loans may not be able to find balance transfer options at comparably lower interest rates or other financing alternatives. As a result, they may be exposed to the risks associated with increases in EMIs, which may lead to increased delinquency or default rates. Increased delinquency rates may also result in deterioration in credit quality of our loan portfolio, which could have an adverse effect on our business, results of operations and financial condition.

41. ***We have entered into a number of related party transactions and may continue to enter into related party transactions, which may involve conflicts of interest.***

All related party transactions that we enter into are subject to an approval by our Audit Committee, Board, or Shareholders, as required under the Companies Act, SEBI LODR Regulations and our related party transactions policy. We have entered into a number of related party transactions, within the meaning of Ind AS-24. While we believe that all such transactions have been conducted on an arm's length basis, in accordance with our related party transactions policy, applicable provisions of the Companies Act and SEBI LODR Regulations and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. In Financial Years 2022, 2021 and 2020, our related party transactions amounted to ₹16,840.95 crore, ₹22,527.52 crore and ₹23,184.64 crore, respectively, and which primarily related to fixed deposits, term loans and bank deposits with our Promoter, Punjab National Bank and the purchase of securities (as intermediary and on a principal to principal basis) and interest received on securities from PNB Gilts Limited. For further information on our transactions with related parties, see *"Financial Statements – Restated Consolidated Financial Statements – Note 36.10: Related Party Transactions"* on page 262.

It is likely that we may enter into related party transactions in the future. Such transactions may give rise to potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour.

42. ***We have contingent liabilities and our results of operations and financial condition may be adversely affected if these contingent liabilities materialize.***

We have contingent liabilities, which could adversely affect our business and results of operations. As of March 31, 2022, our contingent liabilities in respect of income tax aggregated to ₹20.74 crore which are disputed and currently under appeal. This includes contingent liability of ₹1.84 crore which have been decided by the Commissioner of Income Tax (Appeals) in our favour. In the event that any of these contingent liabilities materialize, our results of operations and financial condition may be adversely affected. Moreover, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Financial Year, or in the future. For further information, see "*Financial Statements — Restated Consolidated Financial Statements – Note 40: Contingent Liabilities and Commitments"* on page 273.

43. ***Our insurance coverage may not be sufficient or may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.***

As of March 31, 2022, the amount of our insured assets was ₹212.76 crore, representing 293.46% of our total fixed assets and cash balances. We have, among others, a burglary policy, group mediclaim policy, group accident policy, and insurance against misappropriation of cash at our branches. In addition, we also maintain a directors and officers liability insurance policy. We believe that our insurance coverage is commensurate with, and appropriate to, our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. However, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time.

In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. We cannot assure you that that we will not face claims that are not covered by our existing insurance coverage, which could adversely affect our business, financial condition, cashflows and results of operations. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cashflows and results of operations. For details in relation to our insurance coverage, see "*Our Business – Insurance*" on page 169.

44. ***We have commissioned and paid for an industry report which is exclusively prepared for the purposes of the Issue and issued by CRISIL Limited, which has been used for industry related data in this Letter of Offer. Accordingly, prospective investors are advised not to base their investment decision solely on such information.***

This Letter of Offer includes information that is derived from the CRISIL Report, exclusively prepared and issued by CRISIL for the purposes of the Issue. The CRISIL Report is subject to various limitations and based upon certain assumptions that are subjective in nature. We have exclusively commissioned and paid for the CRISIL Report for the purpose of confirming our understanding of the industry in connection with the Issue. CRISIL is not in any manner related to us, our Directors or our Promoter. The CRISIL Report includes definitions and categorises market participants under headings and definitions such as "large HFCs", "medium HFCs", and "small HFCs". These terms, categorisations and definitions are not based on any legal, governmental, or regulatory definition or categorisation but have been created by CRISIL specifically to explain the nature of housing loans, the industry, its constituents and the nature of business undertaken in the housing finance industry. The CRISIL Report is not exhaustive and is based on certain assumptions, parameters and conditions made and identified by CRISIL that may prove to be incorrect. Given the scope and extent of the CRISIL Report, disclosures are limited to certain excerpts and the CRISIL Report has not been reproduced in its entirety in this Letter of Offer. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this document. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

45. ***We expect to be classified as a PFIC for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. investors that hold Equity Shares.***

For U.S. federal income tax purposes, we will be a passive foreign investment company ("PFIC") for any taxable year in which, after the application of certain look-through rules with respect to our subsidiaries, either (i) at least 75% of our gross income consists of passive income or (ii) at least 50% of the average value of our assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income. Passive income generally includes dividends, interest, rents, royalties, and certain capital gains. Cash is generally a passive asset. We expect to be a PFIC for the current taxable year and the foreseeable future. However, because PFIC status is determined on an annual basis, and therefore our PFIC status for the current taxable year and any future taxable year will depend upon the future composition of our income and assets, and because certain aspects of the PFIC rules are not entirely certain, there can be no assurance that we will or will not be a PFIC for any taxable year.

If we are a PFIC for any taxable year during which a U.S. investor holds Equity Shares, we generally would continue to be treated as a PFIC with respect to that U.S. investor for all succeeding years during which the U.S. investor holds such Equity Shares, even if we ceased to meet the threshold requirements for PFIC status. Such a U.S. investor may be subject to adverse U.S. federal income tax consequences, including (i) the treatment of all or a portion of any gain on disposition as ordinary income, (ii) the application of a deferred interest charge on such gain and the receipt of certain dividends and (iii) compliance with certain reporting requirements. We do not intend to provide the information that would enable investors to make a qualified electing fund election that could mitigate the adverse U.S. federal income tax consequences should we be classified as a PFIC. You are urged to consult your tax advisor concerning the U.S. federal income tax consequences of owning and disposing of Equity Shares.

46. ***Our investments are subject to market risk.***

As part of our treasury management, we invest in certain long-term fixed income government securities in order to meet our SLR obligations. We also invest surplus funds out of our borrowings and operations in such securities. These securities can be government securities, bonds carrying sovereign guarantee, bonds issued by state governments or public sector enterprises, debt mutual funds, fixed deposits with banks, commercial papers and other highly rated bonds. Our investment policy prescribes investment limits for each of these securities. Certain of these investments are unlisted, offering limited exit options.

The value of these investments depends on several factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations and the RBI's monetary policies. Any decline in the value of the investments may have an adversely effect on our business, financial condition and results of operations.

47. ***Hedging arrangements we have entered into in respect of fluctuations in interest rates or currency exchange rates may be inadequate and are subject to the risks of default.***

As of December 31, 2022, we had foreign currency borrowings amounting to US$700.00 million (₹5,795.03 crore), representing 11.16% of our total borrowings. We have entered into adequate hedging arrangements to hedge the entire balance sheet risk on our exposure to foreign exchange fluctuations and have also executed interest rate swaps to reduce the risk of interest rate fluctuations. However, there can be no assurance that our existing hedging arrangements will completely wipe out our foreign currency exchange risk or interest rate risk, or that such hedging arrangements will protect us against any unfavourable fluctuations in exchange rates or interest rates. Further, there remains the counterparty credit risk where the relevant counterparty may fail to perform its obligations under the hedging arrangement. If the Company is unable to pass on any increase in our costs due to fluctuations in interest rates or exchange rates to our customers, it could reduce our profitability and result in a material and adverse effect on our cash flows, results of operations and financial condition.

48. ***While certain of our trademarks used by us for our business are registered, any inability to protect our intellectual property or know how from third party infringement may adversely affect our business and prospects.***

We have registered copyright of artistic work for our tagline "*Ghar ki Baat*" as well as trademark for our tagline "*Ghar Ki Baat*" under classes 16, 35, 36 and 42. Further, we have received trademark registration of the logos under classes 16, 35, 36, 41 and 42 and under classes 16, 35, 36, 41 and 42 for Unnati, our affordable retail offering. We have also received trademark registration of the logo for our subsidiary, PHFL Home Loans and Services Limited, under classes 16, 35, 36, 41 and 42. However, our application for registration for "*Ghar Ki Baat*" under class 41 was refused.
Further, our Company has filed applications with the relevant authority under class 36 for registration of two trademarks and respectively, and one wordmark namely, "Roshni Home Loans" under class 36 which are pending as on the date of this Letter of Offer.

We cannot guarantee that any of our registered or unregistered intellectual property rights or our know-how, or claims thereto, will now or in the future successfully protect what we consider to be the intellectual property underlying our products and business, or that our rights will not be successfully opposed or otherwise challenged. We also rely on technical knowledge, product information, industry data and market "knowhow" that cannot be registered and is not subject to any confidentiality or nondisclosure clauses or agreements. If such know-how is leaked to third parties, this could erode our competitive advantage. For further details on our intellectual property, see "*Our Business – Intellectual Property*" on page 169.

We may be required to resort to legal action to protect our brand names and other intellectual property rights. Any adverse outcome in such legal proceedings may impact our ability to use our brand names and other intellectual property rights in the manner in which such intellectual property is currently used or at all, which can have a material adverse effect on our business and financial condition.

49. ***Negative publicity could damage our reputation and adversely impact our business and financial results.***

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the banking and financial services industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the banking and financial services industry generally or us specifically (including our Promoter) could materially adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations. Negative publicity can result from our own, our Promoter's or our third- party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk. Any future issues that draw media coverage could have an amplified negative effect on our reputation and brand. In addition, negative publicity related to key brands we have partnered may damage our reputation, even if the publicity is not directly related to us. Any negative publicity that we may receive could diminish confidence of the public in our business and operations and may result in increased regulation and legislative scrutiny of industry practices as well as increased litigation, which may further increase our costs of doing business and adversely affect our brand.

50. ***The unsecured loans taken by our Company can be recalled by the lenders at any time, which may have an adverse effect on our business operations and cash flows. Further, our Company has investments in debt instruments which are unsecured.***

As on December 31, 2022, our Company has availed unsecured loans from HDFC Bank amounting to ₹1,800 crore, which amounted to 3.47% of our total borrowings. Further, our Company has investments in unsecured instruments viz mutual funds, government securities, and corporate bonds issued by Reliance General Insurance Company Limited for amounts aggregating to ₹1.85 crore, ₹2,912.65 crore and ₹89.97 crore, respectively, as of December 31, 2022. Any default by the issuer of principal and/or interest payable on our investments not being secured may adversely impact our Company's financial condition. For details, see "*Financial Statements — Restated Consolidated Financial Statements - Note 7: Investments*" and "*Financial Statements — Limited Reviewed Consolidated Financial Statements*" on pages 230 and 189.

51. ***Our Promoter, our Directors, Key Managerial Personnel and Senior Management have interests in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Further, our Promoter and certain of our Directors are involved in one or more ventures which are in the same line of business as that of our Company.***

Our Promoter, our Directors, Key Managerial Personnel and Senior Management may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Our Promoter, our Director(s), Key Managerial Personnel and Senior Management may also be deemed to be interested to the extent of Equity Shares held by them as well as to the extent of any dividends, bonuses, or other distributions on such Equity Shares. Our Promoter receives interest income on loans advanced to the Company, and bank charges for routine banking operations, and also receives rent and maintenance charges for the premises let out to the Company. Further, the promoter provides interest on the deposits placed by the Company with the Promoter and also provides fees for the servicing of an assigned loan portfolio. Some of our Directors may be interested as nominee Directors of our Promoter on our Board. For details, see "*Our Management" and* "*Financial Statements — Restated Consolidated Financial Statements — Note 36.10: Related Party Transactions"* on pages 172 and 262.

Further, one of our Independent Directors, Tejendra Mohan Bhasin, along with his wife, receives a rent of ₹0.21 crore from our Company for premises situated at 207 & 209, 2nd Floor, Antriksh Bhawan, 22 K G Marg, New Delhi – 110 001, owned by him jointly with his wife, and taken on rent by our Company. For further details, see "*Our Management*" on page 172.

Further, our Director, Atul Kumar Goel, is the chief executive officer and managing director of our Promoter, and a director on the board of Punjab National Bank (International) Limited, United Kingdom, a Promoter Group company, Dilip Kumar Jain is the chief general manager at the finance division in PNB. Further, Sunil Kaul is on the board of Yes Bank Limited and Sudarshan Sen is a director on the board of the Federal Bank Limited. These companies are in the same line of business as that of our Company. There can be no assurance that our Directors will be able to address conflicts of interests that arise because of their positions in such ventures, in an impartial manner. Also, there can be no assurance that our Directors will not engage in any competing business activity or acquire interests in competing ventures in the future. For further details regarding other directorships of our Directors, see "*Our Management*" on page 172. In addition, our promoter, PNB, is engaged in the business of providing a range of banking and financial services in India, including the distribution of housing and non-housing loans and deposit products. We cannot assure you that our relationship with PNB will not result in certain conflicts of interest. For further details, see "*— Our relationship with and reliance on our Promoter, PNB, may result in certain conflicts of interest, which may adversely affect our business, operations, results of operations and financial condition.*" on page 36.

52. ***We have in this document included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial condition. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this document. We compute and disclose such non- GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses. Many financial services businesses provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry. Therefore, such non-GAAP measures may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks, NBFCs, HFCs, and financial institutions in India or elsewhere.

53. ***The bankruptcy code in India may affect our rights to recover loans from our customers.***

The Insolvency and Bankruptcy Code, 2016 ("IBC") was notified on August 5, 2016. The IBC offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The IBC creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against our debtor, we may not have complete control over the recovery of amounts due to us. Under the IBC, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Certain decisions of the committee of creditors must be taken by a vote of not less than 75% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the IBC provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, workmen and other employee dues and unsecured financial creditors. Pursuant to an amendment to the IBC, allottees in a real estate project are considered on par with financial creditors.

Accordingly, if the provisions of the IBC are invoked against any of our customers, it may affect our ability to recover our loans from the borrowers and enforcement of our rights will be subject to the IBC.

Further, the SARFAESI Act has strengthened the ability of lenders to resolve NPAs by granting them greater rights as to enforcement of security and recovery of dues from all borrowers, including corporate borrowers. While we believe that the SARFAESI Act has contributed to our enforcement efforts, there can be no assurance that the legislation will continue to have a favourable impact on our efforts to resolve the NPAs. We cannot guarantee that we will be able to realize the full value of the collateral, in the event our borrowers default on the repayment of loans, due to various reasons, including a possible decline in the realizable value of the collateral, defective title or pledge of faulty items as security, prolonged legal proceedings and fraudulent actions by borrowers, defects or deficiencies in the perfection of collateral (including due to the inability to obtain approvals that may be required from third parties), errors in assessing the value of the collateral, an illiquid market for the sale of the collateral, among others.

54. ***We do not own all our branch offices. Any termination or failure by us to renew the lease agreements in a favourable and timely manner, or at all, could adversely affect our business, cash flows, results of operations, and financial condition. Moreover, many of the lease agreements entered into by us may not be duly registered or adequately stamped.***

Most of our branch offices are located on leased premises. For further details, see "*Our Business – Property*" on page 171. The premises for our branch located at Barakhamba Road, New Delhi has been leased to us by our Promoter, PNB. The lease agreements can be terminated, and any such termination could result in any of our offices being shifted or shut down. Some of the lease agreements may have expired in the ordinary course of business and we are currently involved in negotiations for the renewal of these lease agreements. While we have not faced major issues renewing the leases of our offices in the past, if these lease agreements are not renewed or not renewed on terms favourable to us, we may suffer a disruption in our operations or increased costs, or both, which may affect our business and results of operations. Further, most of our lease agreements may not be adequately stamped or duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered inadmissible as evidence in a court in India or may not be authenticated by any public officer and the same may attract penalty as prescribed under applicable law or may impact our ability to enforce these agreements legally, which may result in an adverse effect on our business, cash flows, results of operations, and financial condition.

55. ***Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.***

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. Furthermore, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control such as the continuing impact of the COVID-19 pandemic and interest or exchange rate fluctuations, among others. The deployment of the Net Proceeds will be at the discretion of our Board, subject to applicable laws and regulations. However, the deployment of the Net Proceeds will be monitored by the Monitoring Agency. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of the Net Proceeds. For details, see "*Objects of the Issue*" on page 99.

EXTERNAL RISK FACTORS

56. ***Significant changes by the Government or the RBI or the NHB in their policy initiatives facilitating the provision of housing and housing finance or any change in the tax incentives that the Government currently provides to HFCs may have an adverse effect on our business, results of operations and financial condition.***

The Government of India provides certain incentives and implemented various policies/regulations to encourage providing credit to the housing industry. In addition, the RBI provides certain incentives to the housing finance industry by extending priority sector status to certain housing loans. However, we cannot assure you that the Government, the RBI and the NHB will continue to provide such incentives in the future. Further, pursuant to Section 36(1)(viii) of the (Indian) Income Tax Act, 1961 (the "Income Tax Act"), up to 20% of profits from housing finance activities may be carried to a special reserve and will not be subject to income tax. The balance of our special reserve as of December 31, 2022 was ₹1,134.76 crore.

Any significant change by the Government in its various policy initiatives, regulations facilitating provision of housing and housing finance or any change in the tax incentives that it currently provides to HFCs may have an adverse effect on our business, results of operations and financial condition.

57. ***The housing finance industry is highly competitive and if we are not able to compete effectively, it could adversely affect our business and results of operations.***

We operate in a highly competitive industry and compete with banks, HFCs, small finance banks and NBFCs in the geographies in which we operate. Our competitors may have more resources, a wider branch and distribution network, access to cheaper funding, superior technology and may have a better understanding of and relationships with customers in these markets. Our competitors may also have access to more leads sourced from online channels. This may make it easier for our competitors to expand and to achieve economies of scale to a greater extent. In addition, our competitors may be able to rely on the reach of the retail presence of their affiliated group companies or banks. Competition in this market segment has also increased as a result of other liberalization measures affecting the housing finance industry in India and we expect competition to intensify in the future.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost debt funding, and to charge optimum interest rates when lending to our customers. Consequently, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the interest rates on our interest-bearing liabilities to our customers. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. If we are unable to compete effectively, our business and results of operations may be adversely affected.

58. ***The growth rate of India's housing finance industry may not be sustainable.***

According to the CRISIL Report, the NBFC housing credit is expected to grow approximately 12% to 14% in Financial Year 2023. Further, the Government of India has been pursuing various social welfare schemes and initiatives to enhance the flow of credit to the housing sector and increase home ownership in India. Various Central Government policies and initiatives such as "Smart Cities" and the "Pradhan Mantri Awas Yojana" or the "Housing For All by 2022" scheme have reinforced the primacy of the housing sector and the need to provide housing to all and are expected to promote the low income housing segment through partnerships with private sector entities. However, it is not clear how certain trends and events, such as the impact of COVID-19 on the economy the pace of India's economic growth, the development of domestic capital markets and the ongoing reform will affect India's housing finance industry. In addition, there can be no assurance that the housing finance industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's housing finance industry will be sustainable. Any slowdown or reversal of the growth of India's housing finance industry may affect our business, results of operations, cash flows and financial condition.

59. ***A slowdown in economic growth in India or global economic instability, occurrence of pandemic situation could result in an adverse effect on our business, financial condition and results of operations.***

Our financial performance and the quality and growth of our business depend significantly on the health of the overall Indian economy, the GDP growth rate and the economic cycle in India. A slowdown in the Indian economy could adversely affect our business and our customers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. In periods of high rates of inflation, our operating expenses may increase which could have an adverse effect on our cash flows and results of operations.

We may also be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is commonly referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis, which exposes us to the systemic risks faced by entities operating in the Indian financial system, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

Further, in light of the increasing linkage of the Indian economy to other global economies, the Indian economy is increasingly influenced by economic developments and volatility in securities markets in other countries. Global slowdown of the financial markets and economies has in the past contributed to weakness in the Indian financial and economic environment. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalisation policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. The global credit markets have continued to experience significant volatility in recent years, which have had, and may continue to have, a significant adverse effect on the availability of credit and the confidence of the financial markets, globally as well as in India. The global economic downturn led to an increased level of consumer delinquencies, lack of consumer confidence, decreased market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally. The resulting economic pressure and dampened consumer sentiment may adversely affect our business and our results of operations. A recession in the United States and other countries in the developed world and a slowdown in economic growth in markets such as China could also have an adverse impact on economic growth in India. Any slowdown in these economies could adversely affect the ability of our customers to borrow for housing, which in turn would adversely impact our business and financial performance and the price of the Equity Shares. A slowdown in the pace of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural customers, which could result in an adverse effect on our business, financial condition and results of operations.

60. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of RBI or NHB regulations or tax laws and regulations, may materially adversely affect our business, financial condition, results of operations, cash flows and prospects.***

Our business and financial performance could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and the affordable housing segment finance business, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations.

The governmental and regulatory bodies may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently, or change the manner in which we conduct KYC or authenticate our customers. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition and results of operations.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws and/ or may require us to apply for additional approvals.

The laws and regulations governing the housing finance industry in India have become increasingly complex and cover a wide variety of issues. Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations.

On February 17, 2021, RBI issued the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("**RBI Master Directions**") in supersession of, *inter alia*, the Master Circular - Housing Finance Companies (NHB) Directions, 2010 and the RBI notification on Review of regulatory framework for Housing Finance Companies (HFCs) dated October 22, 2020.

Accordingly, activities of HFCs, are primarily regulated by the RBI Master Directions, including various aspects of our business such as what constitutes housing finance and housing finance company, net owned fund requirement, capital adequacy, sourcing of funds, on-boarding of customers, credit approval and risk management and asset classification and provisioning. Certain other generally applicable legislations also regulate other aspects of our business such as recovery of debt and taxation.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For instance, GoI has implemented a comprehensive national goods and services tax ("**GST**") regime with effect from 1 July 2017 that combines taxes and levies by the Central and State Governments into a unified rate structure. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If the tax costs associated with certain transactions because of a particular tax risk materializing are greater than anticipated, it could affect the profitability of such transactions. Further, our employees are entitled to statutory employment benefits such as a defined benefit gratuity plan, among others.

We are subject to various labour laws and regulations governing our relationships with our employees and contractors, including in relation to minimum wages, working hours, overtime, working conditions, hiring and terminating the contracts of employees and contractors, contract labour and work permits. A change of law that requires us to increase the benefits to the employees from the benefits now being provided may create potentially liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work for or increase in number of mandatory casual leaves, which all can affect the productivity of the employees. Moreover, a change of law that requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, similar to our full-time employees may create potential liability for us. If we fail to comply with current and future health and safety and labour laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, this could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

61. ***India's existing credit information infrastructure may cause increased risks of loan defaults.***

All of our business is located in India. India's existing credit information infrastructure may pose problems and difficulties in running a robust credit check on our borrowers. We may also face difficulties in the due diligence process relating to our customers or to any security or collateral we take in relation to our loans. We may not be able to run comprehensive searches relating to the security and there are no assurances that any searches we undertake will be accurate or reliable. Hence, our overall credit analysis could be less robust as compared to similar transactions in more developed economies, which might result in an increase in our NPAs and we may have to increase our provisions correspondingly. Any of the foregoing may have a material adverse effect on our business, financial condition, results of operations and cash flows.

62. ***Financial difficulty and other problems in certain financial and other non-banking financial institutions in India could materially adversely affect our business and the price of our Equity Shares.***

We are exposed to risks to the Indian economic and financial system. The financial difficulties faced by certain Indian financial and non-banking financial institutions could materially and adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such risk may materially adversely affect financial intermediaries, such as clearing agencies, banks, NBFCs, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. Our transactions with these financial institutions and other non-banking financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

63. ***Any adverse change in India's credit rating by an international rating agency could materially adversely affect our business and profitability.***

India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB-with a "stable" outlook (S&P) and BBB- with a "stable" outlook (Fitch). India's sovereign rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Indian economy and consequently our ability to raise additional financing in a timely manner or at all, as well as the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

64. ***Investors may have difficulty enforcing foreign judgments in India against us or our management.***

Our Company is incorporated in India and all its Directors, except Sunil Kaul and Pavan Kaushal, and Key Managerial Personnel and Senior Management are residents of India, with all assets of the Company located in India. As a result, it may not be possible for investors outside of India to effect service of process on our Company or such persons from their respective jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon our civil liabilities or such Directors and the Managing Director and Chief Executive Officer under laws other than Indian Law. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 ("Civil Code"). India is not party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

65. ***Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.***

The financial statements included in this Letter of Offer have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are restated as per the SEBI ICDR Regulations included in this Letter of Offer, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should be limited accordingly.

66. ***Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.***

Natural disasters (such flooding and earthquakes), epidemics, pandemics such as COVID-19 and man-made disasters, including acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our properties and may require us to suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India or other countries could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 virus. A worsening of the current outbreak of the COVID-19 pandemic or future outbreaks of the COVID-19 virus or a similar contagious disease could adversely affect the global economy and economic activity in the region. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

RISKS RELATING TO THE EQUITY SHARES AND THE ISSUE

67. ***Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.***

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor’s demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor’s demat account or that trading in the Equity Shares will commence in a timely manner.

68. ***Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

69. ***Any future issuance of the Equity Shares, or convertible securities or other equity linked securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, or convertible securities or other equity linked securities by our Company, including a preferential allotment, or through exercise of employee stock options may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Any future sales of the Equity Shares by our Promoter or other major shareholders of our Company or a dilution of the post-Issue shareholding of our Promoter, may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

70. ***If our Company does not receive the minimum subscription of 90% of the total Issue Size, the Issue may fail.***

In the event our Company does not receive the minimum subscription of 90% of the total Issue Size or the subscription level falls below 90% of the total Issue Size after the Issue Closing Date on account of withdrawal of Applications or technical rejections or any other reason, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date or any other period as may be prescribed under applicable law. Further, in the event that there is a delay in making refund of the subscription monies, our Company shall be required to pay interest for the delayed period at such rate prescribed under applicable law. Further, while our Company has entered into an Underwriting Agreement to ensure successful completion of the Issue, the obligation of the Underwriters to underwrite the Issue is dependent on the satisfaction of certain pre-conditions, including the subscription in the Issue being received from our Promoter for an amount aggregating to ₹498,75,00,375, subject to our Promoter's shareholding in our Company not exceeding 30% of the post-Issue share capital of our Company upon completion of the Issue and participation by certain other existing Shareholders to the full extent of their Rights Entitlements, subject to compliance with regulatory limits, on or prior to the Issue Closing Date. In the event that the Underwriters are not obliged to underwrite the Issue for any reason pursuant to the Underwriting Agreement, the Issue may fail. For further details of the underwriting arrangement, see "*General Information – Underwriting*" on page 95.

71. ***SEBI has recently streamlined the process of rights offerings. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has been introduced by the SEBI in 2020. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circular dated January 22, 2020 and May 19, 2022, as applicable ("**SEBI Rights Issue Circulars**"), and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. Further, while in accordance with the SEBI Rights Issue Circulars, the credit of Rights Entitlements shall be made into the demat accounts of the Eligible Equity Shareholders as on the Record Date, such Eligible Equity Shareholders shall be participate in the Issue only in accordance with the applicable laws in their respective jurisdictions. SEBI, vide circular dated May 19, 2022, has changed the minimum time period between closure of trading of Rights Entitlements on the stock exchange platform and closure of the rights issue to at least three working days. For details, see "*Terms of the Issue*" beginning on page 358.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "LIIPL PNBHFL RIGHTS 2023

ESCROW DEMAT ACCOUNT") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

72. ***No market for the Right Entitlements may develop and the price of the Right Entitlements may be volatile.***

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

We will not distribute this Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlement Letter (the "**Issue Materials**") to overseas Shareholders who have not provided an address in India for service of documents. We will dispatch the Issue Materials to the shareholders who have provided an address in India for service of documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. In the case that Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in the case that such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act and the rules made thereunder with respect to distribution of the Issue materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. However, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

73. ***The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

74. ***Overseas shareholders may not be able to participate in our Company's future rights offerings or certain other equity issues.***

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company is not offering the rights (including their credit) in this offering to the holders of Equity Shares who have a registered address in the United States. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in this offering or in future rights offerings and may experience a dilution in their holdings as a result.

75. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares. The Finance Act, 2019 has clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020.

Further, the Government of India has announced the Union Budget for the Financial Year 2023-24 pursuant to which the Finance Bill, 2023 ("**Finance Bill**"), has proposed to introduce various amendments to taxation laws in India. Please note that the proposed amendments will come into effect only after the President gives his assent to the Finance Bill. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

76. ***The Equity Shares may experience price and volume fluctuations and volatility in the global securities market may cause the price of the Equity Shares issued to decline.***

The price of the Equity Shares may fluctuate as a result of several factors, including volatility in the Indian and global securities markets, movement in exchange rates and interest rates in India, the results of our operations, the performance of our competitors, developments in the Indian housing finance sector and changing perceptions in the market about investments in the Indian housing finance sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, inclusion or exclusion of our Company in indices, significant developments in India's fiscal regulations and any other political or economic factors. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence, cause increased volatility in Indian securities markets, and indirectly affect the Indian economy in general causing a decline in the trading price of our Equity Shares for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us.

77. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

78. ***Applicants to the Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Applicants in the Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in the Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares.

The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after the Issue or cause the trading price of our Equity Shares to decline.

79. ***Holders of our Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

80. ***The Equity Shares to be allotted may not be credited to your demat account in a timely manner and cannot be traded unless the listing and trading approval is received or at all.***

The Equity Shares that you purchase in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date or such other timeline in accordance with applicable law. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

81. ***Companies operating in India are subject to a variety of taxes and surcharges***

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

82. ***Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.***

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, 100% foreign investment under the automatic route is currently permitted in "Other Financial Services", which refers to financial services activities regulated by financial sector regulators, including the NHB and the RBI.

Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Additionally, the Government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of resolution passed by our Board on March 9, 2022, pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms and conditions of the Issue including the Record Date, Rights Entitlement, timing of the Issue, the Issue Price and other related matters have been approved by a resolution passed by the Board at its meeting held on March 28, 2023.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "*Terms of the Issue*" beginning on page 358.

Rights Equity Shares being offered by our Company	Up to 9,06,81,828* Rights Equity Shares
Rights Entitlement for the Rights Equity Shares	29 Rights Equity Shares for every 54 Equity Shares held on the Record Date
Record Date	Wednesday, April 5, 2023
Face Value per Equity Share	₹10 each
Issue Price	₹275 per Rights Equity Share (including a premium of ₹265 per Rights Equity Share)
Issue Size	Up to ₹ 2,493.76* crores
Equity Shares issued, subscribed, paid-up and outstanding prior to the Issue	16,88,55,818 Equity Shares. For details, see "*Capital Structure*" beginning on page 96
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	25,95,37,646 Equity Shares
Security Codes for the Equity Shares	ISIN: INE572E01012 BSE: 540173 NSE: PNBHOUSING
ISIN for Rights Entitlements	INE572E20012
Terms of the Issue	For further information, see "*Terms of the Issue*" beginning on page 358
Use of Issue Proceeds	For further information, see "*Objects of the Issue*" beginning on page 99

**Assuming full subscription. Subject to finalisation of the Basis of Allotment.*

For details in relation fractional entitlements, see "*Terms of the Issue – Basis for the Issue and Terms of the Issue – Fractional Entitlements*" on page 373.

Terms of Payment

Due Date	Amount payable per Rights Equity Share (including premium)
On the Issue application (i.e. along with the Application Form)	₹275

SELECTED STATISTICAL INFORMATION

The following information should be read together with the restated financial statements, including the notes thereto, included in the section titled "*Financial Statements*" on page 188 and the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Our Business*" on pages 291 and 145, respectively, to the extent that our financial performance and financial condition are discussed in those sections. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Consolidated Financial Statements and the Limited Reviewed Consolidated Financial Statements included in the section titled "*Financial Statements*" on page 188. Footnotes appear at the end of each related section of tables where applicable.

Analysis of Changes in Interest Income and Interest Expense

The table below sets forth, for the periods indicated, the allocation of the changes in our interest income and interest expense and other charges (including brokerage on deposits, including the commission paid to our Direct Selling Agents ("**DSAs**") in connection with new loans, which are amortised over the tenure of our loans) between changes in average balance and changes in average rates.

The changes in Net Interest Income ("**NII**") and interest expense and other charges between periods have been reflected as attributed either to average balance or average rate changes. For purposes of the below tables, changes which are due to both average balance and average rate have been allocated solely to changes in average rate.

Particulars	**Financial Year 2022 (a)**	**Financial Year 2021 (b)**	**Financial Year 2020 (c)**	**Financial Year 2022 Compared to Financial Year 2021**			**Financial Year 2021 Compared to Financial Year 2020**		
				Net Change (a-b)	**Change in Average Balance**	**Change in Average Rate**	**Net Change (b-c)**	**Change in Average Balance**	**Change in Average Rate**
					(in ₹ crore)				
Income on Loans	5,567.81	7,058.90	7,824.80	(1,491.09)	(661.20)	(829.89)	(765.89)	(742.40)	(23.49)
Income on Investments and Fixed Deposits	365.57	363.79	358.20	1.78	7.54	(-5.75)	5.59	141.95	(136.36)
Others	-	-	-	-	-	-	-	-	-
Total Interest Income	**5,933.38**	**7,422.69**	**8,183.00**	**(1,489.31)**	**(610.75)**	**(878.56)**	**(760.31)**	**(410.05)**	**(350.26)**
Interest Expense									
Deposits	1,309.13	1,336.52	1,307.15	(27.39)	65.38	(92.77)	29.37	21.10	8.27
Other Borrowings	2,748.34	3,755.26	4,556.74	(1,006.92)	(693.88)	(313.04)	(801.48)	(543.48)	(258.00)
Total Interest Expense	**4,057.47**	**5,091.78**	**5,863.89**	**(1,034.31)**	**(639.76)**	**(394.55)**	**(772.11)**	**(526.66)**	**(245.45)**
Net Interest Income	**1,875.91**	**2,330.91**	**2,319.11**	**(455.00)**	**29.01**	**(484.01)**	**11.80**	**116.62**	**(104.81)**
Net Interest Margin	**2.81%**	**3.15%**	**2.95%**	-	-	-	-	-	-

Notes:

1. *The change due to a change in average volume was calculated from the change in average balance over the two years multiplied by the average rate in the earlier year, ignoring the variation during the year.*
2. *Including ancillary costs and brokerage on deposits.*

For further information regarding the impact of changes in interest rates, see "*Management's Discussion and Analysis of Financial Condition and Result of Operations—Significant Factors Affecting Our Results of Operations and Financial Condition—Impact of interest rate volatility and liquidity risk*" on page 295.

YIELDS, SPREADS AND MARGINS

The table below sets forth the yields, spreads and interest margins on our interest-earning assets for the period and financial years indicated.

Particulars	Nine months ended December 31, 2022	Financial Year 2022	Financial Year 2021	Financial Year 2020
	(in ₹ crore, except percentages)			
Income on loans	4,353.16	5,567.81	7,058.89	7,824.80
Income on investments	212.20	314.78	327.67	303.20
Income on fixed deposits	78.04	50.82	36.13	55.00
Total Interest income (a)	**4,643.40**	**5,933.38**	**7,422.69**	**8,183.00**
Interest on deposits	997.36	1,309.13	1,336.52	1,307.15
Interest on borrowings and interest on debt securities	1,888.50	2,748.34	3,755.26	4,556.74
Total Interest cost on borrowings (b)	**2,885.86**	**4,057.47**	**5,091.78**	**5,863.89**
Net interest income (a-b) [1]	**1,757.54**	**1,875.91**	**2,330.91**	**2,319.11**
Average interest-earning assets				
Loans[2]	56,701.23	59,096.52	66,114.51	73,067.92
Investments[3]	4,543.90	6,192.92	6,806.54	4,670.83
Fixed deposits[3]	1,852.44	1,380.47	1,060.51	917.76
Average interest-bearing liabilities[4]				
Deposits	18,052.18	17,429.04	16,558.59	16,297.21
Borrowings and debt securities	33,929.92	38,171.99	47,809.30	54,728.50
Average total assets[5]	**64,204.99**	**67,244.84**	**75,472.20**	**81,113.48**
Operating cost[6]	367.62	440.74	400.44	472.20
Average yield on loans[7] (excluding securitization income)	10.24%	9.42%	10.68%	10.71%
Average yield on investments[8]	6.20%	5.08%	4.81%	6.49%
Average yield on fixed deposits[8]	5.59%	3.68%	3.41%	5.99%
Average cost of deposit[9]	7.33%	7.51%	8.07%	8.02%
Average cost of borrowings including debt securities[9]	7.39%	7.20%	7.85%	8.33%
Average cost of total borrowings[9]	7.37%	7.30%	7.91%	8.26%
Spread[10]	2.87%	2.12%	2.77%	2.45%
Average interest-earning assets as a percentage of average total assets	98.28%	99.15%	98.02%	96.97%
Average interest-bearing liabilities as a percentage of average total assets	80.96%	82.68%	85.29%	87.56%
Average interest-earning assets as a percentage of average interest-bearing liabilities	121.38%	119.91%	114.94%	110.74%
Cost to income ratio[11]	18.20%	20.41%	15.59%	17.70%
Operating cost to average total assets ratio[12]	0.76%	0.66%	0.53%	0.58%
Dividend payout ratio	-	—	—	—
Interest on lease liabilities and income tax	4.61	6.99	8.95	11.06
Total expenses other than finance cost and impairment on financial instruments	436.71	**475.95**	**454.42**	**552.22**
Cost of acquisition of loans	7.39	11.12	11.61	8.92

Particulars	Nine months ended December 31, 2022	Financial Year 2022	Financial Year 2021	Financial Year 2020
	(in ₹ crore, except percentages)			
Corporate social responsibility expenses	14.07	23.22	24.68	26.36
Impairment on assets held for sale	52.24	7.86	26.64	55.80
Gross Margin[13]	4.14%*	3.16%	3.33%	3.21%
Net Interest Margin[14]	3.71%*	2.81%	3.15%	2.95%
Return on average assets (after tax)[15]	1.59%*	1.24%	1.23%	0.80%
Credit Cost[16]	546.35*	576.36	861.90	1,251.37
Average Loan assets	56,701.23*	59,096.52	66,114.51	73,067.92
Credit Cost Ratio[17]	1.28%*	0.98%	1.30%	1.71%

**Annualized*

Notes:

1. *Net interest income ("**NII**") represents total interest income (including gain/loss on fair value changes on Investments) less total interest expense (including brokerage on deposits, other ancillary costs and hedging cost on ECBs).*
2. *Average loan assets is the average of the monthly aggregate of current principal outstanding and overdue principal outstanding for the relevant year/period.*
3. *Average investments and fixed deposits is the average of daily principal outstanding for the relevant year/period.*
4. *Average interest-bearing liabilities is the average of the monthly principal outstanding of interest-bearing liabilities for the relevant year/period.*
5. *Average total assets is the average of the monthly outstanding total assets for the relevant year/period.*
6. *Operating expenses is the sum of employee benefits expenses, depreciation and amortization, interest on lease liability, income tax and other expenses (excluding fees and commission expenses, impairment allowance on assets held for sale and corporate social responsibility expenses) for the relevant year/period.*
7. *The average yield on loans is the ratio of interest income on loans to monthly average loan assets for the relevant year/period.*
8. *The average yield on investments and deposits is the ratio of interest income on investments and deposits to average investments and deposits for the relevant year/period.*
9. *Average cost of deposits, borrowings including debt securities and total borrowings is the ratio of interest on deposits, interest on borrowings including debt securities and interest on total borrowings to corresponding average interest-bearing liabilities, respectively, for the relevant year/period.*
10. *Spread is the difference between average yield on loans and average cost of total borrowings for the relevant year/period.*
11. *Cost to income ratio is the ratio of total operating expenses (excluding interest on lease liability) to net total income (net total income is total income less total interest cost on borrowings, interest on lease liability and fees and commission expenses) for the relevant year/period.*
12. *Operating cost to average total assets ratio is the ratio of total operating expenses to average total assets for the relevant year/period.*
13. *Gross margin is the ratio of net total income (net total income is total income less total interest cost on borrowings and fees and commission expenses) to average total assets for the relevant year/period.*
14. *Net interest margin (**"NIM"**) is the ratio of net interest income to the average of interest-earning assets (i.e. average loan assets and average investments and fixed deposits) for the relevant year/period.*
15. *Return on average assets (after tax) is the ratio of profit after tax to average total assets for the relevant year/period.*
16. *Credit cost represents the impairment on financial instruments and bad debts written off for the relevant year/period.*
17. *Credit cost ratio is the ratio of credit cost to average loan assets for the relevant year/period.*

The difference between NIM and spread arises due to the difference in the amount of average interest-earning assets and average interest-bearing liabilities. If average interest-earning assets exceed average interest-bearing liabilities, NIM is greater than the spread. If average interest-bearing liabilities exceed average interest- earning assets, NIM is less than the spread.

RETURN ON EQUITY AND ASSETS

The table below sets forth certain selected financial ratios for the period and financial years indicated.

Particulars	As of and for the nine months ended December 31, 2022	Financial Year 2022	Financial Year 2021	Financial Year 2020
	(in ₹ crore, except percentages)			
Average total assets[1]	64,204.98	67,244.84	75,472.20	81,113.48
Average shareholders' equity[2]	10,344.31	9,380.88	8,519.62	7,962.17
Profit after tax	766.72	836.48	929.90	646.24
Return on equity[3]	9.88%	8.92%	10.91%	8.12%
Return on average assets (after tax)[4]	1.59%	1.24%	1.23%	0.80%

Particulars	As of and for the nine months ended December 31, 2022	Financial Year 2022	Financial Year 2021	Financial Year 2020
	(in ₹ crore, except percentages)			
Average shareholders' equity as a percentage of average total assets	16.11%	13.95%	11.29%	9.82%

Notes:

1. *Average total assets is the average of monthly outstanding of total assets for the relevant year/period.*
2. *Average shareholder's equity is the average of monthly net worth for the relevant year/period.*
3. *Return on equity is the ratio of profit after tax to average shareholders' equity for the relevant year/period.*
4. *Return on average assets (after tax) is the ratio of profit after tax to average total assets for the relevant year/period.*

Investment Portfolio

We classify our investments as current and long-term investments. In respect of long-term investments, we have made provisions for decreases in investment value. Our investment decisions are taken within the limits set out by the Board. Our investment function supports the core housing finance business to ensure adequate liquidity and maintain statutory liquidity.

The table below sets forth, as of the dates indicated below, certain information related to our investments classified under the held to maturity ("**HTM**"), available for sale ("**AFS**") and held for trading ("**HFT**") categories.

	Nine months ended December 31, 2022			Financial Year 2022			Financial Year 2021			Financial Year 2020		
	HFT	**HTM**	**AFS**	**HFT**	**HTM**	**AFS**	**HFT**	**HTM**	**AFS**	**HFT**	**HTM**	**AFS**
Government Securities**:**	—	2,305.27	607.38	—	2,234.18	1,044.83	—	1,941.79	—	—	1,952.74	—
Other approved securities	—	—	—	—	—	—	—	—	—	—	—	—
Bonds and Debentures and CDs	—	—	777.17	—	—	92.69	—	—	90.83	—	—	95.28
Deposits	—	—	2,379.91	—	—	4,702.71	—	—	6,033.92	—	—	3,710.49
Others (including mutual fund investments)	—	40.50	1.85	—	0.05	110.95	—	0.05	12.15	—	0.05	27.67
Total	—	**2,345.77**	**3,766.31**	**—**	**2,234.23**	**5,951.18**	**—**	**1,941.84**	**6,136.90**	**—**	**1,952.79**	**3,833.44**

Maturity Profile

The table below sets forth, as of December 31, 2022, the residual maturity profile of our government and debt securities and their market yields.

	Up to one year		One to five years		Five to 10 years		More than 10 years	
	Amount (in ₹ crore)	**Yield (%)**	**Amount (in ₹ crore)**	**Yield (%)**	**Amount (in ₹ crore)**	**Yield (%)**	**Amount (in ₹ crore)**	**Yield (%)**
Particulars								
Government Securities	882.35	7.64	1,408.58	7.48	621.27	7.62	0.45	7.56
Other Debt Securities	777.17	7.23	—	—	—	—	—	—
Total	1,659.52	**7.45**	1,408.58	7.48	621.27	7.62	0.45	7.56

The table below sets forth, as of March 31, 2022, the residual maturity profile of our government and debt securities and their market yields.

	Up to one year		One to five years		Five to 10 years		More than 10 years	
	Amount *(in ₹ crore)*	Yield *(%)*	Amount *(in ₹ crore)*	Yield *(%)*	Amount *(in ₹ crore)*	Yield *(%)*	Amount *(in ₹ crore)*	Yield *(%)*
Particulars								
Government Securities	728.22	4.41	1,883.03	5.59	667.02	7.03	0.74	7.22
Other Debt Securities	—	—	92.69	9.69	—	—	—	—
Total	**728.22**	**4.41**	**1,975.72**	**5.78**	**667.02**	**7.03**	**0.74**	**7.22**

LOAN PORTFOLIO

We define our "loan portfolio" as the retail and corporate loans we provide to our customers. Our "assets under management" or "AUM" includes both our loan portfolio and the loans we sold pursuant to securitisation transactions and for which we retain the associated servicing rights. As of December 31, 2022, our loan portfolio constituted 88.26% of our AUM. Over time, we entered into securitisation transactions with other financial institutions which has outstanding amount of ₹7,719.01 crore on December 31, 2022 which forms part of our AUM. The tables below set forth details of our loan portfolio as of the dates indicated below.

	As of December 31		As of March 31,					
	2022		2022		2021		2020	
Loan Product	*% of total Retail loans*	*Amount (in ₹ crore)*	*% of total Retail loans*	*Amount (in ₹ crore)*	*% of total Retail loans*	*Amount (in ₹ crore)*	*% of total Retail loans*	*Amount (in ₹ crore)*
Home Purchase Loans	55.01%	29,225.42	54.91%	27,739.31	54.70%	28,004.88	55.20%	29,583.64
Residential Self-Construction Loans	4.12%	2,189.57	3.80%	1,918.72	3.39%	1,736.48	3.15%	1,685.62
Residential Plot Loans	2.66%	1,410.34	2.42%	1,224.01	3.28%	1,676.79	3.24%	1,737.75
Residential Plot cum Constructions Loans	8.92%	4,737.16	7.76%	3,918.25	7.05%	3,606.84	6.66%	3,570.58
Home Extension Loans	0.13%	67.65	0.11%	57.09	0.10%	49.91	0.09%	47.88
Home Improvement Loans	0.35%	188.22	0.35%	175.71	0.34%	174.61	0.38%	202.58
Total Retail Housing loans (Including Affordable Loans)	**71.19%**	**37,818.36**	**69.35%**	**35,033.09**	**68.86%**	**35,249.51**	**68.72%**	**36,828.05**
• Affordable Loans	4.59%	2,439.84	5.22%	2,636.02	4.89%	2,500.62	3.87%	2,072.66
Retail Loans Against Property (Including Retail Lease Rental Discounting)	**23.82%**	**12,652.98**	**25.12%**	**12,690.97**	**25.10%**	**12,847.82**	**25.22%**	**13,518.89**
Retail Non-residential Premises Loans	**4.99%**	**2,651.67**	**5.53%**	**2,795.50**	**6.04%**	**3,091.17**	**6.06%**	**3,247.91**
Total Retail Non-Housing Loans	**28.81%**	**15,304.65**	**30.65%**	**15,486.47**	**31.14%**	**15,938.99**	**31.28%**	**16,766.80**

Loan Product	As of December 31 2022		As of March 31, 2022		2021		2020	
	% of total Retail loans	*Amount (in ₹ crore)*	*% of total Retail loans*	*Amount (in ₹ crore)*	*% of total Retail loans*	*Amount (in ₹ crore)*	*% of total Retail loans*	*Amount (in ₹ crore)*
Total Retail Loans	**100.00%**	**53,123.01**	**100.00%**	**50,519.56**	**100.00%**	**51,188.50**	**100.00%**	**53,594.85**

Loan Product	As of December 31, 2022		As of March 31, 2022		2021		2020	
	% of total non-housing loans	*Amount (in ₹ crore)*	*% of total non-housing loans*	*Amount (in ₹ crore)*	*% of total non-housing loans*	*Amount (in ₹ crore)*	*% of total non-housing loans*	*Amount (in ₹ crore)*
Construction Finance	90.71%	4,454.62	82.56%	6,088.93	73.47%	8,817.06	71.00%	10507.62
Corporate Term Loan	8.53%	418.63	12.77%	941.88	18.96%	2,275.82	20.84%	3083.79
Lease Rental Discounting	0.76%	37.42	4.67%	344.51	7.56%	907.45	8.16%	1207.38
Total Corporate Loans	100.00%	4,910.67	100.00%	7,375.32	100.00%	12,000.33	100.00%	14,798.79

Our loan portfolio shrank at a CAGR of 6%, from ₹68,393.64 crore as of March 31, 2020 to ₹57,894.88 crore as of March 31, 2022. Our retail loan asset grew 5.15% in the nine-month period ended December 31, 2022, from ₹50,519.56 crore as on March 31, 2022 to ₹53,123.01 crore as on December 31, 2022.

During the period from Financial Year 2020 to Financial Year 2022, our loan sanctions shrank at a CAGR of 11%, from ₹24,503.20 crore in Financial Year 2020 to ₹17,560.35 crore in Financial Year 2022 and our loan disbursements shrank at a CAGR of 15%, from ₹18,625.53 crore in Financial Year 2020 to ₹11,246.57 crore in Financial Year 2022.

Loan Sanctions

The table below sets forth our loan sanctions by product type and the percentage such amount represented of our total loan sanctions for all products for the nine months ended December 31, 2022, and the Financial Years ended 2022, 2021 and 2020.

Loan Sanctions	For the nine months ended December 31, 2022		For the Financial Year ended 2022		2021		2020	
	Amount (in ₹ crore)	*% of total loan sanctions*	*Amount (in ₹ crore)*	*% of total loan sanctions*	*Amount (in ₹ crore)*	*% of total loan sanctions*	*Amount (in ₹ crore)*	*% of total loan sanctions*
Individual Housing loans (Including Affordable Loans)	13,688.10	81.06%	14,276.29	81.30%	11,565.49	75.58%	15,986.50	65.24%
• Affordable Loans	627.42	3.72%	1,281.43	7.30%	1,211.50	7.92%	2,153.42	8.79%
Retail Loans against property	2,519.90	14.92%	2,539.64	14.46	2,923.60	19.11	6,338.37	25.87%

Loan Sanctions	For the nine months ended December 31, 2022		For the Financial Year ended 2022		2021		2020	
	Amount (in ₹ crore)	*% of total loan sanctions*	*Amount (in ₹ crore)*	*% of total loan sanctions*	*Amount (in ₹ crore)*	*% of total loan sanctions*	*Amount (in ₹ crore)*	*% of total loan sanctions*
Retail Non-residential Premises Loans	678.42	4.02%	679.45	3.87	812.26	5.31	1,767.84	7.21%
Corporate Loans	0.00	0.00%	64.97	0.37%	0.00	0.00%	410.00	1.67%
Total	16,886.42	100%	17,560.35	100%	15,301.35	100%	24,503.20	100%

Loan Disbursements

The table below sets forth our loan disbursements by product type and the percentage such amount represented of our total loan disbursements for all products for the nine months ended December 31, 2022, and the Financial Years 2022, 2021 and 2020.

Loan Disbursement	For the nine months ended December 31, 2022		For the Financial Year ended 2022		2021		2020	
	Amount (in ₹ crore)	*% of total loan disbursement*	*Amount (in ₹ crore)*	*% of total loan disbursement*	*Amount (in ₹ crore)*	*% of total loan disbursement*	*Amount (in ₹ crore)*	*% of total loan disbursement*
Individual Housing loans (Including Affordable Loans)	7,769.70	74.21%	8,245.64	73.32%	6,995.37	66.98%	10,962.42	58.86%
• Affordable Loans	309.17	2.95%	725.69	6.45%	723.75	6.93%	1,189.82	6.39%
Retail Loans against property	2,146.13	20.50%	2,232.87	19.86%	2,525.03	24.18%	5,071.29	27.23%
Retail Non-residential Premises Loans	369.58	3.53%	402.53	3.58%	513.21	4.91%	1,076.99	5.78%
Corporate Loans	185.07	1.77%	364.53	3.24%	410.71	3.93%	1,514.83	8.13%
Total	**10,470.48**	**100%**	**11,245.57**	**100%**	**10,444.53**	**100%**	**18,625.53**	**100%**

Yield

The table below sets forth the yield of our loans by product for the period and financial years indicated.

	As of December 31, 2022	As of March 31, 2022	2021	2020
Individual Housing loans	10.29	8.73	9.31	9.67
• Affordable Loans	13.14	11.13	11.08	11.15
Retail Loans against property (Including retail lease rental discounting)	11.62	10.15	10.49	10.74
Retail Non-residential Premises Loans	11.80	10.29	10.61	10.89
Corporate Loans	15.58	14.11	13.66	12.58
Total Loan Asset	**11.10**	**9.80**	**10.44**	**10.57**

Maturity and Interest Rate Sensitivity of Loans

The table below sets forth the maturity and interest rate sensitivity of our loans as of December 31, 2022.

	As of December 31, 2022			
Interest rate classification of loans by maturity	**Due in one year or less**	**Due in one to five years**	**Due after five years**	**Total**
Fixed rates	24.63	120.16	333.24	478.03
Variable rates	451.43	5,410.72	51,693.50	57,555.65
Total	**476.06**	**5,530.88**	**52,026.74**	**58,033.68**

The table below sets forth the maturity and interest rate sensitivity of our loans as of March 31, 2022.

	As of March 31, 2022			
Interest rate classification of loans by maturity	**Due in one year or less**	**Due in one to five years**	**Due after five years**	**Total**
Fixed rates	4.36	171.70	735.87	911.93
Variable rates	1,285.14	7,087.62	48,610.20	56,982.96
Total	**1,289.50**	**7,259.31**	**49,346.07**	**57,894.88**

The table below sets forth the maturity and interest rate sensitivity of our loans as of March 31, 2021.

	As of March 31, 2021			
Interest rate classification of loans by maturity	**Due in one year or less**	**Due in one to five years**	**Due after five years**	**Total**
Fixed rates	1.98	139.90	1,434.51	1,576.39
Variable rates	889.01	10,240.43	50,483.00	61,612.44
Total	**890.99**	**10,380.3**	**51,917.51**	**63,188.83**

The table below sets forth the maturity and interest rate sensitivity of our loans as of March 31, 2020.

	As of March 31, 2020			
Interest rate classification of loans by maturity	**Due in one year or less**	**Due in one to five years**	**Due after five years**	**Total**
Fixed rates	31.95	93.81	308.57	434.33
Variable rates	631.96	11,989.16	55,338.19	67,959.31
Total	**663.91**	**12,082.97**	**55,646.76**	**68,393.64**

Concentration of Customers

The table below sets forth, as of the dates indicated below, our loans outstanding categorised by customer type as of December 31, 2022, March 31, 2022, 2021 and 2020.

	As of		As of March 31,					
	December 31, 2022		2022		2021		2020	
Concentration of Customers	***Amount (in ₹ crore)***	***% of total loan portfolio***	***Amount (in ₹ crore)***	***% of total loan portfolio***	***Amount (in ₹ crore)***	***% of total loan portfolio***	***Amount (in ₹ crore)***	***% of total loan portfolio***
Salaried individuals[1]	30,769.95	53.02%	28,221.88	48.75%	27,660.74	43.77%	29,596.07	43.27%
Self-employed customers	22,353.06	38.52%	22,297.70	38.51%	23,527.88	37.24%	23,998.80	35.09%
Non-Retail[3]	4,910.67	8.46%	7,375.30	12.74%	12,000.21	18.99%	14,798.77	21.64%
Total	**58,033.68**	**100.00%**	**57,894.88**	**100.00%**	**63,188.83**	**100.00%**	**68,393.64**	**100.00%**

Notes:

1. *"Salaried individuals" are individual customers whose main source of income is a salary from their employment.*
2. *"Self-employed customers" are individual customers whose main source of income is their profession or their business.*
3. *"Non-Retail" includes non-housing loans to corporates as well as construction finance to real estate developers.*

Geographic Concentration

The table below sets forth, as of the dates indicated below, our loans outstanding categorised by customer type.

	As of		As of March 31,					
	December 31, 2022		2022		2021		2020	
Region	***Amount (in ₹ crore)***	***% of total loan portfolio***	***Amount (in ₹ crore)***	***% of total loan portfolio***	***Amount (in ₹ crore)***	***% of total loan portfolio***	***Amount (in ₹ crore)***	***% of total loan portfolio***
Northern region[1]	20,481.88	35.29%	21,934.50	37.89%	26,920.65	42.60%	30,749.62	44.96%
Western region[2]	21,001.84	36.19%	20,556.91	35.53%	21,096.39	33.38%	21,981.91	32.14%
Southern region[3]	16,549.96	28.52%	15,403.47	26.62%	15,171.79	24.01%	15,662.11	22.90%
Total	**58,033.68**	**100.00%**	**57,894.88**	**100.0%**	**63,188.83**	**100.0%**	**68,393.64**	**100.00%**

Notes:

1. *"Northern region" includes the states of Delhi, Punjab, Haryana, Uttar Pradesh, Rajasthan, West Bengal, Jharkhand, Orrisa, Bhuvneshwar, Uttarakhand and the union territory of Chandigarh.*
2. *"Western region" includes the states of Maharashtra, Gujarat and Madhya Pradesh.*
3. *"Southern region" includes the states of Tamil Nadu, Telangana, Karnataka and Kerala.*

Employee and Branch Productivity

The table below sets forth, for the periods indicated, our employee and branch productivity.

Particulars	As of and for the nine months ended December 31, 2022	As of and for the Financial Years ended March 31, 2022	2021	2020
	(in ₹ crores, except numbers of employees and branches)			
Loan disbursements (A)	10,470.48	11,245.56	10,444.53	18,625.53
Profit after tax (B)	766.72	836.48	929.90	646.24
Number of employees (C)	1,591	1,425	1,391	1,549
Loan disbursements per employee (A/C)	6.58	7.89	7.51	12.02
Profit per employee (B/C)	0.64*	0.59	0.67	0.42
Number of branches (D)	159	99	96	105
Loan disbursements per branch (A/D)	87.80*	113.59	111.11	177.39

**Annualised*

CAPITAL ADEQUACY

The RBI Master Directions require HFCs to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital, which has been revised over time, and collectively shall not be less than 15% of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items on or before March 31, 2022 and thereafter. Further, the RBI Master Directions require that the Tier II capital may not exceed Tier I capital.

The table below sets forth certain key financial information and ratios, as of and for the nine months ended December 31, 2022, and the Financial Years 2022, 2021 and 2020, in relation to our capital adequacy computed as per the RBI Master Directions.

Particulars	As of and for the nine months ended December 31, 2022	As of and for the Financial Years ended March 31, 2022	2021	2020
CRAR[1] (in %)	24.60	23.40	18.73	15.32
CRAR - Tier I capital (in ₹ crores)	9,184.86	8,417.64	7,311.44	5,853.51
CRAR - Tier II capital (in ₹ crores)	891.65	1,085.05	1,504.67	1,695.08
Borrowings (in ₹ crores)	51,898.95	53,004.97	59,392.44	67,735.10
Cash and cash equivalents (as per the cash flow statement) (in ₹ crores)	2,681.37	(5,216.02)	(6,968.56)	(8,514.32)
Borrowings net of cash and cash equivalents (in ₹ crores)	49,217.58	47,788.95	52,423.88	59,220.78
Net worth (in ₹ crores)	10,707.26	9,871.63	8,923.03	7,997.77
Debt to equity ratio (without cash and cash equivalents)	4.60	4.84	5.88	7.40
Debt to equity ratio[2]	4.85	5.37	6.66	8.47

Notes:

1. *CRAR is defined as a capital ratio consisting of the sum of Tier I and Tier II capital to its aggregated risk weighted assets and risk adjusted value of off-balance sheet items.*
2. *Debt to equity ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.*

SOURCES OF FUNDING

As of December 31, 2022, our borrowings constituted approximately 95.68% of our total liabilities. Set forth below are our different sources of funding and their respective contribution as percentage of our total outstanding borrowings as of December 31, 2022, and March 31, 2022, March 31, 2021 and March 31, 2020, at a standalone level.

	As of December 31,		As of March 31,					
	2022		2022		2021		2020	
Source of Funding	***Amount (in ₹ crore)***	***% of total outstanding borrowings***	***Amount (in ₹ crore)***	***% of total outstanding borrowings***	***Amount (in ₹ crore)***	***% of total outstanding borrowings***	***Amount (in ₹ crore)***	***% of total outstanding borrowings***
Bank Facilities (Long Term + Short Term)	20,381.82	39.27%	17,052.85	32.17%	15,989.25	26.92%	20,499.50	30.26%
Secured Non-Convertible Debentures	3,873.63	7.46%	6,201.97	11.70%	10,356.50	17.44%	17,430.40	25.73%
Commercial Papers	—	0.00%	—	0.00%	1,104.98	1.86%	406.06	0.60%
Deposits (net of maturities)	17,347.88	33.43%	17,648.97	33.30%	16,747.42	28.20%	16,132.68	23.82%
External Commercial Borrowings	5,773.40	11.12%	5,997.78	11.32%	5,909.23	9.95%	5,593.34	8.26%
Refinance Facility from NHB	3,283.68	6.33%	4,665.21	8.80%%	7,847.86	13.21%	6,235.28	9.21%
Subordinated Tier-II Non-Convertible Debentures	1,238.32	2.39%	1,438.18	2.71%	1,438.58	2.42%	1,438.58	2.12%
Total	**51,898.73**	**100.00%**	**53,004.96**	**100.00%**	**59,393.82**	**100.00%**	**67,735.84**	**100.00%**

Subordinated Debt

In the nine months ended December 31, 2022 and Financial Years 2022, 2021 and 2020, we did not raise funds in the form of long-term unsecured, redeemable, subordinated NCDs for the purpose of raising Tier II capital, determined in accordance with the guidelines issued by the NHB for the purposes of computation of CRAR. The debt under such debentures is subordinated to present and future indebtedness of the Company. The outstanding subordinated debt as of December 31, 2022, March 31, 2022, March 31, 2021, and March 31, 2020 was ₹1,238.32 crore, ₹1,438.18 crore, ₹1,438.58 crore and ₹1,438.58 crore, respectively. We last issued NCDs in the Financial Years 2016 and 2019, which are rated "ICRA AA" and "IND AA", indicating high safety with regard to timely payment of interest and principal. The table below sets forth information with respect to subordinated debt issued by us as of the dates indicated below.

ISIN	**Amount** ***(in ₹ crore)***	**Issue Date**	**Maturity Date**	**Terms of Redemption**
INE572E09262	199.94	24-Nov-2014	24-Nov-2024	Fully redeemable on maturity
INE572E09320	209.91	18-Jan-2016	17-Jan-2026	Fully redeemable on maturity
INE572E09346	289.87	28-Apr-2016	28-Apr-2026	Fully redeemable on maturity
INE572E09387	498.96	26-Jul-2016	26-Jul-2023	Fully redeemable on maturity
INE572E09627	24.66	7-Jan-2019	5-Jan-2029	Fully redeemable on maturity
INE572E09627	14.98	24-Jan-2019	5-Jan-2029	Fully redeemable on maturity
Total	**1,238.32**			

Credit Ratings

As of the date of this Letter of Offer, we had not obtained any international credit ratings. The table below sets forth brief details for domestic credit ratings and outlook provided by rating agencies such as Credit Analysis and Research Limited ("**CARE**"), CRISIL Limited ("**CRISIL**"), India Ratings and Research Private Limited ("**India Ratings (Fitch)**") and ICRA Limited ("**ICRA**") and in relation to our sources of funds, which continue to be valid as of the date of this Letter of Offer. The ratings or the outlook set forth below may be revised, suspended or withdrawn by these rating agencies at any time.

	CARE		CRISIL		India Rating (Fitch)		ICRA	
Instrument	**Size** *(in ₹ crore)*	**Credit Rating/ Outlook**	**Size** *(in ₹ crore)*	**Credit Rating/ Outlook**	**Size** *(in ₹ crore)*	**Credit Rating/ Outlook**	**Size** *(in ₹ crore)*	**Credit Rating/ Outlook**
Long-term loan facilities from banks and financial institutions	32,000	AA / Stable	4,000	AA / Stable	—	—	—	—
Bonds/NCDs	18,129	AA / Stable	5,700	AA / Stable	10609	AA / Stable	800	AA / Stable
Deposits	28,500	AA / Stable	20,000	AA/ .Stable	—	—	—	—
Commercial paper	25,000	A1+	26,000	A1+	—	—	—	—
Subordinated NCDs/Tier-II Bonds	2,199	AA / Stable	900	AA / Stable	—	—	—	—

ASSET-LIABILITY MANAGEMENT

The table below sets forth the asset-liability gap position for our operations as of December 31, 2022:

Particular (in ₹ crore)	**1 to 7 Days**	**8 to 14 Days**	**15 Days to 1 Month**	**Over 1 Month to 2 Months**	**Over 2 Months to 3 Months**	**Over 3 Months to 6 Months**	**Over 6 Months to 1 Year**	**Over 1 Year to 3 Years**	**Over 3 Years to 5 Years**	**Over 5 Years**	**Total**
Total Outflows[1]	1,097.45	290.33	1,481.52	1,287.67	2,677.32	4,704.02	10,900.70	21,182.65	10,511.82	14,427.91	68,561.38
Total Inflows[2]	1,612.72	1,258.42	2,336.41	2,969.90	1,451.54	3,784.89	6,784.45	20,185.07	15,117.48	28,832.85	84,333.73
Gap	515.27	968.09	854.89	1,682.23	(1,225.78)	(919.13)	(4,116.25)	(997.58)	4,605.66	14,404.95	15,772.35
Cumulative Gap	515.27	1,483.36	2,338.25	4,020.49	2,794.71	1,875.58	(2,240.68)	(3,238.26)	1,367.41	15,772.35	NA
Cumulative Gap/Mismatch as %	47%	107%	81%	97%	41%	16%	-10%	-7%	3%	23%	NA
Cumulative Gap limit stipulated by RBI	-10%	-10%	-20%	NP*	NP*	NP*	NP*	NP*	NP*	NP*	NP*
Cumulative Gap limit stipulated by the Board of Directors of the Company/Company Policy	0%	0%	-10%	-15%	-15%	-15%	-15%	-30%	-45%	-35%	NA

[1] *Outflows primarily include deposits, borrowings, current liabilities and provisions.*
[2] *Inflows primarily include cash and bank balances and advances.*
**Not prescribed by the RBI*

Notes:

1. *The asset liability management shown above is our structural liquidity statement that is submitted with NHB on a quarterly basis and includes undisbursed portion of committed loans and borrowings and estimated net interest flows. Further, classification of assets and liabilities under different maturity buckets is based on the estimates and assumptions to capture the behavioural pattern of the past data.*
2. *All the above gaps or mismatches are within the limits set by the RBI and the Board of our Company. As of December 31, 2022, we are not in breach of any limit stipulated by the RBI or our internal policy. In case there is a breach, we immediately take corrective action and remedial measures through new market borrowings or assignment of assets to bring back the breached levels within the regulatory and board approved limits.*

3. *On an ongoing basis, we maintain liquidity in the nature of cash and current investments. We also hold additional short term overdraft/cash credit and WCDL credit lines which, we believe, will help in addressing our liquidity needs for a period of three to four months during any stressed situation. As of December 31, 2022, we had cash and cash equivalents and current investments amounting to ₹3,877.59 crores with a sanctioned but unutilised short term credit line of ₹2,100 crores and a sanctioned but unutilised long term credit line of ₹1,250 crores.*
4. *Further, on a conservative basis, while preparing the statement of structural liquidity (SSL), we consider all sanctioned but not disbursed loans and any other probable contingent liabilities that may affect our future cash outflow/liquidity position.*

Non-Performing Assets

As of December 31, 2022, our gross NPAs (stage 3), as a percentage of our total loan portfolio, were 4.87% and our net NPAs, as a percentage of our total loan portfolio, were 3.22%. As of the same date, we made consolidated provisions of ₹1,759.43 crore, representing 3.03% of our Loan Assets.

The table sets forth the stage wise classification of the aggregate loan portfolio (in amounts as well as a percentage of total outstanding loan portfolio) and provisions made on loans as of the dates indicated below.

Loan Asset	As of December 31, 2022		As of March 31, 2022		As of March 31, 2021		As of March 31, 2020	
Retail Loan Asset								
Stage 1	49,529.36	85.35%	46,593.50	80.48%	47,162.28	74.64%	51,283.40	74.98%
Stage 2	2,076.09	3.58%	1,959.25	3.38%	2,644.27	4.18%	1,596.68	2.33%
Stage 3	1,517.56	2.61%	1,966.81	3.40%	1,381.95	2.19%	714.77	1.05%
	53,123.01	91.54%	**50,519.56**	87.26%	**51,188.50**	81.01%	**53,594.85**	78.36%
Corporate Loan Asset								
Stage 1	3,603.94	6.21%	4,615.85	7.97%	9,197.09	14.55%	12,567.48	18.38%
Stage 2	-	0.00%	21.38	0.04%	1,187.70	1.88%	934.04	1.37%
Stage 3	1,306.73	2.25%	2,738.09	4.73%	1,615.54	2.56%	1,297.27	1.90%
	4,910.67	8.46%	**7,375.32**	12.74%	**12,000.33**	18.99%	**14,798.79**	21.64%
Total Loan Asset	**58,033.68**	**100.00%**	**57,894.88**	**100.00%**	**63,188.83**	**100.00%**	**68,393.64**	**100.00%**

Provisions	As of December 31, 2022		As of March 31, 2022		As of March 31, 2021		As of March 31, 2020	
Provision on Retail Loan Asset								
Stage 1	245.68	13.96%	283.21	11.07%	251.31	9.88%	233.57	13.23%
Stage 2	235.31	13.37%	197.35	7.71%	288.24	11.33%	173.10	9.80%
Stage 3	487.44	27.70%	527.83	20.63%	358.95	14.11%	167.94	9.51%
	968.43	55.04%	**1,008.39**	39.41%	**898.50**	35.32%	**574.61**	32.54%
Provision on Corporate Loan Asset								
Stage 1	289.82	16.47%	300.10	11.73%	396.25	15.58%	432.13	24.47%
Stage 2	-	0.00%	3.07	0.12%	359.05	14.11%	254.37	14.41%
Stage 3	501.18	28.49%	1,247.38	48.75%	890.31	34.99%	504.51	28.57%
	791.00	44.96%	**1,550.55**	60.59%	**1,645.61**	64.68%	**1,191.01**	67.46%
Total ECL Provision	**1,759.43**	**100.00%**	**2,558.94**	**100.00%**	**2,544.11**	**100.00%**	**1,765.62**	**100.00%**

Set forth below are details of our NPAs, defaulting loans, restructured loans and write-offs for loan losses as of December 31, 2022, March 31, 2022, March 31, 2021 and March 31, 2020.

Particulars	As of December 31, 2022	As of March 31, 2022	2021	2020
	(in ₹ crores, except percentages)			
Opening balance at the beginning of the period (in ₹ crore) (loans outstanding)	57,894.88	63,188.83	68,393.64	74,882.01
Opening balance at the beginning of the period (in ₹ crore) (NPAs)	4,704.90	2,997.49	2,012.04	378.52
Increase/ (decrease) in NPAs during the period (in ₹ crore)	(1,880.61)	1,707.41	985.45	1,633.32
Gross NPAs at the end of the period (in ₹ crore)	2,824.29	4,704.90	2,997.49	2012.04
Total loan portfolio (in ₹ crore)	58,033.68	57,894.88	63,188.83	68,393.64
Gross NPAs to total loan portfolio	**4.87%**	**8.13%**	**4.75%**	**2.94%**
Retail Loans	53.73%	41.80%	46.10%	35.52%
Loans to corporates	46.27%	58.20%	53.90%	64.48%
Provision for NPAs (in ₹ crore)	988.62	1,775.21	1,249.26	672.45
Provisioning Coverage Ratio[1]	**35.00%**	**37.73%**	**41.68%**	**33.42%**
Net NPAs (in ₹ crore)[2]	1,835.67	2,929.69	1,748.23	1,339.59
Net NPAs to total loan portfolio	3.22%	5.06%	2.77%	1.96%
Total restructured loans (in ₹ crore)	2,174.14	2,549.31	1,807.07	-
Loans – written off (in ₹ crore)	1,123.52	544.79	84.82	71.22
Total loans written off to total loan portfolio	**1.94%**	**0.94%**	**0.13%**	**0.10%**

Notes:

1. *Provisioning Coverage Ratio reflects the ratio of provisions created for NPAs to gross NPAs.*
2. *Net NPAs reflect our gross NPAs less provisions for NPAs, except counter-cyclical provisions.*

GENERAL INFORMATION

Our Company was incorporated as "PNB Housing Finance Private Limited" on November 11, 1988 at New Delhi, as a private limited company under the Companies Act 1956, with a certificate of incorporation granted by the RoC. Pursuant to conversion of our Company to a public limited company, the name of our Company was changed to "PNB Housing Finance Limited" and the RoC certified the change of name on conversion to public limited company on December 30, 1989. Our Company is registered with the NHB to carry on the business of a housing finance institution (certificate of registration no. 01.0018.01 dated July 31, 2001).

Changes in the Registered Office

Date of change	Details of change in the address of the Registered Office
October 14, 1991	The registered office of our Company was changed from 1st Floor, Vikrant Tower, 4 Rajendra Place, New Delhi 110 008, India to 8th Floor, DCM Building, 16 Barakhamba Road, New Delhi 110 001, India
July 18, 1994	The registered office of our Company was changed from 8th Floor, DCM Building, 16 Barakhamba Road, New Delhi 110 001, India to 9th Floor, Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi 110 001, India

Registered and Corporate Office of our Company

9th Floor, Antriksh Bhawan
22, Kasturba Gandhi Marg
New Delhi 110 001
India
Tel : +91 11 2373 6857
Website: www.pnbhousing.com
Corporate Identity Number: L65922DL1988PLC033856
Registration No.: 033856
E-mail: investor.services@pnbhousing.com

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019, India

Board of Directors of our Company

Set forth below are the details of our Board as on the date of this Letter of Offer:

Name	Age	Designation	Address	DIN
Girish Kousgi	52	Managing Director and Chief Executive Officer	301, B-Wing, Mahavir Amrut CHS LTD, 3rd Floor, Plot No-2, Sector-19, Palm Beach Road, Navi Mumbai, Sanpada, Thane 400 705, Maharashtra, India	08524205
Atul Kumar Goel	58	Non-Executive Nominee Director	B-22, Beta-1, Gautam Buddha Nagar, Greater Noida 201 310, Uttar Pradesh, India	07266897
Sunil Kaul	63	Non-Executive Nominee Director	2A, Lincoln Road, #29-09 Park Infinia at Wee Nam, Singapore, 308 364	05102910
Chandrasekaran Ramakrishnan	65	Independent Director	1C, 4th Street, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004, Tamil Nadu, India	00580842
Nilesh Shivji Vikamsey	58	Independent Director	184A, Kalpataru Habitat, Dr. S.S. Rao Road, Parel, Mumbai 400 012, Maharashtra, India	00031213
Tejendra Mohan Bhasin	66	Independent Director	331 Bhera Enclave (Paschim Vihar), Sunder Vihar, Delhi 110 087, India	03091429
Sudarshan Sen	64	Independent Director	18th Floor, 1802, Godrej Platinum, Tower B4, Opposite Godrej Memorial Hospital, Pirojsha Nagar, Vikhroli (East), Mumbai 400 079, Maharashtra, India	03570051

Name	Age	Designation	Address	DIN
Gita Nayyar	59	Independent Director	3403, Imperial Tower South, B.B. Nakashe Marg, Tardeo, Mumbai 400 034, Maharashtra, India	07128438
Pavan Kaushal	61	Independent Director	E-2 1402 World Crest, World Towers Lodha Place, Senapati Bapat Marg, Lower Parel, Delisle Road, Mumbai 400 013, Maharashtra, India	07117387
Neeraj Vyas	64	Non-Executive Non-Independent Director	House No. 9, BRG Shangrila, IRIS Nest Block, Talawali Chanda, Mangliya, Indore 453 771, Madhya Pradesh, India	07053788
Kapil Modi	38	Non-Executive Nominee Director	1004, Tiffany - Building 2, Vasant Oasis, Makwana Road, Marol, Andheri East, J.B. Nagar, Mumbai 400 059, Maharashtra, India	07055408
Dilip Kumar Jain	57	Non-Executive Nominee Director	8A, Row House, Surya Vihar, Near Kapashera Border, Industrial Complex Dundahera, Gurgaon 122 016, Haryana, India	06822012

Company Secretary and Compliance Officer

Sanjay Jain is the Company Secretary and Compliance Officer of our Company. He has been designated as Company Secretary and Head Compliance of our Company. His details are as follows:

Sanjay Jain
9th Floor, Antriksh Bhawan
22, Kasturba Gandhi Marg
New Delhi 110 001
India
Tel: +91 11 2373 6857
E-mail: Sanjay.jain@pnbhousing.com

Lead Managers to the Issue

Axis Capital Limited
1st Floor, Axis House
C-2 Wadia International Centre
Pandurang Budhkar Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183
E-mail: pnbhfl.rights@axiscap.in
Investor Grievance ID: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Sagar Jatakiya / Akash Aggarwal
SEBI Registration No.: INM000012029

BNP Paribas
1-North Avenue
Maker Maxity, Bandra Kurla Complex
Bandra (E), Mumbai 400 051
Maharashtra, India
Tel: +91 22 3370 4000
E-mail: dl.pnbhfl.rights@asia.bnpparibas.com
Investor Grievance ID:
indiainvestors.care@asia.bnpparibas.com
Website: www.bnpparibas.co.in
Contact Person: Piyush Ramchandani
SEBI Registration No.: INM000011534

BofA Securities India Limited
Ground Floor, “A” Wing
One BKC, “G” Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India
Tel: +91 22 6632 8000
E-mail: dg.pnbhf-rights-bofa@bofa.com
Website: www.ml-india.com
Investor Grievance ID:
dg.india_merchantbanking@bofa.com
Contact Person: Sweta Birdika
SEBI Registration No.: INM000011625

J.P. Morgan India Private Limited
J.P. Morgan Tower, Off. C.S.T. Road
Kalina, Santacruz (East)
Mumbai 400 098
Maharashtra, India
Tel: +91 22 6157 3000
E-mail: pnbhf_rightsissue@jpmorgan.com
Investor Grievance ID:
investorsmb.jpmipl@jpmorgan.com
Website: www.jpmipl.com
Contact Person: Agrim Gupta
SEBI Registration No.: INM000002970

Legal Advisor to our Company as to Indian law

Cyril Amarchand Mangaldas
Level 1 & 2, Max Towers
C-001/A, Sector 16 B
Noida 201 301, Uttar Pradesh, India
Tel: +91 120 6699 000

Statutory Auditors of our Company

T R Chadha & Co. LLP, Chartered Accountants
B-30, Connaught Place
Kuthiala Building
New Delhi 110 001
India
Tel: +91 11 4325 9900 / 99100 60257
E-mail: delhi@trchadha.com
Firm Registration No: 006711N/N500028
Peer Review Certificate No.: 014544

Singhi & Co., Chartered Accountants
Unit No. 1704, 17th Floor
World Trade Tower
C-01, DND Fly way, Sector 16
Noida 201 301
Uttar Pradesh, India
Tel: +91 120 2970 005/98100 65957
E-mail: bksipani@singhico.com
Firm Registration No: 302049E
Peer Review Certificate No.: 011816

Changes in statutory auditors

Except as disclosed below, there has been no change in the statutory auditors of our Company during the last three years:

Details of Auditor	Date of Change	Reason for Change
B R Maheshwari & Co. LLP, Chartered Accountants M-118, Connaught Circus New Delhi 110 001 India Tel: +91 11 4340 2222 E-mail: akshay@brmco.com Firm Registration No: 001035N/N500060 Peer Review Certificate No.: 011488	August 4, 2021	Resignation owing to RBI regulatory requirements
T R Chadha & Co. LLP, Chartered Accountants B-30, Connaught Place Kuthiala Building New Delhi 110 001 India Tel: +91 11 4325 9900/ 9910060257 E-mail: delhi@trchadha.com Firm Registration No.: 006711N/N500028 Peer Review Certificate No.: 014544	September 3, 2021	Appointment as joint statutory auditors
Singhi & Co., Chartered Accountants Unit No. 1704, 17th Floor World Trade Tower C-01, DND Fly way, Sector 16 Noida 201 301 Uttar Pradesh, India Tel: +91 120 2970 005/ 98100 65957 E-mail: bksipani@singhico.com Firm Registration No.: 302049E Peer Review Certificate No.: 011816	September 3, 2021	Appointment as joint statutory auditors

Registrar to the Issue and Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
E-mail: pnbhfl.rights@linkintime.co.in
Investor Grievance ID: pnbhfl.rights@linkintime.co.in
Contact Person: Sumeet Deshpande
Website: www.linkintime.co.in
SEBI Registration No.: INR000004058

Investors may contact the Registrar to the Issue and Share Transfer Agent or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSB giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number, serial number of the Application Form or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "*Terms of the Issue*" beginning on page 358.

Experts

Our Company has received consents from its Statutory Auditors, T R Chadha & Co. LLP, Chartered Accountants and Singhi & Co., Chartered Accountants through their letters each dated March 29, 2023 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of (a) the Restated Consolidated Financial Statements and the examination report dated November 29, 2022 thereon, (b) Limited Reviewed Consolidated Financial Statements and their report dated March 28, 2023 issued thereon, and (c) the statement of possible special tax benefits dated November 29, 2022 and such consents have not been withdrawn as of the date of this Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S. Securities Act.

Banker to the Issue

HDFC Bank Limited
FIG – OPS Department- Lodha, I Think Techno Campus
O-3 Level, Next to Kanjurmarg, Railway Station
Kanjurmarg (East), Mumbai 400 042
Maharashtra, India
Tel: +91 022-30752927 / 28 /2914
Website: www.hdfcbank.com
E-mail:
vikas.rahate@hdfcbank.com/eric.bacha@hdfcbank.com/siddharth.jadhav@hdfcbank.com/tushar.gavankar@hdfcbank.com
Contact Person: Vikas Rahate, Eric Bacha, Siddharth Jadhav, Tushar Gavankar
SEBI Certificate Registration No: INBI00000063

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the Application Forms, please refer to the above-mentioned link.

Issue Schedule

Last Date for credit of Rights Entitlements	Wednesday, April 12, 2023
Issue Opening Date	Thursday, April 13, 2023
Last date for On Market Renunciation of Rights Entitlements #	Monday, April 24, 2023
Issue Closing Date*	Thursday, April 27, 2023
Finalization of Basis of Allotment (on or about)	Friday, May 12, 2023
Date of Allotment (on or about)	Friday, May 12, 2023
Date of credit (on or about)	Monday, May 15, 2023
Date of listing (on or about)	Wednesday, May 17, 2023

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

* *Our Board or the Stakeholders' Relationship Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Managers. Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, Monday, April 24, 2023 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Wednesday, April 26, 2023.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Managers or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see "*Terms of the Issue - Process of making an Application in the Issue*" on page 359. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.linkintime.co.in. after keying in their respective details along with other security control measures implemented thereat. For further details, see "*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 369. Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights

Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

Inter se allocation of responsibilities

S. No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such type of instrument, number of instruments to be issued, etc.	Lead Managers	Axis
2.	Coordination for drafting and design of the Draft Letter of Offer and Letter of Offer as per the SEBI ICDR Regulations, SEBI LODR Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI.	Lead Managers	Axis
3.	Drafting, design and distribution of the Abridged Letter of Offer, Application Form and Rights Entitlement Letter	Lead Managers	Axis
4.	Selection of various agencies connected with Issue, such as Registrars to the Issue, Printers and Advertising agencies	Lead Managers	Axis
5.	Drafting and approval of all statutory advertisements	Lead Managers	Axis
6.	Selection of various agencies connected with Issue, such as Banker(s) to the Issue, Monitoring Agency, etc., as may be applicable and co-ordination of the respective agreements.	Lead Managers	BNP
7.	Drafting and approval of all publicity material including corporate advertisement, brochure, corporate films, etc.	Lead Managers	BNP
8.	Drafting and design of Roadshow presentation	Lead Managers	BNP
9.	Formulating and Coordination of International marketing strategy	Lead Managers	J.P. Morgan
10.	Formulation and coordination of Domestic Institutional marketing strategy	Lead Managers	BofA Securities
11.	Co-ordination with stock exchanges and formalities for use of online software, bidding terminal, mock trading, etc. including submission of 1% deposit	Lead Managers	J.P. Morgan
12.	Non-Institutional and Retail Marketing of the Offer, which will cover, inter alia: • Formulating marketing strategies; • Finalising collection centres; and Follow-up on distribution of publicity and Offer material including application form, letter of offer.	Lead Managers	Axis
13.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the Bank about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self-Certified Syndicate Banks, etc. and coordination of underwriting arrangement, if any. Release of 1% security deposit.	Lead Managers	Axis

Credit Rating

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company has appointed CARE Ratings Limited to monitor the utilization of the Net Proceeds, in accordance with Regulation 82 of the SEBI ICDR Regulations.

CARE Ratings Limited

4th Floor Godrej Coliseum, Somaiya Hospital Road,
Off Easter Express Highway, Sion (East)
Mumbai 400 022
Tel: 011-45333200
Email: neha.kadiyan@careedge.in
Website: www.careedge.in
Contact person: Neha Kadiyan
SEBI Registration No.: IN/CRA/004/1999

Minimum Subscription

The objects of the Issue involve (i) augmenting our capital base; and (ii) general corporate purposes. Our Promoter has undertaken that it will not subscribe to the full extent of its Rights Entitlements and that it shall renounce a part of its Rights Entitlements subject to Promoter retaining its shareholding in our Company at 30% or below but above 26% of the post-Issue share capital of our Company. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is applicable to the Issue. Further, the SEBI *vide* its letter bearing reference number SEBI/HO/CFD/DIL- 2/P/OW/2022/39690/1 dated August 10, 2022 granted an exemption under Regulation 300(1) of the SEBI ICDR Regulations from the strict applicability of the proviso to Regulation 81(1) of the SEBI ICDR Regulations and permit the Underwriter that may be appointed by our Company to underwrite (in full) the portion of the entitlement of our Promoter which will not be subscribed by it in the Issue. For further details, see "*Summary of Letter of Offer - Exemption from complying with any provisions of securities laws, if any, granted by the Securities and Exchange Board of India*" on page 21. As of the date of this Letter of Offer, the Promoter Group members (other than our Promoter) do not hold any Equity Shares.

Underwriting

Pursuant to letter dated June 2, 2022 ("**Reserve Bank of India Approval Letter**"), the Reserve Bank of India has allowed our Promoter to participate in the Issue for an amount of up to ₹500 crore, subject to our Promoter's shareholding in our Company not exceeding 30% of the post-Issue share capital of our Company. Therefore, our Promoter will subscribe to such number of Rights Equity Shares aggregating to ₹498,75,00,375 as would not result in a breach by our Promoter of the Reserve Bank of India Approval Letter. In this regard, our Company had sought, and SEBI has *vide* its letter dated August 10, 2022, granted, an exemption under Regulation 300(1) of the SEBI ICDR Regulations from the strict applicability of the proviso to Regulation 81(1) of the SEBI ICDR Regulations and permitted, the Underwriters to underwrite (in full) the portion of the entitlement of our Promoter which will not be subscribed by it in the Issue. For further details, see "*Summary of Letter of Offer - Exemption from complying with any provisions of securities laws, if any, granted by the Securities and Exchange Board of India*" on page 21.

Our Company has accordingly entered into an Underwriting Agreement dated March 29, 2023 with the Underwriters and BofA Securities. In terms of the Underwriting Agreement, the Underwriters, at the request of the Company, have agreed to act as the underwriters for the Issue and underwrite the Rights Equity Shares offered pursuant to the Issue up to the maximum extent set out below ("**Underwriter Commitment**") provided that the Underwriters and BofA Securities' obligation under the Underwriting Agreement and in relation to the Issue is subject to the following conditions, among others, (A) our Promoter, Quality Investment Holdings PCC, Investment Opportunities V Pte. Ltd. and General Atlantic Singapore Fund Pte. Ltd subscribing to their respective portion of the Assured Subscription Shares in the Issue on or prior to the Issue Closing Date; (B) the existence of satisfactory market conditions (whether in India or outside India) before the launch of the Issue, in the sole opinion of the Underwriters and BofA Securities; (C) change in the type, terms and conditions of the Issue being made only with the prior written consent of the Underwriters and BofA Securities; (D) in the sole opinion of the Underwriters and BofA Securities, absence of any material adverse effect; (E) delivery of lock-up agreement by the Promoter to the Underwriters and BofA Securities; and (F) approval of the relevant internal committees of the Underwriters and BofA Securities, as applicable. The Underwriting Agreement also provides that any Lead Manager shall have an option to terminate the Underwriting Agreement if any of the conditions mentioned in the Underwriting Agreement are not satisfied.

Subject to the conditions set out in the Underwriting Agreement, each Underwriter has, severally (not jointly, or jointly and severally) agreed to procure subscribers for, and failing which subscribe to or purchase themselves or through their affiliates (as the case may be) or any other person, their respective portion of the devolved Rights Equity Shares at the Issue Price. Further, in the event of failure by any Underwriter to procure subscribers for, or subscribe for itself or through any other person, its respective devolved Rights Equity Shares after receipt of devolvement notice, our Company may initiate such proceedings against such defaulting Underwriter including the right to claim damages for any loss suffered by our Company by reason of failure on the part of such defaulting Underwriter to subscribe to or procure subscription for its portion of the devolved Rights Equity Shares. In terms of the Underwriting Agreement, BofA Securities, one of the Lead Managers, shall not undertake any underwriting obligation in the Issue and its minimum underwriting obligation under Regulation 22 of the SEBI Merchant Bankers Regulations shall be underwritten by Axis in accordance with the first proviso to Regulation 22 of the SEBI Merchant Bankers Regulations.

Our Company has received letter dated March 28, 2023 from Quality Investment Holdings PCC, and letters dated March 29, 2023 each from Investment Opportunities V Pte. Ltd. and General Atlantic Singapore Fund Pte. Ltd, expressing their intention to participate in the Issue. The subscription to Rights Equity Shares in the Issue is subject to sole discretion of each of these shareholders and market conditions (in India and abroad), among other considerations.

Subject to the terms and conditions set out in the Underwriting Agreement, the Underwriters have agreed to the following Underwriting Commitment:

Underwriter	Address	Telephone number	E-mail	Underwriter commitment		
				(%)	(in ₹ crore)	Number of Equity Shares
Axis Capital Limited	1st Floor, Axis House, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai 400 025, Maharashtra, India	+91 22 4325 2183	pnbhfl.rights@axiscap.in	50	351.57	1,27,84,479
BNP Paribas	1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India	+91 22 6196 5150	sameer.lotankar@asia.bnpparibas.com	25	175.79	63,92,239
J. P. Morgan India Private Limited	J.P. Morgan Towers, Off. CST Road, Kalina, Santacruz East, Mumbai 400 098, Maharashtra, India	+91 22 6157 3000	pnbhf_rightsissue@jpmorgan.com	25	175.79	63,92,239
Total				100	**703.15**	**2,55,68,957**

In the opinion of the Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their underwriting obligations in full.

Our Promoter has also agreed that, it shall not, for a period of 90 days from the date of Allotment of the Rights Equity Shares offered in the Issue, without the prior written consent of the Lead Managers, directly or indirectly: (A) offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares which may be deemed to be beneficially owned by the undersigned, or file any registration statement under the U.S. Securities Act of 1933, or publicly announce an intention with respect to any of the foregoing; (B) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares which may be deemed to be beneficially owned by the undersigned; (C) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (D) announce any intention to enter into any transaction whether any such transaction described in (A) or (B) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise. However, the restrictions set out above shall not apply in the event of transactions solely among our Promoter or its affiliates, any sale, transfer or disposition which is required to be undertaken in accordance with applicable law and any sale, purchase, transfer or disposition of the Equity Shares pursuant to a prior written intimation and consent of the Lead Managers, which shall not be unreasonably withheld or delayed.

Filing

This Letter of Offer is being filed with the Stock Exchanges and the SEBI as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at siportal.sebi.gov.in in terms of the SEBI circular bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, and with the Stock Exchanges. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

CAPITAL STRUCTURE

The equity share capital of our Company as of the date of this Letter of Offer, and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid up share capital after the Issue, are set forth below:

(In ₹, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A	**AUTHORISED SHARE CAPITAL**		
	50,00,00,000 Equity Shares (of face value of ₹ 10 each)	5,00,00,00,000.00	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**		
	16,88,55,818 Equity Shares (of face value of ₹10 each)	1,68,85,58,180.00	-
C	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**		
	Up to 9,06,81,828 Rights Equity Shares of ₹ 10 each(1)	Up to 90,68,18,280.00	Up to 2493,75,02,700.00
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE(2)**		
	25,95,37,646 Equity Shares of ₹ 10 each	259,53,76,460.00	-

(1) *The Issue has been authorised by the Board pursuant to a resolution dated March 9, 2022. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Board at its meeting held on March 28, 2023.*

(2) *Assuming full subscription for and Allotment of Equity Shares. Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue related expenses.*

Notes to the Capital Structure

1. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI LODR Regulations**

   (a) The shareholding pattern of our Company as of December 31, 2022, can be accessed on the website of BSE at www.bseindia.com/stock-share-price/pnb-housing-finance-ltd/pnbhousing/540173/shareholding-pSING&tabIndex=equity and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PNBHOUSING&tabIndex=equity;

   (b) The statement showing holding of Equity Shares of persons belonging to the category "Promoter and Promoter Group" including the details of lock-in, pledge of and encumbrance thereon, as of December 31, 2022, can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=540173&qtrid=115.00&QtrName=December%202022 and NSE at www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PNBHOUSING&tabIndex=equity; and

   (c) The statement showing details of shareholders of our Company belonging to the category "Public" including Equity Shareholders holding more than 1% of the total number of Equity Shares as of December 31, 2022 as well as details of shares which remain unclaimed for public can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=540173&qtrid=115.00&QtrName=december%202022 and NSE at www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PNBHOUSING&tabIndex=equity.

2. Except as provided below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer:

Particulars	ESOP Scheme 2016	ESOP Scheme 2018	ESOP Scheme III 2022	RSU Scheme 2020	RSU Scheme 2022
Total number of options	41,88,459	24,13,000	20,00,000	5,00,000	8,50,000
Options granted	55,74,875	34,51,759	-	3,00,676	-
Options vested	85,064	4,37,095	-	-	-
Options exercised	31,98,318	2,500	-	12,691	-

Particulars	ESOP Scheme 2016	ESOP Scheme 2018	ESOP Scheme III 2022	RSU Scheme 2020	RSU Scheme 2022
Options lapsed/expired	17,16,493	18,41,701	-	1,50,595	-
Options forfeited	-	-	-	-	-
Total options outstanding	3,30,077	8,02,942	20,00,000	3,49,919	8,50,000
Options unvested	5,75,000	11,70,463	-	1,37,390	-

Note: The options lapsed/expired forms part of the pool available for future grants and total options outstanding are the number of options available for future grants

3. **Intention and extent of participation by the Promoter and Promoter Group**

Pursuant to letter dated June 2, 2022 issued by RBI ("**RBI Approval Letter**"), RBI allowed our Promoter to participate in the Issue for an amount of up to ₹ 500 crore, subject to our Promoter's shareholding in our Company not exceeding 30% of the post-Issue share capital of our Company ("**Promoter Shareholding Limit**"). Accordingly, our Promoter has, *vide* intimation dated June 7, 2022 to the Stock Exchanges, indicated its intention to participate in the Issue for an amount of up to ₹500 crore in order to (a) retain its shareholding in the Company at 30% or below but above 26% of the post-Issue share capital of our Company; and (b) retain its status as promoter of our Company. In light of the participation limit of up to ₹ 500 crore prescribed under the RBI Approval Letter and the Promoter Shareholding Limit, our Promoter will not be able to subscribe to the full extent of its Rights Entitlements in the Issue. Therefore, our Company *vide* its letter dated July 12, 2022 had sought an exemption under Regulation 300(1)(a) of the SEBI ICDR Regulations from the strict applicability of the proviso to Regulation 81(1) of the SEBI ICDR Regulations and permit the Underwriters that may be appointed by the Company to underwrite (in full) the portion of the entitlement of our Promoter which will not be subscribed by it in the Issue in view of the conditions imposed by the RBI in the RBI Approval Letter. Subsequently, SEBI vide its letter bearing reference no. SEBI/HO/CFD/DIL-2/P/OW/2022/39690/1 dated August 10, 2022 has granted the exemption sought by our Company.

Our Promoter may participate in the Issue for an amount aggregating to ₹498,75,00,375 only and not subscribe to the entire Rights Entitlements available to our Promoter in the Issue. As of the date of this Letter of Offer, the members of the Promoter Group (other than our Promoter) do not hold any Equity Shares.

The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹462.68.

4. Our Company shall ensure that any transaction in the securities of our Company by our Promoter and the Promoter Group during the period between the date of filing the Draft Letter of Offer and the Issue Closing Date shall be reported to the Stock Exchanges within 24 hours of such transaction.

5. At any given time, there shall be only one denomination of the Equity Shares of our Company.

6. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.

7. Except for the issue of any Equity Shares or options/units pursuant to ESOP Scheme 2016, ESOP Scheme 2018, ESOP Scheme III 2022, RSU Scheme 2020 or RSU Scheme 2022, there will be no further issue of Equity Shares whether by way of a public issue, qualified institutions placement, issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Letter of Offer with Stock Exchanges and SEBI until the Equity Shares have been listed on the Stock Exchanges, or all application monies have been refunded, as the case may be.

8. **Details of the Equity Shareholders holding more than 1% of the issued and paid-up Equity Share capital**

The table below sets forth details of Equity Shareholders holding more than 1% of the issued and paid-up Equity Share capital of our Company, as of December 31, 2022.

S. No.	Name of the Equity Shareholders	Number of Equity Shares held	Percentage of Equity Shares held (%)
1.	Punjab National Bank	5,49,14,840	32.53

S. No.	Name of the Equity Shareholders	Number of Equity Shares held	Percentage of Equity Shares held (%)
2.	Quality Investment Holdings PCC	5,41,92,300	32.11
3.	Investment Opportunities V Pte. Limited	1,66,87,956	9.89
4.	General Atlantic Singapore Fund Fii Pte Ltd	1,65,93,240	9.83
5.	Tata Mutual Fund- Tata Equity P/E Fund	25,41,674	1.51

OBJECTS OF THE ISSUE

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised by any bank, financial institution or any other external agency.

The Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

1. Augmenting our capital base; and

2. General corporate purposes.

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) its existing activities; (ii) to undertake the activities proposed to be funded from the Net Proceeds. Further, our objects as stated in the Memorandum of Association do not restrict us from undertaking the activities for which the funds are being raised by our Company through the Issue.

The details of the Net Proceeds are summarized in the table below:

(in ₹ crore)

Particulars	Amount
Issue Proceeds*	2,493.76
Less: Estimated Issue related expenses	46.70
Net Proceeds	2,447.06

* *Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

Requirement of Funds and Utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set forth in the following table:

(in ₹ crore)

Particulars	Estimated amount (up to)#
Augmenting our capital base	1,875.00
General corporate purposes*	572.06
Total Net Proceeds	2,447.06

* *The amount shall not exceed 25% of the Issue Proceeds.*
# *Assuming full subscription and Allotment in the Issue. Subject to finalisation of the Basis of Allotment and the Allotment of the Equity Shares.*

Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of our management and will be subject to applicable laws and regulations. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws.

Since our Company is not proposing to fund any specific project from the Net Proceeds, the requirement to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance for such project proposed to be funded from the Net Proceeds is not applicable.

Proposed Schedule of Implementation or Deployment of Net Proceeds

The following table provides the schedule of utilisation of the Net Proceeds:

(in ₹ crore)

Particulars	Amount to be funded from the Net Proceeds (up to)	Proposed Schedule for deployment of the Net Proceeds
		Financial Year 2023-24
Augmenting our capital base	1,875.00	1,875.00
General corporate purposes*	572.06	572.06
Total Net Proceeds	2,447.06	2,447.06

** The amount shall not exceed 25% of the Issue Proceeds.*

In the event that the Net Proceeds are not completely utilized for the purposes stated above and as per the estimated schedule of utilisation specified above, the same would be utilized in subsequent Financial Years for achieving the objects of the Issue. Any change in schedule of implementation or deployment of net proceeds i.e. utilization in subsequent Financial Years shall be subject to applicable laws and regulations.

Details of the activities to be financed from the Net Proceeds

The details in relation to objects of the Issue are set forth herein below.

I. ***Augmenting our capital base***

We are a housing finance company in India and are registered with the NHB. Our portfolio of products primarily consists of retail loans, which include a range of individual housing loans, loans against property, and non-residential premises loans. Our portfolio also includes corporate loans (construction finance, lease rental discounting and corporate term loans). For further details, see "*Our Business*" beginning on page 145.

As per the RBI Master Directions, we are required to maintain a minimum capital to risk ratio, consisting of Tier I and Tier II capital, of not less than 15% of our aggregate risk weighted assets and risk adjusted value of off-balance sheet items, with Tier I capital not being below 10% at any point of time. Further, we are required to ensure that the total of Tier II capital at any point of time, should not exceed 100% of Tier I capital. Further, in accordance with the SBR Regulations, we are required to maintain a common equity Tier I capital of at least 9% of risk weighted assets. As of December 31, 2022, our Company's CRAR – Tier I capital was 22.43% as compared to 20.73% as of March 31, 2022.

We intend to utilise ₹1,875 crore from the Net Proceeds towards augmenting our capital base to meet our future funding requirements for our business activities, including towards onward lending, strengthening our balance sheet and to ensure compliance with the requirements prescribed under the RBI Master Directions. This is expected to arise out of growth of our business and assets.

II. ***General corporate purposes***

Our Company intends to deploy the balance Net Proceeds aggregating up to ₹572.06 crore towards general corporate purposes, provided that the amount to be utilized for general corporate purposes shall not exceed 25% of the Issue Proceeds. Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things, acquiring assets, such as furniture and fixtures, and vehicles, meeting any expenses incurred in the ordinary course of business by our Company, including salaries and wages, rent, administration expenses, upgradation of information technology infrastructure, insurance related expenses, and the payment of taxes and duties, repair, maintenance, renovation and upgradation of our offices or branches, strategic initiatives, leasehold improvements, meeting of exigencies which our Company may face in the course of any business and any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof, subject to meeting regulatory requirements and obtaining necessary approvals / consents, as applicable.

Our management will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Estimated Issue Related Expenses

The estimated Issue related expenses are as follows:

(unless otherwise specified, in ₹ crore)

S. No.	Particulars	Estimated amount[(1)]	Percentage of total estimated Issue expenditure (%)[(1)]	Percentage of Issue Size (%)[(1)]
1.	Fees payable to the Lead Managers (including underwriting commission, brokerage and selling commission)	28.32	60.64	1.13
2.	Fees payable to the Registrar to the Issue	0.15	0.32	0.01
3.	Advertising, marketing and shareholder outreach expenses	2.07	4.43	0.08
4.	Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	3.10	6.64	0.13
5.	Fees payable to others[(2)]	0.99	2.12	0.04
6.	*Others*			
	Printing and stationery	0.06	0.13	Negligible
	Fees payable to the legal counsels	9.80	20.99	0.39
	Miscellaneous expenses	2.21	4.73	0.09
Total estimated Issue related expenses[(1)(3)]		**46.70**	**100.00**	**1.87**

[(1)] *Issue expenses include applicable taxes, where applicable. Issue expenses are estimates and in case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.*
[(2)] *Includes fees payable to our Statutory Auditors, CRISIL for preparing the industry report commissioned by our Company, the virtual data room provider in connection with due diligence for the Issue.*
[(3)] *Subject to finalisation of Basis of Allotment.*

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, by depositing the same with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

Monitoring Utilization of Funds from the Issue

Our Company has appointed CARE Ratings Limited to monitor the utilization of the Net Proceeds and the Monitoring Agency shall submit a report to our Board as required under Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published on our website and explanation for such variation (if any) will be included in our Director's report, after placing it before the Audit Committee.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Other confirmations

No part of the proceeds of the Issue will be paid by our Company to our Promoter, our Promoter Group, our Directors, our Key Managerial Personnel or our Senior Management, except in the normal course of its business.

Our Promoter, our Promoter Group and our Directors do not have any interest in the objects of the Issue, and there are no material existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoter, Promoter Group, Directors, Key Managerial Personnel or Senior Management.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

M/s T R Chadha & Co LLP
Chartered Accountants
B-30, Kuthiala Building
B-Block, Connaught Place
New Delhi -110 001

M/s Singhi & Co.
Chartered Accountants
Unit No.1704, 17th Floor,
World Trade Tower (Tower-B),
DND Fly Way, C-01, Sector 16,
Noida -201 301

Date: November 29, 2022

The Board of Directors
PNB Housing Finance Limited
9th Floor, Antriksh Bhawan
22 Kasturba Gandhi Marg
New Delhi 110001
Dear Sir/Ma'am,

Re: Proposed rights issue of equity shares (the "Equity Shares") by PNB Housing Finance Limited (the "Company", and such rights issue, the "Issue")

We, Singhi & Co. and T R Chadha & Co LLP, the Joint Statutory Auditors of the Company, hereby confirm the enclosed **Annexure A**, prepared by the Company and initialed by us for identification purpose showing the possible special tax benefits available to the Company and the shareholders of the Company as per the provisions of the Indian direct and indirect tax laws including the Income Tax Act, 1961 (the "**Act**"), the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, each as amended (collectively, the "**Tax Laws**") including the rules, regulations, circulars and notifications issued in connection with the Tax Laws as presently in force and applicable to the assessment year 2023-2024 relevant to the financial year 2022-2023**.**

The Company does not have any material subsidiary in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; accordingly, possible tax benefits disclosures are given with respect to the Company only.

Several of these benefits are dependent on the Company and its shareholders, as the case maybe, fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and/ or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed Annexure A are neither exhaustive nor conclusive. The contents stated in the Annexure A are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest money based on this statement.

We conducted our examination of the statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (the "**Guidance Note**"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
We do not express any opinion or provide any assurance whether:

- The Company and its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met; and
- The revenue authorities/courts will concur with the views expressed herein.

This certificate is issued for the sole purpose of draft letter of offer and/or letter of offer, and can be used, in full or part, for inclusion in the draft letter of offer and/or letter of offer proposed to be filed with the Securities and Exchange Board of India ("**SEBI**"), BSE Limited and National Stock Exchange of India Limited (collectively, the "**Stock Exchanges**"), as applicable; and any other documents or materials to be issued in relation to the draft letter of offer and/or letter of offer, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the Lead Managers in connection with the draft letter of offer and/or letter of offer and in accordance with the applicable law.

We undertake to immediately communicate, in writing, any changes to the above information/confirmations, as and when: (i) made available to us; or (ii) we become aware of any such changes, to the Lead Managers and the Company until the Equity Shares allotted in the Issue commence trading on the Stock Exchanges. In the absence of any such communication from us, the Company, the Lead Managers and the legal advisors appointed with respect to the Issue can assume that there is no change to the information/confirmations forming part of this certificate and accordingly, such information should be considered to be true and accurate.

This certificate may be relied upon by the Lead Managers and the legal advisors appointed in connection with the Issue for documenting and conducting their due diligence and due enquiry of the affairs of the Company in connection with the Issue. Accordingly, we consent to this certificate and its contents being presented and/or utilized in connection with the Issue and should not be used by any other person or for any other purpose. We neither accept nor assume any duty or liability for any other purpose or to any other party to whom our certificate is shown or into whose hands it may come without our prior consent in writing.

Terms capitalized and not defined herein shall have the same meaning as ascribed to them in the draft letter of offer and letter of offer.

Limitation:

Our views expressed on the enclosed Annexure A are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the existing tax laws in force in India and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the Issue or any third party relying on the statement.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg. No. 006711N/N500028

Neena Goel
Partner

Membership No. 088926	Membership No. 057986
UDIN: 22088926BELVGC9385	UDIN: 22057986BELVQL5998
Date: November 29, 2022	Date: November 29, 2022
Place: Noida (Delhi-NCR)	Place: Noida (Delhi-NCR)

Encl: **Annexure A**

Annexure A

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO PNB HOUSING FINANCE LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information provided below sets out the possible special tax benefits available to the Company and to shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the securities, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

I. <u>Direct Taxation</u>

A. Special tax benefits available to the Company under the Income tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2022 (the "IT Act")

1. Deduction under section 36 (1) (viii) of the IT Act

As per section 36(1)(viii) of the IT Act, a housing finance company ("**HFC**") (being a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes) is allowed a deduction of an amount not exceeding 20% of the profits derived from eligible business computed under the head "*Profits and gains of business or profession*" (before making any deduction under the said clause (viii)) carried to any special reserve created and maintained by the HFC.

The term 'eligible business' means the business of providing long-term finance for the construction or purchase of houses in India for residential purposes. Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid-up share capital and of the general reserves of the specified entity, no allowance under section 36(1)(viii) shall be made in respect of such excess.

2. Deduction under section 36 (1) (viia) of the IT Act

The Company is entitled to accelerated deduction in respect of bad and doubtful debts up to the limit specified under section 36(1) (viia) of the IT Act in computing its income under the head "*Profits and gains of business or profession*", to the extent of five per cent (5%) of the gross total income (computed before making any deduction under this section and Chapter VI-A), and subject to satisfaction of prescribed conditions.

As per section 36(1)(vii) of the IT Act, where the Company has claimed deduction under section 36(1)(viia) of the Act, then the subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the IT Act shall be reduced to the extent of deduction already claimed under section 36(1)(viia) of the IT Act.

Further, as per section 41(4) of the IT Act, where any deduction has been claimed by the Company in respect of a bad debt under Section 36(1)(vii) of the IT Act, then any amount subsequently recovered on any such debt is greater than the difference between such debt and the amount so allowed as a deduction under section 36(1)(vii) of the IT Act, the excess shall be deemed to be business income of the year in which it is recovered.

3. *Concessional corporate tax rates - Section 115BAA of the IT Act*

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfilment of certain conditions. The option to apply this tax rate is available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21and the option once exercised shall apply to subsequent AYs. The concessional rate is subject to a company not availing any of the following deductions under the provisions of the IT Act:

- Section10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1)(iia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/33ABA: Tea coffee rubber development expenses/site restoration expenses
- Section 35(1)/35(2AA)/ 35(2AB): Expenditure on scientific research.
- Section 35AD: Deduction for capital expenditure incurred on specified businesses.
- Section 35CCC/35CCD: expenditure on agricultural extension /skill development.
- Chapter VI-A except for the provisions of section 80JJAA and section 80M.

The total income of a company availing the concessional rate of 25.17% (i.e. 22% along with surcharge and health and education cess) is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives.

A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the IT Act. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of the IT Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

The provisions do not specify any limitation/condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

The Company has already opted for the concessional tax rate benefit for the FY 2019-20 relevant to the AY 2020-21 as mentioned in the Section 115BAA for which declaration in Form 10-IC has already been filed with the income tax authority.

4. *Deductions in respect of employment of new employees –Section 80JJAA of the IT Act*

As per Section 80JJAA of the IT Act, where a company is subject to tax audit under section 44AB of the IT Act and derives income from business, it shall be allowed to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred.

The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the IT Act.

5. *Deduction with respect to inter-corporate dividends –Section 80M of the IT Act*

As per the provisions of section 80M of the IT Act, inserted with effect from April 1, 2021, a domestic company shall be allowed to claim a deduction of divided income earned from any other domestic company or a foreign company or a business trust. The amount of deduction so claimed should not exceed the amount of dividend distributed by it and is subject to fulfilment of other conditions laid down therein.

B. Special tax benefits available to the shareholders of the Company under the IT Act.

There are no special tax benefits available to the shareholders of the Company under the IT Act.

II. *Indirect Taxation*

The Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, each as amended (collectively, the "***Indirect Tax Regulations***")

A. Special tax benefits available to the Company or shareholders of the Company.

There are no special tax benefits available to the Company or Shareholders of the Company under the Indirect Tax Regulations.

For PNB Housing Finance Limited

Vinay Gupta
Chief Financial Officer
Place: Delhi

Date: November 29, 2022

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*We officially engaged CRISIL in connection with the preparation of the report titled "Housing Finance Report" dated October 2022 as amended by the report titled "Indian Economy – An Overview" dated March 2023 (collectively, the "**CRISIL Report**") pursuant to an engagement letter dated May 19, 2022. The information in this section is derived from the CRISIL Report. We commissioned and paid for the CRISIL Report for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. The data included in this section includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year, refers to such information for the relevant year.*

While preparing its report, CRISIL has also sourced information from publicly-available sources, including our Company's financial statements that are publicly available. However, unless the context otherwise requires, financial information relating to our Company presented in other sections of this Letter of Offer is derived from our restated consolidated financial statements for the Financial Years 2022, 2021 and 2020, prepared in accordance with Ind AS or Ind AS 34, as applicable, specified under Section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and restated in accordance with the requirements of Section 26 of Part 1 of Chapter III of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectus (Revised 2019) (as amended) issued by the ICAI, and Limited Reviewed Consolidated Financial Statements for the nine months ended December 31, 2022, prepared in accordance with Ind AS or Ind AS 34, as applicable, specified under Section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and in accordance with the requirements of Section 26 of Part 1 of Chapter III of the Companies Act, the SEBI LODR Regulations. Accordingly, the financial information of our Company in this section is not comparable with Ind AS financial information presented elsewhere in this Letter of Offer.

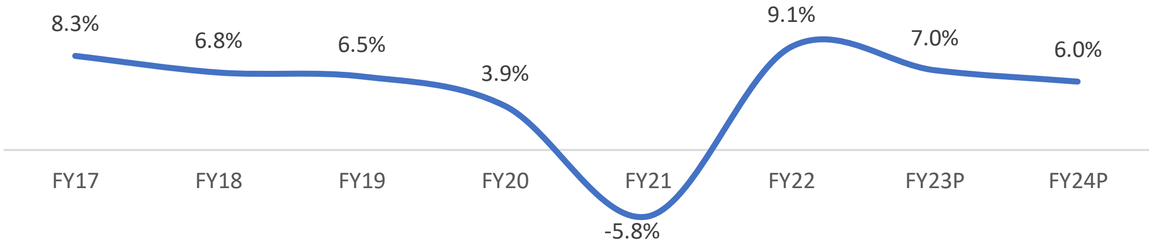
Overview of the Indian Economy

Review and outlook on gross domestic product ("GDP")

India's real GDP grew by 9.1% in the Financial Year 2022, largely a reflection of a lower base (as the economy had shrunk 5.8% in the Financial Year 2021). The real GDP in absolute terms was ₹149.3 trillion, suggesting that the downside from the omicron variant of the Covid-19 pandemic has been mild. CRISIL Research forecasts India's real GDP growth at 7.0%, which is affirmed basis the first advance estimate released by the National Statistical Office in January 2023. This is primarily because the slowdown in global growth has started to impact India's exports and industrial activity. However, domestic demand remains supportive this Financial Year, helped by a catch-up in contact-based services, government capital expenditure, relatively accommodative financial conditions, and overall normal monsoon for the fourth time in a row. The impact is expected to be more next Financial Year, as global growth decelerates faster. Additionally, domestic demand could come under pressure as interest rate hikes get transmitted more to consumers, and the catch-up in contact-based services fades. Consequently, CRISIL Research expects India's GDP growth to slow to 6.0% in the Financial Year 2024, with the risks to the forecast remain tilted downwards.

With respect to the stance on policy repo rate, the Reserve Bank of India hiked rates aggressively in the first half of Financial Year 2023, primarily due to rising inflation and the impact of macroeconomic factors. The monetary policy committee increased the policy repo by a cumulative of 250 basis points in the Financial Year 2023, with the last rate hike in February 2023 at 25 basis points taking the repo rate to 6.5%.

Real GDP % year-on-year change



Note: P - Projected
Source: National Statistical Office (NSO), CRISIL Research

Synopsis of the current dynamics

February 2023, a policy-heavy month, began with the announcement of the Union Budget for the Financial Year 2024, followed by the monetary policy. Both these critical events were framed against the challenging backdrop of a looming global slowdown and continuing geopolitical uncertainty. The budget chose fiscal rectitude over pre-election largesse, transparently and with realistic underlying assumptions. The assumptions on growth and tax buoyancy are doable according to CRISIL's assessment.

Within these constraints, the budget accelerated the momentum on public capital expenditure allocation by cutting revenue expenditure. Government capex in relation to investments via budgetary spending, loans and grants, and public sector companies has risen almost a third, along with capex in infrastructure sectors, such as roads and railways, which have high positive spill-over effects on the economy.

The Union Budget for Financial Year 2023 also followed a similar strategy but the assumptions went awry with the onset of the Russia-Ukraine conflict. Despite huge deviations from the budget estimates in both expenditure and revenue, fiscal deficit for the Financial Year 2023, at 6.4% of the gross domestic product ("**GDP**"), was on target due to the upside in tax collections from a higher-than-expected nominal growth.

The situation this year is equally uncertain with several moving parts. The fiscal authorities will need to keep their options open, if the global economy throws a few curveballs. The fiscal rectitude was not enough to change the direction of monetary policy. The RBI delivered a 25-basis-point rate hike to break the persistence of core inflation and anchor inflation expectations. The inflation print of 6.5% for January, which came within a week of RBI's policy announcement, vindicated its caution on inflation.

Under the base-case scenario, CRISIL Research expects the repo rate at 6.5% to be a terminal one in the current monetary tightening cycle. However, another rate hike cannot be completely ruled out given the uncertainty around inflation. Looking beyond the recent growth dynamics, this month's theme dwells on the medium-term growth drivers for India. Growth accounting, a nifty way to decompose GDP growth into contribution of capital, labour and efficiency, is a useful tool to do this. Capital will be a key contributor to growth over the medium run, as the government has accelerated its investments and the private sector is primed for undertaking investments.

Productivity growth contribution to growth, too, is likely to increase given the efficiency gains from reforms and swift digitalisation are yet to fully yield benefits. Labour's contribution to growth is likely to be the least, not because India does not have sufficient people in the working age group (15-64 years). On the contrary, this cohort is 67% of the population and is set to expand by 100 million over the next decade. It is the quality and skilling of the workforce that is holding back its potential.

Union Budget 2023-2024: Leaning more on capex, while tightening the fiscal belt

Budgeting for a post-pandemic economy

The government continued its march towards fiscal consolidation, comforted by a broad-based recovery in the Indian economy until now. It set a target of reducing fiscal deficit to 5.9% of the GDP in the Financial Year 2024, from 6.4% (revised estimate or "**RE**") this Financial Year. It also reiterated its commitment to bring the fiscal deficit below 4.5% of GDP by the Financial Year 2026. Though the current Financial Year has witnessed a broad-based recovery and resilient domestic demand so far, headwinds from slowing global growth and tighter financial conditions threaten to hurt the country's economic prospects in the Financial Year 2024.

In this milieu, the Union Budget has tried to strike some balance between fiscal consolidation and growth, by continuing its focus on capital expenditure and creating fiscal space for that by cutting revenue expenditure. In addition, it has eased the tax burden on the middle-income segment to improve consumer confidence and promote a more inclusive recovery.

Capex-thrust to support growth

Budget 2023 paves the way for yet another year, when the government is using the infrastructure capex tool to support the economy. But this time, the push is larger. The aim is to lift a post-pandemic domestic economy out of the woods and simultaneously crowd in private sector capex. However, the government has largely stuck to its medium-term path of lifting the productive capacity of the economy through higher infrastructure spend, rather than directly boost consumption in a broad-based manner in a pre-election year. Despite a slowing economy and, hence, slower growth in tax collections, in conjunction with the need to trim the fiscal deficit, capex has received its due. Total Central Government capex growth is seen doubling to approximately 28% from 14% this Financial Year. This includes capex from the budget and capex incurred by Central Public Sector Enterprises ("**CPSEs**"). While the role of CPSEs in capex has been waning since the Financial Year 2019, Financial Year 2024 sees a mild rise in CPSE capex.

Budget announcements have a positive impact on the infrastructure sector

As per the Budget announcements, aggregate budgetary support for capital expenditure next Financial Year has been increased 28% over the Financial Year 2023RE to ₹18.6 lakh crore. For infrastructure sectors, it has been increased 17% to ₹12.6 lakh crore. Aggregate capex, including capital outlay, grants for capital creation, and internal and extra budgetary resources ("**IEBR**") of ₹18.6 lakh crore next Financial Year is up 28% over Financial Year 2023RE. The share of gross budgetary support and grants allocated for capital creation has been increased to 74% from 69% of overall capital outlay which indicates the government's reliance on direct budgetary support, thereby improving fiscal transparency. The 11 core infra ministries[1] account for approximately 65% of overall capex. In the infrastructure basket, railways (15% growth), water (73%), renewables (38%), and petroleum and natural gas (69%) have received a stronger impetus. Roads and railways account for approximately 44% of the overall infra capex.

Capex for roads and highways next Financial Year has been increased a sharp 25% over Financial Year 2023RE. Like the previous Financial Year, the entire ₹2.59 lakh crore is through gross budgetary support as the IEBR limit has been eliminated to reduce dependence on the National Highways Authority of India's borrowings. On the other hand, the asset monetisation target has been slashed by half to ₹10,000 crore (RE) from ₹20,000 crore (BE), in line with the limited success in awarding toll-operate-transfer ("**TOT**") bundles. This assumes greater significance because roads account for close to 30% of the National Monetisation Pipeline ("**NMP**") targets, and the slower-than-expected progress of monetisation in the sector indicates a delay in achievement of NMP targets and continued dependency on budgetary support for the sector.

In addition, railways capex has been budgeted at ₹2.9 lakh crore, which is approximately 15% higher than Financial Year 2023RE driven by gross budgetary support of ₹2.4 lakh crore. The share of gross budgetary support in railways capex has been increased from 62% to 82%, while that of IEBR has been reduced to 18% from 38% which implies a shift in the government's reliance towards gross budgetary support, thereby reducing its reliance on external budgetary sources. The rise in allocation to railways will drive completion of dedicated freight corridors and national high-speed corridors, as well as infrastructure modernisation. Allocation of approximately ₹0.37 lakh crore, up nearly 2.5 times over Financial Year 2023RE, in rolling stock accounts for approximately 13% of overall budgetary expenditure for railways.

Budgetary allocation of ₹1.62 lakh crore to the NHAI next Financial Year is up 14% over Financial Year 2023RE. However, the contribution of cess towards NHAI funding for Financial Year 2024BE is around 1% of Financial Year 2023RE as the reduction in value-added tax on crude oil and diesel adversely impacted receipts in the Central Road and Infrastructure Fund ("**CRIF**"). Financial Year 2024BE CRIF receipts are as much as 31% lower than Financial Year 2023RE. Coupled with the elimination of IEBR, this implies that a significantly large portion of

[1] The 11 core infra ministries are Road Transport and Highways, Housing and Urban Affairs, Civil Aviation, Power, Railways, Shipping, Rural Development, Water Resources, New and Renewable Energy, Defence, and Petroleum and Natural Gas

NHAI funding would be met through gross budgetary support. Nonetheless, the sources of NHAI funding remain a key monitorable.

Budget announcements have neutral impact on real estate sector

As per budget announcements, outlay for Pradhan Mantri Awas Yojana ("**PMAY**"), both urban and rural, will rise a modest 3% to ₹0.79 lakh crore against Financial Year 2023RE. PMAY was introduced in 2015 with the aim to provide affordable housing to all by the end of 2022. The timeline, however, was recently revised to Financial Years 2024 and 2025 for PMAY Rural and Urban, respectively, due to delay in completion.

Including support provided in this budget, 80% of the total funding requirement of ₹2.02 lakh crore for PMAY-Urban has been fulfilled. The remaining 20%, equivalent to ₹0.41 lakh crore, will have to be allocated in the next budget. The rural scheme will be completed with the budgeted outlay of ₹0.5 lakh crore in the Financial Year 2024. Of ₹2.39 lakh crore sanctioned for the scheme, ₹2.03 lakh crore was already spent as of January 2023. Continued emphasis on housing and increase in income tax threshold of individuals will provide impetus to the low-ticket-size housing segment. Affordable housing segment, with ticket size less than ₹45 lakh, accounts for 40-45% of upcoming supplies in top 10 cities. In addition, prices of cement and long steel are expected to remain range bound next year, which will augur well for the sector. However, 20-30% deterioration in affordability due to higher home loan rates and increased capital values in developer sales because of improving demand-supply dynamics in key cities, partly negate these benefits

Budget allocations for Pradhan Mantri Awas Yojana

Sr no	Parameters	FY22 (₹ crore)	FY23BE (₹ crore)	FY23RE (₹ crore)	FY24BE (₹ crore)	Growth in FY24BE over FY23RE (%)
1	Pradhan Mantri Awas Yojana (Urban)	59,963	28,000	28,708	25,103	(13)
2	Pradhan Mantri Awas Yojana (Rural)	26,242	16,000	44,422	50,487	14

Note: Pradhan Mantri Awas Yojana (Rural) figures include programme component only
Source: Budget documents

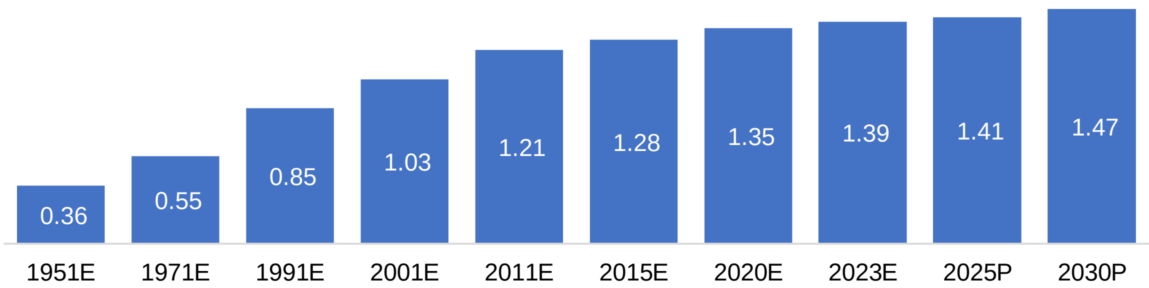
Also, the budget introduced deduction from capital gains on investment in residential property under Sections 54 and 54F will be capped at ₹10 crore for better targeting of tax concessions and exemptions. This will likely dampen investor demand from high net-worth individuals in ultra-luxury housing projects. However, at an aggregate industry level, share of such transactions will be very low and will largely be concentrated in cities such as Mumbai Metropolitan Region (MMR), National Capital Region (NCR) and Bengaluru.

Key Growth Drivers

India has the second-largest population in the world

As per the report published in July 2020 by the National Commission on Population, Ministry of Health and Family Welfare, India's population in 2011 was 121 crores, comprising nearly 24.6 crore households. The decadal growth rate during 2001-2011 stood at 17%, which is estimated to have fallen to 12% during 2011-2021 and is likely to decline further to 9% during 2021-2031. However, with 147 crore estimated population in 2030, India will continue to be a major opportunity market from a demand perspective.

India's population growth trajectory (billions)



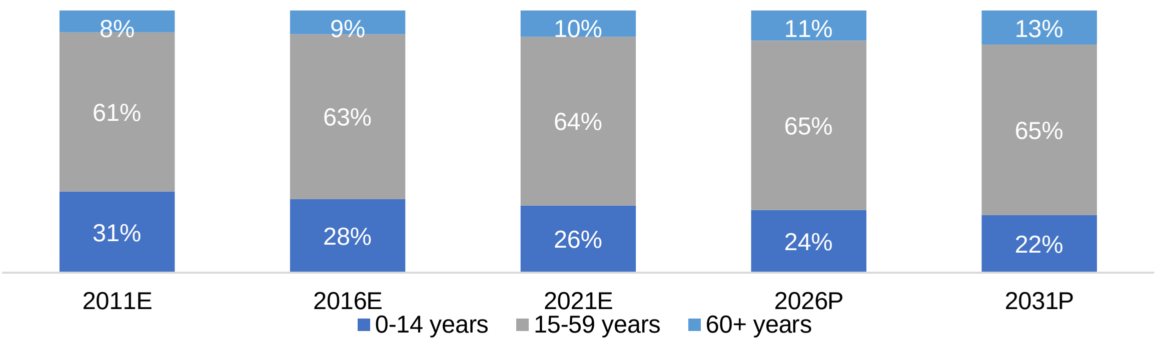
Note: P –Projected, E – Estimates

Source: Census of India 2011, Ministry of Health and family welfare, CRISIL Research

Favourable demographics

India is also one of the nations with the largest youth population, with a median age of 28 years. About 90% of Indians are below 60 years of age. CRISIL Research estimates that 64% of this population is aged between 15 and 59 years. CRISIL Research expects that the existence of a large share of working population, coupled with rapid urbanisation and rising affluence, will propel the growth of the Indian financial services sector.

India's demographic division (share of different age groups in India's population)



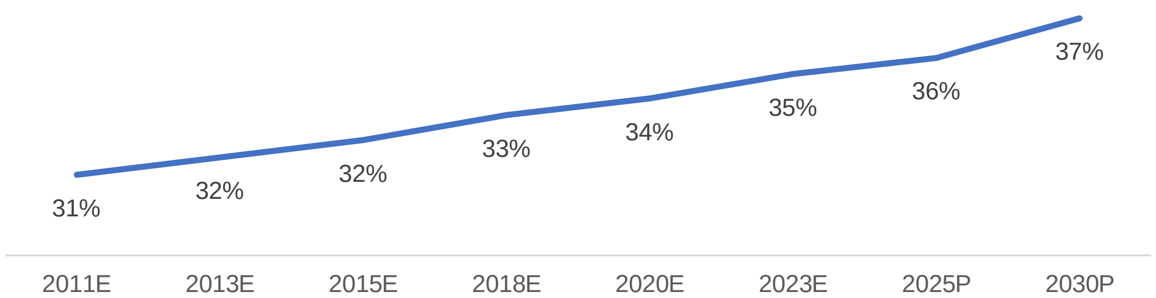
Note: P – Projected, E – Estimates
Source: Census of India 2011, Ministry of Health and family welfare, CRISIL Research

Rise in urbanisation

Urbanisation is a key growth driver for India, as it leads to faster infrastructure development, job creation, development of modern consumer services, and cities' ability to mobilise savings. The share of urban population in total population has been consistently rising over the years and is expected to reach 37% by calendar year 2030 from 34% in calendar year 2020, spurring more demand.

Urban consumption in India has shown signs of improvement, and given India's favourable demographics coupled with rising disposable incomes, the trend is likely to continue and drive domestic economic growth.

Urbanisation in India

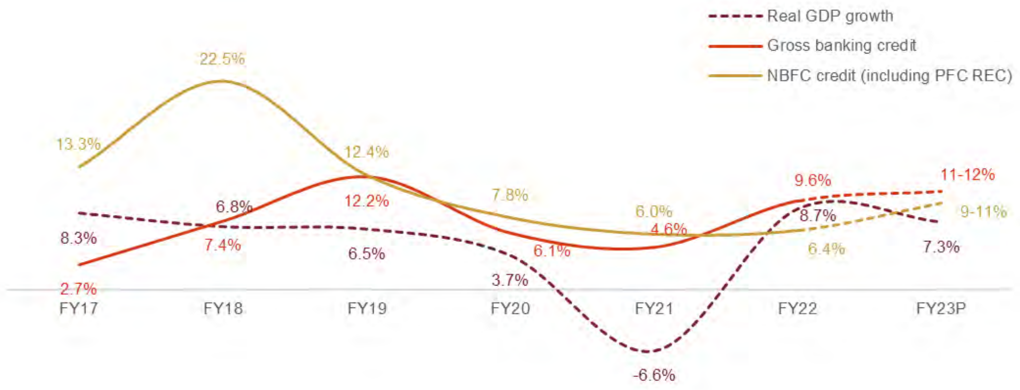


Note: P – Projected, E – Estimates
Source: Census of India 2011, Ministry of Health and family welfare, CRISIL Research

Overview of Non-Banking Lending Sector

NBFC segment to grow at 9-11% in Financial Year 2023 as economic activities stabilise

<u>NBFC growth to be led by retail segments in Financial Year 2023</u>



Note: P: Projections
Source: The Reserve Bank of India, NHB, Ministry of Finance, company reports, CRISIL Research

The Reserve Bank of India ("**RBI**") has been actively playing a balancing act between fostering economic growth and reining in inflation. The central bank intervened effectively in Financial Year 2021, when the economy was affected by the COVID-19 pandemic, with multiple measures such as liquidity support and repo-rate cuts. The RBI Monetary Policy Committee continued its accommodative stance in Financial Year 2022, keeping the repo rate at 4%.

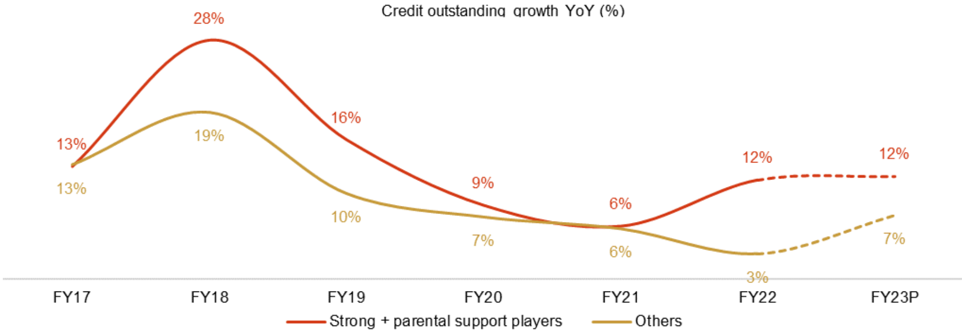
In Financial Year 2023, however, the RBI has gradually withdrawn its accommodative stance and began tightening its policy rates in sync with other global central banks. It has cumulatively announced a 190 basis point (bps) total increase in the repo rate in three hikes between May and September 2022, taking the repo rate up to 5.9%. The rate hike can be seen as a response to both elevated domestic inflation and spill-over risks arising from aggressive monetary tightening by major central banks.

The inflation trajectory remains uncertain amid significant risks to inflation and domestic financial conditions. The central bank's actions will be guided by domestic supply-demand pressures on inflation and evolving global financial conditions, including the US Federal Reserve's actions.

The overall outstanding book for non-banking financial companies ("**NBFCs**") is projected to grow from approximately ₹33 trillion as on March 31, 2022 to approximately ₹36 trillion as on March 31, 2023. With visible recovery in economic activity across most lending verticals, overall NBFC credit is expected to grow at 9% to 11% during Financial Year 2023, following an estimated 6.4% growth during Financial Year 2022. Growth will be driven by the retail vertical, including housing, gold and auto segments. A pick-up in economic demand led to higher lending in most retail segments, accompanied by wholesale segments showing signs of recovery, leading to healthy growth for NBFCs. Asset quality has improved amid normalization of economic activities and improved collection efficiency. However, the impact on asset quality due to slippages arising from portfolio restructuring and revision of non-performing asset ("**NPA**") classification norms by the RBI, remains a key monitorable.

Between the Financial Years 2016 and 2018, NBFCs clocked a CAGR of approximately 18%, mainly due to aggressive expansion of their footprint and the entry of numerous new players across India. However, non-banks faced headwinds after the IL&FS default in September 2018, followed by a liquidity crisis. Later, funding challenges and the pandemic added to the pressures, beating down growth. Banks benefitted in this milieu and used their surplus liquidity to gain market share in terms of credit in a few key segments. In the Financial Years 2021 and 2022, NBFCs' credit growth, excluding infrastructure, slowed down because of the added pressure from the COVID-19 pandemic, leading to poor economic activity amid strict lockdowns. This, in turn, reduced the need for credit and led to a decline in collection efficiency, turning NBFCs cautious towards lending. This enabled banks to grow faster, led by their better access to funds and lower borrowing costs. In Financial Year 2023, as normalcy in operations has restored, CRISIL Research expects NBFCs to grow marginally slower than banks at 9% to 11%, primarily supported by credit growth in retail segments.

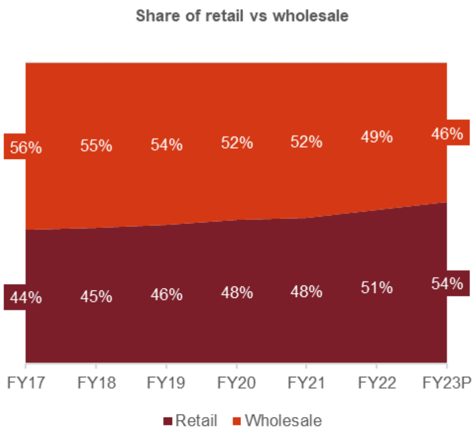
Strong players to continue to outpace the rest of the industry in Financial Year 2023

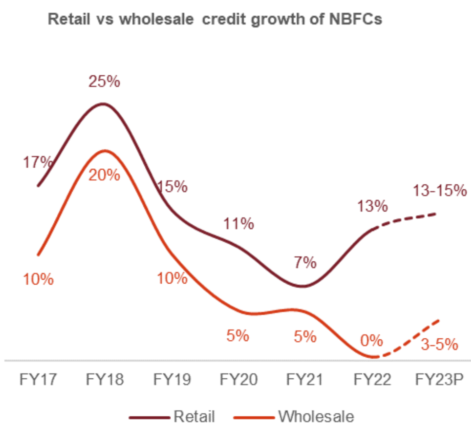


Note: P – Projected
Note: Strong + parental support players here indicate 11 players selected based on parameters including parental support, relatively stronger market share and / or having a better rated financial profile
Source: RBI, NHB, Ministry of Finance, Company reports, CRISIL Research

Retail segment, which showed resilience in Financial Years 2021 and 2022, to drive growth again this Financial Year

Retail segment gaining share due to lenders' aversion to risk



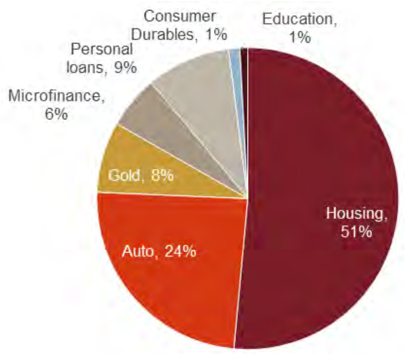


Note: P – Projected, E – Estimates
Note:
1)Retail includes housing, auto, gold, microfinance, personal loans, consumer durables and education
*2)Wholesale includes micro, small and medium enterprises ("**MSMEs**"), real estate and large corporate, infrastructure (excluding PFC and REC) and construction equipment*
Source: Industry, CRISIL Research

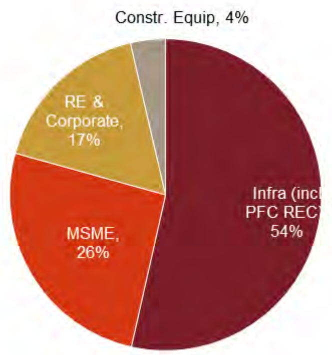
After the NBFC crisis, growth in NBFCs has been mainly led by the retail segment, while the wholesale segment has shown muted performance since Financial Year 2020 until Financial Year 2022. However, this trend is expected to see a reversal in Financial Year 2023 with slow recovery. The retail segment is again expected to enable NBFC sector growth by growing at 13% to 15% in Financial Year 2023, compared to stunted growth in the wholesale segment of 3% to 5%. The market share of the retail segment is expected to grow to 54% by the end of Financial Year 2023, from 51% as of Financial Year 2022.

<u>Break-up of retail vs wholesale segment in Financial Year 2022</u>

NBFC retail breakup (FY22)



NBFC wholesale breakup (FY22)



Source: Industry, CRISIL Research

<u>Growth in Financial Year 2023 to be led by housing, auto, gold and microfinance</u>

	Change in credit at NBFCs (% yoy)			
	CAGR FY18-21	FY21 Y-o-Y	FY22 Y-o-Y	FY23P Y-o-Y
Housing	7%	8%	12%	12-14%
Auto (all segments)	9%	3%	5%	9-11%
Personal loan	31%	3%	44%	28-33%
Gold	22%	28%	11%	10-12%
Micro Finance	32%	11%	19%	22-27%
Consumer durables	13%	-10%	40%	25-30%
Education	11%	1%	46%	25-30%
MSME	7%	3%	7%	8-10%
Corporate, Real estate	-2%	-6%	-5%	3-5%
Infrastructure	10%	10%	0%	1-3%

Notes:
Red: <5%; Amber: 5-10%; Green: >10%
P: Projected
Source: Company reports, CRISIL Research

Housing: The outstanding book at housing finance companies ("**HFCs**") grew at a healthy CAGR of 15% over Financial Years 2015 to 2020, led by increasing demand from Tier II and III cities, rising disposable incomes, and government initiatives such as the PMAY, interest rate subvention schemes, and Financial Year incentives. Growth slowed down in the first half of Financial Year 2021 under the COVID-19 pandemic impact. However, there was faster-than-envisaged revival in the second half supported by the RBI, and the central and state governments providing impetus, which led to 7% growth for Financial Year 2021. The second COVID-19 pandemic wave impacted disbursements in the first quarter of Financial Year 2022. However, with the income levels of salaried customers largely intact and home loan rates at a historical low during Financial Year 2022, disbursements rebounded in the second half of Financial Year 2022. Despite the slowdown in growth during Financial Year 2021 and the first half of Financial Year 2022 on account of the COVID-19 pandemic, the housing segment clocked a CAGR of 12% over Financial Years 2017 to 2022. With visible recovery across most sectors and increasing demand for housing, CRISIL Research expects NBFC housing credit to grow at 12% to 14% for Financial Year 2023, following healthy growth of 12% during Financial Year 2022.

Real estate and corporate: Lower disbursements resulted in a decrease of 5% for NBFCs in Financial Year 2021 due to continued run down of the wholesale portfolio by NBFCs/HFCs. Going forward, CRISIL Research expects the utilisation of wholesale credit to improve and pick up in credit demand because of a revival in the capex cycle with an expectation of 16% to 20% growth in industrial capex in Financial Year 2023, leading the NBFC wholesale segment credit to revive this Financial Year with growth expected at 3% to 5% and banks growing at 7% to 9%.

Asset quality to see gradual improvement

		GNPAs, FY21	Stressed assets, FY22	Stressed assets, FY23P
Retail	Housing	1.7%	3.3%	2.5-2.6%
	Auto (all segments)	6.3%	10.6%	8.5-10.5%
	Gold	1.2%	2.9%	1.5-1.7%
	Microfinance	5.4%	13.9%	9-10%
Wholesale	MSME	7-9%	9%	7-9%
	Real estate, corporate	NM	NM	NM
	Infrastructure (including PFC REC)	5.1%	4.9%	4-5%

Note:
1) Stressed advances refer to both gross non-performing assets ("GNPAs") and estimated segmental restructuring amounts put together
2) Green: <2.5%; Amber: 2.5-7.5%; Red: >7.5%
3) Stressed assets in real estate and corporate loans are not meaningful due to addition of contractual moratorium, DCCO extension and OTRs
4) P: Projected
Source: Company reports, CRISIL Research

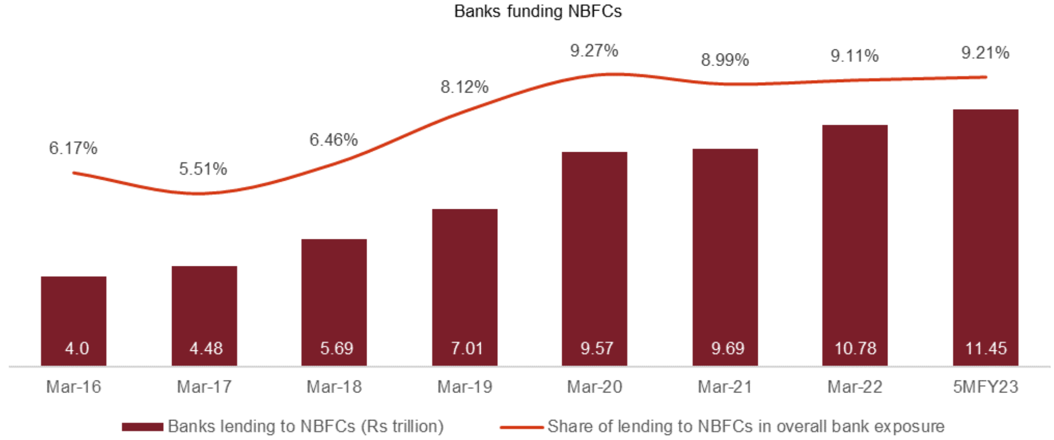
Retail segments like housing and gold loans will be least impacted in Financial Year 2022 as well, whereas MSME and real estate loans will take a bigger hit because of the vulnerability of the underlying borrower class.

Housing segment: The housing segment is expected to perform relatively better, as the salaried class, which is the primary customer profile for housing loans, was not majorly affected during both the COVID-19 pandemic years. Further, gross non-performing assets ("**GNPAs**") are estimated to have increased marginally in the first half of Financial Year 2022, on account of inherent stress in economically weaker sections ("**EWS**") and low-income group ("**LIG**") customers, due to the second wave of the COVID-19 pandemic. In the second half of Financial Year 2022, collection efficiency improved and reached normalcy towards the end of the Financial Year, aiding improvement in overall GNPAs to 1.6% as of March 2022. Going forward, CRISIL Research estimates GNPAs for the housing loan portfolio to improve by 10 bps to 20 bps to 1.5% to 1.6% in Financial Year 2023, backed by improvement in asset quality stress for the segment and total stressed assets (GNPA and restructuring book) for individual housing loans in the range of 2.5% to 2.6%.

Real estate and Corporate: Overall stress in the real estate and corporate segment is the highest among the segments. CRISIL Research estimates overall stress in the wholesale book to be high. This includes contractual moratorium, book under extension by date for commencement for commercial operations ("**DCCO**") extension and book that is estimated to have opted for one-time restructuring ("**OTR**").

Banks continue to gain share in borrowing mix of NBFCs

Banks' credit exposure to NBFCs remains consistent

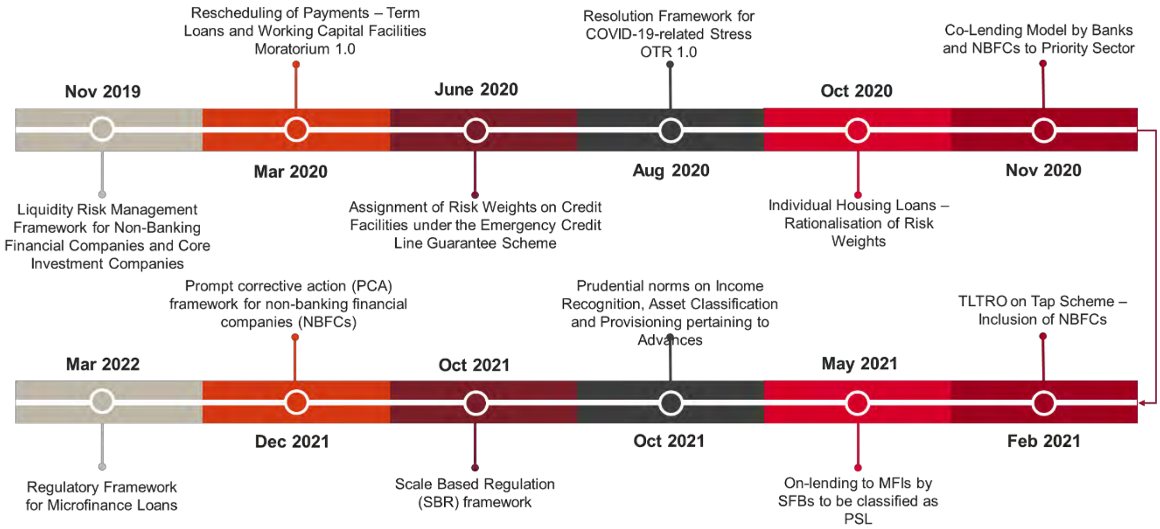


Source: Company reports, CRISIL Research

The overall banking exposure to lending to NBFCs increased to 9% in Financial Year 2022, compared with 6% in Financial Year 2016, where NBFCs resorted to bonds and debentures for funding needs. Over the period, with increasing regulatory watch on NBFCs, banks will be more willing to provide credit to NBFCs compared with a few years ago, and CRISIL Research expects this share to grow in the coming years.

Measures by Reserve Bank of India and Government

Key regulatory changes affecting non-banking finance companies



Source: CRISIL Research

Government policies and regulations

Key announcements in the past two Financial Years	Impact
Resolution Framework for the COVID-19 pandemic Stress, also known as one-time restructuring (OTR) – August 2020 and May 2021 The RBI permitted an OTR for loans. The scheme was announced again in May 2021 (OTR 2.0) to support customers who were undergoing financial stress because of second wave of the COVID-19 pandemic infections.	Aggregate resolutions under OTR frameworks 1.0 and 2.0 for overall HFCs was estimated at 1.8-2.2%.
Risk-weighted assets – October 2020 / April 2022 Individual housing loans were assigned risk weights on the basis of ticket size and loan-to-value (LTV) ratio before October 2020. Based on the RBI circular of October 16, 2020, risk weights were re-assigned only based on LTV. The initial guidelines indicated that this will be applicable to all new housing loans sanctioned till March 31, 2022. As of April 8, 2022, though, the extension was revised up to March 31, 2023.	Housing loans above ₹ 7.5 million will benefit the most, as risk weights for these loans will reduce from 50% to 35%. Lenders may use this benefit to lower cost of lending to mid- and high-ticket properties. Additionally, it increases credit in market on account of lower capital adequacy requirement (due to new lower risk weights).
Moratorium on loan repayments – March and April 2020 All lending institutions were permitted to allow a moratorium of three months (extended by another three months) on repayment of instalments for term loans outstanding and payment of interest on working capital facilities as on March 1, 2020. Deferred payments were mandated not to translate into asset classification downgrades; credit history also remained unchanged.	The moratorium was a relief for customer profiles, whose incomes were affected in the first two quarters, enabling them to avoid EMI payments. However, the interest accumulated over the period.
Partial Credit Guarantee (PCG) – December 2019 Government modified the PCG scheme to include HFCs and NBFCs rated up to BBB+	Previously, only players rated AAA or above were eligible. However, these players faced no difficulty in raising funds. Inclusion of BBB+ or above will help mid-rated players.

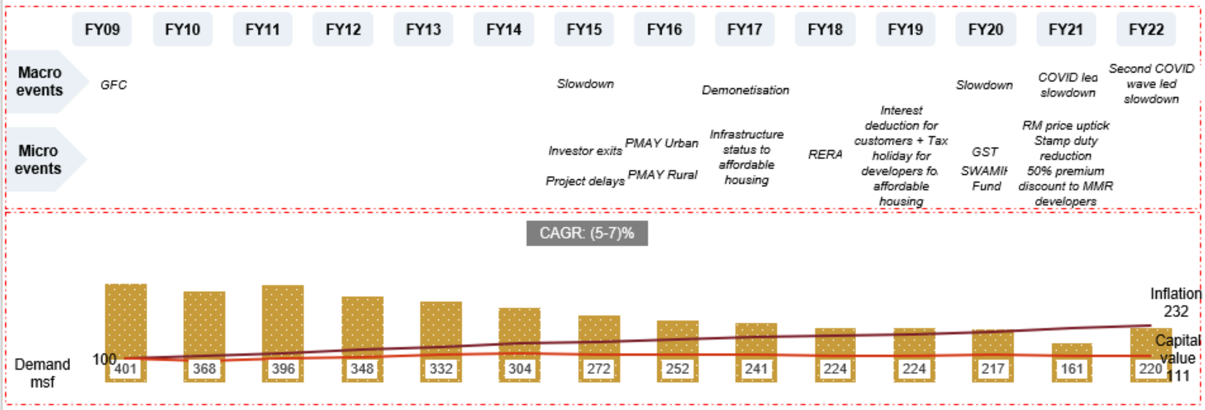
Source: RBI, Government of India, CRISIL Research

Real Estate Sector Outlook

Real estate upcycle likely from Financial Year 2022 post contraction since Financial Year 2011

The Indian real estate industry's performance has been tumultuous, with demand contracting to approximately 217 million square feet in Financial Year 2020 from approximately 401 million square feet in Financial Year 2009 (before the global financial crisis) for the top 10 cities. Demand has dipped every year since Financial Year 2011 and remained subdued despite several relief measures on the macro and regulatory front. It further witnessed the steepest annual decline of 25% to 30% in Financial Year 2021 amid the COVID-19 pandemic. However, demand is estimated to have surpassed pre-COVID-19 pandemic levels in Financial Year 2022 despite the second wave, indicating the beginning of a growth cycle.

Real Estate Industry Developments



Note: Area and capital values are given on a carpet area basis
*Top-10 cities – Mumbai Metropolitan Region (“**MMR**”), National Capital Region (“**NCR**”), Bengaluru, Kolkata, Hyderabad, Pune, Chennai, Ahmedabad, Chandigarh, and Kochi*
Source: Industry, CRISIL Research

However, CRISIL Research estimates that many of these cities have witnessed a demand turnaround and surpassed pre-COVID-19 pandemic levels on an aggregate basis due to a combination of factors, such as lower-than-historical average interest rates, and a lower capital value base of the previous year.

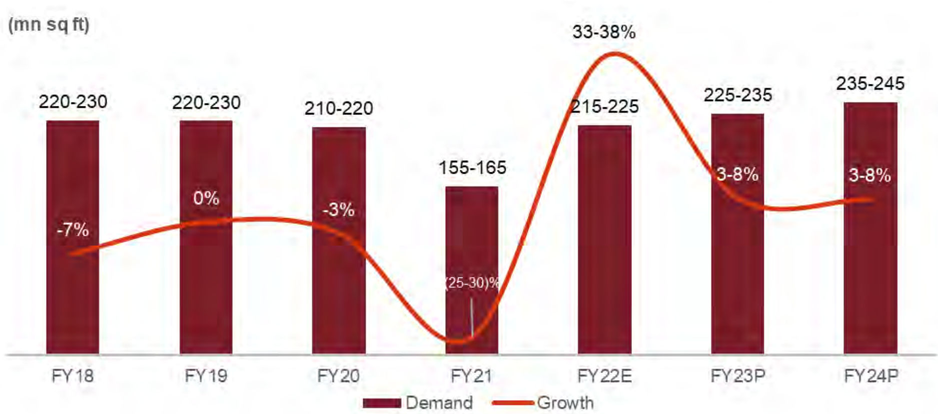
The aggregate analysis of demand, supply, and capital value dynamics of the top 10 cities and the outlook are discussed in detail below.

Top ten cities: Residential real estate analysis

CRISIL Research has considered the top ten cities: MMR, NCR, Bangalore, Hyderabad, Pune, Kolkata, Ahmedabad, Chennai, Chandigarh, and Kochi, which collectively account for 85% to 95% of the total metro residential real estate demand in the country.

Demand, supply and inventory dynamics

Demand to grow modestly at 3% to 8% in Financial Year 2023 after a strong recovery in Financial Year 2022



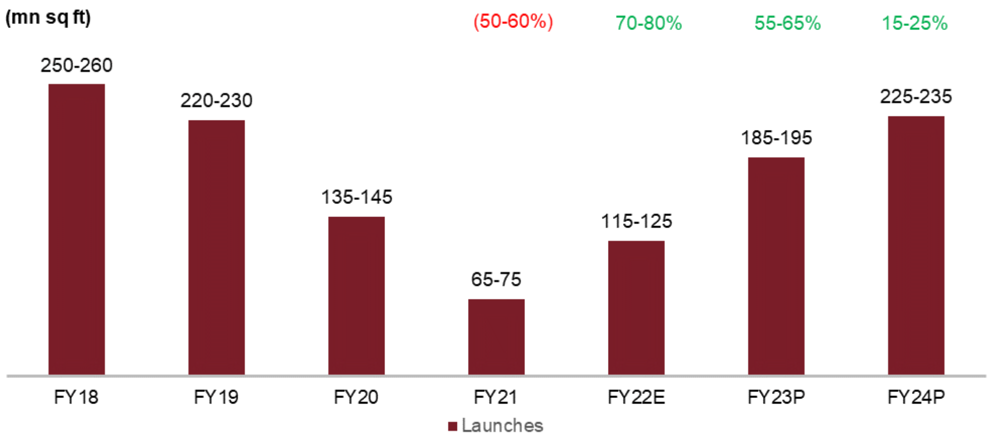
Note: Area and capital values are given on a carpet area basis
E: Estimated; P: Projected
Source: Industry, CRISIL Research

Primary demand for residential real estate remained moderate between Financial Years 2018 and 2020 but declined 25% to 30% on-year in Financial Year 2021 to 155 million to 165 million square feet for the top ten cities. Factors such as rising affordability due to decadal low interest rates for several years, soft property prices and timely government interventions partially restricted any further fall in demand for the given cities, according to CRISIL Research.

In Financial Year 2022, CRISIL Research estimates demand to increase 33% to 38%, compared to the previous year, to 215 million to 225 million square feet, which is slightly higher than the pre-COVID-19 pandemic levels. Demand growth was largely driven by a low base of the last Financial Year as well as continued high affordability with interest rates at a multi-year low this Financial Year. Furthermore, other developments such as the progress of the COVID-19 vaccination drive, employment generation in key sectors, and the limited economic impact of the third COVID-19 pandemic wave, led to incremental housing demand.

In both Financial Years 2023 and 2024, CRISIL Research expects a normalised demand of 3% to 8% based on assumptions that the macroeconomic situation will return to full normalcy. Moreover, numerous fence sitters may have already executed home purchase transactions in major cities. However, with an expected rise in capital values, investor demand will also see a moderate uptick.

New launches expected to surpass pre-COVID-19 pandemic levels by Financial Year 2024

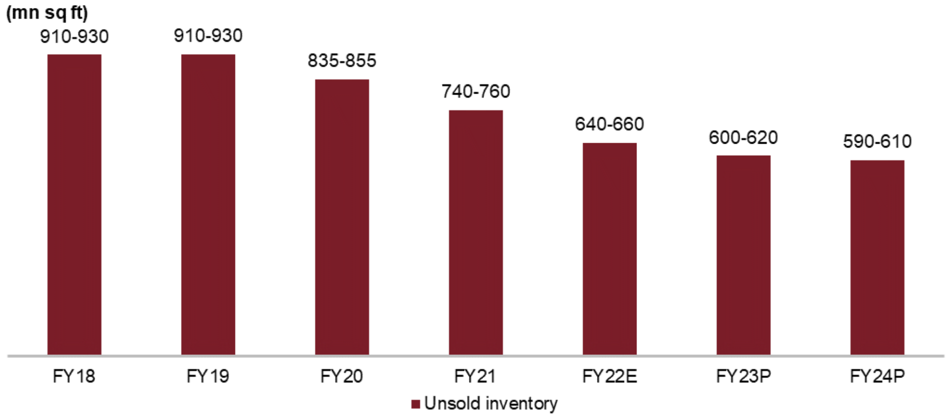


Note: Area and capital values are given on a carpet area basis; numbers in colour indicate on-year growth
E: Estimated; P: Projected
Source: Industry, CRISIL Research

On the new launches front, CRISIL Research saw a huge drop in Financial Year 2021 and recovery in Financial Year 2022 as developers largely focused on completing existing projects rather than adding new projects. Also, CRISIL Research saw that organised developers accounted for a majority of new launches over the past two Financial Years compared with mid and small developers. In fact, the share of 6 key developers[2] rose to 50% to 60% of overall new launches in the last two Financial Years and the trend is likely to continue. A majority of organised players have also shifted from a traditional land bank model to a joint venture ("**JV**") or joint development agreement ("**JDA**") model, which are more asset-light in nature. In Financial Years 2023 and 2024, CRISIL Research expects a gradual increase in new launches to around 225 million to 235 million square feet annually by Financial Year 2024, which indicates a return to pre-COVID-19 pandemic levels in Financial Year 2019.

[2] *As per CRISIL Research, the six key developers are Sobha Developers, Prestige Estate, Purvankara Ltd, Mahindra Lifespaces Developers Ltd, Godrej Properties, and Brigade Enterprises*

Inventory levels to stabilise by Financial Year 2023 as demand improves



Note: Area and capital values are given on a carpet area basis
E: Estimated; P: Projected
Source: Industry, CRISIL Research

Affordable housing units across to the top ten cities

Affordable housing refers to units with a ticket size of less than ₹4.5 million. CRISIL Research has analysed upcoming supplies in the medium to long term with the share of affordable housing in the less than ₹2.5 million and ₹2.5 million to ₹4.5 million segments.

Key government schemes for the housing sector

Housing for All by 2022 scheme, launched in June 2015, aims to construct over 20 million houses across India by 2022. The scheme's target beneficiaries are the EWS and the LIG in urban areas.

- *Pradhan Mantri Awas Yojana*

Pradhan Mantri Awas Yojana – Urban ("**PMAY-U**"), implemented by the Ministry of Housing and Urban Affairs (MoHUA), was launched on June 25, 2015. The mission addresses the urban housing shortage among the EWS/LIG and MIG categories, including slum dwellers, by ensuring a *pucca* house to all eligible urban households by 2022.

Also, to address gaps in the rural housing programme and the government's commitment to provide housing for all by calendar year 2022, the erstwhile Indra Gandhi Awas Yojana was re-structured into Pradhan Mantri Awaas Yojana – Gramin ("**PMAY-G**") with effect from April 1, 2016. PMAY-G aims to provide a *pucca* house with basic amenities to all houseless households and those households living in *kutcha* and dilapidated houses by 2022.

- *Credit Linked Subsidy scheme*
    - Under the 'Housing for All' mission, the central government implemented the Credit Linked Subsidy Scheme ("**CLSS**") as a demand-side intervention to expand institutional credit flow for the housing needs of those residing in urban regions
    - Affordable housing through CLSS will be implemented via banks/financial institutions
    - Credit-linked subsidy is provided on home loans taken by the eligible urban population for purchase and construction of houses
    - The Housing and Urban Development Corporation and NHB are the central nodal agencies to channelise this subsidy to lending institutions and monitor its progress
    - For all income slabs, any additional loans taken by a beneficiary up to a maximum tenure of 20 years will be at non-subsidised rates
    - The interest subsidy amount will not be the difference between interest amounts (actual and subsided rate), but will be the net present value of the interest subsidy amount

CLSS revised guidelines

Category	Annual household income (₹)	Loan amount (₹)	Interest subsidy	Size of proposed house (carpet area, square metres)
EWS	< 0.3 million	0.6 million	6.50%	30
LIG	0.3 million-0.6 million	0.6 million	6.50%	60
MIG 1	0.6 million-1.2 million	0.9 million	4%	160
MIG 2	1.2 million-1.8 million	1.2 million	3%	200

Source: CRISIL Research

- *Atal Mission for Rejuvenation and Urban Transformation*

The purpose of the Atal Mission for Rejuvenation and Urban Transformation ("**AMRUT**") is to provide basic services (e.g., water supply, sewerage, urban transport) to households, build amenities in cities, and to improve the quality of life for all, especially the poor and the disadvantaged.

Regulatory push to the affordable housing sector

PMAY-U: Progress, review and status update

The PMAY-U covers the entire urban area consisting of statutory towns, notified planning areas, development authorities, special area development authorities, industrial development authorities or any such authority under state legislation which is entrusted with the functions of urban planning and regulations. All houses under PMAY-U have basic amenities like toilet, water supply, electricity and kitchen. The scheme promotes women empowerment by providing the ownership of houses in the name of a female member or in joint name. Preference is also given to differently abled persons, senior citizens, Scheduled Castes ("**SC**"), Scheduled Tribes ("**ST**"), Other Backward Categories ("**OBC**"), minorities, single women, transgender and other weaker and vulnerable sections of society. A PMAY-U house ensures dignified living along with sense of security and pride of ownership to the beneficiaries.

PMAY-U adopts a cafeteria approach to suit the needs of individuals based on the geographical conditions, topography, economic conditions, availability of land, infrastructure, etc.

The scheme has been divided into four verticals as discussed below:

1. In-Situ Slum Redevelopment ("ISSR")

Central assistance of ₹0.1 million per house is admissible for all houses built for eligible slum dwellers under the component of ISSR using land as resource with participation of private developers. After redevelopment, de-notification of slums by the state/union territory ("**UT**") government is recommended under the guidelines.

Flexibility is given to states/cities to deploy this central assistance for other slums being redeveloped. States/cities provide additional floor space index/floor area ratio or transferable development rights to make projects financially viable. For slums on private-owned land, states/cities provide additional floor space index/floor area ratio or transferable development rights to landowners as per the policy. No central assistance is admissible in such case.

2. Credit Linked Subsidy Scheme ("CLSS")

Beneficiaries of EWS/LIG, MIG-I and MIG-II seeking housing loans from banks, housing finance companies and other such institutions for acquiring, new construction or enhancement of houses are eligible for an interest subsidy of 6.5%, 4% and 3% on loan amounts of up to ₹0.6 million, ₹0.9 million and ₹1.2 million, respectively. The Ministry of Housing and Urban Affairs has designated the Housing and Urban Development Corporation, National Housing Bank and State Bank of India as central nodal agencies to channelise this subsidy to beneficiaries through lending institutions, and monitor the progress.

3. Affordable Housing in Partnership ("AHP")

Under AHP, central assistance of ₹0.15 million per EWS house is provided by the Government of India. An AHP can be a mix of houses for different categories, but it will be eligible for central assistance if at least 35% of the houses in the project are for the EWS category. States/UTs decide on an upper ceiling on the sale price of EWS houses with an objective to make them affordable and accessible to the intended beneficiaries. State and cities also extend other concessions such as their stated share, land at affordable cost, and stamp duty exemptions.

4. Beneficiary-led Individual House Construction/ Enhancement (BLC-C/ BLC-E)

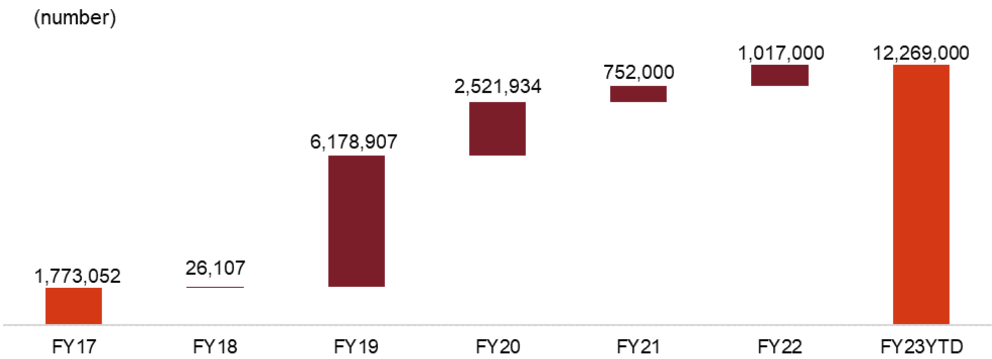
Central assistance up to ₹0.15 million per EWS house is provided to eligible families belonging to the EWS category for individual house construction/ enhancement. Urban local bodies ("**ULBs**") validate the information and building plan submitted by the beneficiary so that ownership of land and other details like economic status and eligibility can be ascertained. Central assistance, along with the state/UT/ULB share, if any, is released to the bank accounts of beneficiaries through Direct Benefit Transfer by states/UTs.

Overall houses sanctioned in India

As of November 7, 2022, about 12.3 million houses have been sanctioned in the country. Of these, roughly 10.01 million houses are grounded for construction, of which 6.43 million houses have been completed/delivered, resulting in a 52% ratio of completion over sanctions. The progress was largely dented due to the COVID-19 pandemic and is expected to pick up as the scheme has been extended beyond September 2022 until December 2024.

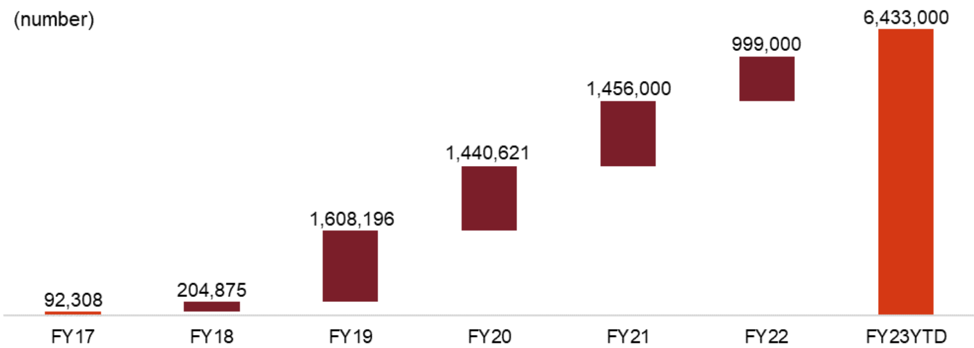
In terms of financial progress, ₹8.31 trillion has been sanctioned so far, with central assistance accounting for approximately 25% of the amount, i.e. ₹2.02 trillion.

Sanctioned houses saw a sharp rise in Financial Years 2019 and 2020



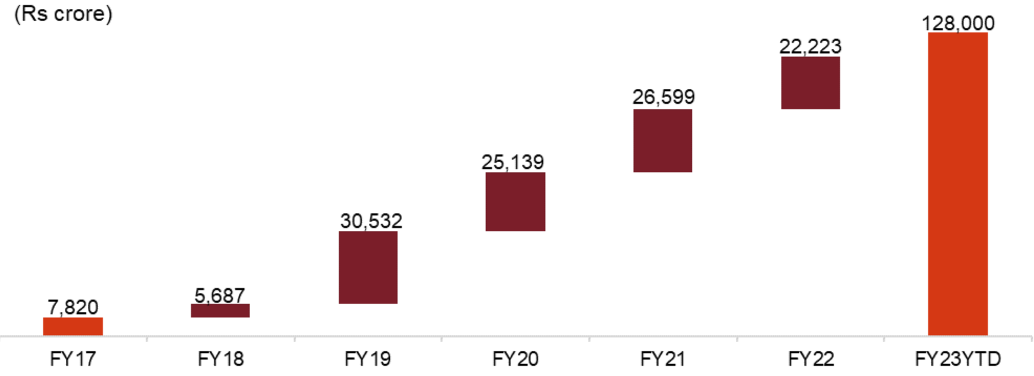
Source: PMAY (Urban) Ministry, CRISIL Research

Completion of houses has been gaining pace since Financial Year 2019



Source: PMAY (Urban) Ministry, CRISIL Research

Central assistance release has been increasing steadily since Financial Year 2019



Source: PMAY (Urban) Ministry, CRISIL Research

Four states – Gujarat, Uttar Pradesh, Maharashtra and Andhra Pradesh – account for approximately 49% share of total houses completed in the country. Out of these, Gujarat and Uttar Pradesh have already completed approximately 68% and 69% their sanctioned houses, respectively. Completions in smaller UTs and states such as Chandigarh, Delhi-NCR and Goa have been high due to upward revisions in requirements. However, they collectively account for approximately only 1% of the total houses completed in India.

Housing Finance Sector Overview

The housing finance sector in India comprises financial institutions, scheduled commercial banks, scheduled cooperative banks, regional rural banks, agriculture and rural development banks, HFCs, state level apex co-operative housing finance societies, NBFCs, MFIs, and self-help groups. The housing finance segment was estimated at ₹25,587 billion as of Financial Year 2022. Of this, housing loans at NBFCs, including housing finance companies HFCs, accounted for ₹8,742 billion, up approximately 12% on-year.

In the past, demand for home loans rose on account of increasing demand from tier-II and -III cities, rising disposable incomes, and government steps, such as interest rate subvention schemes and Financial Year incentives.

Banks dominate the housing finance segment with share of 65% as of Financial Year 2022

Type	Share in book FY22	Outstanding Book (₹ billions) FY22	CAGR (FY18-22)	FY22	Growth outlook for FY23P
HFCs / NBFCs	34%	8,742	8%	11.5%	12-14%
Banks	66%	16,844	14%	12.9%	14-16%
Overall	100%	25,587	12%	12.4%	13-15%

Note:

1. P: Projected

2. Credit deployment data published by the RBI has undergone revision with effect from January 2021.
Hence comparable numbers for the previous Financial Year are revised accordingly.

3. The merger of HDFC Ltd and HDFC Bank is under process, and was not effective as of March 2022. Hence, the impact of the merger was considered for this analysis.

Source: CRISIL Research

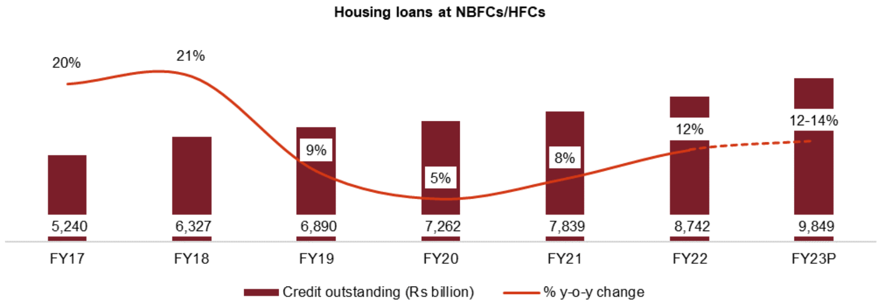
Housing finance growth to continue this Financial Year

Increased affordability on account of stable property rates, improved annual income of individual borrowers (over the past four to five years), and historically low interest rates provided substantial growth opportunities for the housing finance segment over the last two years. The second wave of the COVID-19 pandemic led disbursements to decline 40-60% in the first quarter of Financial Year 2022 compared to the previous quarter. However, with income levels of salaried customers remaining largely intact and home loan rates hovering around historical lows, disbursements rebounded in the second half of Financial Year 2022.

With recovery visible across most sectors, growth is expected to continue this Financial Year, also supported by pent-up demand for housing, as individuals working from home hasten their decision to own a house or purchase a larger unit because of favourable, though deteriorating, affordability. CRISIL Research forecasts HFC/NBFC housing credit growth to be 12% to 14% this Financial Year, following healthy growth of approximately 12% last

Financial Year. However, any significant changes in macroeconomic factors or geopolitical issues can pose downside risks to credit growth.

Housing credit to continue to trend up this Financial Year



Note:
1. E: Estimated; P: Projected
2. The merger of HDFC Limited and HDFC Bank is under the approval process and was not effective as of March 2022. Hence, the impact of the merger was not considered for this analysis.
Source: Company reports, RBI, CRISIL Research

Home loans outstanding at NBFCs clocked a healthy 15% CAGR between Financial Years 2015 and 2020, driven by increasing demand from Tier II and III cities, rising disposable incomes, and government initiatives such as PMAY, interest rate subvention schemes, and Financial Year incentives.

The COVID-19 pandemic and subsequent nationwide and local lockdowns took a toll on the economy in early Financial Year 2021. Incomes were impacted, too, especially for LIG and MIG customers. With reduced disbursements in the first half of Financial Year 2020, growth in housing loans outstanding of HFCs/ NBFCs was low at 2% on-year as of September 2020 versus March 2020. However, revival was faster than envisaged in the third and fourth quarters of Financial Year 2021, with the RBI, the central and state governments providing impetus. Real estate developers offered discounts and/or freebies, and a few states such as Maharashtra and Karnataka cut stamp duties on real estate. Home loan interest rates were also slashed to a historical low of 6.5% (starting rate). Therefore, NBFCs clocked decent 7% growth in Financial Year 2021, despite gloomy indicators at the beginning of the Financial Year. The second wave of the COVID-19 pandemic affected credit growth in the first quarter of Financial Year 2022. However, because of improved affordability, pent-up demand and historically low interest rates, growth surged in the second half of the Financial Year, leading to estimated credit growth of approximately 12% in the Financial Year 2022.

On the assets front, the share of the top ten cities in India is more than 35% in terms of outstanding retail housing finance loans. CRISIL Research expects growth for the top ten cities to be in the range of 3% to 8% in Financial Year 2023, following estimated growth of 35% to 40% in Financial Year 2022 (which was on account of a low base of Financial Year 2021 and degrowth in the real estate segment for the last few years). This, coupled with expected growth of 6% to 10% in capital values and incremental construction under PMAY, will support estimated housing loan growth of 12% to 14% during Financial Year 2023.

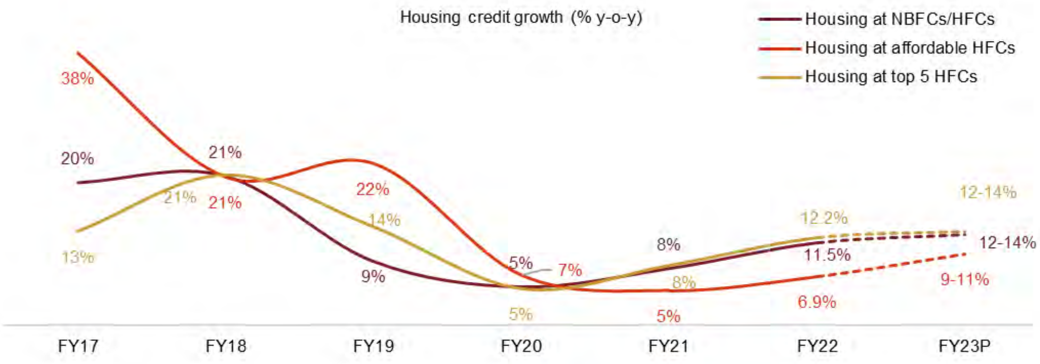
Key HFCs to drive overall NBFC/HFC segment's credit growth

Before Financial Year 2018, much of the growth was led by aggressive expansion of smaller HFCs that were aiming to gain share in affordable and/or tier II and III markets. This resulted in GNPAs rising, and after the IL&FS crisis, the growth of such companies slowed down.

In the past few Financial Years, HFC credit growth was driven by key companies, such as Housing Development Finance Corporation Limited, LIC Housing Finance Limited, Indiabulls Housing Finance Limited, PNB Housing Finance Limited and Can Fin Homes Limited. These grew approximately 12.2% in Financial Year 2022, compared to the HFC/NBFC segment, which grew 11.5%. Strong liquidity, parental support and lower interest rates (on par with leading banks) at these HFCs led to higher growth in Financial Year 2021. The segment witnessed a slowdown in April and May 2021 on account of the second wave of the COVID-19 pandemic.

Growth among smaller HFCs focusing on the affordable housing segment slowed down in the past two Financial Years because of uncertainties due to the COVID-19 pandemic and deteriorating asset quality of a few players, making them lend cautiously. With continued support from the government and central bank, an increase in demand for housing, and continued penetration in Tier II and III cities by affordable HFCs, growth is expected to pick up in Financial Year 2023, with these companies growing at 9% to 11%, compared to the overall NBFC/HFC segment, which is expected to grow 12% to 14%.

Credit growth — affordable HFCs to outpace overall housing segment

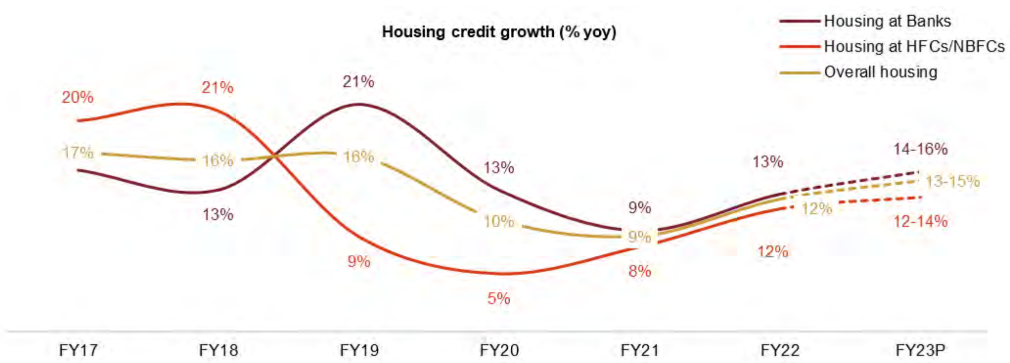


Note: P: Projected
Source: Company reports, RBI, CRISIL Research

Banks to outperform HFCs in credit growth this financial year

Over Financial Years 2015 to 2018, the share of NBFCs in the housing loan market increased from 36% to 39%. Focus on aggressive expansion during this period led to a superior 21% CAGR for NBFCs, while banks logged 16%. However, starting Financial Year 2019, the trend reversed, with banks growing faster than HFCs owing to the NBFC crisis and liquidity concerns faced by NBFCs. As a result, the NBFC share declined to 34% in Financial Year 2021. Further, in Financial Year 2022, overall housing segment credit is estimated to have grown approximately 12.4%, with housing credit growth at banks being marginally lower than at HFCs/NBFCs.

Housing credit — banks to grow faster than HFCs/NBFCs

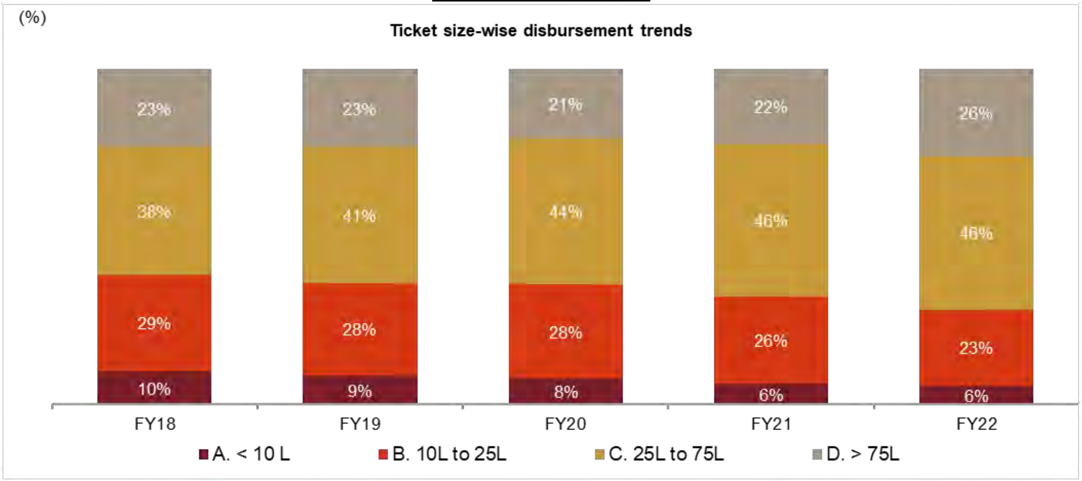


Note:
1. P: Projected
2. Banking credit numbers are revised in line with the changes in sectorial deployment data published by the RBI. Hence, comparable numbers for the previous Financial Year are revised accordingly.
Source: Company reports, RBI, CRISIL Research

On account of stress and asset quality pressures in the corporate and real estate segments, banks have intensified their focus on the housing loan segment. Banks' credit outstanding of housing loans clocked 15% CAGR between Financial Years 2018 and 2021. With a strong deposit base, market presence in Tier II and III areas, and the ability to offer home loans at historically low rates, banks grew 9% in Financial Year 2021 and at 13% in Financial Year 2022. Further, with the pent-up housing demand and banks' ability to lend at lower rates on account of better cost of funds than HFCs/ NBFCs, CRISIL Research expects credit at banks to grow 14% to 16%, compared to growth of 12% to 14% at HFCs, in Financial Year 2023.

Mid-ticket gaining share over the years within NBFC housing

<u>Share of the ₹2.5 million to ₹7.5 million segment increased from 38% in Financial Year 2018 to 46% in Financial Year 2022</u>

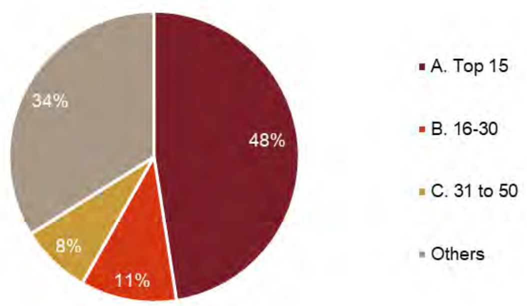


Note: The ticket size-wise share is calculated based on the value of loans disbursed during the coverage period.
Source: Credit Bureau, CRISIL Research

Within NBFC housing, the share of the mid-ticket segment (in value terms), i.e., ₹2.5 million to ₹7.5 million, increased from 38% in Financial Year 2018 to 46% in Financial Year 2021 due to increased income levels of customers and improved affordability. Further, the share of loans with ticket sizes greater than ₹7.5 million increased 400 bps in Financial Year 2022 on account of higher demand in Tier I cities as customers hastened their decision of buying homes due to historically low interest rates and favourable affordability. However, in volume terms, loans were concentrated in a range of 65% to 70% for ticket sizes below ₹2.5 million during the first nine months of Financial Year 2022.

District wise classification of outstanding and PMAY-U houses

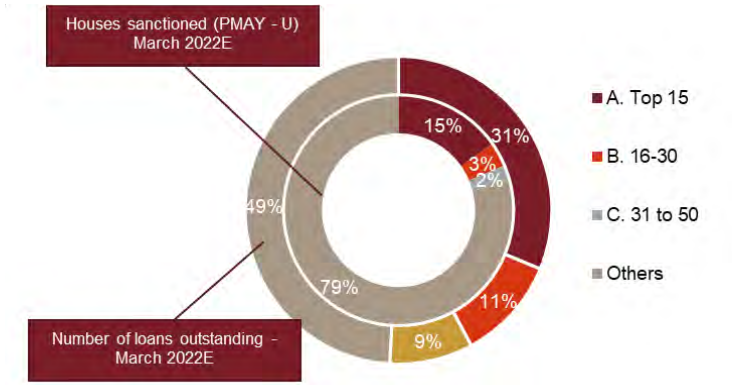
<u>Share of top-15, next-15, next-20 districts in overall outstanding housing loan</u>



Note: The above share is based on estimates as of March 2022
Source: CRISIL Research

The top 50 districts in India contributed approximately 66% of outstanding retails loan as of Financial Year 2022, of which the top 15 districts accounted for approximately a 48% share, followed the next 15 districts (11%) and the next 20 districts (8%). However, the share of credit in top four districts was sizeable at approximately 30% of the outstanding credit as of Financial Year 2022, with MMR as the highest at 12%, followed by the NCR (7%), Bengaluru (6%), and Pune (5%).

Share of top-15, next-15, next-20 districts in overall PMAY – U

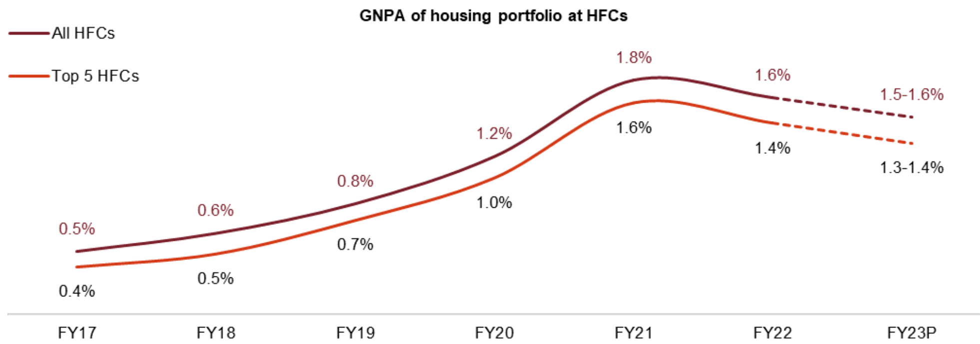


Note:
1. Estimated as on 31 March 2022
2. The inner circle represents the proportion of number of houses sanctioned under PMAY – U based on districts as of March 2022. The outer circle represents the estimated proportion of number of loans outstanding as of March 31, 2022.
Source: Credit Bureau, CRISIL Research

Interestingly it should be noted that, while the top 50 district accounts for approximately 66% of outstanding housing finance credit (51% in volume, i.e., the number of loans from banks and HFCs/NBFCs combined), their share in number of houses sanctioned under PMAY – U is only 21%. This is on account of two factors; firstly, given metro cities have significantly higher ticket size compared to rest of the cities, their contribution in value terms is significantly higher. Secondly, the dispersion also shows the well-distributed nature of the PMAY scheme and hence is one of the major reasons for growth of housing finance across Tier II cities and beyond.

GNPAs for the housing portfolio to stabilise this Financial Year

With economic revival and waning stress of the COVID-19 pandemic, GNPAs to improve marginally this Financial Year



Note: P: Projected
Note: Key HFCs include Housing Development Finance Corporation Ltd, LIC Housing Finance Ltd, Indiabulls Housing Finance Ltd, PNB Housing Finance Ltd, and Can Fin Homes Ltd.
Source: Company reports, CRISIL Research

GNPAs of the housing loan portfolio increased by a sharp 50 bps to 1.76% in Financial Year 2021, mainly due to a significant economic slowdown, which impacted self-employed customers and micro, small and medium enterprises ("**MSMEs**"). Further, GNPAs of the housing loan portfolio are estimated to have increased in the first half of Financial Year 2022, on account of stress witnessed by MIG and LIG borrowers post the second wave of the COVID-19 pandemic. In the second half of Financial Year 2022, collection efficiency improved and normalised by the end of Financial Year 2022, aiding improvement in GNPAs to 1.6% as of March 2022.

Relief measures such as loan moratoriums and restructuring provided a breather to customers in Financial Years 2021 and 2022. Accounts that were stressed because of the COVID-19 pandemic (classified as standard as on February 29, 2020) were eligible for OTR under the RBI's Resolution Framework.

__GNPAs for the housing portfolio to stabilise this Financial Year__

Restructuring for individual housing loans is estimated to have been 1.6-1.7% in Financial Year 2022

% of housing book (home loans)	Moratorium 1	Moratorium 2	OTR (1.0 and 2.0)
	20-30%	10-20%	1.6-1.7%

Source: Company reports, CRISIL Research

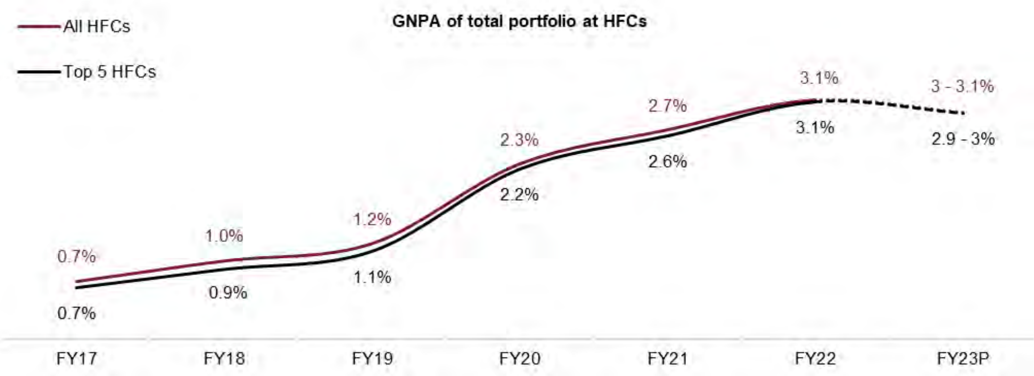
The second COVID-19 pandemic wave during the first quarter of Financial Year 2022 again led to stress and slowdown in the economy due to restrictions and localised lockdowns announced by state governments. In May 2021, the RBI announced further measures to ease the stress in the economy:

- Borrowers, i.e., individuals, small businesses and MSMEs, with an aggregate exposure of up to ₹250 million, and who had not availed of restructuring under earlier frameworks (including Resolution Framework 1.0), and who were classified as 'standard' as on March 31, 2021, were eligible under Resolution Framework 2.0. Restructuring under the proposed framework could be invoked up to September 30, 2021 and had to be implemented within 90 days post invocation.
- With respect to individual borrowers and small businesses who had availed of loan restructuring under Resolution Framework 1.0, where the resolution plan permitted a moratorium of less than two years, lending institutions were permitted to use this window to modify such plans to the extent of increasing the period of moratorium and/or extending the residual tenure up to two years.

The housing GNPAs are higher than those of pre-COVID pandemic levels on account of stress in the low-income segment and transition of NBFCs/HFCs to new NPA recognition norms based on the RBI circular dated November 12, 2021. The circular was applicable from September 2022, with companies proactively transitioning to the new classification norms. CRISIL Research expects GNPAs for the housing loan portfolio to improve 10 bps to 20 bps to 1.5% to 1.6% this Financial Year, backed by improvement in asset quality stress for the segment. Further, the total stressed assets (GNPA and restructuring book) for the individual housing loan segment aggregated to 3.3% to 3.4% in Financial Year 2022. It expects the stressed assets to range between 2.5% to 2.6% in Financial Year 2023.

The top five HFCs have historically reported GNPAs of 10 bps to 20 bps lower than the NBFC segmental average. This trend is likely to have continued in Financial Year 2022, with HFCs tackling their GNPAs through options such as restructuring.

Stress to remain high in the non-housing portfolio of HFCs

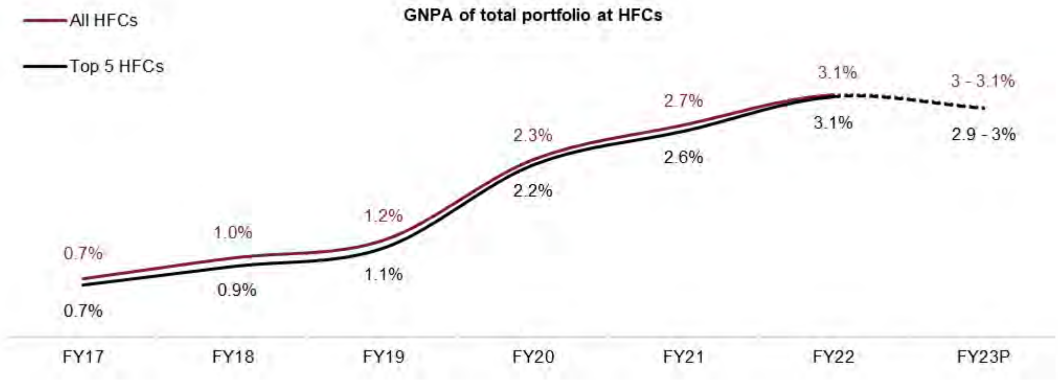


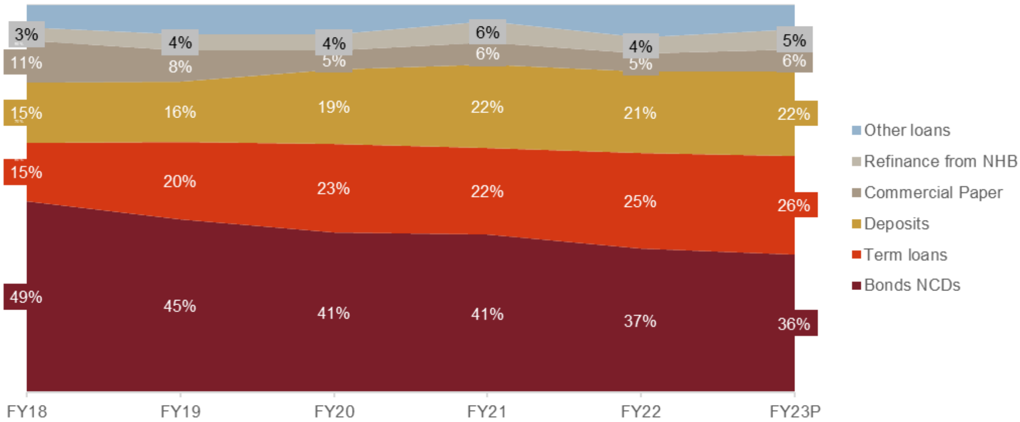
Source: Company reports, CRISIL Research

Overall, GNPAs of HFCs increased approximately 50 bps in Financial Year 2021 due to stress in the non-housing portfolio as well, which mainly includes retail loans against property ("**LAP**"), and real estate and corporate loans. CRISIL Research estimates GNPAs to have increased another 50 bps to 3.1% in Financial Year 2022 on account of continuing stress in LAP and real estate and corporate loans, coupled with a slowdown witnessed during the second COVID-19 pandemic wave in the first quarter of Financial Year 2022. The stress is expected to continue in Financial Year 2023 with GNPAs staying range bound at 3.0% to 3.1%.

Term loans to gain share in borrowing mix of HFCs/ NBFCs

Share of bank borrowings has risen over the past four years



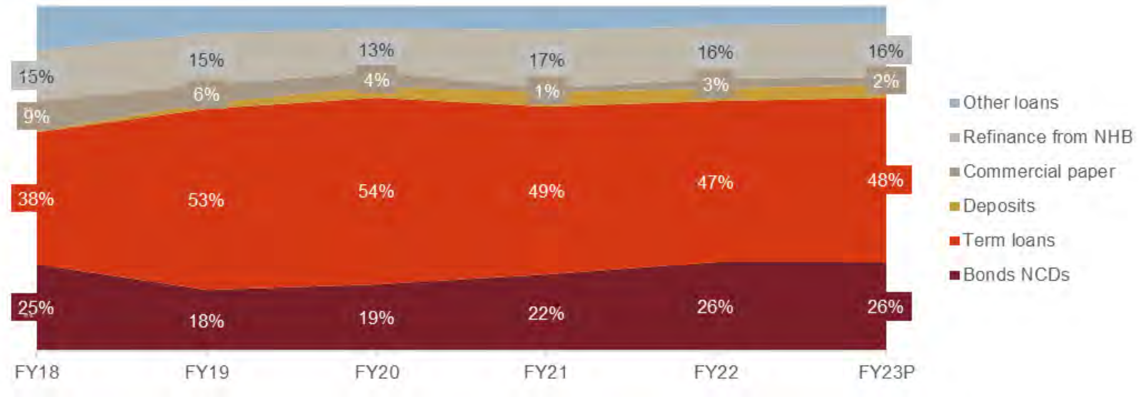


Note: P: Projected
Source: Company reports, CRISIL Research

Non-convertible debentures ("**NCDs**") remain the largest source of borrowings for HFCs; however, their share lowered to 40% in Financial Year 2022 from 49% in Financial Year 2017. The primary reason for this was the increase in stress in NBFCs post the IL&FS crisis, which restricted their access to market borrowings. In addition, all HFCs have been increasingly raising funds from bank term loans since Financial Year 2019, with lower cost of borrowings. Consequently, its share increased from 20% in Financial Year 2019 to an estimated 25% in Financial Year 2022.

In Financial Year 2021, with aggressive repo rate cuts by the RBI, the benchmark commercial paper ("**CP**") and NCD rates softened. Despite a reversal in the interest rate cycle, the risk perception remains elevated for players with a larger non-retail portfolio, and players without strong parent company support. This trend is expected to continue, with term loans gaining approximately 100 bps share in the borrowing mix of HFCs in Financial Year 2023.

Term loans to form nearly half of the borrowing mix of affordable HFCs in Financial Year 2023

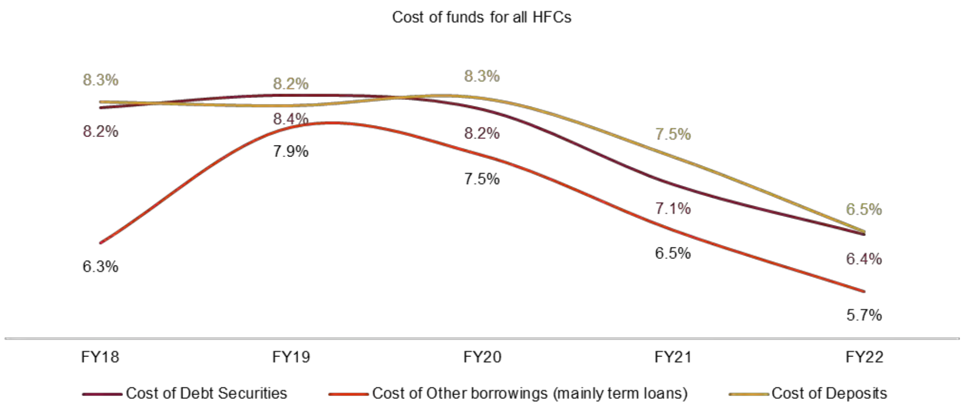


E: Estimated; P: Projected
Source: Company reports, CRISIL Research

Affordable HFCs have benefitted from the refinance facilities from the NHB amid the lack of availability of credit from banks, with the share of NHB refinance in the borrowing mix increasing to an estimated 16% as of Financial Year 2022, from 13% in Financial Year 2020. In the current Financial Year, CRISIL Research expects the share of NHB in overall borrowings to remain stable.

Cost of borrowings to rise in Financial Year 2023

Sharp decline in cost of borrowings during Financial Years 2021 and 2022



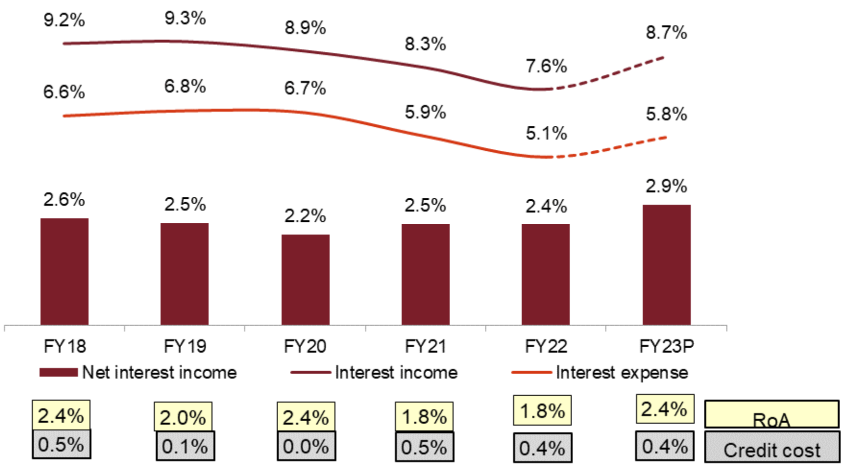
Note: For Housing Development Finance Corporation Limited, LIC Housing Finance, Indiabulls Housing Finance, PNB Housing Finance, Can Fin Homes; Aadhar Housing, Aptus Value Homes and ICICI Home Finance
Source: Company Reports, CRISIL Research

In May 2022, the RBI increased repo rates by 40 bps, followed by 50 bps each in June, August and September 2022, taking the repo rate to 5.9%.
Going forward, CRISIL Research expects the RBI's actions to be guided by domestic demand-supply pressures on inflation, and evolving global financial conditions, including the US Federal Reserve's actions. The increase in policy rate is expected to reverse the declining cost of funds trend in the past two years, and lead to increases in weighted average borrowing cost for HFCs/NBFCs.

Profitability: spreads to improve in Financial Year 2023
The housing space saw signs of recovery during the second half of Financial Year 2021, supported by initiatives of the central and state governments to revive economic activity. In Financial Year 2022 as well, with home loan rates at a historical low, starting from 6.5%, yields on advances reduced by 80 bps to 90 bps. The RBI, having maintained an accommodative stance as well, and not increasing the repo rate in Financial Year 2022, supported a reduction in the cost of borrowing by 40 bps to 50 bps. This narrowed the spreads and lowered return on assets to 1.7% in Financial Year 2022.

But with the Central Bank hiking the repo rate by 40 bps in May 2022 and 50 bps each in June, August and September 2022, CRISIL Research expects yields on assets to improve vis-à-vis the increase in weighted average cost of funds at a slower pace (due to the structure of the borrowing mix), translating into improvements in margins and return on assets to 2.9% and 2.4% respectively, in Financial Year 2023.

Net interest margin improving with increase in yields and marginal rise in cost of funds



Notes: P: Projected
RoA refers to Ratios on total assets
Source: Company reports, CRISIL Research

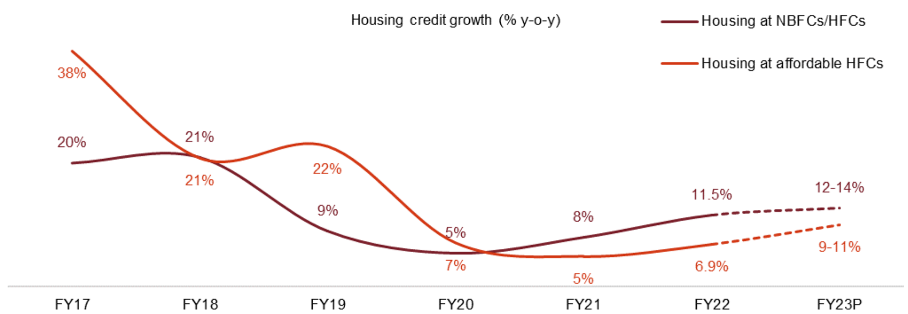
Affordable Housing Finance sector overview

Affordable HFC credit growth to pick up in Financial Year 2023

Note: CRISIL Research defines affordable HFCs to be those disbursing loans with average ticket sizes of less than ₹2 million.

CRISIL Research expects the affordable housing segment to maintain the growth trajectory seen in the second half of Financial Year 2022, this Financial Year as well. HFC loan disbursals are projected to grow 15% to 17% in Financial Year 2023. The COVID-19 pandemic's second wave affected loan offtakes in the first quarter of Financial Year 2022, and overall HFC disbursements plunged 40% to 60% sequentially. Moreover, affordable HFCs were buffeted by high GNPAs and liquidity issues. However, the second half of Financial Year 2022 posted recovery, thanks to pent-up demand in housing, assistance from state and central government schemes, increases in penetration by affordable HFCs in Tier II and III cities, and the milder impact of the third wave of the COVID-19 pandemic, translating into moderate credit growth of approximately 7% in Financial Year 2022

Affordable HFC loans to grow 9% to 11% in Financial Year 2023



P: Projected
Source: Company reports, Reserve Bank of India (RBI), CRISIL Research

The COVID-19 pandemic also had a disproportionate impact on the affordable segment's customers, which were primarily EWS and LIG, compared to the overall segment that caters to salaried individuals, whose incomes have been relatively stable.

Compared with Financial Year 2021 (the first wave of the COVID-19 pandemic), when disbursements were mostly for mid-ticket (₹2 million to ₹7 million) homes, disbursements for small and mid-size units picked up after the second wave of the COVID-19 pandemic. Demand is expected to be sustained through Financial Year 2023, with individuals feeling a growing need to own a home amid the COVID-19 pandemic-triggered changing dynamics.

Notably, the segment was under stress even before the COVID-19 pandemic struck owing to aggressive expansion, which raised GNPAs, and the IL&FS crisis, which led to moderate growth of such companies. Affordable HFCs' credit growth clocked a healthy CAGR of 21% between Financial Years 2016 and 2020, compared to 13% CAGR for non-banks.

This was driven by increasing demand and penetration in Tier II and III cities, rising disposable incomes, and government initiatives, such as interest rate subvention schemes and fiscal incentives.

In the first half of Financial Year 2021, though, the outbreak of the COVID-19 pandemic had severely affected credit growth. However, faster-than-expected recovery in the second half on account of the central and state government measures, along with low interest rates, led to HFCs posting approximately 8% credit growth, though affordable HFCs only managed to grow 5% in Financial Year 2021. Growth was again curtailed by the COVID-19 pandemic's second wave in the first quarter of Financial Year 2022, leading to localised lockdowns by the state governments, which affected economic activities in Tier II and III cities. Thereafter, though, continued assistance from the government and the central bank, supported by increases in demand for housing, and continued penetration in Tier II and III cities by affordable HFCs, helped the segment recover.

But these growth drivers were partially offset by higher asset quality stress in the affordable housing segment, leading to a few players turning cautious on lending in the segment. Due to these factors, affordable HFCs posted a moderate growth of 7% in Financial Year 2022.

In Financial Year 2023, though, CRISIL Research expects growth for affordable HFCs to pick up with improvement in economic activity for the EWS and LIG segments, posting a healthy growth of 9% to 11% on-year.

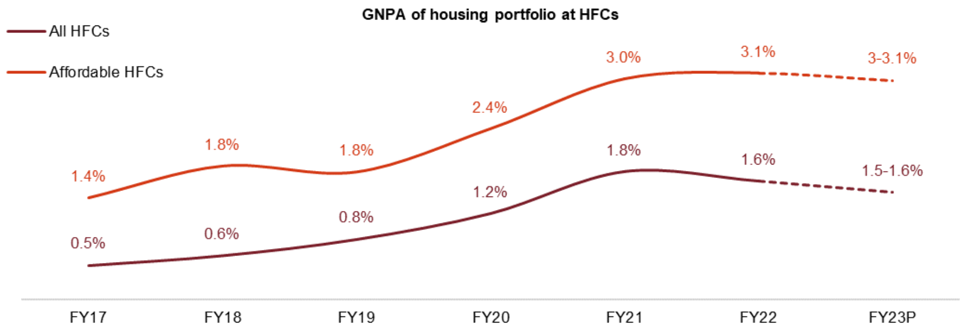
Housing shortage in India

Estimated shortage and requirement of approximately 100 million houses in calendar year 2022

The housing shortage in India has increased since the Twelfth Five-Year plan estimate. As per the report of the RBI-appointed committee on the development of housing finance securitisation market (September 2019), the housing shortage in India is estimated to be at approximately 100 million units as of calendar year 2022. 95% of the household shortage is from the LIG and EWS segment, with the remaining 5% of the shortage coming from the middle income group or above.
Total incremental housing loans demand, if this entire shortage is to be addressed, is estimated to be in the region of ₹50 trillion to ₹60 trillion, as per the committee report. In comparison, the overall housing loans outstanding as of March 2022 is around ₹ 24.5 trillion. With adequate steps taken to fill this gap will create opportunity for housing financers under EWS, LIC and MIG income groups.

GNPAs to ease this Financial Year
In Financial Year 2021, GNPAs of the affordable housing portfolio deteriorated by a substantial 50-60 bps on-year, mainly because of the COVID-19 pandemic-induced sharp downturn in economic activity, which affected self-employed EWS customers as well as MSMEs. Collections were significantly impacted in the first quarter of last Financial Year because of the COVID-19 pandemic's second wave, which led to localised lockdowns, consequently impacting the income-generating capability of borrowers. This, in turn, resulted in a steep rise in GNPAs at the end of the first quarter of Financial Year 2022. However, collections and asset quality improved in the second quarter of Financial Year 2022 and remained higher than in Financial Year 2021.

GNPAs to improve marginally in Financial Year 2023 with aggressive expansion and waning stress of the COVID-19 pandemic



P: Projected
Source: Company reports, CRISIL Research

In large part due to the RBI announcing measures in May 2021 to ease stress in the economy:

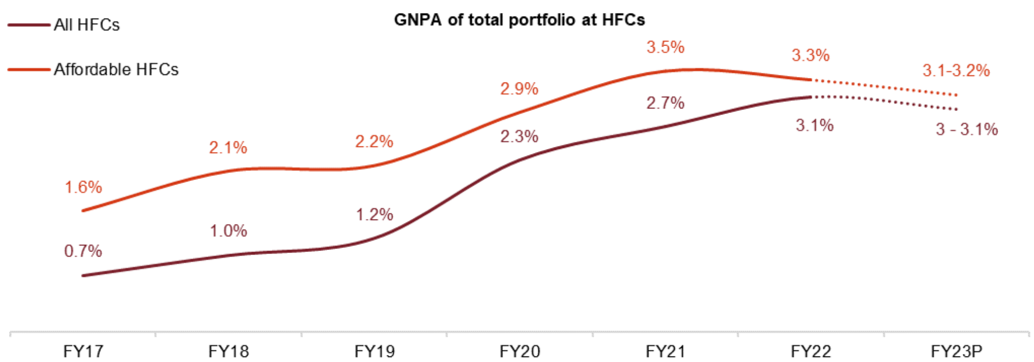
• Borrowers – individuals, small businesses and MSMEs, having aggregate exposure of up to ₹25 crore, and who have not availed of restructuring under earlier frameworks (including Resolution Framework 1.0), and who were classified as 'standard' as on March 31, 2021 – were eligible under Resolution Framework 2.0. Restructuring under the proposed framework could have been invoked up to September 30, 2021, and would have to be implemented within 90-days post invocation

• With respect to individual borrowers and small businesses that availed restructuring of loans under Resolution Framework 1.0, where the resolution plan permitted moratorium of less than two years, lending institutions were permitted to use this window to modify such plans to the extent of increasing the period of moratorium and/or extending the residual tenure up to two years.

On account of the substantial increase in credit growth in the second half of Financial Year 2022, and support from the government in the form of OTR 2.0, the asset quality of affordable HFCs is estimated to have been stable at 3% in Financial Year 2022. CRISIL Research expects growth to continue, and on account of a higher base and improving economic conditions, GNPAs are projected to improve by 10 bps 20 bps to 2.8% to 2.9% in Financial Year 2023. CRISIL Research further estimates the stress on account of restructured loans under OTR 1.0 and OTR 2.0 for the home loan portfolio was at 1.6-1.7% as of March 2022.

Note: The estimates and outlook are based on the reported GNPAs by individual players. About 20% (based on assets under management or AUM) of affordable HFCs have reported their GNPAs as per the new NPA recognition norms on the basis of the RBI circular dated November 12, 2021. This circular was applicable from September 2022, but a few companies proactively transitioned to new classification norms.

Overall stress to moderate marginally in Financial Year 2023



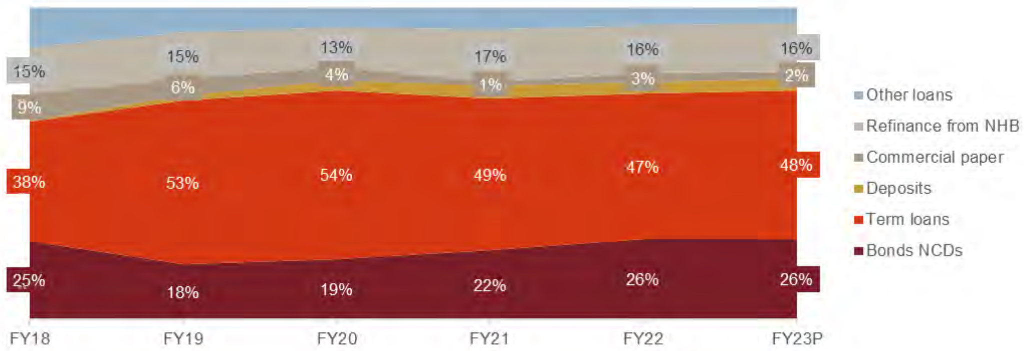
P: Projected
Source: Company reports, CRISIL Research

Term loans and refinance from NHB dominate the borrowing mix

Term loans are the largest source of borrowing for affordable HFCs, while for large HFCs, it is NCDs. Following the IL&FS crisis, stress in affordable HFCs worsened owing to aggressive expansion during Financial Years 2013 to 2018. The share of NCD and bonds decreased from 25% in Financial Year 2018 to 19% in Financial Year 2020 because of concerns on liquidity post the IL&FS crisis. However, post the onset of the COVID-19 pandemic in Financial Year 2021 and historical low repo rates, affordable HFCs raised funds from the bond market at lower rates, thereby again increasing the share of NCD by 300 bps in Financial Year 2021, and a further 400 bps to 26% in Financial Year 2022.

In Financial Year 2023, CRISIL Research expects a reversal in trend, leading to increase in repo rates and cost of NCDs, the share of bonds to remain stable and term loans to grow marginally.

Term loans form half of the affordable HFCs' borrowing mix



P: Projected
Source: Company reports, CRISIL Research

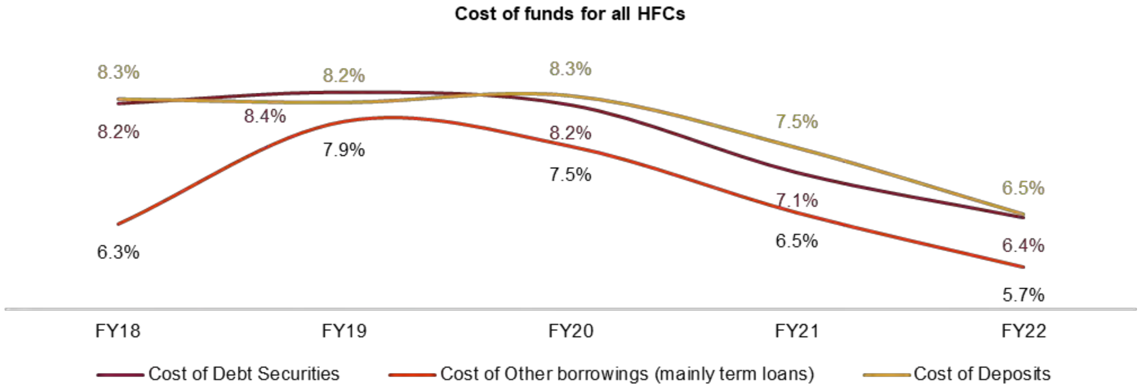
During the past two Financial Years, the share of term loans in the total borrowing mix had decreased on account of caution by banks being in lending to affordable HFCs on account of higher asset quality stress in the segment. This, along with affordable HFCs facing difficulties in generating new business, owing to COVID-19 pandemic related lockdowns in the first half of Financial Year 2021 and the first quarter of Financial Year 2022, as well as raising funds from bond market, led to decrease in mix of term loans from 54% in Financial Year 2020 to 47% in Financial Year 2022.

In Financial Year 2023, CRISIL Research expects that the share of term loans in borrowing to increase to 48% with improving economic activity and demand for housing credit. Also, due to support from the NHB and the government, these HFCs have increased their borrowing from NHB refinance schemes; the cost of borrowing from the NHB between 6% to 7%, based on the HFC's credit rating.

Affordable HFCs can receive benefits from the NHB's refinance facility. The share of NHB refinance in the borrowing mix continues to be healthy at 16% in Financial Year 2022. CRISIL Research expects NHB support to continue in Financial Year 2023.

On average, though, the cost of funds for affordable HFCs is higher than the segmental average due to the inherent risk involved in affordable housing loans.

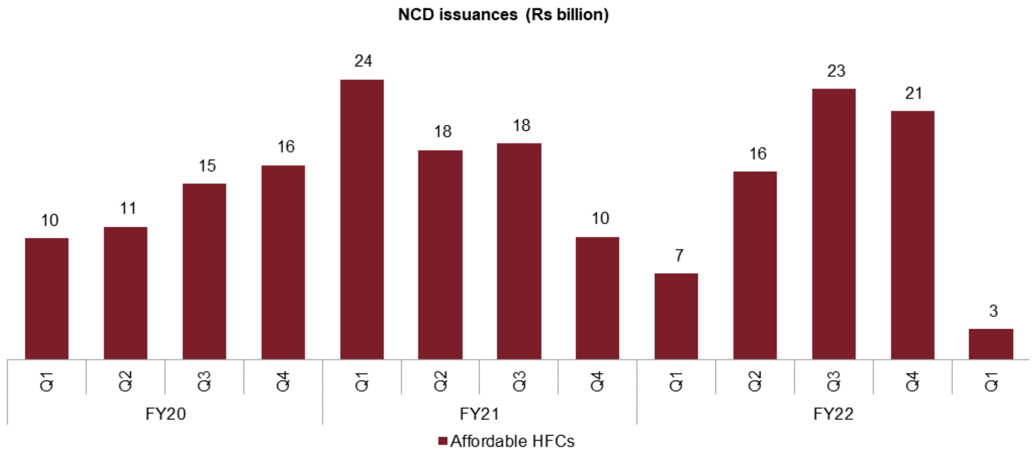
Decline in the cost of all borrowings since Financial Year 2019



Note: All HFCs include Housing Development Finance Corporation Limited, LIC Housing Finance Limited, Indiabulls Housing Finance Limited, PNB Housing Finance Limited, Can Fin Homes Limited, Aadhar Housing Finance Limited and Aptus Value Housing Finance India Limited
Affordable HFCs include Aadhar Housing and Aptus Value Housing
Source: Company reports, CRISIL Research

NCD issuances by affordable HFCs up in the second half of Financial Year 2022

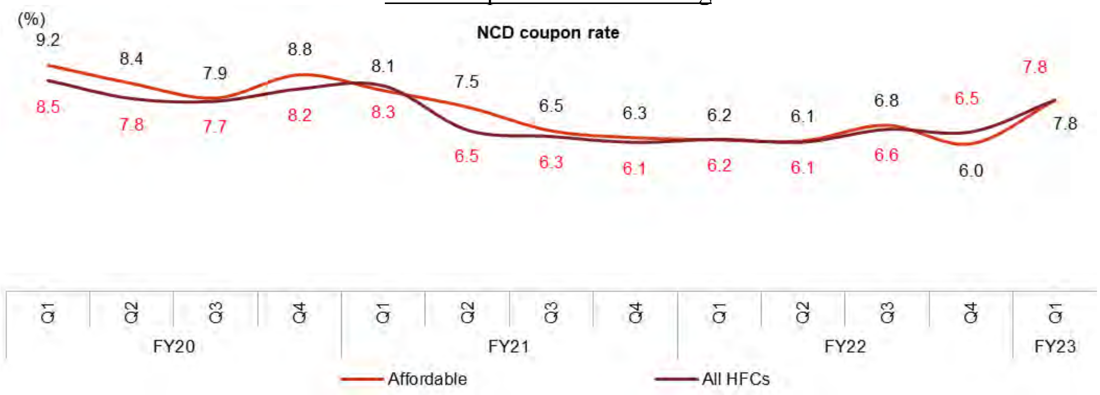
NCD issuances pick up after the second wave of the COVID-19 pandemic



Note: 1. Affordable HFCs are Tata Capital Housing Finance, ICICI Home Finance, GIC Housing, Aadhar Housing, Aavas Financiers, Edelweiss Housing, Motilal Oswal Home Finance and Shriram Housing
Source: NSE, Prime Database, CRISIL Research

NCD issuances by affordable HFCs increased 33% to ₹70 billion in Financial Year 2021 (from ₹53 billion in Financial Year 2020), driven by low market rates and government support in the form of targeted long-term repo operations ("**TLRO**") facilities. The second wave of the COVID-19 pandemic impacted issuances in the first quarter of this Financial Year despite low interest rates. However, issuances grew from the second quarter of this Financial Year onwards due to the pickup in demand in the housing market, and in turn increases in lending opportunities. Issuances remained low during the first quarter of Financial Year 2022 for the overall bonds market as well as AHFCs.

NCD coupon rates rebounding



Notes:

1) Top HFCs are HDFC, LIC Housing, Indiabulls Housing, PNB Housing and Can Fin Homes. Affordable HFCs are Tata Capital Housing Finance, ICICI Home Finance, GIC Housing, Aadhar Housing, Aavas Financiers, Edelweiss Housing, Motilal Oswal Home Finance and Shriram Housing

2 The NCD coupon is computed considering the average of issuance by the players listed above for the NCD tenure between three and five years. The NCD coupon rates are considered on the basis of the issuances made by the listed players.

Source: NSE, Prime Database, CRISIL Research

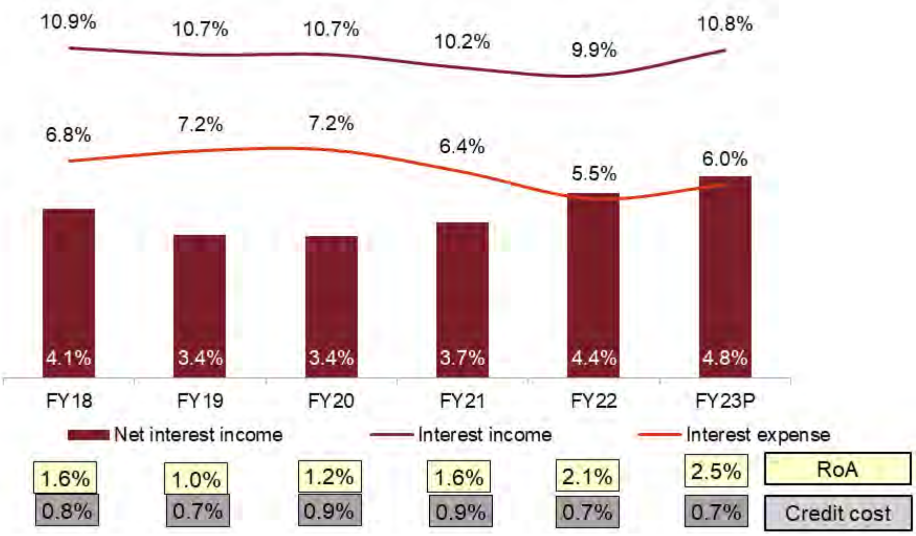
NCD coupon rates have been declining due to reducing market rates, with all HFCs utilising this low cost of funds. With the increase in repo rates and trend reversal during Financial Year 2023, CRISIL research expects the coupon rates to increase in line with the increase in policy repo rate.

Return to Assets ("ROAs") to improve further in Financial Year 2023

The housing segment showed signs of recovery in the second half of Financial Year 2021, supported by various initiatives undertaken by the central and state governments to revive economic activities. Home loan rates remained at a historical low starting from 6.5% in Financial Year 2022, which led to decline by 30 bps in interest income by average total assets for the year. Meanwhile, the RBI's accommodative stance and steady repo rates in Financial Year 2022 aided in reducing the interest expense by average total assets significantly by 80 bps to 90 bps. With improved net interest margins and lower credit cost, RoA improved to 2.1% for the year.

With the central bank hiking the repo rate by 40 bps in May 2022, 50 bps each in June, August and September 2022, CRISIL Research expects yield on assets to improve at a faster pace vis-à-vis the increase in weighted average cost of funds (owing to the structure of the borrowing mix), translating into further improvement in margins and RoA to 4.8% and 2.5%, respectively, in Financial Year 2023.

Increase in interest margins to aid further improvement in RoA in Financial Year 2023



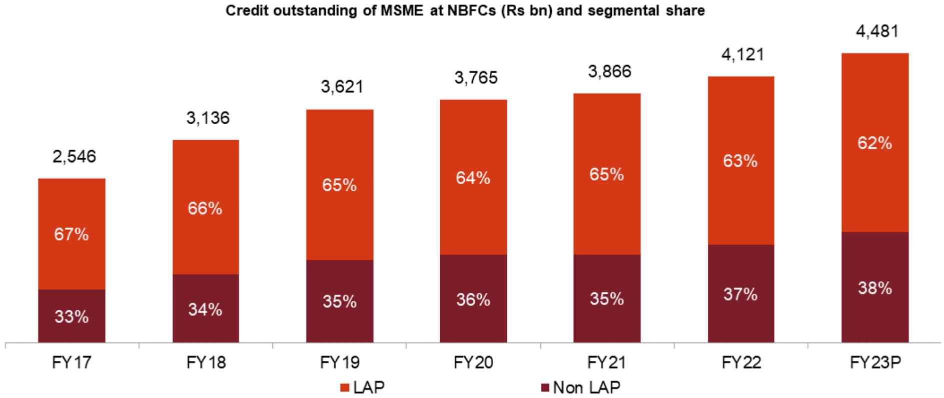
P: Projected

Note: All ratios on total assets
Source: Company reports, CRISIL Research

LAP Finance - MSME Finance Sector Overview

The non-bank MSME portfolio aggregated to ₹4,100 billion as of Financial Year 2022 with LAP loans aggregating to ₹2,576 billion (63% of overall non-banks MSME) which is further expected to slip to 62% this Financial Year as overall non-bank MSME (LAP and non-LAP) is expected to grow at a slower pace of 11% to 13% vis-à-vis banks growing at 13% to 15% as of Financial Year 2023.

LAP segment contributes to two-thirds of MSME portfolio at NBFCs

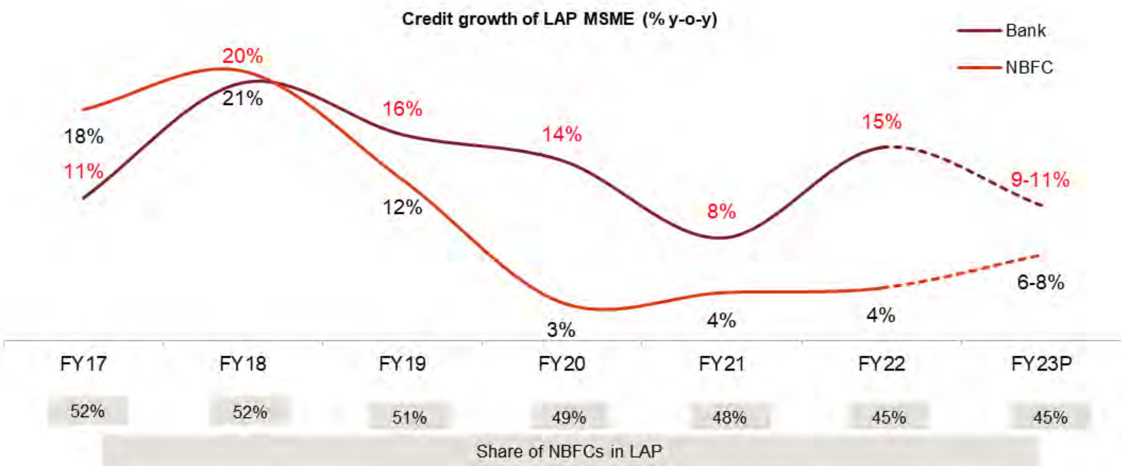


Notes:
1. P: Projected
2. non-LAP includes unsecured and secured non-LAP loans
Source: Company reports, CRISIL Research

LAP: Growth in LAP to stabilise this Financial Year

The LAP portfolio of NBFCs is estimated to be ₹2,600 billion for Financial Year 2022. LAP witnessed higher growth than the non-LAP segment (secured non-LAP and unsecured) in Financial Year 2021, as non-banks preferred mortgage-based lending over cash-flow-based lending in the short run given the potential risks in other segments. NBFCs' LAP portfolio is estimated to have grown 4% in Financial Year 2022, with players shifting their focus to non-LAP portfolio, which grew at 11% during Financial Year 2022.

LAP portfolio to grow 6% to 8% this Financial Year



Notes:
1. P: Projected
2. Credit deployment data published by the RBI has undergone revision with effect from January 2021. Hence, comparable numbers for the previous Financial Year are revised accordingly.
Source: Company reports, CRISIL Research

LAPs are availed by mortgaging properties (residential or commercial) with the lender. The end-use of the loan is not closely monitored. It can be used for either business or personal purposes, and can be availed by both salaried and self-employed individuals. LAP is a secured loan, as it provides collateral to the financier in the form of property. It has a lower interest rate than personal or business loans.

With improvements in the economy and lenders being positive towards mortgage-based lending, the LAP segment is expected to perform better this Financial Year than in the last one. However, lenders (non-banks) are unlikely to be as aggressive as they were in the past, when the segment logged a double-digit CAGR of 12% between Financial Years 2017 and 2020. Higher growth in the past was due to lower interest rates and increased penetration. However, after Financial Year 2019, non-banks' share in the LAP market decreased as they were focusing on containing asset quality deterioration. Banks registered strong growth in the segment due to their aggressive strategies, higher market penetration, lower cost of funds and adequate liquidity support. CRISIL Research expects the MSME LAP segment to grow 6% to 8% in Financial Year 2023, driven by improving economic conditions and the mild impact of the third COVID-19 pandemic wave, assisting in normalisation of business activities.

Peer comparison – Housing Finance Companies

The below analysis compares PNB Housing Finance with its peer HFCs. PNB Housing Finance commenced its operations in November 1988 and is currently the fourth largest HFC in India in terms of assets under management ("**AUM**") and third largest in terms of deposits as of March 31, 2022. PNB Housing Finance has sufficient capital adequacy buffers (aggregating to 23.4%) and tier I capital (at 20.73%) as of March 31, 2022.

Retail housing finance forms a large portion of lending by Banks and NBFCs. Given the focus on corporate loans was low over last few years owing to deterioration in asset quality in the corporate book, banks were also aggressive in lending to retail segment leading to extensive competition from banks because of their ability to lend at lower rates (starting from 6.5% in Financial Year 2022) as compared to HFCs.

That said, large HFCs are competing with banks, directly in terms of ticket size and area of operations, whereas medium and small HFCs are focusing on Tier II and III cities and small towns.

However, the top five HFCs account for approximately a 76% share of the credit outstanding of housing loans of NBFCs / HFCs.

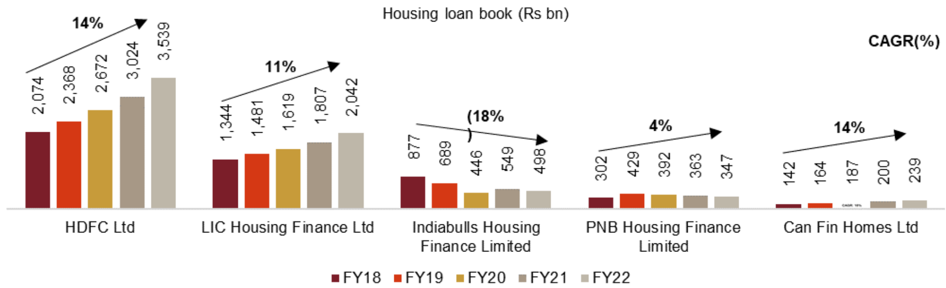
Leading players have higher exposure to retail loans

Company name	AUM FY22 (₹ billion)	Portfolio mix	FY21	FY22
Housing Development Finance Corporation Limited	6,539	Individuals	77%	79%
		Corporate	6%	5%
		Construction finance	10%	9%
		LRD	7%	7%
LIC Housing Finance Limited	2,511	Retail home loans	78%	81%
		Retail LAP/Other	15%	14%
		Developer loans	7%	5%
PNB Housing Finance Limited	660	Housing loans	58%	61%
		Retail LAP	22%	23%
		Retail non-residential premises	4%	4%
		Corporate term loan	16%	11%
Indiabulls Housing Finance Limited	722	Housing loans	59%	57%
		Commercial RE	26%	29%
		Others	15%	14%
Can Fin Homes Limited	267	Housing loans	90%	90%
		Others	10%	10%

AUM: Asset under management; LRD: Lease rental discounting; LAP: Loan against property; RE: Real estate
Source: Company reports; CRISIL Research

Most HFCs have a healthy portfolio mix, with a majority share being retail loans (primarily housing), and a minor proportion of wholesale loans (primarily real estate developer loans). In fact, the share of retail housing loans has increased or remained stable for majority of the top five HFCs (except in the case of Indiabulls Housing Finance) during Financial Years 2021 to 2022, owing to stress in the developer market and, increases in demand in the retail housing segment.

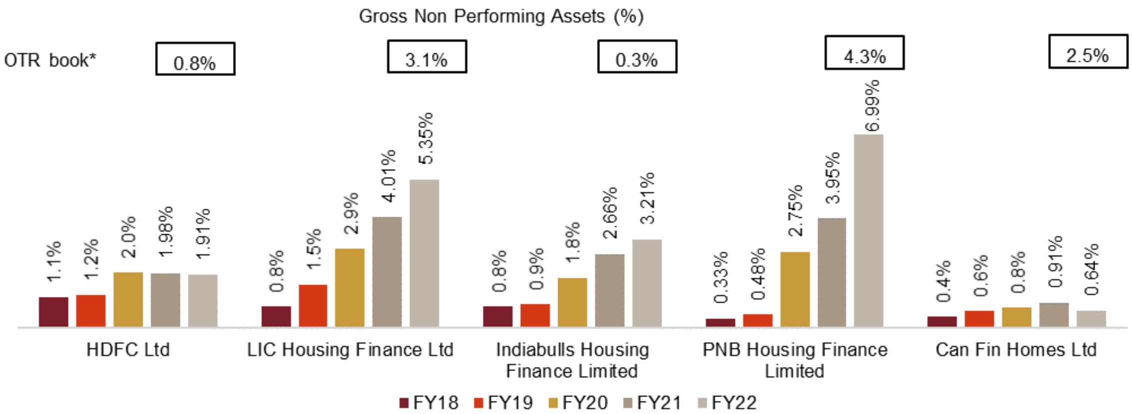
Key players grew at a faster pace vis-à-vis industry



Source: Company reports, CRISIL Research

Housing Development Finance Corporation and LIC Housing Finance are the two largest HFCs in housing finance, with approximately 65% market share as of Financial Year 2022, followed by Indiabulls Housing Finance, PNB Housing Finance, and Can Fin Homes. The top five HFCs grew 12% to 13% on-year during Financial Year 2022.

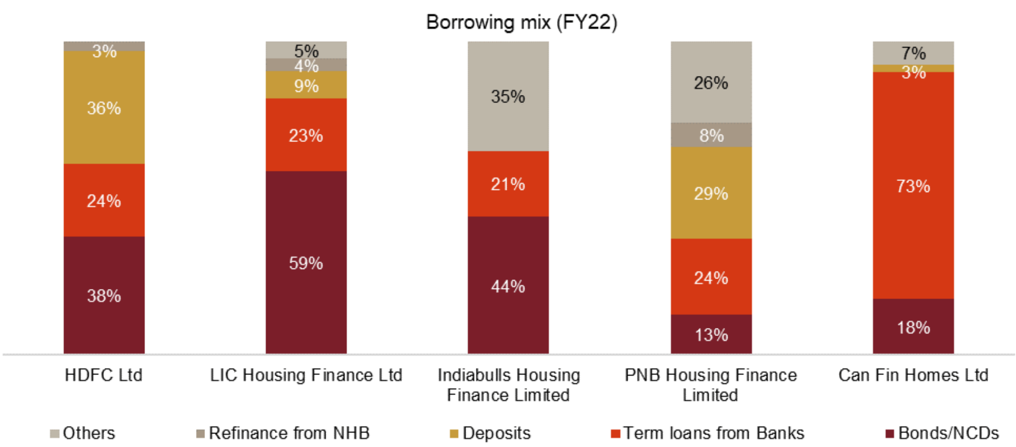
Economic slowdown, stress in developer book increased GNPAs of most HFCs in the past two financial years



**Restructuring estimates are as on March 31, 2022*
Source: Company reports, CRISIL Research

While GNPAs of HFCs were low (mostly below 1%) until Financial Year 2019, economic slowdown after the IL&FS crisis and sharp deterioration of the non-housing portfolio, which mainly includes real estate and corporate loans, led to a spike in GNPAs in Financial Years 2021 and 2022.

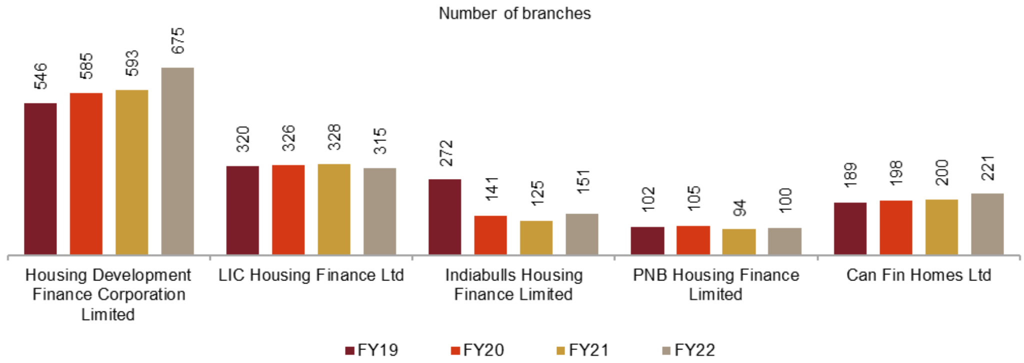
On the financing front, key players have diversified their borrowing mix



Source: Company reports, CRISIL Research

Bonds/NCDs and term loans from banks remain key sources of funds for most HFCs. In addition, deposits are a source of funds for Housing Development Finance Corporation and PNB Housing Finance. Further, the share of refinance facility from the National Housing Bank increased for PNB Housing Finance (13%), LIC Housing Finance (5%) and Housing Development Finance Corporation (4%) in Financial Year 2021, because of COVID-19 pandemic-induced challenges.

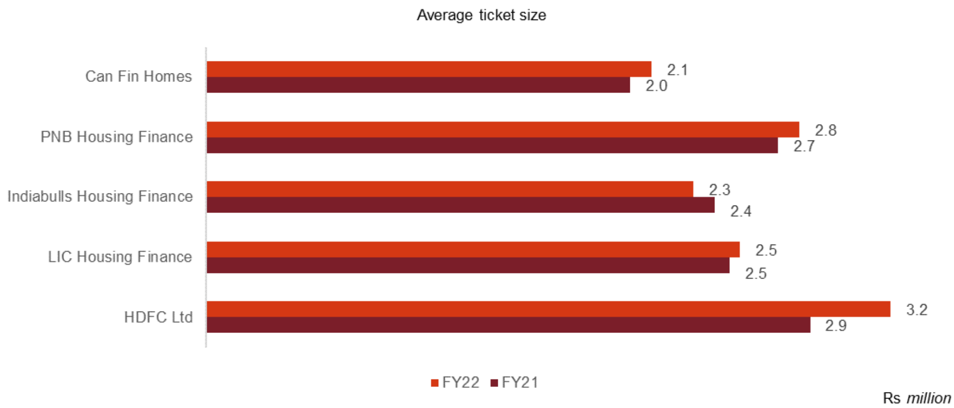
Branch network for key housing finance companies



Source: Company reports, CRISIL Research

In terms of geographic spread and network of branches, Housing Development Finance Corporation leads with 675 branches followed by LIC Housing Finance (315 branches), Indiabulls Housing Finance (125 branches), Can Fin Homes Limited (221 branches) and PNB Housing Finance (100 branches).

Average ticket size of loans increased for key HFCs during Financial Year 2022



Source: Company reports, CRISIL Research

The average ticket size of individual housing loans for most of the HFCs increased during Financial Year 2022 primarily on account of higher demand for loans of bigger ticket sizes in the metro and Tier I cities, due to historical low interest rates during the Financial Year and customers accelerating their decision to buy houses.

Better cost of funds assists key HFCs in improving NIM and RoA

	Yield on advances		Cost of funds		NIM		Spreads		Credit cost#		RoAs	
	FY21	**FY22**	**FY21**	**FY22**	**FY21**	**FY22**	**FY21**	**FY22**	**FY21**	**FY22**	**FY21**	**FY22**
HDFC Limited	8.99%	8.06%	6.70%	5.77%	3.50%	3.50%	2.29%	2.29%	0.61%	0.35%	2.30%	2.30%
LIC Housing Finance	9.06%	8.39%	6.93%	6.52%	2.37%	2.29%	2.13%	1.87%	0.58%	0.82%	1.24%	0.95%
Indiabulls Housing Finance	11.20%	10.5%*	8.50%	8.1%*	2.90%	DNA	2.70%	2.4%*	1.13%	0.55%	1.30%	1.30%
PNB Housing Finance	10.70%	9.40%	7.90%	7.30%	3.20%	2.80%	2.80%	2.10%	1.42%	1.04%	1.20%	1.20%
Can Fin Homes	9.49%	8.11%	6.71%	5.56%	3.88%	3.57%	2.78%	2.55%	0.31%	0.18%	2.18%	2.01%

Notes:
NIM: Net interest margin, RoAs: Return on assets, DNA: Data not available
** For Indiabulls yield, cost of funds data is for Q4FY22 as per disclosures in the public domain*
 # Credit costs for all players is calculated using provision for expected credit loss by loans and advances as of period end
Sources: Company reports, CRISIL Research

Yield on advances for these major players declined in Financial Year 2022, in line with a reduction in the cost of funds. Borrowing costs ranged from 5.6% to 7.3% (except for Indiabulls Housing Finance). NIM and RoA were also range bound or declined, marginally owing to improvement in credit cost and availability of funds at lower cost during Financial Year 2022. Further, the ECL provisions as a percentage of earning assets was the highest in the case of PNB Housing Finance at 4.2%, followed by LIC Housing Finance (2.5%) and Housing Development Finance Corporation (2.4%), as of March 2022.

Co-lending by banks and HFCs / NBFCs

The co-lending arrangement between banks and NBFCs involves extending credit via joint contribution of funds by both lenders and sharing the risks and rewards. The revised co-lending model ("**CLM**") put in place by the RBI on November 5, 2020, aims to improve the flow of credit to the unserved and underserved sector of the economy, and make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and greater reach of NBFCs.
Under CLM, banks are permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement. The co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs will be required to retain a minimum 20% share of the individual loans on their books. Additionally, banks can claim priority sector status with respect of their share of credit while engaging in the CLM, provided they adhere to the specified conditions.

RBI guidelines issued in September 2018 had required banks to approve cases originated by NBFC before disbursement and entailed joint contributions. However, as the turnaround time of banks for approval is much longer than for NBFCs, it affected the competitive advantage of NBFCs of quick turnaround. After feedback from stakeholders to better leverage the respective comparative advantages of banks and NBFCs in a collaborative effort, the RBI notified the revised scheme in November 2020 with an option wherein NBFCs would disburse the loans and the banks, thereafter, would acquire a share in the loans after conducting the required due diligence.

Responsibilities of co-lenders with respect to customers

- Banks and NBFCs should formulate board-approved policies before entering into the CLM, which will act as a master agreement between both lenders. Further, the board-approved policies for CLM are to be placed on their respective websites.
- The NBFC will be the single point of interface for customers, and will enter into a loan agreement with the borrower, which will clearly outline features of the arrangement, and roles and responsibilities of the NBFC and banks.
- Details of the arrangement between the bank and NBFC will be disclosed to customers upfront, and their explicit consent is required.
- The borrower can be charged an interest rate as may be agreed upon by both lenders as per the master agreement.
- The NBFC should be able to generate a single unified statement of the customer, through information sharing arrangement with the bank.
- A suitable arrangement must be put in place by the co-lenders to resolve any complaint from the borrower within 30 days.

Challenges faced under co-lending arrangements

- Security creation and recovery – Under CLM, the security charge of the underlying asset is created in the name of the NBFC, though banks would want to retain the security charge to facilitate collections in case of default and avoid the risk of bankruptcy, primarily in the case of new NBFCs.
- Takeover of loan and credit enhancement – Banks would want to conduct due diligence while taking over the loan from an NBFC under CLM. This will lead to the duplication of processes, such as KYC verification, title clearance, and valuation, among others, which will add to the cost of the transaction, and defeat the intent of CLM.

Compliance with direct assignment guidelines – Under direct assignment transactions, a pool of assets is transferred with an underlying assignment deed, which requires stamp duty payment, seeking of legal opinion on true sales, and entails other costs. Replicating the same under CLM would increase documentation procedures as well as add to the costs of the lending facility.

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read the section "Forward Looking Statements" on page 17 for a discussion of the risks and uncertainties related to those statements and the section "Risk Factors" beginning on page 23 for a discussion of certain risks that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in, or implied by, these forward-looking statements.

We have included various operational and financial performance indicators in this Letter of Offer, many of which may not be derived from our Restated Consolidated Financial Statements or Limited Reviewed Consolidated Financial Statements or otherwise be subject to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Consolidated Financial Statements, Limited Reviewed Consolidated Financial Statements and other information relating to our business and operations included in this Letter of Offer.

*Unless otherwise indicated, the industry-related information contained in this Letter of Offer is derived from the report titled "Housing Finance Report" dated October 2022 as amended by the report titled "Indian Economy – An Overview" dated March 2023 (collectively, the "**CRISIL Report**"), which have been exclusively commissioned and paid for by our Company for agreed fees for the purposes of confirming our understanding of the industry exclusively in connection with the Offer and exclusively prepared and issued by CRISIL. We officially engaged CRISIL in connection with the preparation CRISIL Report pursuant to an engagement letter dated May 19, 2022. Copies of the CRISIL Report shall be available on the website of our Company at www.pnbhousing.com. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. The data included in this section includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation.*

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Letter of Offer, including the information contained in "Risk Factors", "Industry Overview", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 23, 109, 188 and 291, respectively.

Overview

We are the fourth largest Housing Finance Company ("**HFC**") in India in terms of assets under management ("**AUM**") and third largest Housing Finance Company in terms of deposits in India, as of March 31, 2022 (Source: *CRISIL Report*). As of December 31, 2022, our AUM aggregated to ₹65,752.69 crore. We have been operating in the Indian housing finance industry for over three decades through our pan-India network. Our portfolio of products primarily consists of retail loans, which include a range of individual housing loans, loans against property, and non-residential premises loans. Our portfolio also includes corporate loans (construction finance, lease rental discounting and corporate term loans). Our promoter is Punjab National Bank ("**PNB**"), a nationalised bank and financial institution engaged in the business of providing a range of banking and financial services in India. As of the date of this Letter of Offer, PNB holds approximately 32.07% of our fully diluted equity share capital including vested and unvested options.

As of December 31, 2022, we had 252,359 active customers, 99.98% of whom were retail customers. Commencing from Financial Year 2020, we have strategically focused on increasing our retail portfolio and have not made any fresh corporate loan sanctions. As a result, the proportion of retail loans to our total loan assets has gradually increased. Retail loan assets accounted for 91.54% of our Loan Assets, as per Ind AS, as of December 31, 2022 as compared to 87.26% as of March 31, 2022, 81.01% as of March 31, 2021 and 78.36% as of March 31, 2020. As of December 31, 2022, our Loan Assets aggregated to ₹58,033.68 crore, as compared to ₹57,894.88 crore as of March 31, 2022, ₹63,188.83 crore as of March 31, 2021 and ₹68,393.64 crore as of March 31, 2020. Our loan disbursements were ₹10,470.48 crore, ₹11,245.56 crore, ₹10,444.53 crore, and ₹18,625.53 crore in the nine months ended December 31, 2022, Financial Years 2022, 2021 and 2020, respectively. The decrease in disbursements between Financial Years 2020 and 2021 was primarily due to the strategic reduction of our corporate portfolio and the adverse impact of the COVID-19 pandemic.

We operate our pan-India retail network through a hub-and-spoke model with the following key components: 159 branches, 27 outreach centres, 22 decision-making hubs and 16,382 active channel partners (including deposit brokers), as of December 31, 2022. Our branches, which act as our 'spokes,' are the primary point of sale and service for customers, while our hubs process credit appraisals, underwriting and loan decision-making. Our hubs are regionally centralised, and each hub caters to an average of seven branches. Our outreach centres, which are mostly located in Tier 2 and Tier 3 cities, which are cities with populations ranging between 50,000 to 99,999 people, and 20,000 to 49,999 people, respectively, operate as satellite offices with the primary function of sourcing loans. The following table provides a regional break-down of our branches and disbursement split, as of December 31, 2022:

Zone	Number of Branches	Number of Outreach Centres	Number of Decision-Making Hubs	Regional disbursement split
North	51	9	8	34%
South	44	11	7	31%
West	64	7	7	35%
Total	**159**	**27**	**22**	**100%**

Digitisation and innovation remain at the forefront of our evolution as a digital solutions service provider in the housing finance industry, and to support our growing retail lending portfolio. We aim to optimise our operating model through strategic digital interventions and a customer-friendly, tech-enabled and cost-efficient approach, which we believe is central to the diverse product portfolio that we offer to our customers. At each stage of underwriting, we use digital tools to improve underwriting quality, customer experience and overall turnaround time ("**TAT**"), with 80% of retail loan applications sanctioned in approximately four working days for the nine months ended December 2022 and Financial Year 2022. Each application for credit appraisal goes through a digitised process, which covers our online KYC process and employment verification, bank statement analysis, fraud control and automated credit appraisal memos.

We provide our customers with an omni-channel platform to avail our product offerings through our branches, outreach centres, decision-making hubs, contact centres and channel partners, each of which are integrated with our online channel that includes our website and mobile application. In the last three Financial Years, as a result of our focus on digital initiatives, the proportion of housing loans onboarded through our online channel including ACE, our customer onboarding platform, has increased, from 9% of retail logins in Financial Year 2020 to 19% in Financial Year 2021 and 47% in Financial Year 2022. The percentage of housing loans onboarded through our online channel was 39% for the nine months ended December 31, 2022. Overall, 59.29% of our loans were sourced from our direct sales team ("**DSTs**") and 40.71% of our loans were sourced from our direct selling associates ("**DSAs**") in the nine months ended December 31, 2022.

To broaden our customer reach, we have also entered into co-lending partnerships with banks. Under these arrangements, as the front-ending lender, we believe we offer cost-efficient distribution and quality underwriting of loans.

In Financial Year 2020, considering the slow-down in the real estate sector, we were cautious regarding our corporate finance book. Further, in Financial Year 2021, we focused on strengthening the core of our business, further developing our digitisation initiatives and increasing the retail component of our loan portfolio. Since Financial Year 2020, we have not sanctioned any new corporate loans and have reduced the corporate component of our loan portfolio through sell-downs, pre-payments and reduced disbursements. These measures have contributed to a lower leverage ratio*, which was 4.85x as on December 31, 2022, as compared to 5.37x as on March 31, 2022, 6.66x as on March 31, 2021 and 8.47x as on March 31 2020, and a higher capital adequacy ratio ("**CRAR**"). Our CRAR continues to remain over regulatory thresholds at 24.60% with a Tier I capital adequacy of 22.43% as of December 31, 2022, as compared to 23.40% and 20.73%, as of March 31, 2022, 18.73% and 15.53%, as of March 31, 2021 and 15.32% and 11.88% as of March 31, 2020, respectively.

** Leverage ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.*

Our gross non-performing assets ("**GNPA**") have increased from ₹2,012.04 crore in Financial Year 2020 to ₹2,997.49 crore in Financial Year 2021 and to ₹4,704.90 crore in Financial Year 2022, and decreased to ₹2,824.29 crore as of December 31, 2022. The increase in Financial Year 2020 to Financial Year 2021 was primarily due to the impact of the COVID-19 pandemic, which resulted in an increase in retail (primarily self-employed) and corporate GNPA. In order to mitigate the impact of the COVID-19 pandemic, we undertook various measures, including increasing disbursements to salaried customers (as compared to self-employed customers), reducing the concentration of loans towards under-construction properties and seeking to maintain our loan-to-value ("**LTV**") metrics. We have targeted both the salaried and self-employed segments in our overall retail business, focusing specifically on the salaried segment for home loans, and on the self-employed segment for loans against property.

We have a diversified borrowing mix. Our funding requirements are met through short and medium-term funding sources such as loans from banks and financial institutions, NCDs, ECBs and refinancing from the NHB. In addition, we are a deposit taking HFC and borrow through deposits. As at December 31, 2022, our borrowings (other than debt securities) were ₹29,438.90 crore, debt securities were ₹3,873.63 crore, subordinated liabilities were ₹1,238.32 crore and deposits were ₹17,348.10 crore. Our cost of borrowings as of December 31, 2022, March 31, 2022, 2021 and 2020 were 7.37%, 7.30%, 7.91%, and 8.26%, respectively, of our total borrowings. According to the CRISIL Report, we were the third largest HFC in India in terms of deposits as of March 31, 2022.

The following table details our credit ratings:

Instrument Type	CRISIL	CARE	ICRA	India Ratings (Fitch)
Fixed Deposit	AA (Outlook – Stable)	AA (Outlook – Stable)	–	–
NCD	AA (Outlook – Stable)	AA (Outlook – Stable)	AA (Outlook – Stable)	AA (Outlook – Stable)
CP	A1+	A1+	–	–
Long Term Bank Loans	AA (Outlook – Stable)	AA (Outlook – Stable)	–	–
Short Term Bank Loans	–	A1+	–	–

The following table details certain key performance indicators for the nine months ended December 31, 2022 and the Financial Years 2022, 2021 and 2020, as per Ind AS standards:

KPI	As of and for the nine months ended December 31, 2022	As of and for the Financial Year ended		
		March 31, 2022	March 31, 2021	March 31, 2020
Loan Assets (₹ crore)	58,033.68	57,894.88	63,188.83	68,393.64
Total deposits (net of maturities)	17,348.10	17,648.98	16,746.04	16,131.94
Total borrowings (other than debt securities)	46,787.00	45,364.82	46,492.38	48,460.06
Loan disbursement (₹ crore)	10,470.48	11,245.56	10,444.53	18,625.53
AUM (₹ crore)	65,752.69	66,982.90	75,402.78	84,169.02
Retail Loan Assets (₹ crore)	53,123.01	50,519.56	51,188.50	53,594.85
Corporate Loan Assets (₹ crore)	4,910.67	7,375.32	12,000.33	14,798.79
Deposits mix % in total liabilities	31.98%	31.60%	26.81%	22.74%
GNPA (₹ crore)	2,824.29	4,704.90	2,997.49	2,012.04
Gross Retail NPA (₹ crore)	1,517.56	1,966.81	1,381.95	714.77
Retail GNPA (%)	2.86%	3.89%	2.70%	1.33%
Gross Corporate NPA (₹ crore)	1,306.73	2,738.09	1,615.54	1,297.27
Corporate GNPA (%)	26.61%	37.13%	13.46%	8.77%
Total provision as a % of loan asset	3.03%	4.42%	4.03%	2.58%
Gearing ratio[1]	4.85	5.37	6.66	8.47
CRAR	24.60%	23.40%	18.73%	15.32%
Tier 1 capital	22.43%	20.73%	15.53%	11.88%
Live Accounts (including assigned loans)	252,359	244,087	244,291	254,285
Number of branches	159	99	96	105
Number of affordable housing loan branches	70	24	Nil	Nil
Average retail loan ticket size (₹ lakhs)				
• Affordable loans	16.52	16.74	16.72	16.39

KPI	As of and for the nine months ended December 31, 2022	As of and for the Financial Year ended		
		March 31, 2022	March 31, 2021	March 31, 2020
• Individual Housing loans (Including affordable loans)	28.42	28.02	28.47	29.51
• LAP (Including retail lease rental discounting)	34.60	36.23	43.89	46.73
• NRPL	37.58	38.85	41.90	44.28
Retail customer segment mix				
• Salaried	57.92%	55.86%	54.04%	55.22%
• Self-employed	42.08%	44.14%	45.96%	44.78%
LTV				
• Affordable loans [2]	70.12%	70.82%	70.78%	70.12%
• Individual Housing loans (Including affordable loans) [3]	71.33%	71.64%	71.51%	70.23%
• LAP (including retail lease rental discounting) [4]	48.75%	49.29%	48.58%	48.34%
• NRPL [5]	60.94%	61.24%	61.16%	59.64%
FOIR	49.96%	50.18%	50.29%	50.08%
Net Worth (₹ crore)	10,707.26	9,871.63	8,923.03	7,997.77
PAT (₹ crore)	766.72	836.48	929.90	646.24
Adjusted Return on Total Assets (%)[6]	1.59%	1.24%	1.23%	0.80%
Adjusted ROE (%)[7]	9.88%	8.92%	10.91%	8.12%
Average yield on Loan Book (%)	10.24%	9.42%	10.68%	10.71%
Average cost of Borrowing (%)	7.37%	7.30%	7.91%	8.26%
Net Interest Margin (%)	3.71%	2.81%	3.15%	2.95%
Gross Margin	4.14%	3.16%	3.33%	3.21%
Cost to Income Ratio (%)	18.20%	20.41%	15.59%	17.70%

[1] *Gearing ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.*
[2] *Stipulated LTV: up to ₹30 lakh – 90%; above ₹30 lakhs and up to ₹75 lakhs – 80%*
[3] *Stipulated LTV: up to ₹30 lakh – 90%; above ₹30 lakhs and up to ₹75 lakhs – 80%; above ₹75 lakh – 75%*
[4] *Stipulated LTV for LAP – 75%*
[5] *Stipulated LTV for NRPL – 75%*
[6] *Adjusted Return on Total Assets is defined as the ratio of profit after tax to average total assets for the relevant year/period.*
[7] *Adjusted ROE (%) is defined as the ratio of profit after tax to average shareholders' equity for the relevant year/period.*

The following table details certain financial data (GAAP and Non-GAAP measures) for the nine months ended December 31, 2022 and Financial Years 2022, 2021, and 2020:

	For the nine months ended December 31, 2022	For the Financial Year 2022	For the Financial Year 2021	For the Financial Year 2020
Revenue from Operations (in ₹ crore)	4,891.62	6,195.93	7,603.92	8,481.84
Profit before tax (in ₹ crore)	1,018.41	1,083.96	1,207.03	811.01
Profit for the year (in ₹ crore)	766.72	836.48	929.90	646.24
Cost-to-Income Ratio (%)	18.20%	20.41%	15.59%	17.70%

Our Strengths

Established presence in the housing finance industry for over three decades

We have an established presence in the housing finance industry in India and have catered to the aspirations of prospective homeowners in India since November 1988 (Source: *CRISIL Report*). According to the CRISIL Report, as of March 31, 2022, we were the fourth largest HFC in India in terms of AUM and third largest in terms of deposits. As of March 31, we had deposits aggregating to ₹17,648.98 crore, as of March 31, 2022, and Loan Assets aggregating to ₹57,894.88 crore. As one of India's top HFCs, we offer a wide range of financing products and solutions for Indians for over three decades. We are currently focused towards optimizing our operating model through digital interventions, customer-friendly, tech-enabled and cost optimised approach, so that it can withstand various business cycles. We believe that, as we continue to expand our operations, our market position and pan-India presence along with the growing size and scale of the Indian housing industry presents us with significant opportunities to grow our operations and gain a competitive edge over our peers. The recent growth of our retail operations reflects the continued growth of the housing finance industry in India and the increase in our market share (Source: *CRISIL Report*). As of December 31, 2022, we had 252,297 active retail customers, which includes both housing loan and non-housing loan customers.

Diversified franchise offering a full suite of innovative, affordable and flexible products through a robust pan-India distribution network

We offer a full suite of retail loan products, which include a range of individual housing loans, retail loans against property, and retail non-residential premises loans. Retail loans constitute 91.54% of our Loan Assets as of December 31, 2022. For more information, see *"—Our Loan Products*" on page 153. We serve a wide range of customers, including self-employed and salaried retail customers, and continuously seek to innovate and improve our product offerings. In addition to retail loans for the salaried and self-employed segments, we are currently focused on expanding our existing affordable housing retail loan offering, which we expect will help lower the average ticket size of our loan and expand yields.

Our affordable loan product facilitates loans for salaried individuals and small business owners for affordable housing projects. Through our affordable housing loans, we aim to address the financing needs of the affordable housing segment, in line with the Government of India's 'Housing for All' and the '*Pradhan Mantri Awas Yojana Credit Linked Subsidy Scheme* (PMAY-CLSS) initiatives. We aim to capitalize on the Government of India's emphasis on the affordable segment, to expand the high-yield affordable customer segment. We continue to focus on establishing new affordable loan-specific retail branches, especially in Tier 2 and Tier 3 cities. As of December 31, 2022, 80 of our 186 locations were affordable loan-specific. As of December 31, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, our individual housing affordable loan offering Loan Assets were ₹2,439.84 crore, ₹2,636.02 crore, ₹2,500.62 crore, ₹2,072.66 crore, respectively.

We operate an extensive pan-India retail network through a hub-and-spoke model with the following key components: branches, outreach centres, decision-making hubs, channel partners, zonal offices (which are co-located with our processing hubs) and a Central Support Office ("**CSO**"). As of December 31, 2022, our distribution network included 159 branches and 27 outreach centres, totalling 186 distribution outlets, and 22 decision-making hubs for credit decision making. Our branches, which act as our 'spokes,' are the primary point of sale and service for customers, while our hubs process credit appraisals, underwriting and loan decision-making. Our hubs are regionally centralised, and each hub caters to an average of seven branches. Our outreach centres, which are mostly located in Tier 2 and Tier 3 cities, operate as satellite offices with the primary function of sourcing loans. Each of our decision-making hubs undertake underwriting processes and make loan sanction decisions for approximately seven branches each. For more information on our operating structure, see "*—Our Operational Structure*" on page 158.

As of December 31, 2022, our distribution network extended across 113 cities and 19 states and union territories. Our network also included 16,382 active channel partners (including deposit brokers). Our channel partners include our in-house DSTs and other third-party channel partners, which include DSAs, deposit brokers and connectors. Our DSAs include proprietorships, professionals such as chartered accountants and consultants who, working under the supervision of our sales managers, provide advice to small businesses and recommend and identify prospective customers for us and coordinate the submission of loan application documents. In the nine months ended December 31, 2022, 59.29% of our disbursements originated from our DST, and 40.71% from our DSAs.

Robust underwriting, monitoring and collection processes and risk management architecture

We believe that we have well-established and streamlined credit underwriting, monitoring and collection processes, which we believe has helped us expand the scale of our business by enhancing our productivity and our ability to make prudent credit decisions. In the nine months ended December 31, 2022, and Financial Years 2022, 2021 and 2020, our retail collection efficiency was 98.31%, 97.87%, 97.03% and 98.47%, respectively. Our integrated risk management framework sets out our governance standards, risk appetite approach, risk-specific guidelines, mitigation measures, monitoring reporting, and key risk indicators ("**KRIs**"). We have developed an articulated risk appetite statement, functional policies, and KRIs to define the level and nature of risk that we can undertake. Moreover, our board has delegated risk management to a risk management committee ("**RMC**"), which reviews the efficacy of our risk management framework, providing oversight and risk assessment. For further details of our underwriting process, see "*—Loan Underwriting Process*" on page 164.

Following the onset of the COVID-19 pandemic, since Financial Year 2020, we have undertaken measures, including increasing disbursements to salaried customers, reducing the concentration of loans towards under-construction properties and seeking to maintain our LTV metrics. Specifically, we increased our focus on the salaried segment to offset the impact of the COVID-19 pandemic on the self-employed segment, shifted our retail product offerings and underwriting strategies, and maintained our retail disbursement run rate. We have strengthened our underwriting policies following the COVID-19 pandemic through restricting the onboarding of customers from certain pandemic-affected profiles, such as those working in the travel industry, and tightening bureau scores and other key credit eligibility parameters, in line with economic changes.

Our systems and processes are also technology enabled across our front office and back office, with a view to ultimately digitize the entire life cycle of each loan from origination to closure. We have initiated steps to automate our underwriting process for straight-through processing for the salaried segment, introduced credit appraisal memorandum automation for financial appraisal and eligibility calculations, machine learning based score cards for various business and customer segments, and business rule management engine for on-the-fly application of policy rules. For more details, see "*— Customer-centric operations with digital capabilities*" below.

Customer-centric operations with digital capabilities

We provide customers with flexible access to disbursements, products, and customer service across India. Our presence in all major cities across India allows customers the flexibility to receive disbursements from across India. We underwrite all categories of customers from all backgrounds, including those from Tier 2 and Tier 3 cities. We provide our customers with an omni-channel experience, through branches, customer care centres and our mobile application and website. Customers can reach us by phone, email or through the service portal available on our website and mobile applications. Our contact centre provides standardised service to customers.

During the COVID-19 pandemic, we made concentrated efforts across functions whereby cross functional teams worked together. We aligned our collections and operational strategy keeping in view the evolving cashflow situation of our customers, through regular follow-up and interaction. We improved our focus on collections, and increased our tele and field collection efforts.

With the onset of the COVID-19 pandemic in calendar year 2020, we have accelerated our digital journey and in Financial Year 2021, introduced contactless and paperless customer onboarding and disbursal in India. ACE, our innovative digital customer onboarding platform, facilitates easier and safer approval and disbursal of loans with minimal physical contact. It automates the entire end-to-end loan onboarding process, including data collection and verification, and lead generation through various digital channels. Through ACE, our customers can upload their documents online with backward integration of verification processes, such as PAN, Aadhaar, digital signatures and video-based KYC, including geo-tagging. We believe that our push for digitisation has made our customer onboarding process more efficient. In the nine months ended December 31, 2022, 35.43% of the monthly logins on our platform were sourced through ACE, our digital platform for onboarding new customers.

Our digital underwriting tools include U-Connect, a vendor management tool, and a bank statement analyser tool, which were utilised to generate approximately 85% of our business for the year ended March 31, 2022. We are also in the process of leveraging digital and analytical tools to strengthen our underwriting processes including recovery and risk management. Our digital interventions in the credit appraisal process include fraud detection, project monitoring, work e-mail validation, vendor management, KYC verification, and bank statement analytics. In addition, we assess applicants' creditworthiness through an automated credit appraisal memo, and are in the process of automating underwriting by implementing a business rule management engine, and providing automated underwriting decisions to salaried applicants through straight through processing.

Our robust IT-enabled service infrastructure and business continuity plan aims to ensure that there are no outages on our platform. We also use various digital tools to minimize manual interventions in our processes, including automated appraisal, collections and technical reporting processes. We use a range of digital tools to aid in reviewing customer data at the KYC stage, verifying employment for salaried applicants, checking credit history, conducting third-party fraud control customer verification, assessing income, automating credit appraisal memos, and automating collection systems.

We have also introduced a digital payment platform to support collections. Our collections system has also been automated with a rule based engine and advanced analytics, and we are in the process of automating our credit decisioning for salaried customers through straight-through processing. Our digital initiatives include video KYC (for end-to-end digital KYC), paperless and zero-contact customer onboarding, CLSS Awas Portal (CLAP) to process applications under the '*Pradhan Mantri Awas Yojana Scheme*' online and an IVR call menu in seven languages. In Financial Year 2022, we onboarded 47% of our customer loans digitally, including through ACE, our digital onboarding platform, compared to 19% in Financial Year 2021 and 9% in Financial Year 2020. The percentage of housing loans onboarded through our online channel was 39% for the nine months ended December 31, 2022. We believe that our digital enhancements have created a more convenient customer experience, faster decision-making, lower costs of customer acquisition, and improved operational efficiency.

Access to diversified funding sources

We believe that over the years, we have developed a diversified funding base, and have established strong relationships with our lenders. Our funding requirement is met through short and medium-term funding sources such as loans from banks and financial institutions, deposits, NCDs, and ECBs. We also avail refinancing from the NHB under Government of India's policy initiatives aimed at providing affordable housing. As at December 31, 2022, our borrowings (other than debt securities) were ₹29,438.90 crore, debt securities were ₹3,873.63 crore, subordinated liabilities were ₹1,238.32 crore and deposits were ₹17,348.10 crore. In the nine months ended December 31, 2022, and Financial Years 2022, 2021 and 2020, our deposits were ₹17,348.10 crore, ₹17,648.98 crore, ₹16,746.04 crore and ₹16,131.94 crore, respectively. According to the CRISIL Report, we were the third largest HFC in India in terms of deposits as of March 31, 2022. Our cost of borrowings as of December 31, 2022, March 31, 2022, 2021 and 2020 were 7.37%, 7.30%, 7.91%, and 8.26%, respectively, of our total borrowings. The following table details our credit ratings:

Instrument Type	CRISIL	CARE	ICRA	India Ratings (Fitch)
Fixed Deposit	AA (Outlook – Stable)	AA (Outlook – Stable)	–	–
NCDs	AA (Outlook – Stable)	AA (Outlook – Stable)	AA (Outlook – Stable)	AA (Outlook – Stable)
Commercial Paper	A1+	A1+	–	–
Long Term Bank Loans	AA (Outlook – Stable)	AA (Outlook – Stable)	–	–
Short Term Bank Loans	–	A1+	–	–

We believe that our financial performance, capitalisation levels and credit ratings give considerable comfort to our lenders and enable us to borrow funds at competitive rates, thereby lowering our overall cost of borrowings.

Strong brand name and experienced, professional management team

Our promoter is PNB. As of the date of this Letter of Offer, PNB owned 32.07% of our fully diluted equity share capital including vested and unvested options. We believe that our relationship with PNB and our ability to use the "PNB" brand name brings reliability to our customer interactions and the positioning of our products in the highly competitive housing finance industry. We believe that the support from PNB will continue to reinforce our efforts to grow our business in the future.

Our senior management team comprises a diverse group of experienced and qualified professionals, each of whom have in-depth industry knowledge and experience in the housing finance industry, with a number of individuals having held executive positions at leading banking and financial services institutions. Our operations are also supported by a team of trained personnel at our branch offices and processing hubs who we believe have extensive knowledge of our target markets, which enables us to solicit better loan proposals, improve credit appraisals, manage risks in a better manner and provide improved and customised services to our customers. We routinely conduct training programmes and workshops for our employees across various levels on a range of topics such as credit risk management, credit underwriting, customer service, negotiation and operational processes.

Our management team plays an active role in the risk management through various executive level committees: asset liability management committee ("**ALCO**"), Executive Risk Management Committee and IT Committee, and focuses on identifying risks and mitigate them in a timely manner. We believe that our management's capabilities, reputation, extensive network of industry relationships and considerable experience will allow us to continue to build a high quality, scalable and institutionalised HFC.

Our Strategies

Accelerate growth by focusing on retail lending by leveraging our expertise in retail loan markets and increase fee income

Since April 2019, we have realigned our strategy in favour of our retail lending, as we have built significant expertise around the self-employed and salaried customer segments, while reducing our exposure to the corporate segment. For the nine months ended December 31, 2022, and the Financial Years 2022, 2021 and 2020, retail loans accounted for approximately 98%, 97%, 96% and 92% of our disbursements, respectively.

We further aim to focus on strengthening our balance sheet with greater emphasis on diversification of risk. We are focused on growing our retail base and serving more customers across India and leveraging our expertise in the mass housing and merchant categories. The self-employed segment formed 42.08% of our total retail Loan Assets as on December 31, 2022, compared to 44.14% as on March 31, 2022, 45.96% as on March 31, 2021 and 44.78% on March 31, 2020. As on December 31, 2022, our average ticket size was ₹28.42 lakhs for individual housing loans and ₹34.60 lakhs for loans against property, including retail lease rental discounting.

We also plan to increase fee income through cross-selling, upselling and co-lending. We have entered into co-lending partnerships with banks. Under this arrangement, as the front-ending lender, we would be responsible for sourcing, soliciting, processing loan applications, collections, and customer service. We would also cater to the requirements of customers throughout their loan life cycle and retain a minimum of 20% of the individual loans on our books.

Expand our affordable housing loan offering

As part of our expansion activities, we continue to focus on the retail affordable housing market, through our affordable product offering. We aim to capitalise on the Government of India's initiatives in the affordable retail market, particularly in Tier 2 and Tier 3 cities. Our target group for our affordable product offering includes salaried individuals as well as self-employed individuals and small business owners. We plan to continue to strengthen our distribution network in Tier 2 and Tier 3 cities. The table below sets forth our current areas of focus, along with the target areas where we aim to increase our penetration going forward.

	Current focus area		Focus area going forward	
Target Segment	Super prime	Prime	Affordable – Salaried	Affordable – Self employed
Profile	Top corporate professionals	Manager at corporates / private companies	Salaried / documented income	Self-employed / cash income
Location	Metros	Semi-metro / tier-2 and tier-3 towns	Tier-3 and tier-4 towns	Tier-3 and tier-4 towns
Income	INR 2,00,000+ per month	INR 80,000 – 1,00,000 per month	INR 30,000 – 40,000 per month	INR 10,000 – 20,000 per month
Loan value	INR 5.0 mn+	INR 2.8 – 4.0 mn	INR 1.2 – 1.5 mn	INR 1.2 – 1.5 mn

Separate affordable vertical (dedicated sales, credit and collections team)

Affordable presence expanded to multiple branches & locations

Average ticket size of ~INR 1.6mn for affordable segment

Source: CRISIL report for industry data, India Budget

Our strategy is to open additional affordable housing loan-dedicated branches to address the financing needs of this retail segment. As of December 31, 2022, we have successfully opened 70 new affordable housing loan-dedicated branches primarily in Tier 2 and Tier 3 cities. Further, as of December 31, 2022, the average ticket size of our affordable housing loans was ₹16.52 lakhs. Our affordable loans have ticket sizes primarily ranging between ₹5 lakhs to ₹30 lakhs for disbursement. Our target customers for the affordable segment are a mix of salaried and self-employed customers. In the salaried segment, along with the formal salaried customers, select cash salaried profiles will also be included.

Strengthen our capital position and risk management capabilities, particularly our underwriting and collection efficiencies, to maintain credit quality

We intend to improve our capital and gearing, and build provisions, if required, for future growth. We plan to continue improving our capital position by reducing and deleveraging our corporate loan book, which is higher risk, and by focusing on higher quality, lower risk weight retail assets, thereby increasing our Tier 1 Ratio. Our net worth to NNPA ratio is 5.83x as of December 31, 2022.

We increased our provisions, from a total provisions to total assets ratio of 2.58% as of March 31, 2020 to 4.03% as of March 31, 2021 and 4.42% as of March 31, 2022. Our total provisions to total asset ratio was 3.03% as of

December 31, 2022. Our gross stage 3 provision coverage ratio was at 33.42% on March 31, 2020, as compared to 41.68% as of March 31, 2021, 37.73% as of March 31, 2022 and 35.00% as of December 31, 2022.

We plan to focus on resolving our corporate book and have established a remedial management group to ensure effective remediation and resolution of our corporate accounts. We have reduced our corporate Loan Asset by 50.16% from ₹14,798.79 crore as of March 31, 2020 to ₹7,375.32 crore as of March 31, 2022, and to ₹4,910.67 crore as of December 31, 2022. Between April 2020 and December 2022, we resolved 16 corporate accounts through project collaborations, Special Window for Affordable & Mid-Income Housing ("**SWAMIH**") investments, onboarding new developers, legal actions such as SARFAESI and Corporate Insolvency Resolution Process ("**CIRP**") and resolving disputes among shareholders.

We regularly review our credit monitoring and control procedures to ensure that they are efficient and effective, and seek to further strengthen our underwriting frameworks using rule based engines for salaried segment straight through processing. We have strengthened our underwriting policies following the COVID-19 pandemic through restricting the onboarding of pandemic-affected profiles, such as those working in the travel industry, and tightening bureau scores and other key credit eligibility parameters, in line with economic changes. We seek to standardise our credit appraisal process and expect digitisation to be a core differentiator for our offerings. We aim to improve our collection efficiencies by adopting early warning systems, predictive analytics, automated workflow, and digital tools. We believe predictive analysis can help us identify risks early, control delinquencies and enhance collection efficiency. We endeavour to reduce our bounce rate, enhance our focus on fresh flows to control the forward flow into the next buckets. We believe that our focus on collection efficiencies will also continue to improve our resolution rates through initiatives such as tele-calling, prioritizing and strategizing collections, and filling manpower gaps.

Drive growth through digitisation and to enhance efficiencies

We aim to continue accelerating our digital transformation, which will enable us to scale our customer acquisition processes efficiently. Currently, through our digital platform, ACE, we are able to securely onboard new retail customers and carry out KYC digitally. This has been a significant development following the onset of the COVID-19 pandemic. We operate an automated loan origination system ("**LOS**") for smooth flow of digital loan applications without any human intervention. Moreover, we aim to enhance customer delivery by strengthening our technology platforms, including automated underwriting and straight-through processing for the salaried segment. For instance, in December 2021, we launched our credit appraisal memo ("**CAM**") automation web module that aids in evaluating customer eligibility, analysing bank statements, and mapping repayment track records automatically, resulting in faster credit appraisals.

We plan to undertake several key digital initiatives in the near future, including introducing a chatbot, using WhatsApp messaging for customer service, revamping our website, personalizing customer messaging through AI-based algorithms, and introducing a comprehensive mobile application for our sales team. We believe that these initiatives will provide faster and more effective customer service, and more intuitive customer experiences. In the nine months ended December 31, 2022, and Financial Years 2022, 2021 and 2020, 39%, 47%, 19% and 9% of our customers were onboarded through the digital channel, respectively.

Description of Our Business

We have been operating in the housing finance industry for over three decades and primarily serve retail customers through a pan-India network.

OUR LOAN PRODUCTS

We have a diverse and well-balanced range of products and offer a range of retail loans, including individual housing loans, affordable loans, retail loans against property, and retail non-residential premises loans; and corporate loans, including construction finance loans, corporate term loans, and lease rental discounting, all of which can be adapted to suit the requirements of our customers.

Our portfolio of products primarily consists of retail and corporate loans, which can be further classified as follows:

- Retail loans:
    - Individual housing loans
        - Home purchase loans
        - Residential self-construction loans

        - Residential plot loans
        - Residential plot cum construction loans
        - Home extension loans
        - Home renovation/improvement loans
    - Affordable loans (focused on affordable housing)
    - Retail loans against property
    - Retail non-residential premises loans
    - Lease Rental Discounting-Retail

- Corporate loans
    - Construction finance
    - Lease rental discounting
    - Corporate term loans

OUR PRINCIPAL PRODUCTS

Individual Housing Loans

We offer home loans tailored to the budgets of our customers, including loans for home purchases, renovations/improvements, construction, self-construction, and extension. As of December 31, 2022, 65.17% of our Loan Assets comprised of individual housing loans. Interest rates for our home loans begin at as low as 8.50% per annum, with tenures of up to 30 years (up to the customer's age of 70 years) for home loans and 20 years for non-home loans. We offer personalized doorstep services and post-disbursement services through our online portal and customized eligibility programs to ensure that our customers have a hassle-free loan experience. Our digital onboarding platform, ACE, automates the loan onboarding process, including loan information collection, information verification, easy document upload and video KYC. With our increased focus on the retail loan segment and our endeavour to grow our proportion of the affordable housing segment, our average loan ticket size for individual housing loans was approximately ₹28.42 lakhs, as of December 31, 2022, as compared to ₹28.02 lakhs, as of March 31, 2022, ₹28.47 lakhs as of March 31, 2021, and ₹29.51 lakhs as of March 31, 2020. As of December 31, 2022, salaried customers accounted for approximately 70.29% of the individual housing loans, while self-employed customers contributed the remaining 29.71%.

We allow co-owners or proposed co-owners to apply for housing loans together so long as they are co-applicants. We also offer a variety of housing loans for properties in India to salaried non-resident Indians ("**NRIs**") who reside in one of our approved foreign countries in accordance with applicable foreign exchange control regulations and after taking into consideration any risks associated with funding NRIs.

Affordable Loans

Since Financial Year 2021, we have focused on the affordable housing loan segment through our affordable product offering. As of December 31, 2022, 5.01% of our retail loan asset comprised of affordable loans. As of December 31, 2022, we had 70 affordable loan-dedicated branches primarily in Tier 2 and Tier 3 cities. We are building a separate vertical for the affordable segment within the organisation, and are in the process of setting up a dedicated team including sourcing, underwriting and collections executives to scale up this segment.

The branch operating model for the affordable segment will vary depending on each market's potential, and will range from level I branches, to level III outreach centres. Level I branches are large branches in high potential areas with 13 to 16 executives across sourcing, underwriting, collections and service. These branches will act as hubs. We have operationalised 33 level I branches as of December 31, 2022. Level II branches are small branches independent branches, with nine to 12 executives across sourcing, underwriting, collections and service. We have operationalised 26 level II branch as of December 31, 2022. Level III branches are primarily outreach centres, which will act as spokes for level I branches. These branches will have five to eight executives in sourcing and service. We have operationalised 21 level III outreach centres as of December 31, 2022.

Our target customers for the affordable segment are a mix of salaried and self-employed customers. In the salaried segment, along with the formal salaried base, select cash salaried profiles will be included. Our affordable loans have ticket sizes primarily ranging between ₹5 lakhs to ₹30 lakhs for disbursement.

We have made changes in our underwriting process, to transition from a standard underwriting template to customized templates based on profile type. We are also building in localized variations for each district and state into our underwriting policies, to provide more tailor-made options.

As of December 31, 2022, the Loan Asset of our individual housing affordable loans was ₹2,439.84 crore (which is also included when calculating the Loan Asset of our individual retail housing loans and retail loans against property), with an average ticket size of ₹16.52 lakhs per loan. As on December 31, 2022, the salaried segment accounted for approximately 62.59% of our affordable Loan Asset, with the self-employed segment accounting for the remaining 37.41%.

Retail Loans Against Property

We also provide loans against mortgages of existing residential and commercial immovable property. These loans are working capital loans with an end-use primarily towards expansion of businesses. As of December 31, 2022, 21.70% of our Loan Assets comprised of retail loans against property, including retail lease rental discounting. As of December 31, 2022, 72.65% of such loans were secured against residential property, with 27.05% being secured against commercial property and 0.30% being secured against deposits. In the nine months ended December 31, 2022, we disbursed loans against property aggregating to ₹2,168.68 crore, as compared to ₹2,232.87 crore in Financial Year 2022, ₹2,525.03 crore in Financial Year 2021 and ₹5,071.29 crore in Financial Year 2020. The average ticket size of such loans was ₹34.60 lakhs as of December 31, 2022, as compared to ₹36.23 lakhs as of March 31, 2022, ₹43.89 lakhs as of March 31, 2021 and ₹46.73 lakhs as of March 31, 2020. As of December 31, 2022, the average Fixed Obligations to Income Ratio ("**FOIR**") for these loans was 46.91% for the salaried segment, and 68.04% for the self-employed segment.

Retail Non-residential Premises Loans

We also provide loans for the construction of commercial property. As of December 31, 2022, 4.99% of our retail Loan Asset comprised of retail non-residential premises loans. In the nine months ended December 31, 2022, we disbursed retail non-residential premises loans aggregating to ₹369.58 crore, as compared to ₹402.53 crore in Financial Year 2022, ₹513.21 crore in Financial Year 2021 and ₹1,076.99 crore in Financial Year 2020. The average ticket size of such loans was ₹37.58 lakhs as of December 31, 2022, as compared to ₹38.85 lakhs as of March 31, 2022, ₹41.90 lakhs as of March 31, 2021 and ₹44.28 lakhs as of March 31, 2020.

Corporate Loans

We have strategically reduced our corporate book from 21.64% of our Loan Asset in Financial Year 2020 to 18.99% and 12.74% of our Loan Asset in Financial Years 2021 and 2022, respectively. As of December 31, 2022, our corporate book comprises 8.46% of our Loan Asset. As of December 31, 2022, our corporate book was spread across 15 cities in India, with the top 3 cities, the Mumbai Metropolitan Region, Delhi National Capital Region and Bengaluru, accounting for 50.99%, 19.08% and 13.44%, respectively, of our corporate book.

RETAIL LOANS

Individual Housing Loans

Our individual housing loans consist of secured, mortgage-backed financing for the purchase, construction, extension or improvement of residential house properties or the purchase of residential plots. We offer our individual housing loans to salaried customers, whose main source of income is salary from their employment and self-employed customers, whose main source of income is their profession or their business. Our individual housing loans include:

Home Purchase Loans. Loans for financing the purchase of under-construction or completed apartments, row-houses, bungalows or other kinds of freehold or leasehold properties from real estate developers, co-operative housing societies or apartment owners' associations.

Residential Self-Construction Loans. Loans for financing the construction of a residential property on a plot of land already owned or to be acquired.

Residential Plot Loans. Loans for financing the purchase of a residential plot of land.

Residential Plot cum Construction Loans. Loans for financing the purchase of a residential plot of land, with an option to finance construction thereon.

Home Extension Loans. Loans for financing the extension of an existing residential property, such as adding new floors or rooms.

Home Improvement Loans. Loans for financing the renovation or improvement of an existing residential property.

LTV Ratio, Equated Monthly Installments ("EMI") and Tenure for Individual Housing Loans

In terms of the RBI Master Directions, no HFC may grant housing loans to individuals of (i) up to ₹ 30 lakh with LTV ratio exceeding 90%; (ii) up to ₹30 lakhs to ₹75 lakhs with LTV ratio exceeding 80%; and (iii) above ₹75 lakhs with LTV ratio exceeding 75%. Further, no HFC shall lend to any single borrower an amount exceeding 15% of its owned fund, and to any single group of borrowers, an amount exceeding 25% of its owned fund. The RBI Master Directions also require HFCs to maintain an LTV ratio of 50% for loans against security of listed shares.

One of the key eligibility criteria for approving a customer's loan is the customer's repayment capacity, which is determined by factors such as the customer's age, educational qualifications, customer's income, and, if applicable, the co-applicant's income, assets and liabilities. Subject to the regulatory limits, the amount of the loan is determined on the basis of our evaluation of the repayment capacity of the customer and the value of the relevant property. Loans are generally required to be repaid in EMI over an agreed period. The size of the EMI depends on the size of loan, interest rate, tenure of loan and fixed obligation of the customer.

The tenure of our retail housing loans can be up to 30 years and may vary according to the purpose of the loan, the customer's age and the customer segment.

The table below sets forth the average loan size (at origination), weighted average LTV ratio (at origination) and average residual tenure (in months) for our housing loans as of December 31, 2022.

Customer Type	**Average Ticket Size** *(at origination)* *(in ₹ crore)*	**Weighted Average LTV** *(at origination)* *(%)*	**Average Residual Tenure** *(Months)*
Individual Housing Loans			
Salaried Customers	0.26	73.63%	257
Self-employed customers	0.36	65.89%	237

Interest Rates and Fees on Individual Housing Loans

We offer our housing loan customers variable rate loans, for which the interest rate is linked to our reference rate ("**PNBHFLR**"). We determine PNBHFLR from time to time based on market conditions and price our loans at either a discount or a premium to the PNBHFLR. As of the date of this Letter of Offer, PNBHFLR is 12.65%, for retail loans. We require our customers to pay certain processing fees and charges prior to the disbursement of the loans at different stages of the loan application. These fees and charges are subject to change from time to time based on market conditions and regulatory requirements.

Collateral for Individual Housing Loans

The security for all individual housing loans is created either through an equitable mortgage by way of deposit of title deeds or a simple registered mortgage of immovable property. In addition to the mortgage of immovable property, in some of the cases, security is also provided by the borrowers through personal or corporate guarantees and/or the hypothecation of the receivables based on the credit requirements.

Affordable Loans

Our affordable housing loan product facilitates loans for salaried individuals and small business owners for affordable housing projects, especially in Tier 2 and Tier 3 cities. Although our affordable product primarily provides affordable housing loans, approximately 4% of our affordable loans are loans against property. As of December 31, 2022, the average ticket size for our affordable loans was ₹16.52 lakhs, with an LTV of 70.12%. Our individual housing affordable Loan Asset was ₹2,439.84 crore as of December 31, 2022. During Financial Year 2022, we disbursed a total of ₹761 crore at a blended yield of 11.24%. As of December 31, 2022, affordable loans comprised approximately 4% of our home loan disbursements. As of December 31, 2022, we had a total of 70 affordable loan-dedicated branches.

Retail Loans against Property ("LAP")

LAP are loans that are used primarily for business financing requirements, such as for the expansion of business and/or working capital for a business or another legitimate purpose as set out in the relevant loan documentation. LAP loans, including retail lease rental discounting, are primarily made to self-employed customers who already own a property and whose main source of income is through their profession or business. Self-employed customers accounted for approximately 70.25% of our total LAP portfolio as of December 31, 2022. Certain self-employed customers, including professionals such as lawyers, doctors or chartered accountants, are referred to as "self-employed professionals". Certain other self-employed customers rely on their commercial businesses for their income, and are referred to as "self-employed non-professionals". We are usually able to charge self-employed non-professionals interest rates that are higher than what we typically offer to salaried customers or to self-employed professionals. LAP are usually secured through an equitable mortgage by way of deposit of title deeds or by registered mortgage on the customers' existing commercial or residential property. Our LAP customers have an average age of approximately 43 years. As of December 31, 2022, our LAP loans have an average ticket size of ₹34.60 lakhs and an LTV of 48.75%.

Retail Non-Residential Premises Loans. These are loans for financing the purchase, construction or extension of offices, clinics, shops and other commercial properties. Non-Residential Premises Loans ("NRPL") are usually secured through a mortgage. Our NRPL have an average ticket size of ₹37.58 lakhs and an LTV of approximately 60.94%.

The table below sets forth details in relation to our retail loan products (as per Ind AS standards) as of the dates indicated below.

Loan Product	**As of December 31, 2022**		**As of March 31, 2022**		**As of March 31, 2021**		**As of March 31, 2020**	
	Amount (in ₹ crore)	*% of total retail loans*	*Amount (in ₹ crore)*	*% of total retail loans*	*Amount (in ₹ crore)*	*% of total retail loans*	*Amount (in ₹ crore)*	*% of total retail loans*
Retail Loans								
Home Purchase Loans	29,225.42	55.01%	27,739.31	54.91%	28,004.88	54.71%	29,583.64	55.20%
Residential Self-Construction Loans	2,189.57	4.12%	1,918.72	3.80%	1,736.48	3.39%	1,685.62	3.15%
Residential Plot Loans	1,410.34	2.66%	1,224.01	2.42%	1,676.79	3.28%	1,737.75	3.24%
Residential Plot Cum Construction Loans	4,737.16	8.92%	3,918.25	7.76%	3,606.84	7.05%	3,570.58	6.66%
Home Extension Loans	67.65	0.13%	57.09	0.11%	49.91	0.10%	47.88	0.09%
Home Improvement Loans	188.22	0.35%	175.71	0.35%	174.61	0.34%	202.58	0.38%
Individual Housing Loans	37,818.36	71.19%	35,033.09	69.35%	35,249.51	68.86%	36,828.05	68.72%
Affordable Loans	2,439.84	5.01%	2,636.02	5.22%	2,500.74	4.89%	2,072.66	3.87%
Retail Loans against Property (Including retail lease rental discounting)	12,652.98	23.82%	12,690.97	25.12%	12,847.82	25.10%	13,518.89	25.22%
Non-residential Premises Loans	2,651.67	4.99%	2,795.50	5.53%	3,091.17	6.04%	3,247.91	6.06%
Total Retail Loans	53,123.01	100.00%	50,519.56	100.00%	51,188.50	100.00%	53,594.85	100.00%

Corporate finance loans for real estate developers

We offer construction finance loans directly to real estate developers for residential housing projects they are developing. As of December 31, 2022, our corporate finance portfolio was ₹4,910.67 crore (including Emergency Credit Line Guarantee Scheme ("**ECLGS**") exposure of ₹173.03 crore), compared to ₹7,375.30 crore (including ECLGS exposure of ₹237 crore) as of March 31, 2022, ₹11,786 crore (including ECLGS exposure of ₹86 crore) as of March 31, 2021 and ₹14,798.78 crore as of March 31, 2020. As of December 31, 2022, a total of 11 accounts, with a value of ₹193.23 crore, have been sanctioned under ECLGS for MSME customers. Out of these accounts, a value of ₹190.82 crore has been disbursed. As of December 31, 2022, our corporate finance portfolio comprised construction finance of ₹4,454.62 crore (90.71%); corporate term loan of ₹418.63 crore (8.53%) and lease rental discounting of ₹37.42 crore (0.76%). Our corporate book is spread across 38 unique developers as of December 31, 2022, down from 57 as of March 31, 2022, 110 as of March 31, 2021 and 141 as of March 31, 2020. As of December 31, 2022, our construction finance exposure is spread over 30 developers and 33 projects, while our corporate term loan and lease rental discounting exposure are spread over 9 and 1 developers, respectively.

In line with our strategy realignment in favour of our retail business, since April 2019, we have not sanctioned any new corporate loans.

Construction Finance Loans: The security for all the construction finance loans is created either through equitable or English mortgages (as defined in the Transfer of Property Act, 1882, as amended) of immovable property tendered as collateral for the loan. In addition to the mortgage of immovable property, in most of the cases, security is also provided by the developers by way of personal guarantee of the promoters and/or a corporate guarantee of the related holding or group companies in addition to the hypothecation of project/rent receivables and assignment of the relevant insurance policy based on credit requirements.

Lease Rental Discounting. These are loans which are offered to customers who satisfy our underwriting norms. These loans are generally provided against rental receivables (which are typically routed through an escrow account) derived from the outstanding tenure of lease contracts with tenants of an operational commercial property, which is the primary source of repayment of the loan and other related dues. An equitable mortgage is created over the commercial property to secure the loan and other related dues and the rental receivables are hypothecated in our favour.

*Corporate Term Loans ("**CTLs**").* CTLs are general purpose loans granted to developers and/or corporates for purposes of on-going projects or business needs. The security for all CTLs is created either through equitable or registered mortgages of immovable property tendered as collateral for the loan. In addition to the mortgage of immovable property, in most of the cases, security is also provided by the customer by way of personal guarantees of the promoters and/or a corporate guarantee of the related holding or group companies.

The table below sets forth the Loan Asset, average loan size (at origination) and average residual tenure (in months) for our corporate loans as of December 31, 2022:

Customer Type	**Loan Asset** *(at origination) (in ₹ crore)*	**Average Loan Size** *(at origination) (in ₹ crore)*	**Average Residual Tenure** *(Months)*
Corporate Loans			
Construction Finance	4,454.62	134.25	20.46
Corporate Term Loans	418.63	55.37	19.73
Lease Rental Discounting	37.42	51.00	51.00

Other Income

We also earn fee income from our customers and investment income from routine treasury management and operations. Our fee income includes log-in fees and processing fees, which are earned at the initial stage of loan application or sanctioning. During the tenure of each loan, we earn fees according to the schedule of charges.

Our Operational Structure

Our operations are structured in a scalable hub-and-spoke operating model with the following main components: branches, outreach centres, decision-making hubs, zonal offices, channel partners, and our CSO. Our branches, which act as our 'spokes,' are the primary point of sale and service for customers, while our hubs process credit appraisals, underwriting and loan decision-making. Our hubs are regionally centralised, and each hub caters to an average of seven branches. Our outreach centres, which are mostly located in Tier 2 and Tier 3 cities, operate as satellite offices with the primary function of sourcing loans. The branches, hubs, zonal offices (which are co-located with our processing hubs) and CSO are supported by the centralised operations ("**COPS**") and central processing centre ("**CPC**"), which provide centralised and standardised administrative activities, payments and processing.

As of December 31, 2022, we operated through 159 branches and 27 outreach centres, aggregating to 186 distribution outlets (out of which 80 were affordable specific locations) and 22 decision-making hubs for credit decision making. Each processing hub currently serves approximately seven branches.

In the nine months ended December 31, 2022, the western region of India zone contributed 34.47% (₹3,609.44 crore) of business, followed by the northern region of India zone at 34.19% (₹3,579.75 crore) of business, and the southern region of India at 31.34% (₹3,281.29 crore). The top 10 cities contributed a total of ₹6,080.42 crore, comprising 59.12% of our total retail disbursements.

Set out below is a table detailing our hub-and-spoke operating model components, as of December 31, 2022:

Category	Locations
Branches	159
Decision-making Hubs	22
Outreach Centres	27
CSO	1
Zonal Offices	3
Outbound Contact Centres	2
Inbound Contact Centres	2
Retention Centre	1
Collection Call Centres	3
CPC/COPS	3
Total	**223**

Branches and outreach centres

Our branches assist us with several of our customer-interfacing operations, including management of our relationships with our customers. Our branches also act as a point of sale for our loan and deposit products. We also provide post-disbursement services to our customers through our branches. The employees at our branches originate and service loans and conduct various collection processes. As of December 31, 2022, we operated 159 branches and 27 outreach centres across the northern, western and southern regions in India, with an approximate number of seven to eight employees, on average, at each branch. We have made significant investments to standardize and optimize our branches over the last few years, including opening affordable loan-specific locations, and consolidating certain branches. All our branches have an advanced data transfer network with two levels of back-up failure support.

Zonal Offices

As of December 31, 2022, we had three zonal offices in Noida, Mumbai and Bengaluru.

Decision-Making Hubs

Our zonal offices are supported by our 22 regional decision-making hubs:

- at Jaipur, Chandigarh, New Delhi, Karnal, Lucknow, Dehradun, Kolkata, and two in Noida in the northern region;
- at Mumbai, Ahmedabad, Surat, Indore, Thane, and two in Pune in the western region; and
- at Chennai, Coimbatore, Hyderabad, Kochi, and two in Bengaluru in the southern region.

Our decision-making hubs are responsible for credit approval, credit evaluation and implementation of our credit portfolio management methodologies. We have subject matter experts in several areas, particularly in underwriting, legal, technical valuation fraud control and collections. As of December 31, 2022, we had an approximate number of 16 employees, on average, at each decision-making hub.

Underwriters. Our team of underwriters comprises experienced mortgage professionals who have in the past worked with well-known financial institutions in the region. Our team of underwriters receives training at regular intervals and is equipped to underwrite all customer segments. The underwriting team works closely with the other subject matter experts to take credit decisions and monitors the quality of the loan portfolio.

*Fraud Control Units ("**FCUs**").* Our FCUs screen the files and examine the documents provided by our customers for genuineness in order to identify and prevent any potential fraud at an early stage of loan processing. Our FCUs also educate our business team members about the checks required to identify various types of frauds in the industry. Each of our decision-making hubs is staffed with at least one FCU, who are supported by certain empanelled external vendors based on requirements.

*Technical Service Group ("**TSG**").* Our TSG is a team of experts which includes civil engineers and conducts technical appraisal of a property. Each of our decision-making hubs is staffed with at least one member of the TSG, who is supported by a regional team to manage geographical diversity and complexity across the different regions that we operate in. Our TSG and underwriting teams utilise data on supply and demand dynamics of projects, rentals, and market prices from various online real estate data and analytics platforms

Legal. Our legal team at each decision-making hub manages property title verification of collateral properties in connection with our housing and non-housing loans. This team is also involved in formulating our legal policies and processes, drafting of loan agreements and related documents as well as reviewing title due diligence reports of real estate projects. The team manages external lawyers for certain legal transactions.

Collections

Our collections team comprises of 192 people, who are based at our corporate office and branches. Our collections team at each branch comprises collection professionals who have experience with SARFAESI, DRT and other legal recovery procedures. It manages collections of overdue and written-off loans.

Central Support Office (CSO)

Our CSO is our head office, located in New Delhi, and supervises our operations nationally, including our branches, outreach centres, zonal offices and decision-making hubs. The CSO is where our senior management team, including our Managing Director and Chief Executive Officer, is based. It also includes the key business persons who oversee our various business functions, including business development, products and marketing, underwriting, collections, corporate planning, treasury and accounting, centralised operations, facilities management, human resources, information technology and corporate social responsibility.

Back-End Administrative Activities (COPS and CPC)

We have standardised our operating procedures, documentation and policies across all locations. COPS and CPC are supported by our enterprise system solution ("**ESS**"), which integrates all our activities and functions under a single platform and is expected to support sustainable business growth by automating several processes and as a result, improve the efficiency and quality of our operations. For details on our ESS, see "*—Information Technology*" on page 168. COPS provides centralised back-end administrative activities and processing for our business such as deposit account creation, pay-out channel processing and processing of interest warrants for deposit accounts, insurance reconciliation and handling customer correspondence, which enables our branches to focus on origination, collection and enhancing customer service. A two-step "four eye" verification process is carried out at COPS in order to minimise human error, which involves the roles of "maker" and "checker". A maker verifies documents once they are uploaded onto the ESS by the branch representatives and may send an application back to the branch if there are any discrepancies. A checker scrutinises deposit details and authorises or rejects the transaction. The deposit receipt is then printed and dispatched to the customer and certain relevant details are provided through an SMS and e-mail as well.

With implementation of the ESS, our loan and security documents have been moved from branch offices to a professionally managed repository at CPC at zonal offices where they are stored in a secured vault area in accordance with our agreements with third party service providers and are appropriately logged using barcodes. Our deposit application forms and related documents get dispatched to COPS after creation of a deposit receipt, which is further verified and forwarded to CPC. The CPC also manages CERSAI update of customers and loans. After disbursement, loan files are digitized and stored in the cloud server. As of December 31, 2022, the loan documents of all our live loans have been digitized. Post digitization, the documents are moved to centralised storage. We have centralised loan repayment, i.e., electronic instructions for credit or debit and post-dated cheques for all loan accounts and the entire process of banking, monitoring and exchange of instruments is handled by CPC. As of December 31, 2022, approximately 99.60% of the aggregate amount of EMIs were paid electronically, i.e., through payment channels such as electronic clearing system and National Automated Clearing House ("**NACH**"). Similarly, we make payments on our deposit accounts electronically and manage them through a centralised location.

As part of our business continuity plan, we have three CPCs, one each in the northern region (Noida, Uttar Pradesh), the western region (Borivali, Maharashtra), and the southern region (Bengaluru, Karnataka). All our loan and property documents are digitized and stored on our private cloud at these three centres.

Technology Upgrades

In October 2020, we introduced our mobile application, ACE, which facilitates easier and safer approval and disbursal of loans with minimal physical contact. It is a fully digital customer onboarding platform, available on both website and mobile, which enables the customer's online journey by automating the loan onboarding process from loan information collection, information verification, and lead generation through various digital channels. Customers can upload documents online with backward integration of verification processes, such as PAN, Aadhaar, digital signatures and video-based KYC, including geo-tagging. The ACE platform was made live in October 2020 and by March 2021, 11% of the monthly onboarding was done through ACE. This number increased to 39% by March 31, 2022. As of December 31, 2022, 35.43% of monthly onboarding was sourced through ACE. Moreover, in June 2021, we received the "Business Transformation Award 2021" by Mint (TECHCiRCLE) for our ACE technology platform.

After each new loan application is onboarded, it undergoes various stages of verification which are performed digitally, including online video-based KYC, employment verification, bank statement analysis, fraud control tools and online fetching of income tax returns and financial statements direct from the source. We have also implemented Robotic Process Automation ("**RPA**") to enhance efficiency and reduce manual intervention for regulatory reporting. RPA is being further extended to various processes to enhance internal efficiencies.

To make the buying journey more engaging for our customers, we introduced Homie – our first conversational landing page. It acts as a templated bot, which guides the online user on web for submitting their details for loan enquiry. We also strengthened uConnect – our collaborative platform that simplifies the way business partners interact with our Company. The partners have access to a chat facility and can submit reports and documents for cross-checking.

Our IT team facilitated information dissemination during the moratorium period announced by the RBI during the COVID-19 pandemic and provided customers with necessary guidance, documenting their consent to exercise options and ensuring the requisite paperwork was in place. To ensure customer authenticity, comply with KYC guidelines and avoid errors in TDS filling, the deposit system has been further enhanced and integrated with PAN verification services. Each fixed deposit account forwarded from branches to COPS now goes through a PAN validation check, where the status of each PAN number along with PAN details will be provided. We also introduced credit score-based pricing, where each loan is offered a specific interest rate based on their credit score generated through CIBIL. Our system automatically offers ROI based on various parameters, including a customer's CIBIL score.

To handle increases in our business through the digital channel, we are revamping our IT infrastructure, including upgrading our backend server. We are also implementing a private cloud system with a hyper conversion structure for increased scalability and reduced system downtime. We are also updating our customer database for effective data mining. We have also introduced a workflow for managing FD leads in our lead management system, allowing us to follow up, update status, and manage leads more effectively. This workflow is also integrated with our core deposit system.

Our Marketing and Distribution Network

Our loans and deposits are sourced through our marketing and distribution network, which is divided primarily between our in-house channel and third party channels. As of December 31, 2022, our marketing and distribution network comprised 16,382 active channel partners (including deposit brokers). In the nine months ended December 31, 2022, and Financial Years 2022, 2021, and 2020, we sourced 59.29%, 62.08%, 59.33% and 57.43%, respectively, of new loans from our in-house channels. In Financial Year 2022, out of our overall disbursements of ₹11,245.56 crore, ₹6,981 crore was contributed by our in-house channels, comprising 62% of our overall disbursements, and ₹4,265 crore was contributed by third party channels, comprising 38% of our overall disbursements.

In-house Channels

Our in-house channel of marketing and distribution includes our in-house DST who are employed by our wholly owned subsidiary, PHFL Home Loans and Services Limited. Our DST channel partners generate leads from potential customers through direct contact with customers, through internal sourcing and marketing and though referrals from internal and external sources. Our DST channel partners also provide 'door step' services to certain customers and help customers complete the relevant loan documentation. To support our customers and in-house sales channel, we also have a centralised contact centre team in place.

Third-party Channels

Third-party channels play an important role in our business acquisition. Our third party channels include the DSAs, deposit brokers and connectors. Our DSAs are typically proprietorships, professionals such as chartered accountants and consultants who provide advice to small businesses and recommend customers to us. We pre-screen all DSAs and deposit brokers and conduct a KYC check process with them before entering into an agreement with them. These DSAs and deposit brokers do not work exclusively with us and may also work with other lenders, including our competitors.

DSAs work under the supervision of our channel managers who monitor their performance on the basis of parameters such as understanding of our products and procedures, number and amount of loans sourced, TAT and instances of fraud, delinquencies or customer complaints. Once the DSAs identify prospective customers and submit loan application documents, the teams at our decision-making hubs undertake credit appraisal. DSAs then undertake disbursement document formalities, and subsequently the branches conduct loan disbursement processes directly with the customer. DSAs are generally paid for their services in the form of a variable commission based on the disbursement of loans sourced by them. The commission paid to DSAs are accounted for as loan origination costs and are amortised over the average loan tenure. In the nine months ended December 31, 2022 and Financial Year 2022, DSAs contributed 40.71% and 37.92% of retail disbursement, respectively, which comprised a majority share of non-housing loans. We also have arrangements with a number of banks and financial institutions and market aggregators to provide their customers access to our housing and non-housing loan products.

We have empanelled certain deposit brokers for raising deposits for us and offer them brokerage for successfully raising deposits. The brokerage structure is linked to the tenure of deposits raised and we amortise the brokerage paid over the tenure of deposits raised. We seek to comply with the applicable guidelines issued by the RBI regarding the ceiling on the brokerage paid to the deposit brokers.

We have introduced a co-lending model with banks. Under this arrangement, as the front-ending lender, we would be responsible for sourcing, soliciting, processing loan applications, collections, and customer service. We would also cater to the requirements of customers throughout their loan life cycle and retain a minimum of 20% of the individual loans on our books.

Lead Management System

In order to manage leads that originate from our various affiliates, display campaigns, email marketing channels, toll free calls and lead aggregator websites, we have implemented a lead management system to originate and manage the resulting housing loan applications. An integral part of our lead management is our customer contact centre, which houses a team of tele-executives equipped to manage business development and post-disbursement customer queries. Our contact centre responds to the initial inquiries from potential customers with the help of our lead management system and makes the first contact with potential customers after an initial verification of the credentials and loan requirements of the potential customer. An alert is also sent to our DST as well as to the customer. Our DST channel partner meets the customer to understand their financing requirements and updates the customer's status by mobile, which gets updated in our lead management on the system on a real-time basis. The lead management system then continues to track progress made by the DST on the loan application and provides regular status updates to stakeholders in the process at all key stages of the loan application process. The automated lead management process allows us to provide efficient service to our customers, facilitates end-to-end lead tracking, and monitors the performance of marketing campaigns and sales reports electronically.

Branding and Advertising

Our Company promotes itself as “PNB Housing Finance” and relies on our Promoter’s “PNB” brand. We introduced our logo “pnb Housing Finance Limited Ghar Ki Baat” in August 2014, which we believe has improved our brand visibility as a specialised HFC. See “*—Intellectual Property*” on page 169 for further details in relation to our brand. We strongly believe that owning a home empowers families with a sense of freedom and self-worth, and aim to empower Indians with a home of their own. Having provided our customers with a variety of personalized financial solutions since 1988, we have built long-term relationships with them so that they are comfortable discussing their finance needs with us. Our tagline, “*Ghar Ki Baat*,” is meant to convey a sense of trust, loyalty and commitment to service, which are the driving forces behind the success of the brand.

Our marketing team uses a holistic approach towards marketing activities, analysing various marketing opportunities, carefully selecting alternatives and ensuring consistent communication to build brand recall and saliency. Our communication strategy revolves around trustworthiness, transparency, customer-centric approach and contemporary outlook.

We use a multi-media approach to promote our brand, products and services. As a tactical approach, we have focused on ground-based activities, such as property exhibitions and “*nukkad nataaks*”, visiting markets for one-on-one campaigns. For our affordable loans product, we have conducted one-on-one high impact campaigns in Tier 2 and Tier 3 cities, focusing on educating individuals on their eligibility for products. This has enabled us to reach out to specific target audiences to drive product knowledge and awareness. We believe that our digital media presence, though our website, social media, display banners, and search engine optimization, has enabled us to increase our brand awareness, target customers efficiently and drive business volumes. Our PR campaigns focus on promoting our Company in the media space.

We introduced our app, ACE, in October 2020. It is a fully digital customer onboarding platform, available on both web and mobile, which enables the customer’s online journey by automating the end-to-end loan onboarding process from loan information collection, information verification, lead creation, video KYC and soft sanctions. It has boosted our customer acquisition rate and, as of December 31, 2022, serves 35.43% of retail business logins. It has helped us and our channel partners reach more customers across India and provide better customer service. For further details, please see “*—Technology Upgrades*” on page 161 above. During Financial Years 2022 and 2021, online enquiries were an average of 37,092 and 49,380 per month, respectively, and 99% of EMI was collected digitally in both periods.

Customer Service, Grievance Redressal and Customer Retention

We seek to make customer service central to all our operating processes. With Kastle, our enterprise system for loans, and Encore, our enterprise system for deposits, we are able to service at any time and from anywhere to our customers. Our branches are supported by a multilingual inbound contact centre, allowing us to provide an omni-channel experience. Our customer relationship management system, Talisma, combined with the AMEYO dialer and the core banking ESS system, merges the processes together so that any customer request received through branches or other customer service channels, including phone banking, webchat, and email is recorded and executed within the pre-defined TAT. More than 94% of customer requests are serviced within the promised time. During the COVID-19 pandemic, this digital service infrastructure allowed us to offer relief packages like moratoriums, restructuring, and Emergency Credit Line Guarantee Scheme (“**ECLGS**”) to our customers in a seamless and paperless manner.

As of March 31, 2022, approximately 45,000 of our customers have successfully availed themselves of benefits under the PMAY-CLSS scheme. In addition, we helped more than 235,000 eligible customers receive interest relief on interest charges during the COVID-19 period, between March 2020 and August 2020.

In line with the RBI Master Directions, our board of directors is responsible for laying down an appropriate grievance redressal mechanism. We have a multi-level customer query and grievance resolution process, which we believe helps us build stronger relationships with our customers. Each grievance escalation is recorded in the CRM system and analysed, allowing us to identify opportunities of improvement on our processes, policies and service. Through enhanced customer engagements, the number of escalations have been reduced by 18% between Financial Years 2021 and 2022. During Financial Year 2021, we received 2,793 complaints, of which 2,764 were resolved by March 31, 2021. During the Financial Year 2022, we received 2,281 complaints, of which 2,271 were resolved by March 31, 2022. During the nine months ended December 31, 2022, we received 1,390 complaints, of which 1,371 were resolved by December 31, 2022.

Our robust IT-enabled service infrastructure and business continuity plan ensured that we did not experience any outages even during the COVID-19 related lockdowns. With help of Talisma, our ERP-integrated customer relationship management software, agents at our inbound contact centre and our retention team were able to connect with and serve customers while working from home. We have maintained a TAT of around 92% in Financial Year 2022, which was similar to the pre-lockdown period. To improve communications with customers, we have also improved and simplified our IVR call menu, providing assistance in seven languages to reach more customers. We have also enhanced our chatbot, Homie, and introduced video KYC for end-to-end digital, paperless and zero-contact customer onboarding, among other initiatives.

Our customer service strategy aims to achieve customer retention. We endeavor to retain customers requesting pre-payment of loans or closure of accounts. Our customer retention team at our contact centre plays an important role in retaining customers by monitoring pre-payment requests and by contacting customers who may be considering balance transfer loans to other lenders. Our customer relationship managers try to retain such customers to the extent possible by understanding their requirements and providing suitable solutions. In the majority of cases, rate revisions and top up loans are offered to customers. As a result, the percentage of customers that have opted for balance transfers to other banks or financial institutions has decreased from 13.19% in Financial Year 2022 to 8.59% in the nine months ended December 31, 2022.

Lending Policies and Procedures

We believe that we have a well-established and streamlined credit underwriting process. We have experienced personnel who develop and implement our credit approval policies within the prudential guidelines, directions and circulars prescribed by the NHB and the RBI. Under our business model, our employees are involved throughout the entire loan process.

Loan Underwriting Process

Customer Application and Submission of Documents. We require all applications for our retail loans to be submitted on our standardised forms along with the processing fee and predefined documents to assist KYC checks, including those relating to proof of name, date of birth, address, telephone number and signature as well as the property to be purchased or mortgaged. Salaried customers are required to submit documents such as salary slips or bank statements for income verification purposes. Self-employed customers are required to submit income tax returns, financial statements, bank statements and other documentation.

Credit History Checks. We also check the credit history and credit worthiness of the customer with credit bureaus and certain local customer verification agencies, to ascertain the financial obligations of the customer, clean repayment track record or instances of any delays or defaults in the past by the customer.

Scrutiny of Documents, KYC Checks and Customer Verification by FCU. The completed application and documents as submitted are reviewed for completeness by our decision-making hubs, which along with certain empanelled third-party agencies, conduct various KYC checks, including on-site checks and checks through digital partners, to verify the customer's details. KYC documents submitted by applicants are also verified by a digital partner, which confirms the authenticity of the documents and provides alerts for any alternate identity of the customer found in their database. Further, for eligible salaried applicants, job verification is done digitally by verifying the applicant's work email ID domain with the employer's domain. Our FCU team and empanelled agencies conduct preliminary verification checks on the customer files and documentation in order to identify and subsequently prevent any possible fraudulent loan applications. Simultaneously, a digital tool is used to match the application data with multiple data sources from various financial institutions across the industry, which provides an alert whenever a match is found. Internally, we check our databases for any information on the customer. Under certain circumstances, such as for self-employed customers, we may, with the assistance of an empanelled third-party agency, carry out reference checks with the customer's bankers and creditors as well as other persons in the customer's community.

Title Verification and Property Valuation. We carry out title verification checks on the collateral offered by the customer to verify its quality and enforceability. We conduct property valuations to assess the property and often engage external property valuation experts. These experts assess the fair market value of the property, together with whether there are any risks associated with the property's marketability and whether the property complies with local bye-laws and regulatory norms.

While the property valuation experts provide an independent assessment of the property's current market value, our technical team generally adopts a conservative approach in valuing the property. In the case of houses under construction, we consider the cost estimate given by the architect or chartered engineer to be the project cost. We verify the cost estimate, and in turn the project cost, by using an average cost of construction per sq. ft., which we periodically revise based on input prices. Our Company uses this measure as a benchmark against the cost estimate submitted by the prospective borrower. These activities are supervised by our TSG and legal team.

Income and Business Assessment and Preparation of Credit Appraisal Memo. We undertake an assessment of our customer's income, and in case of self-employed customers, their business. Certain factors that influence our assessment include the customer's income, employment, dependency details, age, education and other existing financial obligations (which we measure through the FOIR) and the installment to net salary/income ratio.

For prospective self-employed professional and self-employed non-professional borrowers, the borrower is visited to get understanding of his business model.

Upon satisfactory completion of the process described above, our credit team determines the loan amount to be granted to the borrower. Key determinants of the loan amount that can be sanctioned are the borrower's repayment capacity and the value of the collateral property. The automated credit appraisal memo is then generated wherein the applicant's financial information is pre-filled from the income tax return downloaded directly from the income tax website, the banking analysis is done using digital tools, the RTR is mapped directly from the Bureau report and eligibility is derived under various income programs in accordance with our credit guidelines.

Loan Sanction or Rejection. For retail loans, once the application review process is completed, the loan application is either sanctioned or rejected by the designated authorities. The sanctioning authority is delegated to various personnel such as the area credit manager, regional credit manager, zonal credit manager, national credit head, managing director and our management and credit committees of the Board, depending on the loan amount.

Loan Disbursement

We disburse loans to our customers only after execution of the loan agreement and the equitable mortgage document. We obtain electronic clearance instructions from the customer for the EMI payments before disbursing the loan. We also obtain additional security cheque for the principal amount of the loan which we can present in the event the customer defaults for any reason. We disburse the loan to the customer once the electronic clearing system form or cheques have been received.

Portfolio Monitoring

We have designed our portfolio management methodologies for early identification of problematic loans. We regularly review and monitor our loan portfolio, which allows us to identify potentially problematic loans at an early stage and prepares us for immediate action if any principal or accrued interest repayment problems arise.

We monitor our portfolio through various analyses, which include, among others, delinquency ageing analysis, where delinquencies are broken into various categories, such as region, branch, product, occupation and property type, and analyzed to understand the reasons for the delinquency; early warning delinquency analysis, where customers who have repeatedly failed to make payments are pooled, tracked and monitored; as well as detailed variance analysis, product analysis and historical case review on a periodical basis. Our credit and collection teams undertake regular review of concentration risk, and loans that have large values or historically higher than average delinquency rates are monitored more frequently.

Asset Recovery Processes

We follow a streamlined process for recovery of delinquent loans. A loan account may be declared delinquent when no payment is received for more than one day after it has remained "past-due". We classify loans as "past-due" if an EMI is not received on the due date on account of either the electronic-clearing system payment instruction or post-dated cheques not being honoured. The asset recovery process is conducted by our collections team as well as third party collections agencies under the supervision of our collections experts at our CSO. All personnel engaged in our collection activities are required to adhere to a code of conduct, which requires them to, among other things, be courteous and objective in their dealings with our customers, maintain integrity. We have leveraged digital analytics to improve our asset recovery process, including undertaking modelling projects to reduce bounce rate and forward flows, such as "value-at-risk" and "pre-delinquency-analysis" models.

We classify our loan recovery process under broadly three stages of delinquency.

Soft Collections (1-29 days-past-due). Once a loan has become past-due, the tele-calling team contacts the borrower to ascertain the reasons for dishonour, and provide payment reminders. Our asset recovery process commences with reminders to delinquent customers to make the payment at the earliest through SMS with a repayment link, followed by a phone call or field visit, or a collections "soft-dunning" letter. If payments are not received, the case is referred for a field visit.

Mid-range Delinquency (30-89 days-past-due). We continue to follow-up with our delinquent customers through telephone calls and SMS reminders if loan repayments remain overdue and send written repayment demands through a "second-dunning" letter. We make further field visits to the customer to convince them to make the repayment by explaining to them the consequences of non-repayment (including repossession of the mortgaged property). We review the security documents or guarantees provided by the customer and may initiate appropriate legal action by issuing a legal notice under the loan agreement with our customer if payment is not received by the PTP date.

Hard Collections and SARFAESI (90-180+ days-past-due) In accordance with the regulations issued by the RBI, once a loan remains past-due for a period of more than 90 days, it is classified as a "non-performing asset", or "**NPA**". The proceedings under the SARFAESI Act may commence once a loan becomes an NPA. The proceedings commence with the issuance of a notice to the customer and/or the guarantor calling upon them to pay the demanded amount within 60 days. In the case of non-compliance, another notice is issued for taking over symbolic possession of mortgaged property and applications for taking physical possession of the mortgaged property are filed. We obtain a valuation of the mortgaged property, fix the reserve price and place it for auction. The auctioned properties are available on our website, and e-auctions are also conducted. At times, the property is also sold through private arrangements after obtaining consent of the customer. The loans where the likelihood of repayment is remote are written off. Subsequent recoveries on these loans are recognised directly in our income statement but the asset itself is not regularised and remains written off.

In the event that the cheques issued by our customers are dishonoured on account of insufficiency in funds, we may also undertake proceedings under Section 138 of the Negotiable Instrument Act, 1881, as amended ("**NIA**"). Upon the receipt of the relevant information and documents such as the cheque dishonour memo, a notice demanding payment is served to initiate proceedings under the NIA. If no payment is received within the stipulated period, a criminal complaint is filed before the competent court. We also initiate arbitration proceedings based on arbitration clauses in our loan agreements. The proceedings are conducted in accordance with procedure agreed in the loan agreement or as prescribed under the (Indian) Arbitration and Conciliation Act, 1996, as amended. We also explore the one-time settlement option to resolve delinquent accounts.

SOURCES OF FUNDING

As of December 31, 2022, our borrowings constituted 95.67% of our total liabilities.

Set forth below are our different sources of funding and their respective contribution as a percentage of our total outstanding borrowings as of the periods mentioned below:

	As of December 31, 2022		**As of March 31, 2022**		**As of March 31, 2021**		**As of March 31, 2020**	
	Amount (in ₹ crore)	*% of total outstanding borrowings*	*Amount (in ₹ crore)*	*% of total outstanding borrowings*	*Amount (in ₹ crore)*	*% of total outstanding borrowings*	*Amount (in ₹ crore)*	*% of total outstanding borrowings*
Loans from banks and financial institutions	20,381.82	39.27%	17,052.85	32.17%	15,989.25	26.92%	20,499.50	30.26%
NCDs[1]	3,873.63	7.46%	6,201.97	11.70%	10,356.50	17.44%	17,430.40	25.73%
Deposits (net of maturities)	17,348.10	33.43%	17,648.98	33.30%	16,746.04	28.20%	16,131.94	23.82%
ECBs	5,773.40	11.12%	5,997.78	11.32%	5,909.23	9.95%	5,593.34	8.26%
Commercial paper	-	0.00%	-	0.00%	1,104.98	1.86%	406.06	0.60%
Refinancing from NHB	3,283.68	6.33%	4,665.21	8.80%%	7,847.86	13.21%	6,235.28	9.21%
Subordinated debt	1,238.32	2.39%	1,438.18	2.71%	1,438.58	2.42%	1,438.58	2.12%
Total borrowings	**51,898.95**	**100.00%**	**53,004.97**	**100.00%**	**59,392.44**	**100.00%**	**67,735.10**	**100.00%**

[1] *Includes other debt*

Term loans from banks and financial institutions

As of December 31, 2022, the term loans outstanding from banks and financial institutions, excluding line of credit facilities, amounted to ₹20,381.82 crore, including short term loans and long term loans, excluding utilizations of lines of credit as cash credit/overdraft ("**CC/OD**") but including utilization of CC/OD limits as working capital demand loan ("**WCDL**"), and we had outstanding loans from an aggregate of 17 banks and financial institutions. Our term loans from banks and financial institutions (except loans of ₹1,800 crore, which are unsecured in nature) are secured by an exclusive hypothecation of specific book debt (excluding those used to secure our NCDs and deposits) and a charge on specific book debts. Our long term bank facilities are rated "CARE AA/Stable" by CARE and "CRISIL AA/Stable" by CRISIL, respectively, indicating high safety with respect to timely payment of interest and principal.

*Non-Convertible Debentures ("**NCDs**")*

In the nine months ended December 31, 2022, and Financial Years 2022, 2021, we raised nil, ₹455 crore and ₹1,690 crore, respectively, through privately placed NCDs. As of December 31, 2022, the outstanding balance of NCDs was ₹3,873.63 crore. Our NCD issues have been listed on the wholesale debt market segment of the NSE. The NCDs are secured by hypothecation of specific book debts. Our NCDs (secured and unsecured) are rated "CARE AA/Stable", "ICRA AA/Stable" and "IND AA/Stable" and "CRISIL AA/Stable" by ICRA, India Ratings (Fitch) and CRISIL, respectively indicating high safety with respect to timely payment of interest and principal. As of April 12, 2022, ICRA has upgraded our credit rating outlook from Negative to Stable. As of October 21, 2022, CRISIL has upgraded our credit rating outlook from Negative to Stable, and India Ratings has upgraded our credit rating outlook from Negative to Stable as of February 28, 2023.

Deposits

We offer a range of deposit products to our customers. In the nine months ended December 31, 2022, we raised deposits of ₹4,929.48 crore and repaid deposits of ₹4,139.65 crore. In Financial Year 2022, we raised deposits of ₹7,234 crore and repaid deposits of ₹5,318 crore. Our outstanding deposits (net of maturities) grew at a CAGR of 3.04% from ₹16,131.94 crore as of March 31, 2020 to ₹17,648.98 crore as of March 31, 2022, and were at ₹17,348.10 crore as of December 31, 2022. As of December 31, 2022, our outstanding deposits (net of maturities) constituted 33.43% of our total outstanding borrowings. As of that date, our deposits were within the limit of three times of the net owned funds prescribed by the NHB. Our deposits are unsecured and created by way of a deed of trust as per the RBI Master Directions. Our deposit programme is rated "CRISIL AA/Stable" by CRISIL and "CARE AA/Stable" by CARE. These ratings indicate a high degree of safety regarding the repayment of principal and interest based on industry standards. Our deposits are repayable in accordance with the individually contracted maturities ranging from 12 to 120 months from the date of deposit. As of December 31, 2022, the interest rate we offered on our deposits ranged from 6.80% to 7.55% and was payable on the contracted terms depending upon the scheme opted by the customer.

External commercial borrowings

In Financial Years 2022 and 2021, we raised nil and US$75 million as external commercial borrowings ("**ECBs**") for a duration of five years, as per the terms and conditions under the Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations (Updated as on September 30, 2022) ("**RBI ECB Master Directions**") for funding low-cost affordable housing projects. All the ECBs are hedged in accordance with the applicable RBI ECB Master Direction. The ECBs availed by us are for the purpose of infrastructure financing, i.e. for the purpose of affordable housing, as defined in the latest Updated Harmonized Master List of Infrastructure Sub-sectors notified by the Ministry of Finance, Government of India.

Commercial paper

We use commercial paper as a source of short-term funds for our working capital needs. In Financial Years 2022 and 2021, we raised nil and ₹2,125 crore, respectively, through issuance of commercial paper. The outstanding balance of commercial paper as of December 31, 2022 was nil.

NHB Refinance

The Government of India supports the flow of credit to the housing sector, and has implemented various policy initiatives, primarily in the form of the NHB's affordable housing schemes aimed at providing low-cost, long-term credit to the low and middle income segments in rural and urban parts of India. Pursuant to these initiatives, the NHB provides refinance for certain qualifying loans at significantly reduced rates to certain qualifying HFCs through schemes such as the "*Affordable Housing Fund*", the "*Golden Jubilee Rural Housing Refinance Scheme*", the "*Special Refinance Facility*" and the "*Refinance Scheme for Construction Finance for Affordable Housing*". As of December 31, 2022, our outstanding refinancing from the NHB was ₹3,283.68 crore and was secured by hypothecation of specific loans, including book debts.

Subordinated Debt

In the nine months ended December 31, 2022, and Financial Years 2022 and 2021, we did not raise any funds through long-term, unsecured, redeemable NCDs for the purpose of raising Tier II capital, determined in accordance with the guidelines issued by the NHB or RBI, as applicable, for the purposes of computation of CRAR. The debt under such debentures is subordinated to present and future indebtedness of the Company. The outstanding subordinated debt as of December 31, 2022 was ₹1,238.32 crore and are rated "CARE AA/Stable," "ICRA AA/Stable," "IND AA/Stable" and "CRISIL AA/Stable" by CARE, ICRA, India Ratings and CRISIL, respectively, as on February 28, 2023, indicating high safety with respect to timely payment of interest and principal. As of April 12, 2022, ICRA has upgraded our credit rating outlook from Negative to Stable. As of October 22, 2022, CRISIL has upgraded our credit rating outlook from Negative to Stable.

Credit Ratings

For details in relation to credit ratings for various instruments we use to raise funds, see "*Selected Statistical Information — Sources of Funding — Credit Ratings*" on page 86.

Information Technology

We maintain and update our IT infrastructure that helps connect our employees, offices and facilities and assists in faster processing of information. The ESS is a single platform encompassing a centralised database and integrates a suite of applications which cover lead management, loan origination, loan management, collections and collateral management, deposits, integrated accounting, human resource management, document management, and a customer service interface portal. The ESS was designed to provide the following objectives:

- end-to-end business automation, reducing inputs from individuals to the extent possible;
- enabling all stakeholders to interact on a single platform;
- configurable and flexible system, scalable enough to support high business growth;
- a workflow based model, designed to optimize processes;
- a secured and compliant system; and
- communication with customers on a real-time basis for a range of services on a transparent platform, leading to enhanced customer service.

The ESS has the ability to draw out information for business intelligence reports from various credit information networks, rating agencies and certain other external sources. The ESS is flexible, configurable and scalable for further growth. We have conducted extensive training programmes for all our employees preparing them for both work and environment changes. The ESS is hosted on the infrastructure of DC and DR. The architecture of DC and DR has been designed on four fundamental principles of data security, data integrity, data availability and data scalability. Replication of business-related information from DC to DR occurs on a real-time basis. In addition, backup information is stored on external media at regular intervals. Access to ESS is provided to employees at various levels, determined on the basis of their pre-defined roles with assistance from our human resources personnel. We have formulated a contingency plan to address data recovery in case of a disaster and also periodically review and monitor critical parameters to detect failures with the objective of systemic remediation.

Our ESS allows exchange of information with various business partners through a separate portal called the "*Vconnect Solution*". In addition, we use a web based learning management solution called "*eGuru*" for continuous skill development of our employees. After the outbreak of COVID-19, we implemented a cloud-based virtual system interface hosted on "*Microsoft Azure*" cloud. Our Information Security Management System is certified with the standard of ISO/IEC 27001:2013 by UKAS (United Kingdom Accreditation Service).

Human Resources

Our vision is to become an employer of choice by providing a compelling employee value proposition. We strive to attract the best talent in the industry and ensure our employees' development, retention and contribution to our success. We have integrated behavioural competency and technical competency frameworks into our training, evaluation and recruiting processes. We focus on training our employees and conduct regular training programmes and workshops for our employees. Our management and executive trainees generally undergo extensive training on various topics in the finance sector. In addition to on-the-job training, we provide employees courses in specific areas or specialised operations on an as-needed basis including in credit risk, credit underwriting, customer service, negotiation and operational processes.

We are committed to enabling equal opportunity and inclusive growth. To provide our employees with cross-functional exposures, we created internal opportunities last year wherein our in-house talents were entrusted with more responsibilities. Our employees are given thorough orientations to facilitate their understanding of our company's culture and its products and services. In Financial Year 2021, we launched Xceed, an employee awards program which recognizes and rewards our employees for exemplary performance across various cross-sell products.

As of December 31, 2022, we had a dedicated workforce of 1,591 employees, as more particularly set out in the table below:

Category	Number
Branches	903
Decision-making Hubs	343
Outreach Centres	40
CSO	181
Zonal Offices	71
Outbound Contact Centres	2
Retention Centre	11
Collection Call Centres	3
CPC/COPS	37
Total	**1,591**

Competition

The housing finance industry in India is highly competitive. We face competition from banks as well as other HFCs and non-banking finance companies. We generally compete with our competitors on the basis of the range of product offerings, interest rates and fees and customer service, as well as for suitably skilled contract personnel. Our primary competitors include HDFC Limited, LIC Housing Finance Limited, Indiabulls Housing Finance Limited, and Can Fin Homes Limited. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Risk Factors—The housing finance industry is highly competitive and if we are not able to compete effectively, it could adversely affect our business and results of operations.*" on pages 291 and 64, respectively.

Insurance

We believe that our insurance coverage is of the type and in the amounts commensurate with the nature and scope of our operations. We have insured our various properties and facilities against the risk of fire, burglary and other perils. We have obtained money policy to cover loss of money in safe or strong-room by hold-up, burglary and robbery as well as loss of money in transit by us or our employees, occasioned by robbery, theft or any other fortuitous cause. We also have in place a medi-claim policy for our employees and their dependent family members and a group personal accident policy. We also have a D&O policy covering the Directors and Officers of the Company. For a discussion of certain risks relating to our insurance coverage, please refer to the section entitled "*Risk Factors—Our insurance coverage may not be sufficient or may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.*" on page 58.

Intellectual Property

We conduct our operations under the "PNB Housing" brand name. The name, brand and trademark "PNB" and the associated logo is owned by, and is registered in favor of our Promoter, PNB. We have an existing trademark agreement with PNB. Pursuant to an agreement dated December 7, 2009 between our Promoter and our Company ("**First TM Licence Agreement**"), PNB granted us a royalty-free, non-exclusive right to use the name, brand and trademark "PNB" and the associated logo in relation to our business and in our corporate name/trade name. Under the First TM Licence Agreement, our Promoter has the right to terminate the license if its shareholding in our Company falls below 30% of our outstanding Equity Share capital. Subsequently, on May 24, 2021, our Company and our Promoter have entered into another trademark license agreement ("**Second TM Licence Agreement**"). Under the terms of the Second TM License Agreement, PNB has granted our Company a non-exclusive non-assignable license to use the "PNB" trademark and the associated logos in relation to our business and in our corporate name and as part of the domain name and website, in exchange for an annual royalty fee of the higher of 0.2% of our revenue and 2% of profit after tax, subject to a minimum of ₹14.97 crore per annum and a maximum of ₹30.00 crore per annum. The license under the Second TM License Agreement shall become effective when the Promoter's shareholding in our Company falls below 30% of our outstanding Equity Share capital. Our Promoter will have the right to terminate the license under the Second TM License Agreement if its shareholding in our Company falls below 20% of our outstanding Equity Share capital, in which case we would be required to change our brand name within a transition period of a maximum of up to 24 months.

We have registered copyright of artistic work as well as trademark for our tagline, "*Ghar Ki Baat,*" under classes 16, 35, 36 and 42. We have also obtained registration for various domain names, including our website, *www.pnbhousing.com*. We have also applied for registration of "Roshni Home Loans" trademark under various classes. For further details, see "*Risk Factors—While certain of our trademarks used by us for our business are registered, any inability to protect our intellectual property or know how from third party infringement may adversely affect our business and prospects.*" on page 60.

Social Impact

Our CSR initiatives strive to improve the socio-economic condition of the community at large. We undertake our CSR activities through our dedicated arm, Pehel Foundation, along with other partnering agencies. In Financial Year 2022, we focused on healthcare initiatives to strengthen healthcare infrastructure across multiple locations. We continued supporting projects for the welfare of construction workers, enabling access to formal education by strengthening school infrastructure, water conservation, increasing green cover, enabling access to clean drinking water, and supporting livelihood generation for women and persons with disability. We were recognised at the 6th CSR Impact Awards organized by CSRBOX in association with Dalmia Bharat for our CSR initiatives in 2019 and we won the 'Global CSR Excellence & Leadership Award' in the category of Women Empowerment by World CSR Congress. The table below sets forth the details of our vision and initiatives in relation to our commitments towards environment, society and governance.

Environment	***Social***	***Governance***
99% EMI collections through digital mode	Promoting quality education through infrastructure development	Diversified and highly experienced Board
Solar Electrification in 20 government schools in Haryana and Uttar Pradesh	Strengthening healthcare infrastructure through medical and laboratory equipment support	All committees except credit committee headed by Independent Directors
Environment and Water Conservation in Madhya Pradesh, Rajasthan, Uttar Pradesh, Haryana and Maharashtra		Strong and experienced management team with extensive industry experience
Bottle recycling machines in Maharashtra (to save approximately 8 tons of plastic)	Set up women owned spice based enterprises units in Rajasthan and Uttarakhand	Strong grievance redressal mechanism
		More than 94% of customer requests resolved within the turn-around-time

Awards and Accolades

In the last three Financial Years, we have received the following awards and accolades:

- 'Best Housing Finance Company of the Year' at the Third Annual BFSI Technology Excellence Awards 2022 by Quantic Business Media Private Limited.
- 'Global CSR Excellence & Leadership Award' in the category of Women Empowerment by World CSR Congress.
- The League of American Communications Professionals (LACP) ranked our annual report as 20th worldwide in 2022, awarding us the platinum award for both print and digital versions.

- We were recognized as one of Economic Times' 'Iconic Brands of India' for two years in a row, in 2021 and 2022.

- We were one of the recipients of Economic Times 'Best Brands 2021'.

- We won the 'Business Transformation Awards 2021' by Mint TechCircle for our ACE technology platform.

Property

We own the premises on which our Registered and Corporate Office is located. The properties that we currently use for our business activities, including branches, decision-making hubs, zonal offices, and outreach centres are all held by us on a leasehold basis. Typically, these lease agreements are for periods ranging between 11 months to nine years. We also own four properties in Mumbai, i.e. three flats in Belapur, Navi Mumbai, and a shop in Vashi, Navi Mumbai.

OUR MANAGEMENT

The composition of the Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI LODR Regulations and the Articles. In accordance with the Articles, subject to the provisions of the Companies Act, 2013 and unless and until otherwise agreed and determined by our Company by a special resolution, the Board shall consist of maximum 15 Directors. As on the date of this Letter of Offer, our Board comprises 12 Directors, including one Executive Director, one Non-Executive Director, four Non-Executive Nominee Directors and six Independent Directors.

The following table provides details regarding the Board of Directors of our Company as of the date of filing this Letter of Offer:

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
Girish Kousgi ***Address***: 301, B-Wing, Mahavir Amrut CHS LTD, 3rd Floor, Plot No-2, Sector-19, Palm Beach Road, Navi Mumbai, Sanpada, Thane 400 705, Maharashtra, India ***Designation:*** Managing Director and Chief Executive Officer ***Occupation***: Service ***Term***: Four years with effect from October 21, 2022 ***Period of Directorship:*** Since October 21, 2022 ***DIN***: 08524205 ***Date of Birth:*** September 14, 1970	52	• PHFL Home Loans and Services Limited • PEHEL Foundation
Atul Kumar Goel(1) ***Address***: B-22, Beta-1, Gautam Buddha Nagar, Greater Noida 201 310, Uttar Pradesh, India ***Designation:*** Non-Executive Nominee Director ***Occupation***: Service ***Term***: Liable to retire by rotation ***Period of Directorship:*** Since April 28, 2022 ***DIN***: 07266897 ***Date of Birth:*** December 26, 1964	58	• The Oriental Insurance Company Limited • Punjab National Bank • Punjab National Bank (International) Limited, United Kingdom • National Credit Guarantee Trustee Company Limited • Indian Institute of Banking and Finance • PNB MetLife India Insurance Company Limited
Sunil Kaul(2) ***Address***: 2A, Lincoln Road, #29-09 Park Infinia at Wee Nam, Singapore, 308 364 ***Designation:*** Non-Executive Nominee Director ***Occupation***: Investment Advisory Service ***Term***: Liable to retire by rotation ***Period of Directorship:*** Since March 5, 2015	63	• Carlyle Singapore Investment Advisors Pte. Limited • Viyash Life Sciences Private Limited • Yes Bank Limited

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
DIN: 05102910 ***Date of Birth:*** March 25, 1960		
Chandrasekaran Ramakrishnan ***Address***: 1C, 4th Street, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004, Tamil Nadu, India ***Designation:*** Independent Director ***Occupation***: Consultant ***Term***: Five years with effect from October 7, 2020 ***Period of Directorship:*** Since October 7, 2015 ***DIN***: 00580842 ***Date of Birth:*** October 2, 1957	65	• LTI Mindtree Limited • L&T Technology Services Limited • Aujas Cybersecurity Limited • NSEIT Limited • KSL Digital Ventures Limited • Chennai City Football Club Private Limited
Nilesh Shivji Vikamsey ***Address***: 184A, Kalpataru Habitat, Dr. S.S. Rao Road, Parel, Mumbai 400 012, Maharashtra, India ***Designation:*** Independent Director ***Occupation***: Chartered Accountant ***Term***: Five years with effect from April 22, 2021 ***Period of Directorship:*** Since April 22, 2016 ***DIN***: 00031213 ***Date of Birth:*** August 16, 1964	58	• Gati Limited • Thomas Cook (India) Limited • IIFL Finance Limited • 360 ONE WAM Limited (previously known as IIFL Wealth Management Limited) • Gati-Kintetsu Express Private Limited • SOTC Travel Limited • Nippon Life India Trustee Limited • Allcargo Logistics Limited • Thejo Engineering Limited
Tejendra Mohan Bhasin ***Address***: 331 Bhera Enclave (Paschim Vihar), Sunder Vihar, Delhi 110 087, India ***Designation:*** Independent Director ***Occupation***: Retired Vigilance Commissioner CVC ***Term***: Five years with effect from April 2, 2020 ***Period of Directorship:*** Since April 2, 2020 ***DIN***: 03091429 ***Date of Birth:*** May 23, 1956	66	• Patanjali Foods Limited (previously known as Ruchi Soya Industries Limited) • SBI Cards and Payment Services Limited • PNB Gilts Limited • SBI Life Insurance Company Limited
Sudarshan Sen ***Address***: 18th Floor, 1802, Godrej Platinum, Tower B4, Opposite Godrej Memorial Hospital, Pirojsha Nagar, Vikhroli (East), Mumbai 400 079, Maharashtra, India	64	• The Federal Bank Limited • Cashpor Micro Credit • Flexmoney Technologies Private Limited

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
Designation: Independent Director ***Occupation**:* Consultant ***Term**:* Five years with effect from October 1, 2020 ***Period of Directorship:*** Since October 1, 2020 ***DIN***: 03570051 ***Date of Birth:*** January 21, 1959		
Gita Nayyar ***Address***: 3403, Imperial Tower South, B.B. Nakashe Marg, Tardeo, Mumbai 400 034, Maharashtra, India ***Designation:*** Independent Director ***Occupation**:* Advisor ***Term**:* Three years with effect from May 29, 2021 ***Period of Directorship:*** Since May 29, 2021 ***DIN***: 07128438 ***Date of Birth:*** October 11, 1963	59	• Oriental Hotels Limited • Transport Corporation of India Limited • Glenmark Life Sciences Limited • Taj Sats Air Catering Limited
Pavan Kaushal ***Address***: E-2 1402 World Crest, World Towers Lodha Place, Senapati Bapat Marg, Lower Parel, Delisle Road, Mumbai 400 013, Maharashtra, India ***Designation:*** Independent Director ***Occupation**:* Consultant ***Term**:* Three years with effect from October 27, 2022 ***Period of Directorship:*** Since October 27, 2022 ***DIN***: 07117387 ***Date of Birth:*** February 24, 1962	61	• Innoven Capital India Private Limited • Asset Reconstruction Company (India) Limited • Lendingkart Finance Limited • Lendingkart Technologies Private Limited • Baroda Global Shared Services Limited
Neeraj Vyas ***Address***: House No. 9, BRG Shangrila, IRIS Nest Block, Talawali Chanda, Mangliya, Indore 453 771, Madhya Pradesh, India ***Designation:*** Non-Executive Non-Independent Director ***Occupation**:* Retired Bank Executive ***Term**:* Liable to retire by rotation	64	Nil

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
Period of Directorship: Since September 1, 2020 ***DIN***: 07053788 ***Date of Birth:*** June 2, 1958		
Kapil Modi[(3)] ***Address***: 1004, Tiffany - Building 2, Vasant Oasis, Makwana Road, Marol, Andheri East, J.B. Nagar, Mumbai 400 059, Maharashtra ***Designation:*** Non-Executive Nominee Director ***Occupation****:* Service ***Term****:* Liable to retire by rotation ***Period of Directorship:*** Since October 1, 2020 ***DIN***: 07055408 ***Date of Birth:*** January 2, 1985	38	• Nxtra Data Limited • Hexaware Technologies Limited • Carlyle India Advisors Private Limited • Varmora Granito Private Limited • VLCC Health Care Limited
Dilip Kumar Jain[(4)] ***Address***: 8A, Row House, Surya Vihar, Near Kapashera Border, Industrial Complex Dundahera, Gurgaon 122 016, Haryana, India ***Designation:*** Non-Executive Nominee Director ***Occupation****:* Banker ***Term****:* Liable to retire by rotation ***Period of Directorship:*** Since November 4, 2022 ***DIN***: 06822012 ***Date of Birth:*** August 21, 1965	57	• India SME Asset Reconstruction Company Limited

(1) Appointed as nominee Director of Punjab National Bank.
(2) Appointed as nominee Director of Quality Investment Holdings PCC.
(3) Appointed as nominee Director of Quality Investment Holdings PCC.
(4) Appointed as nominee Director of Punjab National Bank.

Brief Biographies of Directors

Girish Kousgi is the Managing Director and Chief Executive Officer of our Company. He holds an executive master's diploma in business administration from Indian Institute of Commerce and Trade. He has over 21 years of experience in the financial services sector. Previously, he was associated with Can Fin Homes Limited as managing director and chief executive officer, Tata Capital Financial Services Limited as head retail – credit & risk, IDFC Bank Limited as executive vice president and ICICI Bank Limited as joint general manager. He is also serving as a director on the board of our Subsidiaries, namely PHFL Home Loans and Services Limited and PEHEL Foundation. He was appointed on our Board with effect from October 21, 2022.

Atul Kumar Goel is a Non-Executive Nominee Director on our Board. He holds a bachelor's degree in commerce from Meerut University. He is a member of the Institute of Chartered Accountants of India since 1988. He has over 30 years of experience in the banking sector. Previously, he was associated with UCO Bank as managing director and chief executive officer and Union Bank as executive director. He is currently the managing director and chief executive officer of Punjab National Bank. He is also serving as a director on the boards of Oriental

Insurance Company Limited, Punjab National Bank (International) Limited, United Kingdom, National Credit Guarantee Trustee Company Limited, PNB MetLife India Insurance Company Limited and Indian Institute of Banking and Finance. He was appointed on our Board with effect from April 28, 2022.

Sunil Kaul is a Non-Executive Nominee Director on our Board. He holds a bachelor's degree in technology in electrical engineering from the Indian Institute of Technology, Bombay and a post-graduate diploma in management from the Indian Institute of Management, Bangalore. He has over 35 years of experience in retail and corporate banking, international personal banking, global transaction services and investing in financial services companies. Previously, he was associated with Citigroup, as president of Citibank Japan and the chairman of CitiCards Japan KK and CitiFinancial Japan KK. He is currently a managing director of Carlyle Singapore Investment Advisors Pte. Limited and is the sector lead for financial services for Carlyle Asia Buyout Advisory team. He is also serving as a director on the boards of Viyash Life Sciences Private Limited and Yes Bank Limited. He was appointed on our Board with effect from March 5, 2015.

Chandrasekaran Ramakrishnan is an Independent Director on our Board. He holds a bachelor's degree in mechanical engineering from the University of Madras and a post-graduate diploma in management from the Indian Institute of Management, Bangalore. Previously, he was associated with Cognizant Technology Solutions India Private Limited and with Tata Consultancy Services Limited. He is also serving as a director on the boards of LTI Mindtree Limited, L&T Technology Services Limited, Aujas Cybersecurity Limited, NSEIT Limited, KSL Digital Ventures Limited and Chennai City Football Club Private Limited. He has over 33 years of experience in field of information technology. He was appointed on our Board with effect from October 7, 2015.

Nilesh Shivji Vikamsey is an Independent Director on our Board. He has a bachelor's degree in commerce from the University of Bombay. He is a member of the Institute of Chartered Accountants of India since 1985. He has completed a post qualification course in information systems audit from the Institute of Chartered Accountants of India and a course in business consultancy studies conducted by Jamnalal Bajaj Institute of Management Studies, University of Mumbai in collaboration with Bombay Chartered Accountants' Society. He has been associated with KKC & Associates LLP as partner since 1985. He is also serving as a director on the boards of Gati Limited, Thomas Cook (India) Limited, IIFL Finance Limited, 360 ONE WAM Limited (previously known as IIFL Wealth Management Limited), Gati-Kintetsu Express Private Limited, SOTC Travel Limited, Nippon Life India Trustee Limited, Thejo Engineering Limited and Allcargo Logistics Limited. He has over 37 years of experience in *inter alia* auditing and consultancy services. He was appointed on our Board with effect from April 22, 2016.

Tejendra Mohan Bhasin* is an Independent Director on our Board. He holds a bachelor's degree in law from University of Delhi, a master's degree in science from Meerut University, a master's degree in business administration from University of Delhi and a doctorate degree in philosophy from University of Madras, Chennai. He is a certified associate of Indian Institute of Bankers. He was conferred honorary fellowship by the Governing Council of Indian Institute of Banking and Finance in 2010. He has over 37 years of experience in the banking sector. Previously, he was associated with Indian Bank as a chairman and managing director and was a vigilance commissioner in the Central Vigilance Commission for four years. He is currently the chairman of the Advisory Board for Banking and Financial Frauds which has been constituted by the Central Vigilance Commission. He is also serving as a director on the boards of Patanjali Foods Limited (previously known as Ruchi Soya Industries Limited), SBI Cards and Payment Services Limited, PNB Gilts Limited and SBI Life Insurance Company Limited. He was appointed on our Board with effect from April 2, 2020.

Sudarshan Sen is an Independent Director on our Board. He holds master's degrees in science (mathematics) and business administration from the University of Delhi and the University of Birmingham, respectively. Previously, he was associated with the Reserve Bank of India as an executive director. He is also serving as a director on the boards of The Federal Bank Limited, Cashpor Micro Credit and Flexmoney Technologies Private Limited. He was appointed on our Board with effect from October 1, 2020.

Gita Nayyar is an Independent Director on our Board. She holds a master's degree in business administration from Amos Tuck School of Business Administration, Dartmouth College, United States of America. She is also serving as a director on the boards of Oriental Hotels Limited, Transport Corporation of India Limited, Glenmark Life Sciences Limited and Taj Sats Air Catering Limited. She is also a member of the board of governors of Indian Institute of Management Udaipur and of the governing body of HelpAge India. She was appointed on our Board with effect from May 29, 2021.

Pavan Kaushal is an Independent Director on our Board. He holds a bachelor's degree in commerce from University of Calcutta and a master's degree in financial management from Jamnalal Bajaj Institute of Management Studies, University of Bombay. He is a member of the Institute of Chartered Accountants of India since 1985. He has over 32 years of experience in the financial services sector. Previously, he was associated with Fullerton India Credit Company Limited as chief operating officer and IDFC First Bank Limited as group executive president in risk department. He is also serving as a director on the boards of Innoven Capital India Private Limited, Asset Reconstruction Company (India) Limited, Lendingkart Finance Limited, Lendingkart Technologies Private Limited and Baroda Global Shared Services Limited. He was appointed on our Board with effect from October 27, 2022.

Neeraj Vyas is a Non-Executive Non-Independent Director on our Board. He holds a bachelor's degree and master's degree in science from the Vikram University, Ujjain. He has 36 years of experience in the banking sector. Previously, he was associated with State Bank of India. He was appointed on our Board as Non-Executive Non-Independent Director with effect from September 1, 2020. Previously, he was an Independent Director from April 15, 2019 to April 28, 2020 in our Company and the Managing Director and Chief Executive Officer from April 28, 2020 to August 10, 2020.

Kapil Modi is a Non-Executive Nominee Director on our Board. He holds a bachelor's degree in technology in computer science and engineering from Indian Institute of Technology, Kharagpur and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has over 15 years of experience in investment advisory. He is currently a managing director in Carlyle India Advisors Private Limited. He is also serving as a director on the boards of Nxtra Data Limited, Hexaware Technologies Limited, Varmora Granito Private Limited and VLCC Health Care Limited. He was appointed on our Board with effect from October 1, 2020.

Dilip Kumar Jain is a Non-Executive Nominee Director on our Board. He holds a bachelor's degree in commerce from Rajasthan University. He is also a member of the Institute of Chartered Accountants of India since 1989. He has over 26 years of experience in the banking sector. He is currently the chief general manager at the finance division in Punjab National Bank. He is also serving as a director on the board of India SME Asset Reconstruction Company Limited. He was appointed on our Board with effect from November 4, 2022.

Tejendra Mohan Bhasin along with his wife has let out the premises situated at 207 & 209, 2nd Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg, New Delhi 110 001, India, to our Company since April 13, 2016. The lease rent paid for Fiscal Year 2022 was ₹0.21 crore. The lease is for a term of 9 years and is subject to renewal. For further details, see "Risk Factors - Our Promoter, our Directors, Key Managerial Personnel and Senior Management have interests in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Further, our Promoter and certain of our Directors are involved in one or more ventures which are in the same line of business as that of our Company." and "Financial Statements – Restated Consolidated Financial Statements – Notes to Restated Consolidated Financial Statements – Note 36.10: Related Party Transactions" on pages 61 and 262, respectively. However, Tejendra Mohan Bhasin is not a material lessor of our Company in terms of Regulation 16(1)(b)(vi)(E) of the SEBI LODR Regulations.

Confirmations

None of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer, the equity shares of which have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last five years immediately preceding the date of filing of this Letter of Offer.

Corporate Governance

The provisions of the SEBI LODR Regulations with respect to corporate governance are applicable to us. We are in compliance with the requirements of the applicable provisions of SEBI LODR Regulations and the Companies Act, 2013, in respect of corporate governance including in respect of the constitution of the Board and committees thereof.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI LODR Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions.

Committees of our Board

In addition to the committees of our Board detailed below, our Board may, from time to time constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

S. No.	Name of Director	Committee Designation
1.	Nilesh Shivji Vikamsey *(Independent Director)*	Chairman
2.	Tejendra Mohan Bhasin *(Independent Director)*	Member
3.	Sudarshan Sen *(Independent Director)*	Member
4.	Neeraj Vyas *(Non-Executive Non-Independent Director)*	Member

The Audit Committee was last reconstituted pursuant to a resolution passed by our Board in its meeting held on May 30, 2022. The scope and functions of the Audit Committee and its terms of reference are in accordance with Section 177 of the Companies Act, 2013 and the SEBI LODR Regulations and *inter alia,* include:

(a) Approving the appointment of Chief Financial Officer of our Company after assessing the qualifications, experience and background, including terms of his/her appointment such as remuneration and terms of appointment of the candidate;

(b) Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, its responsibilities staffing, strategic and operating plan for internal audit function, appointment and terms of remuneration of the head of internal audit, reporting structure and frequency of internal audit;

(c) Discussing with internal auditors and management any significant findings from the internal audit reports and follow up thereon;

(d) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the same to the Board;

(e) Reviewing internal audit reports relating to internal control weaknesses;

(f) Reviewing with the management, performance of internal auditors and adequacy of the internal control systems;

(g) Meeting exclusively with internal auditors, management and/or independent auditor on a periodic basis;

(h) Reviewing and monitoring the auditors' independence, performance and effectiveness of audit process;

(i) Committee shall have the sole authority to:
  i. Recommend appointment of auditors, terms of appointment of auditors including remuneration;
  ii. Approve all audit engagement fees and terms; and
  iii. Approve payment to Independent/statutory auditors for any other services rendered by them;

(j) Discussing with independent/statutory auditors before the audit commences about the nature and scope of audit;

(k) Post-audit discussion with independent auditors/statutory auditors to ascertain areas of concern;

(l) Reviewing with the management of the performance of the independent auditors/statutory auditors and the adequacy of internal control systems;

(m) Reviewing with the independent auditor any audit problems or difficulties and the management's response thereon;

(n) Conducting a 'post-audit review' of the financial statements and audit findings including any suggestions for improvements provided to management by the independent auditors/statutory auditors;

(o) Annually reviewing a report with the independent auditor describing:
   i. The audit firm's internal quality control procedures;
   ii. Any material issues raised by the most recent internal quality control review or peer review of the firm;
   iii. Any inquiry or investigation by governmental or professional or regulatory authorities, within the preceding five years, with respect to one or more Independent audits carried out by the firm;
   iv. Any steps taken to deal with any of the above issues; and
   v. All relationships between the independent auditor and our Company so as to assess the auditor's independence;

(p) Reviewing and evaluating the lead partner of the independent auditor as well as, if necessary, considering rotation of auditors in consultation with the management;

(q) Reviewing with the independent auditor:
   i. Any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise);
   ii. Any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement;
   iii. Any "management" or "internal control" letter issued or proposed to be issued by the audit firm to the Company;

(r) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(s) Reviewing the analysis prepared by the management and/or the independent auditor/statutory auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements;

(t) Reviewing and examining the audited financial statements with the management and the independent auditor/statutory auditor and determining whether they are complete and consistent with the information known to committee members; assessing whether the financial statements reflect appropriate accounting principles;

(u) Reviewing and examining with the management the annual financial statements and the auditors' report thereon before submission to the Board for approval with particular reference to:
   i. Matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   ii. Changes, if any, in accounting policies and practices and reasons for the same;
   iii. Major accounting entries involving estimates based on exercise of judgement by management;
   iv. Modified opinion(s) in the draft audit report;
   v. Qualifications in draft audit report;
   vi. Significant adjustments made in the financial statements arising out of audit findings;
   vii. Compliance with listing and other legal requirements relating to financial statements;
   viii. Disclosure of any related party transactions; and
   ix. Off-balance sheet structures on the financial statements;

(v) Reviewing and examining with the management, the quarterly financial statements before submission to the Board for approval;

(w) Reviewing with the management, the statement of uses/application of fund raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

(x) Reviewing and approving a policy on materiality of related party transactions, approval or any subsequent modifications of transactions with related parties;

(y) Reviewing, at least on a quarterly basis, the details of related party transactions entered into by our Company pursuant to each of the omnibus approvals given, statement of significant related party transactions, (as defined by the audit Committee), if any, submitted by the management;

(z) Reviewing the financial statements of unlisted subsidiaries and in particular the investment made by unlisted subsidiaries;

(aa) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(bb) Scrutinizing of inter-corporate loans and investments;

(cc) Valuation of undertakings or assets of our Company, wherever it is necessary;

(dd) Reviewing with the management the following:
   i. Management's Discussion and Analysis of Financial Condition and results of operations;
   ii. management letters/letters of internal control weaknesses issued by the statutory auditors;
   iii. Quarterly and Annual Statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1) and Regulation 32(7) of SEBI LODR Regulations;

(ee) Discussing and reviewing with the Management the following information provided to analysts and rating agencies:
   i. earnings press releases;
   ii. financial information;
   iii. earnings guidance;

(ff) Evaluation of internal financial controls and risk management systems policies;

(gg) Carrying out any other function as is mentioned in the terms of reference of the audit, Risk and Compliance Committee under the Companies Act, 2013, SEBI LODR Regulations, NYSE Listed Company Manual and Securities Exchange Commission;

(hh) Reviewing Statutory Compliance reports with applicable laws, every quarter to assess non-compliance and seek clarifications and explanations together with steps taken to ensure compliance;

(ii) Reviewing financial/non-financial regulatory matters and violations under Code of Business Conduct to assess non-compliance, seek clarifications and explanations together with steps taken to ensure compliance;

(jj) Reviewing the policies of our Company such as the code of ethics for senior financial officers, code of business conduct, code of conduct to regulate, monitor and reporting of trades by insiders and ombuds process and recommend improvements;

(kk) Monitoring and reviewing the risk management plan and such other functions as the Board may deem fit; and

(ll) Reviewing and approving the strategic and operating plan of enterprise risk management function of our Company.

Risk Management Committee

The members of the Risk Management Committee are:

S. No.	Name of Director	Committee Designation
1.	Tejendra Mohan Bhasin *(Independent Director)*	Chairman
2.	Sunil Kaul *(Non-Executive Nominee Director)*	Member
3.	Neeraj Vyas *(Non-Executive Non-Independent Director)*	Member
4.	Girish Kousgi (*Managing Director and Chief Executive Officer*)	Member

The Risk Management Committee was last reconstituted pursuant to a resolution passed by our Board in its meeting held on October 20, 2022. The Risk Management Committee shall monitor various risks as per risk management policy of our Company. The Risk Management Committee oversees and reviews various aspects of risk management and review the major risk exposures of our Company. It assists our Board in determining the nature and extent of the significant risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk.

Risk Management Committee has been delegated powers, roles, and responsibilities as per the SEBI LODR Regulations.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

S. No.	Name of Director	Committee Designation
1.	Chandrasekaran Ramakrishnan *(Independent Director)*	Chairman
2.	Atul Kumar Goel *(Non-Executive Nominee Director)*	Member
3.	Sunil Kaul *(Non-Executive Nominee Director)*	Member
4.	Nilesh Shivji Vikamsey *(Independent Director)*	Member
5.	Sudarshan Sen *(Independent Director)*	Member
6.	Gita Nayyar *(Independent Director)*	Member

The Nomination and Remuneration Committee was last reconstituted pursuant to a resolution passed by our Board in its meeting held on May 5, 2022. The Nomination and Remuneration Committee formulates criteria for determining qualifications, positive attributes and independence of a director. It recommends to our Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees. It identifies persons who are qualified to become Directors and who may be appointed in the senior management in accordance with the criteria laid down and recommend to our Board their appointment and removal.

The Nomination and Remuneration Committee has been delegated powers, roles, and responsibilities under Section 178 of the Companies Act, 2013 and as per the SEBI LODR Regulations.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

S. No.	Name of Director	Committee Designation
1.	Gita Nayyar *(Independent Director)*	Chairperson
2.	Atul Kumar Goel *(Non-Executive Nominee Director)*	Member
3.	Sunil Kaul *(Non-Executive Nominee Director)*	Member
4.	Girish Kousgi (*Managing Director and Chief Executive Officer*)	Member

The Stakeholders' Relationship Committee was constituted pursuant to a resolution passed by our Board in its meeting held on October 20, 2022. The scope and functions of the Stakeholders' Relationship Committee and its terms of reference are in accordance with Section 178 of the Companies Act, 2013 and the SEBI LODR Regulations and *inter alia*, include:

a) Considering and resolving grievances of shareholders', debenture holders and other security holders;

b) Redressal of grievances of the security holders of our Company, including complaints in respect of allotment of securities, transfer of securities, non-receipt of declared dividends, annual reports of our Company, etc.;

c) Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and

d) Carrying out any other function contained in the equity listing agreements with the Stock Exchanges or the SEBI LODR Regulations as and when amended from time to time.

The Stakeholders' Relationship Committee has been empowered by our Board vide resolution dated March 9, 2022, to undertake certain activities in relation to the Issue.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

S. No.	Name of Director	Committee Designation
1.	Tejendra Mohan Bhasin *(Independent Director)*	Chairman
2.	Chandrasekaran Ramakrishnan *(Independent Director)*	Member
3.	Sudarshan Sen *(Independent Director)*	Member
4.	Girish Kousgi (*Managing Director and Chief Executive Officer*)	Member

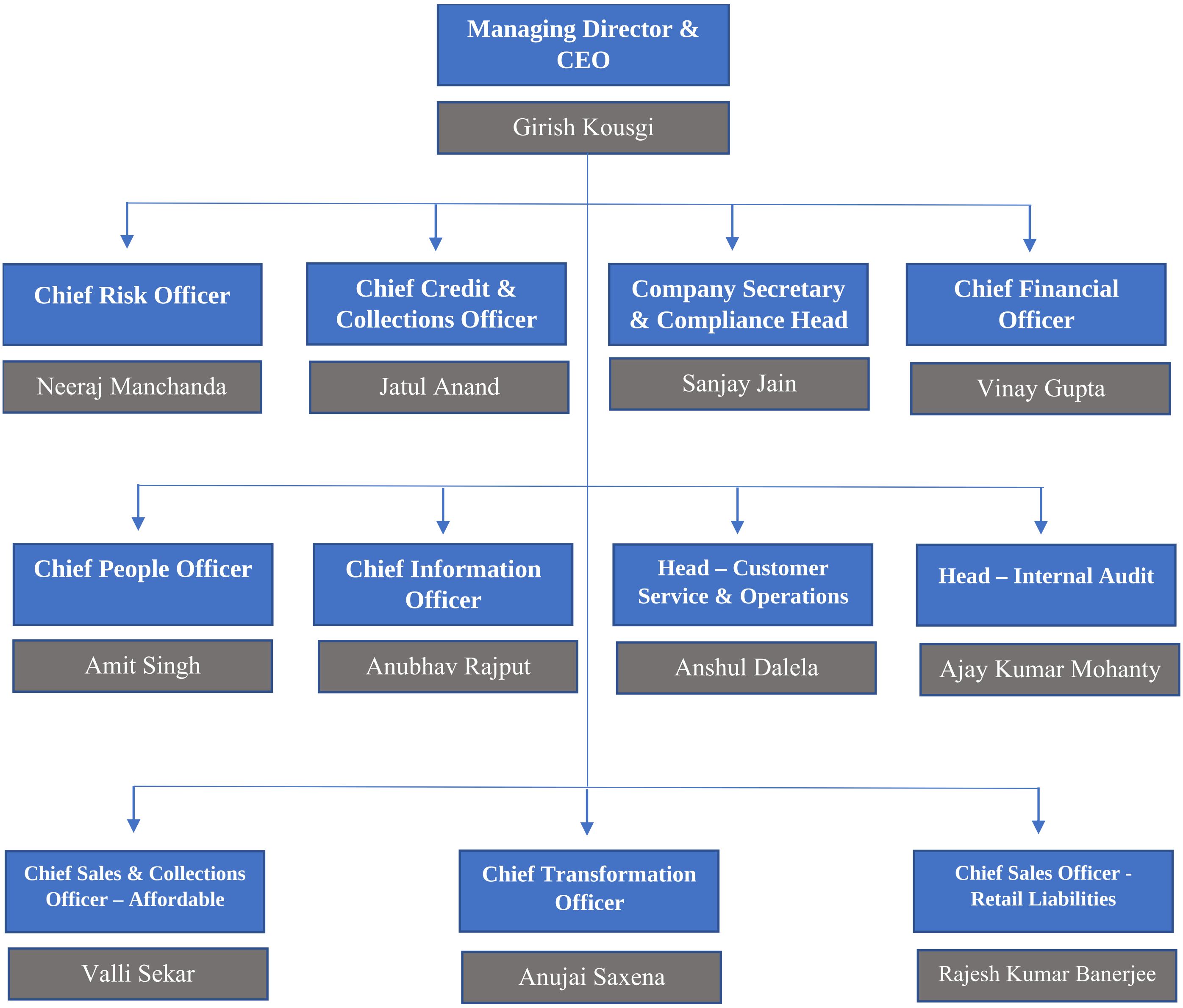
The Corporate Social Responsibility Committee was last reconstituted pursuant to a resolution passed by our Board in its meeting held on October 20, 2022. The scope and functions of the Corporate Social Responsibility Committee and its terms of reference are in accordance with Section 135 of the Companies Act, 2013 and *inter alia*, include:

1. Formulating a Corporate Social Responsibility ("**CSR**") Policy as per the provisions of the Companies Act;

2. Advising on CSR expenditure, approving CSR expenditure on specific projects and monitoring CSR expenditure in every financial year in the manner specified in the CSR Policy; and

3. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder.

ORGANISATIONAL STRUCTURE



Key Managerial Personnel

In addition to our Managing Director and Chief Executive Officer, Girish Kousgi, whose details are provided in "- *Brief Biographies of Directors*" on page 175, the details of our other Key Managerial Personnel in terms of the SEBI ICDR Regulations, as at the date of this Letter of Offer, are set out below.

Vinay Gupta is the Chief Financial Officer of our Company. He joined our Company on October 26, 2022. He is responsible for overall finance, treasury and investor relations function in our Company. He has passed the examination for a bachelor's degree in commerce from University of Delhi. He is a member of the Institute of Chartered Accountants of India. Previously, he was associated with SBI Cards and Payment Services Limited, GE Capital Services Limited and Price Waterhouse.

Sanjay Jain is the Company Secretary and Compliance Head of our Company. He joined our Company on May 1, 1995. He is responsible for secretarial and compliance of our Company. He holds a bachelor's degree in law from University of Delhi. He is a member of the Institute of Company Secretaries of India since 1995. Previously, he was associated with Ansal Buildwell Limited.

Senior Management

In addition to our Chief Financial Officer, Vinay Gupta and our Company Secretary and Compliance Head, Sanjay Jain, whose details are provided in "- *Key Managerial Personnel*" on page 184,the details of our other Senior Management in terms of the SEBI ICDR Regulations, as at the date of this Letter of Offer, are set out below.

Jatul Anand is the Chief Credit & Collections Officer of our Company. He joined our Company on June 19, 2013. He is responsible for credit underwriting and collections for retail business in our Company. He holds a bachelor's degree in commerce from the University of Delhi and has completed a course from Indian Institute of Banking and Finance. He is a member of the Institute of Chartered Accountants of India since 2002. Previously, he was associated with ICICI Bank Limited and Standard Chartered Bank.

Neeraj Manchanda is the Chief Risk Officer of Company. He joined our Company on April 15, 2013. He is responsible for overall risk management in our Company. He has passed the examination for a bachelor's degree in commerce from University of Delhi and a post graduate diploma in business administration from Icfaian Business School. Previously, he was associated with Habitat Housing Finance Limited.

Anshul Dalela is the Head – Customer Service and Operations of our Company. He joined our Company on November 11, 2016. He is responsible for branch operations and customer service in our Company. He holds a bachelor's degree in mechanical engineering from University of Rajasthan, Jaipur and a master's degree in business administration from University of Rajasthan, Jaipur. Previously, he was associated with Genworth Financial Mortgage Guaranty India Private Limited and ICICI Bank Limited.

Anubhav Rajput is the Chief Information Officer of our Company. He joined our Company on April 12, 2022. He is responsible for handling information technology and digital initiatives in our Company. He holds a bachelor's degree in computer science and engineering from Chaudhary Charan Singh University, Meerut and a post graduate diploma in information management from S.P. Jain Institute of Management & Research. Previously, he was associated with Cholamandalam MS General Insurance Company Limited and Niva Bupa Health Insurance Company Limited (previously known as Max Bupa Health Insurance Limited).

Amit Singh is the Chief People Officer of our Company. He joined our Company on December 1, 2021. He is responsible for managing people strategy of our Company by leading human resource, learning and development functions. He also leads CSR and administrative functions. He holds a bachelor's degree in business administration from Chaudhary Charan Singh University, Meerut and a master's degree in business administration from ICFAI Business School, the ICFAI University. Previously, he was associated with SBI Funds Management Private Limited.

Valli Sekar is the Chief Sales and Collection Officer – Affordable of our Company. She joined our Company on June 6, 2022. She is responsible for sales, business development and collections for affordable segment in our Company. She holds a bachelor's degree in commerce from Manonmaniam Sundaranar University Tirunelveli. Previously, she was associated with Motilal Oswal Home Finance Limited.

Anujai Saxena is the Chief Transformation Officer of our Company. He joined our Company on May 3, 2021. He is responsible for driving our Company's business transformation journey. He holds a bachelor's degree in science from Mohanlal Sukhadia University, Udaipur and a master's degree in business administration (advertising and communication management) from Narsee Monjee Institute of Management Studies. Previously, he was associated with ICICI Bank Limited and Pine Labs Private Limited.

Rajesh Kumar Banerjee is the Chief Sales Officer – Retail Liabilities of our Company. He joined our Company on July 31, 2012. He is responsible for leading the deposits and cross-sell business in our Company. He holds a bachelor's degree in technology in polymer engineering and a master's degree in business administration from Mahatma Gandhi University, Kottayam. Previously, he was associated with ICICI Bank Limited and with IndusInd Bank Limited.

Ajay Kumar Mohanty is the Head – Internal Audit of our Company. He joined our Company on July 1, 2020. He is responsible for leading the internal audit function of our Company. He holds a bachelor's degree in commerce from Utkal University and has completed a senior management programme from Indian Institute of Management, Ahmedabad. He is a member of the Institute of Chartered Accountants of India since 1989. He has also completed a post qualification course in information systems audit from the Institute of Chartered Accountants of India. He is a certified associate of Indian Institute of Banking and Finance. Previously, he was associated with ICICI Home Finance Company Limited and ICICI Bank Limited.

Status of Key Managerial Personnel and Senior Management

All our Key Managerial Personnel and Senior Management are permanent employees of our Company.

Retirement and Termination Benefits

Other than the statutory benefits that the Key Managerial Personnel and Senior Management are entitled to, upon their retirement, the Key Managerial Personnel and Senior Management of our Company have not entered into any service contracts pursuant to which they are entitled to any benefits upon termination of employment or retirement.

Relationship among Key Managerial Personnel and Senior Management

None of the Key Managerial Personnel and Senior Management are related to each other.

OUR PROMOTER

The Promoter of our Company is Punjab National Bank.

Punjab National Bank

Corporate Information

PNB was incorporated as "Punjab National Bank Limited" under the Indian Companies Act, 1882 (Act VI of 1882) in 1894. PNB was constituted as "Punjab National Bank" under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended on July 19, 1969. The corporate office of PNB is situated at Plot No.4, Sector 10, Dwarka, New Delhi 110 075.

The promoter of PNB is the President of India, acting through the Ministry of Finance, Government of India.

As of the date of this Letter of Offer, PNB holds 32.52% of shareholding in our Company and the members of the Promoter Group (other than PNB) do not hold any Equity Shares.

Brief Financial Details

Set forth below is the financial information of PNB based on its audited consolidated financial statements for the last three financial years:

(₹ in crores, except for per share data)

Particulars	As of and for the financial year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Issued and paid-up equity share capital	2,202.20	2,095.54	1,347.51
Reserves and surplus (excluding revaluation reserves)	88,331.10	83,238.39	57,770.16
Sales/ turnover/ other income	88,339.49	94,169.94	64,306.13
Profit/ (loss) after tax	3,860.74	2,561.97	438.45
Basic and diluted earnings per share	3.53	2.64	0.80

The market capitalisation of PNB as on March 28, 2023 was ₹49,604.63 crores based on closing price per equity share of ₹44.90 on NSE (source: www.nseindia.com).

DIVIDEND POLICY

The dividend policy of our Company, adopted and approved by our Board, was most recently amended on January 27, 2021. The declaration of dividend would depend on internal and external factors. Internal factors include profits earned during the financial year and the need to accumulate reserves; capital adequacy ratio and the future capital requirement as prescribed by the regulator; capital requirement for growth in the loan portfolio; capital expenditure and working capital requirements; and other factors and/or material events which the Board may consider from time to time. Whereas external factors include regulatory restrictions/ obligations; prevailing economic conditions; agreements with lenders / debenture trustees prevalent market practices; shareholder expectations, including individual shareholders and Government policies.

The dividend paid on the Equity Shares by our Company during the last three financial years, the nine month period ended December 31, 2022 and for the period commencing from January 1, 2023 until the date of this Letter of Offer are set out in the following table:

Particulars	From January 1, 2023 to the date of this Letter of Offer	Nine month period ended December 31, 2022	Financial year		
			2022	2021	2020*
Face value of Equity Shares (in ₹)	10	10	10	10	10
Dividend amount, including dividend distribution tax (in ₹ crores)	Nil	Nil	Nil	Nil	Nil
Number of Equity Shares (in crores)	16.88	16.86	16.86	16.83	16.82
Total dividend per Equity Share (₹)	Nil	Nil	Nil	Nil	Nil
Rate of dividend on Equity Share (%)	Nil	Nil	Nil	Nil	Nil
Dividend distribution tax (in ₹ crores)	Nil	Nil	Nil	Nil	Nil
Mode of payment	NA	NA	NA	NA	NA

**Dividend of ₹ 9.00 per Equity Share was paid on July 19, 2019 for the financial year ended on March 31, 2019. Total amount of ₹151.27 crore and Dividend Distribution Tax paid of ₹ 31.10 crore was paid.*

The amount paid as dividends in the past is not necessarily indicative of our dividend policy or dividend amount, if any, in the future and there is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in future. For details in relation to the risk involved, see *"Risk Factors– Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures, restrictive covenants of our financing arrangements, and compliance with applicable laws."* on page 56.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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M/s T R Chadha & Co LLP
Chartered Accountants
B-30, Kuthiala Building,
B-Block, Connaught Place,
New Delhi -110001

M/s Singhi & Co.
Chartered Accountants
Unit No.1704, 17th Floor,
World Trade Tower (Tower-B),
DND Fly Way, C-01, Sector 16,
Noida -201 301

Independent Auditor's Limited Review Report on consolidated financial results for the nine months ended December 31, 2022 of the Company Pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

1. We have reviewed the accompanying statement of unaudited consolidated financial results of **PNB Housing Finance Limited** ("the Parent") and its Subsidiary (the Parent and its Subsidiary together referred to as "the Group") for the quarter and nine months ended December 31, 2022 ("the Statement"), being submitted by the Parent pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, to the extent applicable.

4. The Statement includes the results of the Parent and M/s PHFL Home Loans & Services Limited (a wholly owned subsidiary incorporated in India).

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of the other auditor referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Other Matters

We did not review the interim financial results of a subsidiary included in the unaudited consolidated financial results, whose interim financial results reflect, total revenues of Rs. 49.97 Crores and Rs. 212.69 Crores for the quarter and nine months ended December 31, 2022 respectively, total net profit after tax of Rs. 2.57 Crores and Rs. 12.56 Crores for the quarter and nine months ended December 31, 2022 respectively and total comprehensive income of Rs. 2.65 Crores and Rs. 12.73 Crores for the quarter and nine months ended December 31, 2022 respectively, as considered in the unaudited consolidated financial results. This interim financial result has been reviewed by other auditor whose review report has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matter.

7. Restriction of use

This limited review report is issued for the sole purpose of the letter of offer, and can be used, in full or part, for inclusion in the letter of offer proposed to be filed with the SEBI and Stock Exchanges.

For T R Chadha & Co. LLP
Chartered Accountants
FRN: 006711N/N500028

Neena Goel
Partner
M. No. 057986

Place: Noida (Delhi-NCR)

Date: March 28, 2023

For Singhi & Co.
Chartered Accountants
FRN: 302049E

Bimal Kumar Sipani
Partner
M. No. 088926

Place: Delhi-NCR

Date: March 28, 2023

Consolidated Balance Sheet

(₹ in crore)

S.no.	Particulars	As at	
		31-Dec-22	31-Mar-22
		(Unaudited)	(Audited)
	ASSETS		
1	**Financial assets**		
(a)	Cash and cash equivalents	2,681.37	5,065.62
(b)	Bank balance other than (a) above	0.07	150.47
(c)	Derivative financial instruments	718.49	242.25
(d)	Trade receivables	21.29	42.80
(e)	Loans	56,274.25	55,335.94
(f)	Investments	3,732.17	3,482.70
(g)	Other financial assets	828.63	673.91
	Sub total - financial assets	**64,256.27**	**64,993.69**
2	**Non - financial assets**		
(a)	Current tax assets (net)	217.74	47.30
(b)	Deferred tax assets (net)	234.78	398.90
(c)	Investment property	0.52	0.53
(d)	Property, plant and equipment	66.57	71.38
(e)	Right of use assets	68.31	60.47
(f)	Capital work-in-progress	0.07	-
(g)	Other Intangible assets	14.66	18.02
(h)	Intangible assets under developments	1.25	3.54
(i)	Other non-financial assets	43.46	26.95
(j)	Assets held for sale	48.72	108.83
	Sub total - non - financial assets	**696.08**	**735.92**
	TOTAL - ASSETS	**64,952.35**	**65,729.61**
	LIABILITIES		
1	**Financial liabilities**		
(a)	Derivative financial instruments	-	-
(b)	Payables		
	(I) Trade Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	1.54	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	18.62	16.29
	(II) Other Payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(c)	Debt securities	3,873.63	6,201.97
(d)	Borrowings (other than debt securities)	29,438.90	27,715.84
(e)	Deposits	17,348.10	17,648.98
(f)	Subordinated liabilities	1,238.32	1,438.18
(g)	Other financial liabilities	2,184.89	2,520.79
	Sub total - financial liabilities	**54,104.00**	**55,542.05**
2	**Non financial liabilities**		
(a)	Current tax liabilities	-	-
(b)	Provisions	16.29	17.33
(c)	Other non-financial liabilities	124.80	298.60
	Sub total - non financial liabilities	**141.09**	**315.93**
3	**EQUITY**		
(a)	Equity share capital	168.79	168.60
(b)	Other equity	10,538.47	9,703.03
	Subtotal - equity	**10,707.26**	**9,871.63**
	TOTAL - EQUITY AND LIABILITIES	**64,952.35**	**65,729.61**

Statement of consolidated financial results for the quarter and nine months ended December 31, 2022

(₹ in crore)

S.no.	Particulars	Quarter ended			Nine months ended		Year ended
		31-Dec-22	30-Sep-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Mar-22
		(Unaudited)			(Unaudited)		(Audited)
	Revenue from operations						
(i)	Interest income	1,713.64	1,597.54	1,411.24	4,609.84	4,522.52	5,822.00
(ii)	Fees and commission income	66.26	71.90	60.32	248.22	144.50	262.55
(iii)	Net gain on fair value changes	16.61	6.05	23.82	22.66	103.49	111.38
(iv)	Income on derecognised (assigned) loans	-	8.92	-	10.90	-	-
I	**Total revenue from operations**	**1,796.51**	**1,684.41**	**1,495.38**	**4,891.62**	**4,770.51**	**6,195.93**
II	**Other income**	**0.01**	**(0.98)**	**0.23**	**0.32**	**4.39**	**4.80**
III	**Total income (I+II)**	**1,796.52**	**1,683.43**	**1,495.61**	**4,891.94**	**4,774.90**	**6,200.73**
	Expenses						
(i)	Finance cost	996.34	963.87	996.11	2,890.47	3,133.77	4,064.46
(ii)	Impairment on financial instruments & write-offs	254.84	243.23	129.48	546.35	430.82	576.36
(iii)	Employee benefits expenses	58.23	68.38	50.01	187.73	162.34	216.61
(iv)	Net loss on fair value changes	-	(0.94)	-	-	-	-
(v)	Depreciation and amortisation	12.60	13.18	13.13	38.81	39.38	53.39
(vi)	Fees and commission expense	2.39	1.59	3.34	7.39	5.75	11.12
(vii)	Other expenses:						
	- Impairment on assets held for sale	52.24	-	(2.14)	52.24	3.51	7.86
	- Other expenses	53.00	53.69	51.95	150.54	139.15	186.97
IV	**Total expenses**	**1,429.64**	**1,343.00**	**1,241.88**	**3,873.53**	**3,914.72**	**5,116.77**
V	**Profit before tax (III-IV)**	**366.88**	**340.43**	**253.73**	**1,018.41**	**860.18**	**1,083.96**
	Tax expense:						
	-Current tax	(17.11)	85.01	(2.93)	106.79	190.00	249.15
	-Deferred tax ((credit)/charge)	114.86	(7.21)	68.21	144.90	3.24	(1.67)
VI	**Total tax expense**	**97.75**	**77.80**	**65.28**	**251.69**	**193.24**	**247.48**
VII	**Net profit after tax (V-VI)**	**269.13**	**262.63**	**188.45**	**766.72**	**666.94**	**836.48**
VIII	**Other comprehensive income**						
	A (i) Items that will not be reclassified to profit or loss: Remeasurement gain/ (loss) on defined benefit plan	(0.48)	(1.74)	1.20	(0.42)	0.66	1.34
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.12	0.44	(0.31)	0.11	(0.17)	(0.34)
	B (i) Items that will be reclassified to profit or loss: Cash flow hedge	(4.87)	70.01	31.63	76.97	33.68	128.69
	(ii) Income tax relating to items that will be reclassified to profit or loss	1.23	(17.62)	(7.96)	(19.37)	(8.48)	(32.39)
IX	**Total comprehensive income (VII+VIII)**	**265.13**	**313.72**	**213.01**	**824.01**	**692.63**	**933.78**
Earnings per share (of ₹ 10 each)*							
	-Basic (₹)	15.95	15.57	11.18	45.47	39.59	49.64
	-Diluted (₹)	15.94	15.55	11.15	45.44	39.48	49.53
Paid-up equity share capital (Face value of ₹ 10)		168.79	168.62	168.59	168.79	168.59	168.60
Reserves (excluding revaluation reserves) as at March 31							9,703.03

* EPS for the quarters are not annualised

Consolidated statement of Cash Flow

(₹ in crore)

Particulars	For nine month ended December 31, 2022	For the year ended March 31, 2022
	(Unaudited)	(Audited)
Cash flow from operating activities		
Profit before tax	1,018.41	1,083.96
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	38.81	53.39
Net loss on sale of property, plant and equipment	0.19	0.19
Impairment / (reversal of impairment) on financial instruments	(720.28)	14.33
Impairment on assets held for sale	52.24	7.86
Net loss / (gain) on financial asset at fair value through profit and loss	16.02	10.04
Share based payment expense	6.73	3.67
Effective interest rate on financial assets	(9.15)	(11.30)
Effective interest rate on financial liabilities	4.30	111.03
Interest expenses	2,885.91	4,057.94
Income/(unwinding) on derecognised (assigned) loans	(150.11)	232.13
Restructured loss/ (gain) on financial assets	1.44	(13.93)
Interest on leases including modification gain / (loss)	4.05	6.52
Advances written-off	2.33	-
Bad debts written-off	1,266.63	562.03
	3,399.11	5,033.90
Operating profits before changes in working capital	4,417.52	6,117.86
Working Capital changes		
Increase/(decrease) in trade payables	3.87	(1.53)
(Decrease)/increase in provision	(1.46)	0.28
(Decrease)/increase in other financial liabilities	(871.43)	(11.76)
(Decrease)/increase in non financial liabilities	(173.80)	48.10
(Increase)/ decrease in loans at amortised cost	(1,386.85)	4,769.22
Decrease in trade receivable	21.51	2.16
(Increase)/decrease in other financial asset	(5.29)	1.03
(Increase)/decrease in other non financial asset	(16.51)	5.80
Proceeds from sale of asset held for sale	7.86	19.79
Decrease/ (Increase) in bank balance other than cash and cash equivalents	150.40	(150.40)
	(2,271.70)	4,682.69
Cash generated from / (used in) operations before adjustments for interest and taxes paid	**2,145.82**	**10,800.55**
Interest Paid	(2,357.86)	(4,184.76)
Taxes paid (net of refunds)	(277.28)	(359.71)
Net cash (used in) / generated from operating activities	**(489.32)**	**6,256.08**
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(10.69)	(13.97)
Capital work-in-progress and intangible assets under development (net)	(0.11)	(1.16)
Proceeds from sale of property, plant and equipment and other intangible assets	0.27	0.13
Investments (net)	(354.90)	(1,459.99)
Net cash (used in) / generated from investing activities	**(365.43)**	**(1,474.99)**
Cash flow from financing activities		
Proceeds from		
Debt securities and subordinated liabilities	-	455.00
Borrowings from bank	12,338.31	19,698.27
Deposits (net)	-	901.39
Repayment of		
Debt securities and subordinated liabilities	(2,530.00)	(4,673.00)
Borrowings from bank	(11,022.70)	(21,920.17)
Commercial paper	-	(1,125.00)
Deposits (net)	(295.22)	-
Lease Liability	(24.79)	(31.67)
Proceeds from issue of share capital including securities premium	4.90	11.15
Net cash (used in) / generated from financing activities	**(1,529.50)**	**(6,684.03)**
Net changes in cash & cash equivalents	**(2,384.25)**	**(1,902.94)**
Cash or cash equivalents at the beginning of the period / year	5065.62	6,968.56
Cash or cash equivalents at the end the of the period / year	2681.37	5,065.62
Net decrease of cash & cash equivalents during the period / year	**(2,384.25)**	**(1,902.94)**

Note : Figures in bracket denotes application of cash

Notes:

1. The above financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India and are in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The consolidated financial results have been prepared in accordance with Ind AS 110 – Consolidated Financial Statements, prescribed under section 133 of the Companies Act, 2013 (the "Act") read with the relevant rules issued thereunder and the other relevant provisions of the Act.
3. The Company's main business is to provide loans against/for purchase, construction, repairs & renovations of houses/ flats/commercial properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS 108), notified by the Companies (Accounting Standard) Rules, 2015, as amended.
4. Disclosure of loans transferred / acquired during the quarter and nine months ended December 31, 2022, pursuant to RBI Notification dated September 24, 2021 on "Transfer of Loan Exposures" are given below:

   (i) Details of loans not in default transferred:

(₹ in crore)

Particulars	Colending		
	Quarter ended		
	30-Jun-22	30-Sep-22	31-Dec-22
Total amount of loans transferred through colending (₹ in crore)		118.76	-
Weighted average residual maturity (in months)		221	-
Weighted average holding period (in months)		8	-
Retention of beneficial economic interest	20%	20%	-
Coverage of tangible security coverage	100%	100%	-
Rating-wise distribution of rated loans	unrated	unrated	-

   (ii) Details of stressed loans transferred:

(₹ in crore)

Particulars	To Asset Reconstruction Companies (ARC) - NPA		
	Quarter ended		
	30-Jun-2022*	30-Sep-22	31-Dec-22
Number of accounts	2	35	-
Aggregate principal outstanding of loan transferred	186.96	62.52	-
Weighted average residual tenor of the loans transferred (years)	6.55	12.66	-
Net book value of loans transferred (at the time of transfer)	61.46	43.76	-
Aggregate consideration	140.00	31.26	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
Excess provisions reversed to the profit and loss account on account of sale	-	-	-

   * Security Receipts are rated as IVR RR2.

   (iii) The Company has not acquired any stressed loan or "loans not in default".

5. During the quarter ended December 31, 2022, the Company has allotted 1,77,626 equity shares of ₹ 10 each pursuant to exercise of stock options / restricted stock units by employees.
6. During the quarter ended December 31, 2022, the Company has created an impairment provision on assets held for sale amounting to ₹ 52.24 crore to reflect the expected realisable value as on date of reporting.
7. Figures for the previous periods have been regrouped wherever necessary in order to make them comparable with the current period.

Statutory Auditors of the Company have reviewed the consolidated financial results for the quarter and nine months ended December 31, 2022, pursuant to Regulations 33 and 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The above consolidated financial results has been reviewed and recommended by the Audit Committee of Board on March 27, 2023 and subsequently approved by Board of Directors at their meeting held on March 28, 2023.

For and on behalf of the Board of Directors

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Date: March 28, 2023
Place: New Delhi

INDEPENDENT AUDITORS' EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
PNB Housing Finance Limited,
9th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg,
New Delhi – 110001

Dear Sirs,

1. We Singhi & Co., Chartered Accountants and T R Chadha & Co LLP, Chartered Accountants, (hereinafter referred to as the "**Joint Auditors**" or "we/us/our/ourselves have examined the attached Restated Consolidated Financial Information of PNB Housing Finance Limited (the "Company" or the "Issuer") and its subsidiary (the Company and its subsidiary together referred to as the "Group"), comprising the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2022, 2021 and 2020, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Statement of Cash Flows for the years ended March 31, 2022, 2021 and 2020, the Summary Statement of Significant Accounting Policies, and other explanatory information of the Group (collectively, referred to as the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on November 29, 2022 for the purpose of inclusion in the Draft Letter Of Offer ("DLOF") and Letter Of Offer ("LOF") prepared by the Company in connection with its proposed rights issue of equity shares ("Issue") prepared in terms of the requirements of:

   a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "**Companies Act**");

   b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**"); and

   c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**ICAI**"), as amended from time to time (the "**Guidance Note**").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DLOF and LOF to be filed with Securities and Exchange Board of India, relevant stock exchanges and the Registrar of Companies, Delhi and Haryana at Delhi in connection with the Issue. The Restated Consolidated Financial Information has been prepared by the management of the Company as stated in note 1.2 to the Restated Consolidated Financial Information. Responsibility of the Board of Directors of the companies included in the Group includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Companies Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:

   a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 06, 2022 in connection with the Issue;

   b. The Guidance Note, which also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

   d. The requirements of Section 26 of the Companies Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Companies Act, the ICDR Regulations and the Guidance Note in connection with the Issue.

4. The Restated Consolidated Financial Information has been compiled by the management from the audited consolidated financial statements of the Group as at and for the years ended March 31, 2022, 2021 and 2020, which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as "Ind AS"), which have been approved by the Board of Directors at their meetings held on April 28, 2022, April 27, 2021 and June 13, 2020 respectively.

5. For the purpose of our examination, we have relied on:

   a. The Independent Auditor's Reports issued by us dated April 28, 2022 on the consolidated financial statements of the Group as at and for the year ended March 31, 2022, as referred to in Paragraph 4 above; and the independent auditor's reports dated April 27, 2021 and June 13, 2020 on the consolidated financial statements of the Group as at and for the years ended March 31, 2021 and March 31, 2020, issued by the previous auditor, as referred to in Paragraph 4 above.

   b. The restated financial statements of the Company's subsidiary as of and for the years ended March 31, 2022, 2021 and 2020 included in Restated Consolidated Financial Information, have been prepared and certified by the management and our opinion on Restated Consolidated Financial Information, in so far as it relates to amounts and disclosures in respect of this subsidiary is based solely on the restated financial statements prepared and certified by the management. This subsidiary is not material to the Group.

6. As indicated in our audit reports referred to in paragraph 4 above, we did not audit the financial statements of the subsidiary whose share of total assets, total revenues, net cash inflows in the consolidated financial statements, for the relevant year is tabulated below, which have been audited by predecessor auditor (M/s. B.R Maheshwari and Co. LLP), and

whose reports have been furnished to us by the Company's management and our opinion on the historical consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, was based solely on the reports of the predecessor auditor.

(Rs in crore)

Particulars	As at/ for the year ended March 31, 2022	As at/ for the year ended March 31, 2021	As at/ for the year ended March 31, 2020
Total assets	178.11	135.65	97.52
Total revenues	234.10	147.24	319.75
Net cash inflow/ (outflows)	39.12	60.27	(6.13)

Our opinions on the Restated Consolidated Financial Information of the Group as at and for the years ended March 31, 2022, 2021 and 2020, were not qualified for the above matter.

7. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the audited report submitted by the Previous Auditors, we report that:

   a. the Restated Consolidated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 to reflect the same accounting treatment as per the accounting policies and classifications followed as at and for the year ended March 31, 2022;

   b. there are no qualifications in the auditors' reports on the audited consolidated financial statements of the Group as at and for the years ended March 31, 2022, 2021 and 2020;

   c. the Restated Consolidated Financial Information have been prepared in accordance with the Companies Act, ICDR Regulations and the Guidance Note;

   d. statements as at and for the years ended March 31, 2021 and March 31, 2020, which do not require any corrective adjustments to the Restated Consolidated Financial Information, are as follows:

   Emphasis of Matter - March 31, 2021
   We draw your attention to Note 49 to the consolidated financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the Covid-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter

   Emphasis of Matter - March 31, 2020
   We draw your attention to Note 46 to the consolidated financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the Covid-19

pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, pursuant to the Reserve Bank of India ('RBI') Covid-19 Regulatory Package, the Company has offered a moratorium on the payment of instalments to all eligible borrowers classified as standard as on February 29, 2020. As a result, ageing of the accounts which have opted for moratorium, has been determined with reference to days past due status as of February 29, 2020. Our opinion is not modified in respect of this matter.

8. We have not audited any financial statements of the Company or the Group as of any date or for any period subsequent to March 31, 2022. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company or the Group as of any date or for any period subsequent to March 31, 2022.

9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 above.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the Board of Directors of the Company for inclusion in the DLOF and LOF to be filed with Securities and Exchange Board of India, relevant stock exchanges and the Registrar of Companies, Delhi and Haryana at Delhi in connection with the Company's proposed Issue. As a result, Restated Consolidated Financial Information may not be suitable for any other purpose. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner
Membership No. 088926
UDIN:

Date: November 29, 2022
Place: Noida (Delhi-NCR)

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg. No. 006711N/N500028

Neena Goel
Partner
Membership No. 057986
UDIN:

Date: November 29, 2022
Place: Noida (Delhi-NCR)

PNB Housing Finance Limited

Restated Consolidated Statement of Assets and Liabilities

Particulars	Notes	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
ASSETS				
Financial assets				
Cash and cash equivalents	3	5,065.62	6,968.56	8,514.32
Bank balance other than cash and cash equivalents	4	150.47	0.07	0.07
Derivative financial instruments	15	242.25	-	125.66
Receivables				
Trade receivables	5	42.80	44.94	44.90
Other receivables		-	-	-
Loans	6	55,335.94	60,644.72	66,628.02
Investments	7	3,482.70	2,044.82	2,075.74
Other financial assets	8	673.91	906.58	701.70
		64,993.69	**70,609.69**	**78,090.41**
Non-financial assets				
Current tax assets (net)	9.1	47.30	-	62.02
Deferred tax assets (net)	10	398.90	429.63	285.94
Investment property	11	0.53	0.54	0.55
Property, plant and equipment	12	71.38	81.75	105.31
Right of use assets	12	60.47	78.09	119.80
Capital work-in-progress	12.1	-	0.01	1.23
Intangible assets under development	12.2	3.54	2.37	2.83
Other Intangible assets	13	18.02	20.89	25.42
Other non- financial assets	14	26.95	32.75	31.08
Assets held for sale	35	108.83	136.48	206.56
		735.92	**782.51**	**840.74**
Total		**65,729.61**	**71,392.20**	**78,931.15**
<u>LIABILITIES AND EQUITY</u>				
Liabilities				
Financial liabilities				
Derivative financial instruments	15	-	51.44	-
Payables				
Trade payables	16			
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		16.29	17.82	13.39
Other payable				
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Debt securities	17	6,201.97	11,461.48	17,836.46
Borrowings (other than debt securities)	18	27,715.84	29,746.34	32,328.12
Deposits	19	17,648.98	16,746.04	16,131.94
Subordinated liabilities	20	1,438.18	1,438.58	1,438.58
Other financial liabilities	21	2,520.79	2,675.65	2,646.85
		55,542.05	**62,137.35**	**70,395.34**
Non-financial liabilities				
Current tax liabilities (net)	9.2	-	62.93	-
Provisions	22	17.33	18.39	19.35
Other non-financial liabilities	23	298.60	250.50	518.69
		315.93	**331.82**	**538.04**
Equity				
Equity share capital	24	168.60	168.27	168.19
Other equity	25	9,703.03	8,754.76	7,829.58
Total equity		**9,871.63**	**8,923.03**	**7,997.77**
Total		**65,729.61**	**71,392.20**	**78,931.15**
Overview, principles of consolidation and significant accounting policies	1 & 2			

The accompanying notes are an integral part of the Restated Consolidated Statement of Assets and Liabilities

In terms of our report of even date

For T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

For and on behalf of the Board of Directors

Neena Goel
Partner
M. No.: 057986

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Nilesh Shivji Vikamsey
Director
DIN: 00031213

For Singhi & Co.
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: November 29, 2022

PNB Housing Finance Limited
Restated Consolidated Statement of Profit and Loss

Particulars	Notes	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Revenue from operations				
Interest income	26	5,822.00	7,189.83	7,688.21
Fees and commission income	27	262.55	181.23	298.84
Net gain on fair value changes	28	111.38	162.33	158.64
Income on derecognised (assigned) loans		-	70.53	336.15
Total revenue from operations		**6,195.93**	**7,603.92**	**8,481.84**
Other income		4.80	20.16	7.71
Total income		**6,200.73**	**7,624.08**	**8,489.55**
Expenses				
Finance costs	29	4,064.46	5,100.73	5,874.95
Impairment on financial instruments	30	576.36	861.90	1,251.37
Employee benefits expenses	31	216.61	211.29	233.06
Fees and commission expenses		11.12	11.61	8.92
Depreciation, amortisation and impairment	11-13	53.39	59.01	65.85
Others expenses	32	194.83	172.51	244.39
Total expenses		**5,116.77**	**6,417.05**	**7,678.54**
Profit before exceptional items & tax		**1,083.96**	**1,207.03**	**811.01**
Exceptional items		-	-	-
Profit before tax		**1,083.96**	**1,207.03**	**811.01**
Tax expense/(credit)				
Current tax	33	249.15	413.25	389.24
Deferred tax ((credit)/ charge)	33	(1.67)	(136.12)	(224.47)
Profit for the year		**836.48**	**929.90**	**646.24**
Other comprehensive income/(loss)				
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gain / (loss) on defined benefit plan		1.34	2.43	0.79
(ii) Tax relating to items that will not be reclassified to profit or loss		(0.34)	(0.61)	(0.20)
Subtotal (A)		**1.00**	**1.82**	**0.59**
B (i) Items that will be reclassified to profit or loss				
Cash flow hedge		128.69	(30.08)	(46.91)
(ii) Tax relating to items that will be reclassified to profit or loss		(32.39)	7.57	(8.98)
Subtotal (B)		**96.30**	**(22.51)**	**(55.89)**
Other comprehensive income/(loss) (A + B)		**97.30**	**(20.69)**	**(55.30)**
Total comprehensive income for the year		**933.78**	**909.21**	**590.94**
Profit for the year, net of tax attributable to				
Owners of the parent		836.48	929.90	646.24
Non-controlling interest		-	-	-
Other comprehensive income/(loss) for the year, net of tax attributable to				
Owners of the parent		97.30	(20.69)	(55.30)
Non-controlling interest		-	-	-
Total comprehensive income for the year, net of tax attributable to				
Owners of the parent		933.78	909.21	590.94
Non-controlling interest		-	-	-
Earnings per equity share (Face value of ₹ 10/- each fully paid up)				
Basic (₹)	34	49.64	55.29	38.45
Diluted (₹)	34	49.53	55.26	38.41
Overview, principles of consolidation and significant accounting policies	1 & 2			

The accompanying notes are an integral part of the Restated Consolidated Statement of Profit and Loss

In terms of our report of even date

For T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

For and on behalf of the Board of Directors

Neena Goel
Partner
M. No.: 057986

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Nilesh Shivji Vikamsey
Director
DIN: 00031213

For Singhi & Co.
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: November 29, 2022

PNB Housing Finance Limited
Restated Consolidated Statement of Changes in Equity

(₹ in crore)

Particular	Equity share Capital	Other equity*							Total equity
		Reserves and surplus					Other comprehensive income	Total other equity	
		Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
Balances as at March 31, 2019	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,687.15**	**(138.31)**	**7,376.43**	**7,543.90**
Changes in Equity Share Capital due to prior period errors	-								-
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,687.15**	**(138.31)**	**7,376.43**	**7,543.90**
Profit for the year	-	-	-	-	-	646.24	-	646.24	646.24
Fair value changes on derivatives	-	-	-	-	-	-	(55.89)	(55.89)	(55.89)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.59	-	0.59	0.59
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**646.83**	**(55.89)**	**590.94**	**590.94**
Dividend (Refer Note 24.9)	-	-	-	-	-	(182.37)	-	(182.37)	(182.37)
Transfer to special reserve	-	-	182.00	-	-	(182.00)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Equity shares issued during the year	0.72	23.55	-	-	-	-	-	23.55	24.27
Employee stock option exercised during the year (Refer Note 24.8)	-	8.03	-	-	(8.03)	-	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	21.06	-	-	21.06	21.06
Transfer on account of stock option lapsed/ expired	-	-	-	-	(1.82)	1.82	-	-	-
Others	-	-	-	-	-	(0.03)	-	(0.03)	(0.03)
Balances as at March 31, 2020	**168.19**	**4,044.33**	**813.76**	**126.97**	**67.32**	**2,971.40**	**(194.20)**	**7,829.58**	**7,997.77**
Changes in Equity Share Capital due to prior period errors	-								-
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	**168.19**	**4,044.33**	**813.76**	**126.97**	**67.32**	**2,971.40**	**(194.20)**	**7,829.58**	**7,997.77**
Profit for the year	-	-	-	-	-	929.90	-	929.90	929.90
Fair value changes on derivatives	-	-	-	-	-	-	(22.51)	(22.51)	(22.51)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	1.82	-	1.82	1.82
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**931.72**	**(22.51)**	**909.21**	**909.21**
Transfer to special reserve	-	-	197.00	-	-	(197.00)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Equity shares issued during the year	0.08	2.66	-	-	-	-	-	2.66	2.74
Employee stock option exercised during the year (Refer Note 24.8)	-	0.91	-	-	(0.91)	-	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	13.30	-	-	13.30	13.30
Transfer on account of stock option lapsed/ expired	-	-	-	-	(6.42)	6.42	-	-	-
Others	-	-	-	-	-	0.01	-	0.01	0.01
Balances as at March 31, 2021	**168.27**	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,712.55**	**(216.71)**	**8,754.76**	**8,923.03**

PNB Housing Finance Limited
Restated Consolidated Statement of Changes in Equity

(₹ in crore)

Particular	Equity share Capital	Other equity*							Total equity
		Reserves and surplus					Other comprehensive income	Total other equity	
		Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
Balances as at March 31, 2021	**168.27**	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,712.55**	**(216.71)**	**8,754.76**	**8,923.03**
Changes in Equity Share Capital due to prior period errors	-								-
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-	-
Restated balance at the beginning of the year	**168.27**	**4,047.90**	**1,010.76**	**126.97**	**73.29**	**3,712.55**	**(216.71)**	**8,754.76**	**8,923.03**
Profit for the year	-	-	-	-	-	836.48	-	836.48	836.48
Fair value changes on derivatives	-	-	-	-	-	-	96.30	96.30	96.30
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	1.00	-	1.00	1.00
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**837.48**	**96.30**	**933.78**	**933.78**
Transfer to special reserve	-	-	124.00	-	-	(124.00)	-	-	-
Transfer to statutory reserve	-	-	-	41.00	-	(41.00)	-	-	-
Equity shares issued during the year	0.33	10.82	-	-	-	-	-	10.82	11.15
Employee stock option exercised during the year (Refer Note 24.8)	-	3.69	-	-	(3.69)	-	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	3.67	-	-	3.67	3.67
Transfer on account of stock option lapsed/ expired	-	-	-	-	(17.73)	17.73	-	-	-
Balances as at March 31, 2022	168.60	4,062.41	1,134.76	167.97	55.54	4,402.76	(120.41)	9,703.03	9,871.63

*Refer Note 25 for nature and the purpose of reserves.

As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹ 124.00 crore (March 31, 2021 ₹ 197.00 crore and March 31, 2020 ₹ 182.00 crore) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

The Company has transferred an amount of ₹ 41.00 crore (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

The accompanying notes are an integral part of the Restated Consolidated Statement of Changes in Equity

In terms of our report of even date

For T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

Neena Goel
Partner
M. No.: 057986

For Singhi & Co.
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Place: New Delhi
Date: November 29, 2022

For and on behalf of the Board of Directors

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Nilesh Shivji Vikamsey
Director
DIN: 00031213

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

PNB Housing Finance Limited
Restated Consolidated Statement of Cash Flow

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Cash flow from operating activities			
Profit before tax	1,083.96	1,207.03	811.01
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortisation	53.39	59.01	65.85
Net loss on sale of property, plant and equipment	0.19	3.71	0.61
Impairment on financial instruments	14.33	778.75	1,173.15
Impairment on assets held for sale	7.86	26.64	55.80
Net loss on financial asset at fair value through profit and loss	10.04	4.71	0.47
Share based payment expense	3.67	13.30	21.06
Effective interest rate on financial assets	(11.30)	33.18	(21.83)
Effective interest rate on financial liabilities	111.03	(40.96)	68.75
Interest expenses	4,057.94	5,075.84	5,863.89
nwinding/(income) on derecognised assigned loans	232.13	(172.21)	(181.48)
Restructure gain on financial assets	(13.93)	(62.11)	-
Interest on leases including modification gain/(loss)	6.52	6.96	11.03
Bad debts written-off	562.03	83.07	78.22
	5,033.90	5,809.89	7,135.52
Operating profits before changes in working capital	6,117.86	7,016.92	7,946.53
Working Capital changes			
(Decrease)/increase in trade payables	(1.53)	4.43	(9.80)
(Decrease)/increase in provisions	0.28	3.88	(6.77)
(Decrease)/increase in other financial liabilities	(11.76)	213.53	(812.63)
Increase/(decrease) in non- financial liabilities	48.10	(268.18)	323.78
Decrease/(increase) in loans at amortised cost	4,769.22	5,150.67	6,430.92
(Increase)/decrease in trade receivables	2.16	(0.04)	(6.02)
Decrease/(increase) in other financial assets	1.03	(34.93)	(6.46)
Decrease/(increase) in other non- financial assets	5.80	(3.43)	(13.39)
Proceeds from sale of asset held for sale	19.79	43.44	(131.25)
(Increase)/decrease in bank balance other than cash and cash equivalents	(150.40)	0.00	0.04
	4,682.69	5,109.37	5,768.42
Cash generated from/ (used in) operations before adjustments for interest and taxes paid	**10,800.55**	**12,126.29**	**13,714.95**
Interest Paid	(4,184.76)	(5,219.27)	(6,543.30)
Taxes paid (net of refunds)	(359.71)	(295.74)	(345.31)
Net cash generated from / (used in) operating activities	**6,256.08**	**6,611.28**	**6,826.34**
Cash flow from investing activities			
Purchase of property, plant and equipment and other intangible assets	(13.97)	(7.72)	(63.75)
Capital work-in-progress and intangible assets under development (net)	(1.16)	1.69	1.11
Proceeds from sale of property, plant and equipment and other intangible assets	0.13	0.37	0.11
Investments (net)	(1,459.99)	26.21	2,485.53
	(1,474.99)	20.55	2,423.00
Net cash (used in)/generated from investing activities	**(1,474.99)**	**20.55**	**2,423.00**
Cash flow from financing activities*			
Proceeds from			
Debt securities and subordinated liabilities	455.00	1,690.00	3,000.00
Borrowings from banks	19,698.27	18,181.48	15,606.46
Deposits (net)	901.39	630.68	2,107.97
Commercial paper	-	2,125.00	-
Repayment of			
Debt securities and subordinated liabilities	(4,673.00)	(8,746.00)	(7,308.00)
Borrowings from banks	(21,920.17)	(20,612.66)	(10,448.29)
Commercial paper	(1,125.00)	(1,416.00)	(7,534.00)
Lease Liability	(31.67)	(32.83)	(35.02)
Proceeds from issue of share capital including securities premium	11.15	2.74	24.27
Dividend paid (including dividend distribution tax)	-	-	(182.37)
Net cash (used in)/ generated from financing activities	**(6,684.03)**	**(8,177.59)**	**(4,768.98)**
Net changes in cash & cash equivalents	**(1,902.94)**	**(1,545.76)**	**4,480.36**

PNB Housing Finance Limited
Restated Consolidated Statement of Cash Flow

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Cash or cash equivalents at the beginning of the year	6,968.56	8,514.32	4,033.96
Cash or cash equivalents at the end the of the year	5,065.62	6,968.56	8,514.32
Net (decrease) / increase of cash & cash equivalents during the year	**(1,902.94)**	**(1,545.76)**	**4,480.36**
Components of cash and cash equivalents			
Cash on hand	1.12	0.87	0.17
Balances with banks in current accounts	512.19	933.77	4,803.65
Bank deposit with maturity of less than 3 months	4,552.31	6,033.92	3,710.49
Stamps on hand	-	0.00	0.01
	5,065.62	**6,968.56**	**8,514.32**

*Refer Note no 45 for change in liabilities arising from financing activities.
Note : Figures in bracket denotes application of cash
The accompanying notes are an integral part of the Restated Consolidated Statement of Cash Flow

In terms of our report of even date

For T R Chadha & Co LLP
Chartered Accountants
FR No.: 006711N/N500028

For and on behalf of the Board of Directors

Neena Goel
Partner
M. No.: 057986

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Nilesh Shivji Vikamsey
Director
DIN: 00031213

For Singhi & Co.
Chartered Accountants
FR No.: 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Vinay Gupta
Chief Financial Officer
ACA: 500609

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: November 29, 2022

1. Overview and Principles of consolidation

1.1. Overview

PNB Housing Finance Limited (PNBHFL', the Company') was incorporated on November 11, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. The Company is listed on BSE Limited and National Stock Exchange of India Limited. The Company's registered and corporate office is at 9th floor, Antriksh Bhawan, 22, K.G. Marg, New Delhi -110001.

PHFL Home and Loans Services Limited wholly owned subsidiary of the Company is primarily engaged in the business of rendering of professional /consultancy services including sourcing, marketing, promoting, publicising, advertising, soliciting, distributing any kind of financial instruments or classes of insurance product , syndicated credit products , investment products and wealth products.

These restated consolidated financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on November 29, 2022.

1.2. Statement of Compliance and basis of preparation and presentation

The restated consolidated financial information has been specifically prepared by the management for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") and National Stock Exchange of India Limited and BSE Limited. The restated consolidated financial statements are prepared to comply in all material aspects with the requirement of SEBI Regulation 2018, as amended and in accordance with provision contained in section 26 and 129 of the Companies Act, 2013, read with Division III of Schedule III as amended from time to time. The Statement of Cash Flows has been prepared and presented as per Ind AS 7 "Statement of Cash Flows".

The restated consolidated financial statements have been prepared under the historical cost convention on accrual basis except where quantum of accruals cannot be ascertained with reasonable certainty. Following are measured on each reporting date:

– Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.

– Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.

– Financial instrument - measured at fair value.

The restated consolidated financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act, 2013 and the relevant provisions of the National Housing Bank Act, 1987 as amended from time to time and the Non-Banking Financial Company Housing Finance Company (Reserve Bank) Directions, 2021 (RBI Directions') as amended from time to time.

The Finance (No.2) Act, 2019 has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI). The Central Government has since issued notification appointing August 09, 2019 as the date on which the relevant part of that Act shall come into effect. RBI vide its press release dated August 13, 2019 notified that HFCs will henceforth be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. Subsequently, RBI vide its notification dated February 17, 2021 issued master directions for HFCs called the "Non-Banking Financial Company Housing Finance Company (Reserve Bank) Directions, 2021 repealing erstwhile Housing Finance Companies Directions 2010.

The restated consolidated financial statements relate to the Company and its wholly owned subsidiary Companies (herewith referred to as "Company") incorporated in India.

The restated consolidated financial statements are presented in Indian Rupees ( ) which is the functional and presentation currency of the Company and all values are rounded to the nearest crore with two decimals, except when otherwise indicated.

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 46.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

1.3. Principles of consolidation

The Company consolidates an entity only when it has a control over the entity and has a right to receive variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The restated consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company uses accounting policies other than those adopted in the restated consolidated financial statements for like transactions and events in similar circumstances, appropriate ad ustments are made to that Company financial statements in preparing the restated consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statement of the Company and its subsidiary are consolidated on line-by-line basis, by combining the like items of assets, liabilities, income, expense, cash flow and after eliminating the carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary, the intra company balances and transactions resulting in unrealised profits or losses.

Profit or loss and each component of OCI are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of all Companies used for the purpose of consolidation are drawn up to same reporting date as that of the holding Company. (i.e. year ended and as at March 31st).

The subsidiary considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership	Country of incorporation	Date of incorporation	Principal activities
PHFL Home Loans and Services Limited	100	India	August 22, 2017	Professional, consultancy and advisory services

The subsidiary not considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership	Country of incorporation	Date of incorporation	Principal activities
Pehel Foundation	100	India	October 14, 2019	Charitable activities

Pehel Foundation is registered as a charitable organisation under Section 8 of the Companies Act, 2013 and it is prohibited to give any right over its profits to any of its members. Since PNBHFL does not have any right over any kind of returns from Pehel Foundation hence it does not meet the criteria of consolidation of financial statements laid down under Ind AS 110.

Including nominee shareholders

2. Significant accounting policies

2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make udgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material ad ustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are known or materialised.

Some of the udgements, which have a significant risk of causing a material ad ustment to the carrying amounts of assets and liabilities are:

a) <u>Business model assessment</u>

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business ob ective. This assessment includes udgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of the assets.

b) <u>Fair value of financial instruments</u>

The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer of a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. udgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value ad ustments, correlation and volatility.

c) **Effective Interest Rate (EIR) method**

EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of udgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

d) **Impairment of financial asset**

The measurement of impairment losses across all categories of financial assets requires udgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. (Refer note 2.20).

e) **Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

f) **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

g) **Deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

h) **Useful Life of Property, Plant and Equipment (PPE) and Intangible assets**

The Company reviews its estimate of the useful life of PPE and intangible assets at each reporting date, based on the expected utility of the PPE and intangible assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of PPE and intangible assets. In case of a revision of useful life, the unamortised depreciable amount is charged over the remaining useful life of the PPE and intangible assets.

i) <u>Share-Based Payments</u>

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash/ stamp on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are sub ect to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consists of cash at banks and on hand and short term deposits, as defined above.

2.3 Revenue Recognition

a) Interest and related income

Interest income for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3', the Company calculates interest income by applying the EIR on net amount (i.e. gross carrying amount less allowance for expected credit loss) . If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at fair value through profit and loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

b) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

c) Profit on derecognition of financial assets

When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

d) Fees and commission income

Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in of ces / website etc. (other than for those items to which Ind AS 109 Financial Instruments are applicable) is recognised in accordance with the terms of the relevant contracts / agreements and when it is probable that the Company will collect the consideration.

e) Other income

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals.

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) PPE

PPE are stated at cost (including directly attributable expenses) less accumulated depreciation and impairment losses, if any. Cost includes deemed cost which represents the carrying value of PPE recognised as at April 1, 2017 measured as per the previous Generally Accepted Accounting Principles (GAAP).The cost of PPE comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Capital work in progress includes assets which are not ready for the intended use at the end of the reporting year and is carried at cost including directly attributable expenses.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost (excluding tax credits availed, if any) and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Cost comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to Intangible assets are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any).

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Intangible assets which are not ready for the intended use at the end of the reporting year are disclosed as Intangible assets under development.

2.5 Depreciation and amortisation

a) Depreciation

Depreciation on PPE is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively based on technical evaluation. Leasehold improvements are amortised over the period of five years however, where the lease term is less than five years amortisation is restricted to the underlying lease term.

All PPE individually costing 5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to PPE is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of PPE is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year-end and changes (if any) are then treated as changes in accounting estimates.

b) Amortisation

Intangible assets are amortised over a period of five years or less on straight-line method except website development costs, which are amortised over a period of three years on a straight-line basis from the date when the assets are available for use or the life whichever is less.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

2.6 Investment Property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by a registered independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.7 Foreign Currency

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recogni ed in the statement of profit and loss except for differences arising on cash flow hedges.

Non monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

2.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Right-of-use assets - The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and ad usted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liability - At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets - The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense.

Company as a Lessor

The Company as an intermediate lessor, accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount sub ect to maximum of depreciable historical cost.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.11 Contingent liabilities, Contingent assets and Commitments

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

a) Contingent liability is disclosed in case of
- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.

- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

b) Contingent assets are not recognised in the financial statements.

c) Commitments are future liabilities for contractual expenditure and is disclosed in case of
- Estimated amount of contracts remaining to be executed on capital account and not provided for
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.12 Employee Benefits

Retirement and other employee benefits

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.

Defined Benefit Plan

The Company has defined benefit plans as Compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using pro ected unit credit method.

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in the statement of profit and loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and
- Net interest expense or income

Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences, which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences and
- In case of non-accumulating compensated absences, when the absences occur

Share based payments

The Company operates a number of Employee Stock Option Scheme/ Restricted stock units (the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a speci ed period. These equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account). The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding ad ustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 Taxes

Taxes on income

Tax expense comprises current and deferred tax.

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income Tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and the conditions to avail the credit are fulfilled as per the underlying law.

2.14 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are ad usted for the effects of all dilutive potential equity shares except where the result would be antidilutive.

2.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial asset at amortised cost
- Financial asset (debt instruments) at FVTOCI
- Financial asset at FVTPL

Financial asset at amortised costs

Financial asset is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose ob ective is to hold assets for collecting contractual cash flows, and
ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment (if any). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees received and the costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets (debt instruments) at FVTOCI

Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

i) The ob ective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
ii) The asset’s contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses or reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

b) Financial Liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees, commission / brokerage and ancillary costs incurred in relation to the financial liability. The EIR amortisation is included in interest expense in the statement of profit and loss.

c) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the face value and proceeds received in excess of the face value are recognised as share premium.

<u>Offsetting a Financial Asset and a Financial Liability</u>

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is an intention to settle on a net basis, to reali e the assets and settle the liabilities simultaneously.

2.16 Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the underlying).
- It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

2.17 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management ob ective and strategy for undertaking the hedge. The documentation includes the Company’s risk management ob ective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Further, whenever there is a change in the business model the underlying affected financial asset are reclassified. Financial liabilities has not been reclassified.

2.19 Derecognition of financial assets and liabilities

a) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset
  Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the original asset), but assumes a contractual obligation to pay those cash flows to one or more entities (the eventual recipients), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset
  Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company s continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

2.20 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL together with the financial guarantee contracts. Equity instruments are not sub ect to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

Default

Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. Reserve Bank of India defines NPA in Paragraph 8.3.5 in its Master Directions Non Banking Financial Company Housing Finance (Reserve Bank) Directions, 2021 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

Staging

The Company while assessing whether there has been a SICR of an exposure since origination, it compares the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition. The Company classifies the accounts into three stages.

The mechanics and key inputs for classifying the stages and computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired and for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance.
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having SICR since initial recognition (origination of facilities) are classified under (if not impaired) Stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	90 / NPA	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses regulatory definition as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components for computation of Expected Credit Loss are:

- **Probability of Default (PD)**

  Probability of Default (PD) is one of the three risk components needed to estimate ECL under Ind AS 109. PD is defined as the probability that a borrower will be unable to meet their debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower s ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

  The Company uses 12-month PD for stage 1 assets and lifetime PD for stage 2 and Stage 3 assets.

- **Loss Given Default (LGD)**

  The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral.

- **Exposure at default (EAD)**

  Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	Asset coverage based / Expected Collateral Realisation (ECR)

Broadly, the Company has grouped the portfolio into retail and corporate category. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on ECR. Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

The retail portfolio is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Previous year(s) portfolio behaviour of homogenous pools is considered for PD estimation. The Company has further stressed the PDs for such selective group of customers who are falling in early warning signal pool like customers who have had experienced delinquency with other financial institutions but remained good with us, customers showing very early signs of stress in emerging delinquencies.

Loss Given Default

The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last few years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/expected recoveries, depending on resolution strategies already materialised or in the process of materialisation. Multiple factors are considered for determining the LGD including time taken for resolutions, geographies etc.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company’s historical experience.

Corporate Loans

Probability of Default

PDs for the corporate portfolio are determined by using external ratings as cohorts along with ever default behavior of an account in last 12 months (basis external ratings based statistical technique of Pluto-Tasche). PD s are further stressed basis operational variables like construction variance, sales velocity, resolution team feedback etc. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Loss Given Default

For LGD estimates, the Company has used ECR approach and have applied business logic based on security coverage ratio of existing portfolio. Sensitivity analysis, resolution feedbacks are applied on probability weighted scenarios to compute loss given default.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioral analysis of the Company's historical experience.

Significant increase in credit risk (SICR)

The Company monitors all financial assets that are sub ect to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans:

Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is:

(i) Those stage 1 loan assets where underlying property is under construction and expected construction progress is likely to remain slow based on historical data / market feedback.
(ii) Those stage 1 assets which are restructured under RBI OTR scheme of Aug 2020 and May 2021 and have shown higher degree of risk basis their performance with us and/or with other financial institutions.

Corporate Loans:

The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio, resolution team feedback etc. Basis the review and management overlay, the Company identifies assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward looking information

Ind AS 109 requires entities to model their ECL and apply forward looking macro economic scenarios taking into consideration possibility of favorable, neutral, adverse and stressed economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL considering the impact of COVID-19 several macro economic variables such as GDP at constant prices, Housing Price Index (HPI) inflation, Gross national savings, unemployment rate etc. were considered from the International Monetary Fund (IMF), NHB and RBI websites and the Company's historical data were analysed.

A model was then built, and forecasts were generated, and scenario creation carried out to finally arrive at the final macro economic overlay. Identification of relevant macro economic variables was done combining statistical analysis (correlation) and business intuition (sign of correlation). The selected model incorporates the variables like Inflation, end of period consumer prices quarter on quarter change, general government revenue etc.

The macro economic variables (MEVs) of the final model were used to generate multiple simulations for forecasting under different probabilistic scenarios, i.e., favorable, neutral, adverse and stress scenarios. Under each scenario, based on the independent variable forecasts, the forecasted default rates are obtained using the final model relationship between the default rates and macro economic variables. The scenarios are identified based on the probability of occurrence, i.e. expected probability of the future economic state. An anchor variable (GDP) analysis was performed in order to select a particular scenario for future quarters. Accordingly, the probability weighted ECL is computed using the likelihood as weights.

2.21 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note 2.20**.**

2.22 Write offs

The Company undertakes write off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of senior officials of the Company. In case the company writes off an asset, the recoveries resulting from the write off activity may result in impairment gains.

2.23 Collateral

The Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody and settlement. The Company complies with local by-laws and relevant urisdictions to ensure that the collaterals are free from all encumbrances. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The Company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

On case-to-case basis, the Company may ask for additional security, which may in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

2.24 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the Shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.25 Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Deposit remaining unclaimed for more than seven years have been transferred to the Investor Education and Protection Fund (IEPF). Interest for the period from last maturity date to the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

2.26 Securities Premium

Securities premium is credited:

- when shares are issued at premium
- with the fair value of the stock options which are treated as expense (if any), in respect of shares allotted pursuant to Employee Stock Options Scheme

Securities premium can be utilised only for limited purposes such as issuance of bonus shares or ad ustment of share issue expenses, net of tax, as permissible under section 52(2) of the Companies Act, 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.

2.27 Assets held for sale

The Company repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets acquired by the company under SARFAESI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the company is committed to sell these assets and they are measured at the lower of their carrying amount and the fair value less costs of disposal.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decision. Company’s main business is to provide loans against/for purchase, construction, repairs & renovations of houses/ flats/commercial properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS 108), notified by the Companies (Accounting Standard) Rules, 2015 as amended from time to time.

2.29 Investment in subsidiaries

Investments in subsidiaries are measured at cost as per Ind AS 27 Separate Financial Statements.

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Note 3: Cash and cash equivalents

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Cash on hand	1.12	0.87	0.17
Balance with banks in current accounts	512.19	933.77	4,803.65
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	4,552.31	6,033.92	3,710.49
Stamps on hand	-	0.00	0.01
Total	**5,065.62**	**6,968.56**	**8,514.32**

Note 3.1: Short-term deposits earn interest at the respective short-term deposit rates.

Note 4: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Bank Deposits (More than 3 months & upto 12 months)	150.40	-	-
Earmarked balances with bank (Refer Note 4.1)	0.07	0.07	0.07
Total	**150.47**	**0.07**	**0.07**

Note 4.1: Earmarked balances with bank include unclaimed dividend on equity shares.

Note 5: Receivables

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Trade receivables			
Receviable considered good- Secured	-	-	-
Receviable considered good- Unsecured (Refer Note 5.2)	42.80	44.94	44.90
Receivables from related parties	-	-	-
Receivables which have significant increase in credit risk	-	-	-
Receivables – credit impaired	0.05	0.07	-
	42.85	45.01	44.90
Less : Provision for impairment	0.05	0.07	-
Total	**42.80**	**44.94**	**44.90**

Note 5.1: Trade Receivables ageing

Particulars	Not Due	Outstanding for following periods from due date of payment As at March 31, 2022 (₹ in crore)					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	42.80	-	-	-	-	**42.80**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	**-**
Undisputed Trade Receivables – credit impaired	-	-	-	0.02	0.03	-	**0.05**
Disputed Trade Receivables– considered good	-	-	-	-	-	-	**-**
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	**-**
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	**-**
Unbilled Trade Receivables	-	-	-	-	-	-	**-**

Particulars	Not Due	Outstanding for following periods from due date of payment As at March 31, 2021 (₹ in crore)					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	44.94	-	-	-	-	**44.94**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	**-**
Undisputed Trade Receivables – credit impaired	-	0.04	0.01	0.02	-	-	**0.07**
Disputed Trade Receivables– considered good	-	-	-	-	-	-	**-**
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	**-**
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	**-**
Unbilled Trade Receivables	-	-	-	-	-	-	**-**

Particulars	Not Due	Outstanding for following periods from due date of payment As at March 31, 2020 (₹ in crore)					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	43.10	1.80	-	-	-	**44.90**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	**-**
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	**-**
Disputed Trade Receivables– considered good	-	-	-	-	-	-	**-**
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	**-**
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	**-**
Unbilled Trade Receivables	-	-	-	-	-	-	**-**

Note 5.2: No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, director or member.

Note 6: Loans (at amortised cost)

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Term Loans	57,894.88	63,188.83	68,393.64
Total Gross	**57,894.88**	**63,188.83**	**68,393.64**
Less: Impairment loss allowance	2,558.94	2,544.11	1,765.62
Total Net	**55,335.94**	**60,644.72**	**66,628.02**
Secured by tangible assets	57,894.88	63,188.83	68,393.64
Total Gross	**57,894.88**	**63,188.83**	**68,393.64**
Less: Impairment loss allowance	2,558.94	2,544.11	1,765.62
Total Net	**55,335.94**	**60,644.72**	**66,628.02**
Loans in India			
Public Sector	-	-	-
Others	57,894.88	63,188.83	68,393.64
Total Gross	**57,894.88**	**63,188.83**	**68,393.64**
Less: Impairment loss allowance	2,558.94	2,544.11	1,765.62
Total Net (a)	**55,335.94**	**60,644.72**	**66,628.02**
Loans outside India	-	-	-
Less: Impairment loss allowance	-	-	-
Total Net (b)	**-**	**-**	**-**
Total Net (a+b)	**55,335.94**	**60,644.72**	**66,628.02**

Note 6.1: There are no loans & advances to Directors/KMP/Related Parties as on March 31, 2022, March 31, 2021 and March 31, 2020.

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Note 6.2: Loans - Staging analysis

Analysis of change in gross carrying amount of loans is as follows:

Particulars	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening gross carrying amount	56,359.37	3,831.97	2,997.49	63,188.83	63,850.88	2,530.72	2,012.04	68,393.64	72,025.59	2,478.08	378.34	74,882.01
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	11,190.22	33.63	125.90	11,349.75	10,327.42	110.89	6.22	10,444.53	18,490.78	94.44	40.31	18,625.53
Asset paid in part or full (excluding write off) (net)	(15,731.77)	(252.18)	(100.37)	(16,084.32)	(14,565.53)	(44.84)	(165.54)	(14,775.91)	(15,201.58)	(421.36)	(109.08)	(15,732.02)
Asset derecognised (loan assigned)	-	-	-	-	(788.60)	-	-	(788.60)	(9,310.63)	-	-	(9,310.63)
Asset written off	(13.27)	(7.71)	(538.40)	(559.38)	(18.22)	(0.57)	(66.04)	(84.83)	(10.10)	(20.58)	(40.57)	(71.25)
Transfer to stage 1	1,638.57	(1,480.15)	(158.42)	-	291.06	(267.99)	(23.07)	-	403.91	(397.39)	(6.52)	-
Transfer to stage 2	(1,143.84)	1,169.86	(26.02)	-	(2,278.93)	2,284.92	(5.99)	-	(1,900.97)	1,912.81	(11.84)	-
Transfer to stage 3	(1,089.93)	(1,314.79)	2,404.72	-	(458.71)	(781.16)	1,239.87	-	(646.12)	(1,115.28)	1,761.40	-
Closing gross carrying amount	**51,209.35**	**1,980.63**	**4,704.90**	**57,894.88**	**56,359.37**	**3,831.97**	**2,997.49**	**63,188.83**	**63,850.88**	**2,530.72**	**2,012.04**	**68,393.64**

Particulars	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	46,593.50	1,959.25	1,966.81	50,519.56	47,162.28	2,644.27	1,381.95	51,188.50	51,283.40	1,596.68	714.77	53,594.85
Total	**46,593.50**	**1,959.25**	**1,966.81**	**50,519.56**	**47,162.28**	**2,644.27**	**1,381.95**	**51,188.50**	**51,283.40**	**1,596.68**	**714.77**	**53,594.85**
of total	**92.23**	**3.88**	**3.89**	**100.00**	**92.13**	**5.17**	**2.70**	**100.00**	**95.69**	**2.98**	**1.33**	**100.00**

Movement (in) of loan assets is as follows:	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Movement of Stage 1:			
i) % of loan assets moved out of books by year end	16.61%	18.92%	16.10%
ii) Residual portfolio either remained in stage 1 or had forward flows			
b) Movement of Stage 2:			
i) % of loan assets moved out of books by year end	0.45%	5.94%	14.18%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows			
c) Movement of Stage 3:			
i) % of loan assets moved out of books by year end	0.33%	19.01%	33.54%
ii) Residual portfolio either remained in stage 3 or had backward flows			

Particulars	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	4,615.85	21.38	2,738.09	7,375.32	9,197.09	1,187.70	1,615.54	12,000.33	12,567.48	934.04	1,297.27	14,798.79
Total	**4,615.85**	**21.38**	**2,738.09**	**7,375.32**	**9,197.09**	**1,187.70**	**1,615.54**	**12,000.33**	**12,567.48**	**934.04**	**1,297.27**	**14,798.79**
of total	**62.58**	**0.29**	**37.13**	**100.00**	**76.64**	**9.90**	**13.46**	**100.00**	**84.92**	**6.31**	**8.77**	**100.00**

Movement (in) of loan assets is as follows:	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Movement of Stage 1:			
i) % of loan assets moved out of books by year end	35.45%	17.47%	16.10%
ii) Residual portfolio either remained in stage 1 or had forward flows			
b) Movement of Stage 2:			
i) % of loan assets moved out of books by year end	0.24%	0.00%	0.12%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows			
c) Movement of Stage 3:			
i) % of loan assets moved out of books by year end	3.87%	10.24%	0.00%
ii) Residual portfolio either remained in stage 3 or had backward flows			

Note 6.3: Expected Credit Loss (ECL) - Staging analysis

Particulars	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	283.21	197.35	527.83	1,008.39	251.31	288.24	358.95	898.50	233.57	173.10	167.94	574.61
Total	**283.21**	**197.35**	**527.83**	**1,008.39**	**251.31**	**288.24**	**358.95**	**898.50**	**233.57**	**173.10**	**167.94**	**574.61**

ECL movement as on March 31, 2021 and March 31, 2022

a) The loan assets in stage 2 were 3.88% as on March 31, 2022 as against 5.17% as on March 31,2021. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 822.63 Crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2022 would be 2.25% against 3.46% as on March 31, 2021.

b) ECL % POS has decreased by 1.29% as on March 31, 2022 in stage 2 due to transition of stage 2 accounts to stage 3 (as an impact of RBI Circular No. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-

c) Overall ECL % POS have increased by 24 bps on accounts of conservatism approach adopted by the Company.

ECL movement as on March 31, 2020 and March 31, 2021

a) The loan assets in stage 2 were 5.17% as on March 31, 2021 as against 2.98% as on March 31, 2020. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 613.62 crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2021 would be 3.46% and last year 1.62%.

b) Increase in stage 2 ECL % principal outstanding (POS) is attributed to incorporation of pre-emptive measures in PD models, higher LGD s on account of restructure cases.

c) Overall ECL % POS have increased by 68 bps on accounts of conservatism build upon by the above mentioned reasons as well as incorporation of provision required as per regulatory guidelines and comparing it with existing level.

ECL movement as on March 31, 2019 and March 31, 2020

a) The loan assets in stage 2 were 2.98% as on March 31, 2020 as against 2.35% as on March 31, 2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 720 crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2020 would be 1.59%.

b) Increase in stage 2 ECL % POS is attributed to incorporation of pre-emptive measures in PD models, higher LGD s on account of COVID scenario.

c) Overall ECL % POS have increased by 95 bps on accounts of conservatism build upon by the above mentioned reasons as well as incorporation of PD markup s & macro economic shocks.

Particulars	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	300.10	3.07	1,247.38	1,550.55	396.25	359.05	890.31	1,645.61	432.13	254.37	504.51	1,191.01
Total	**300.10**	**3.07**	**1,247.38**	**1,550.55**	**396.25**	**359.05**	**890.31**	**1,645.61**	**432.13**	**254.37**	**504.51**	**1,191.01**

ECL movement as on March 31, 2021 and March 31, 2022

a) Stage 1 ECL % of POS increased from 4.31% to 6.50%. This is due to restructuring cases carrying higher provisions.

b) The loan assets in stage 2 were decresed to 0.29% as on March 31, 2022 from 9.90% as on March 31,2021 majorly due to shift of stage 2 asset to stage 3.

c) The Company's stage 3 asset ratio has increased from 13.46% as on March 31, 2021 to 37.13% as on March 31, 2022 owing to this ECL has also increased.

ECL movement as on March 31, 2020 and March 31, 2021

a) Stage 1 ECL % of POS increased from 3.44% to 4.31% this is due to backward flow of accounts from stage 2 carrying higher provisions.

b) The loan assets in stage 2 were 9.90% as on March 31, 2021 as against 6.31% as on March 31, 2020. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 877.31 crore has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 27.23% to 30.23%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2021 would be 2.38% as against 3.65% as on March 31, 2020.

d) The Company's stage 3 asset ratio has increased from 8.77% as on March 31, 2020 to 13.46% as on March 31, 2021 owing to this ECL has also increased.

ECL movement as on March 31, 2019 and March 31, 2020

a) Stage 1 ECL % of POS increased from 0.62% to 3.44% on account of conservatism build upon the incorporation of PD markup s, application of stressed LGD s of the NPA ECR accounts and macro economic shocks.

b) The loan assets in stage 2 were 6.31% as on March 31, 2020 as against 6.21% as on March 31,2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 389 crore has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 15.21% to 27.23%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2020 would be 3.65% as against 1.55% as on March 31, 2019.

d) The Company's stage 3 asset ratio has increased from 0.17% as on March 31, 2019 to 8.77% as on March 31, 2020 owing to this ECL has also increased. The Company's stage 3 asset ratio remains consistent. However, ECL as % POS has reduced due to higher asset coverage ratio, hence, higher expected recovery from defaulted assets.

The restructuring was done for Stage 1 accounts, total restructured assets were ₹ 1,647 crore (March 31, 2021 ₹ 1,378 crore),against which provision of ₹ 204 (March 31, 2021 ₹ 206 crore) is held.

Refer Note 2.20, 47.1 and 49.

Note 6.4: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

Tangible securities

i) Equitable / Simple / English Mortgage of immovable property
ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property
iii) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts

Intangible securities

i) Demand Promissory Note
ii) Post dated cheques towards the repayment of the debt
iii) Personal / Corporate Guarantees
iv) ndertaking to create a security
v) Letter of Continuity.

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PNB Housing Finance Limited
Notes to Restated Consolidated Financial Statements

Note 7: Investments

Particulars	**As at March 31, 2022 (₹ in crore)**			
	Amortised cost	**At fair value through profit or loss**	**Others***	**Total**
Investments in India (a)				
Mutual funds	-	110.95	-	110.95
Government securities (Refer Note 36.31)	2,234.18	1,044.83	-	3,279.01
Debt securities	-	92.69	-	92.69
Subsidiaries				
50,000 (March 31, 2021 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation)	-	-	0.05	0.05
Total gross	**2,234.18**	**1,248.47**	**0.05**	**3,482.70**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**2,234.18**	**1,248.47**	**0.05**	**3,482.70**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**2,234.18**	**1,248.47**	**0.05**	**3,482.70**

Particulars	**As at March 31, 2021 (₹ in crore)**			
	Amortised cost	**At fair value through profit or loss**	**Others***	**Total**
Investments in India (a)				
Mutual funds	-	12.15	-	12.15
Government securities (Refer Note 36.31)	1,941.79	-	-	1,941.79
Debt securities	-	90.83	-	90.83
Subsidiaries				
50,000 (March 31, 2020 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation)	-	-	0.05	0.05
Total gross	**1,941.79**	**102.98**	**0.05**	**2,044.82**
Investments outside India (b)	-	-	-	-
Total gross (a+b)	**1,941.79**	**102.98**	**0.05**	**2,044.82**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,941.79**	**102.98**	**0.05**	**2,044.82**

Particulars	**As at March 31, 2020 (₹ in crore)**			
	Amortised cost	**At fair value through profit or loss**	**Others***	**Total**
Investments in India (a)				
Mutual funds	-	27.67	-	**27.67**
Government securities (Refer Note 36.31)	1,952.74	-	-	**1,952.74**
Debt securities	-	95.28	-	**95.28**
Subsidiaries				
50,000 equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	0.05	**0.05**
Total gross	**1,952.74**	**122.95**	**0.05**	**2,075.74**
Investments outside India (b)	-	-	-	**-**
Total gross (a+b)	**1,952.74**	**122.95**	**0.05**	**2,075.74**
Less: Allowance for impairment loss (c)	-	-	-	**-**
Total net (a+b-c)	**1,952.74**	**122.95**	**0.05**	**2,075.74**

Name of Subsidiaries	**Principle place of business**	**Ownership interest**		
		As at March 31, 2022	**As at March 31, 2021**	**As at March 31, 2020**
PEHEL Foundation	India	100.00%	100.00%	100.00%

*Others include investment in subsidiaries which have been carried at cost.
Expected credit loss provision has not been recognised on investments made in government securities.

Note 8: Other financial assets

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Receivables on assignment of loans (Refer Note 8.1 and 8.2)	647.47	886.12	676.53
Security deposits	17.06	16.47	18.74
Other Receivables	11.15	6.25	6.43
Total gross (a)	675.68	908.84	701.70
Less: Impairment loss allowance (b)	1.77	2.26	-
Total net (a-b)	**673.91**	**906.58**	**701.70**

Note 8.1: During the year ended March 31 2022, the Company had not sold any loans and advances measured at amortised cost as per assignment deals, as a source of finance.

The table below summarises the carrying amount of the derecognised financial assets:

Loans and advances measured at amortised cost	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Carrying amount of derecognised financial assets	9,088.02	12,213.95	15,775.38

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the assets) is recognised at present value on the date of derecognition as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial assets.

Note 8.2: Includes receivable from related party ₹ 0.61 crore (March 31, 2021 ₹ 0.13 crore and March 31, 2020 ₹ 2.55).

Note 8.3: Disclosure pursuant to RBI Notification dated September 24, 2021 on "Transfer of Loan Exposures" is as below:
(a) Detail of loans not in default transferred through assignment:

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Amount	-	788.60	9,310.63
Consideration	-	788.60	9,310.63
No. of Accounts	-	3,231.00	31,093.00
Weighted average residual tenor of the loans transferred (Months)	-	148.00	194.00
Weighted average holding period (Months)	-	21.70	20.20
Coverage of tangible security coverage	-	NA	NA
Rating-wise distribution of rated loans	-	NA	NA

(b) The Company has not acquired, any loans not in default during the year ended March 31, 2022, March 31, 2021 and March 31, 2020.
(c) The Company has not transferred or acquired, any stressed loans during the year ended March 31, 2022, March 31, 2021 and March 31, 2020,

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Note 9: Current tax (net)

Note 9.1: Current tax assets (net)

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Advance tax (net of provision)	47.30	-	62.02
Total	**47.30**	**-**	**62.02**

Note 9.2: Current tax liability (net)

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Provision for tax (net of advance tax)	-	62.93	-
Total	**-**	**62.93**	**-**

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Note 10: Deferred tax assets (net)

As at March 31, 2022 **(₹ in crore)**

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	11.71	-	1.15	-
Provision for employee benefits	4.36	-	(0.16)	-
Impairment allowance for financial assets	573.05	-	(11.69)	-
Derivative instruments in cash flow hedge	40.49	-	-	(32.39)
Expenses paid in advance (net of income received in advance)	-	64.59	(5.39)	-
Interest spread on assigned loans	-	153.61	58.42	-
Fair valuation of financial instruments held for trading	3.58	-	2.47	-
Others temporary differences	3.05	19.14	(43.13)	-
Total	**636.24**	**237.34**	**1.67**	**(32.39)**

As at March 31, 2021 **(₹ in crore)**

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	10.56	-	3.25	-
Provision for employee benefits	4.52	-	0.25	-
Impairment allowance for financial assets	584.74	-	160.50	-
Derivative instruments in cash flow hedge	72.88	-	-	7.57
Expenses paid in advance (net of income received in advance)	-	59.20	(1.47)	-
Interest spread on assigned loans	-	212.03	(43.34)	-
Fair valuation of financial instruments held for trading	1.11	-	1.24	-
Remeasurement gain/(loss) on defined benefit plan	-	-	(0.12)	-
Others temporary differences	27.05	-	15.81	-
Total	**700.86**	**271.23**	**136.12**	**7.57**

As at March 31, 2020 **(₹ in crore)**

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	7.31	-	1.10	-
Provision for employee benefits	4.27	-	(17.77)	-
Impairment allowance for financial assets	424.24	-	217.72	-
Derivative instruments in cash flow hedge	65.31	-	-	(8.98)
Expenses paid in advance (net of income received in advance)	-	57.73	17.58	-
Interest spread on assigned loans	-	168.69	1.67	-
Fair valuation of financial instruments held for trading	-	0.13	0.17	-
Remeasurement gain/(loss) on defined benefit plan	0.12	-	-	(0.20)
Others temporary differences	11.24	-	4.00	-
Total	**512.49**	**226.55**	**224.47**	**(9.18)**

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Note 11: Investment Property

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings*	0.58	-	-	0.58	0.04	0.01	-	0.05	0.53	0.54
Total	**0.58**	**-**	**-**	**0.58**	**0.04**	**0.01**	**-**	**0.05**	**0.53**	**0.54**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Buildings*	0.58	-	-	0.58	0.03	0.01	-	0.04	0.54	0.55
Total	**0.58**	**-**	**-**	**0.58**	**0.03**	**0.01**	**-**	**0.04**	**0.54**	**0.55**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.58	-	-	0.58	0.02	0.01	-	0.03	0.55	0.56
Total	**0.58**	**-**	**-**	**0.58**	**0.02**	**0.01**	**-**	**0.03**	**0.55**	**0.56**

*Assets pledged and hypothecated against borrowings. Refer Note 17.1 (a)

Note 11.1: The Company has leased out its investments properties and same has been classified as operating leases on account that there was no transfer of substantial risk and rewards incidental to the ownership of the assets. Recognition of income and related expenses in profit or loss for investment properties are tabulated below:

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Rental Income	0.08	0.09	0.09
Profit from investment properties before depreciation	**0.08**	**0.09**	**0.09**
Depreciation	(0.01)	(0.01)	(0.01)
Profit from investment properties	**0.07**	**0.08**	**0.08**

Note 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum undiscounted lease payments receivable under non-cancellable leases of investment properties after the reporting period:

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Within one year	0.11	0.05	0.05
Later than one year but not later than five year	0.08	0.01	-
Later than five years	-	-	-

Note 11.3: The fair value of the investment property has been determined on the basis of valuation carried out at the reporting date by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement for investment property has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research, contracted rentals, discount rates and comparable values, as appropriate. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

Reconciliation of fair value

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Opening balance	5.55	5.55	5.88
Addition during the year	-	-	-
Deletion during the year	-	-	-
Fair value difference	-	-	(0.33)
Closing balance	**5.55**	**5.55**	**5.55**

Note 12:

Property plant and equipment

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings	37.72	-	-	37.72	1.61	1.20	-	2.81	34.91	36.11
Furniture & Fixtures	22.12	0.10	2.52	19.70	9.22	1.95	1.16	10.01	9.69	12.90
Vehicles	0.10	-	-	0.10	0.04	0.01	-	0.05	0.05	0.06
Computers	24.44	7.50	0.02	31.92	19.15	2.79	0.02	21.92	10.00	5.29
Office Equipment & Others	29.93	0.65	(1.21)	31.79	18.06	5.38	(0.32)	23.76	8.03	11.87
Leasehold Improvements	42.50	-	(0.17)	42.67	26.98	6.97	(0.02)	33.97	8.70	15.52
Total	**156.81**	**8.25**	**1.16**	**163.90**	**75.06**	**18.30**	**0.84**	**92.52**	**71.38**	**81.75**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Buildings	37.72	-	-	37.72	0.42	1.19	-	1.61	36.11	37.30
Furniture & Fixtures	23.35	0.62	1.85	22.12	7.80	2.34	0.92	9.22	12.90	15.55
Vehicles	0.10	-	-	0.10	0.03	0.01	-	0.04	0.06	0.07
Computers	24.35	0.10	0.01	24.44	14.89	4.27	0.01	19.15	5.29	9.46
Office Equipment & Others	30.92	0.89	1.88	29.93	14.16	5.36	1.46	18.06	11.87	16.76
Leasehold Improvements	51.44	1.00	9.94	42.50	25.27	8.92	7.21	26.98	15.52	26.17
Total	**167.88**	**2.61**	**13.68**	**156.81**	**62.57**	**22.09**	**9.60**	**75.06**	**81.75**	**105.31**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings	0.27	37.45	-	37.72	0.02	0.40	-	0.42	37.30	0.25
Furniture & Fixtures	22.72	1.76	1.13	23.35	5.89	2.58	0.67	7.80	15.55	16.83
Vehicles	0.10	-	-	0.10	0.02	0.01	-	0.03	0.07	0.08
Computers	23.47	0.88	-	24.35	9.77	5.12	-	14.89	9.46	13.70
Office Equipment & Others	27.67	4.05	0.80	30.92	8.63	6.23	0.70	14.16	16.76	19.04
Leasehold Improvements	45.42	8.58	2.56	51.44	16.98	10.70	2.41	25.27	26.17	28.44
Total	**119.65**	**52.72**	**4.49**	**167.88**	**41.31**	**25.04**	**3.78**	**62.57**	**105.31**	**78.34**

(i) Buildings pledged and hypothecated against borrowings. Refer Note 17.1 (a)
(ii) There were no revaluation carried out by the Company during the years reported above.

Right of use

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2021	Addition during the year	Disposal / modification during the year	As at March 31, 2022	As at April 01, 2021	For the year	Disposal / modification during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Building	132.26	8.87	0.01	141.12	54.17	26.49	0.01	80.65	60.47	78.09
Total	**132.26**	**8.87**	**0.01**	**141.12**	**54.17**	**26.49**	**0.01**	**80.65**	**60.47**	**78.09**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2020	Addition during the year	Disposal / modification during the year	As at March 31, 2021	As at April 01, 2020	For the year	Disposal / modification during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Building	150.25	1.94	19.93	132.26	30.45	27.28	3.56	54.17	78.09	119.80
Total	**150.25**	**1.94**	**19.93**	**132.26**	**30.45**	**27.28**	**3.56**	**54.17**	**78.09**	**119.80**

(₹ in crore)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2019*	Addition during the year	Disposal / modification during the year	As at March 31, 2020	As at April 01, 2019	For the year	Disposal / modification during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Building	143.51	8.63	1.90	150.25	-	30.99	0.54	30.45	119.80	-
Total	**143.51**	**8.63**	**1.90**	**150.25**	**-**	**30.99**	**0.54**	**30.45**	**119.80**	**-**

*On adoption of Ind AS 116.

Note 12.1: Capital-Work-in Progress (CWIP)
(a) Capital-Work-in Progress ageing

Particulars	As at March 31, 2022 (₹ in crore)				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Particulars	As at March 31, 2021 (₹ in crore)				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.01	-	-	-	0.01
Projects temporarily suspended	-	-	-	-	-

Particulars	As at March 31, 2020 (₹ in crore)				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.23	-	-	-	1.23
Projects temporarily suspended	-	-	-	-	-

(b) The Company does not have any project which is overdue or has exceeded its cost compared to its original plan.

Note 12.2: Intangible assets under development

(a) Intangible assets under development ageing

Particulars	As at March 31, 2022 (₹ in crore)				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.35	1.32	0.87	-	3.54
Projects temporarily suspended	-	-	-	-	-

Particulars	As at March 31, 2021 (₹ in crore)				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.50	0.87	-	-	2.37
Projects temporarily suspended	-	-	-	-	-

Particulars	As at March 31, 2020 (₹ in crore)				
	CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2.63	0.20	-	-	2.83
Projects temporarily suspended	-	-	-	-	-

(b) For Intangible assets under development, where completion is overdue or has exceeded its cost compared to its original plan

Particulars	As at March 31, 2022 (₹ in crore)				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)	-	2.18	-	-	2.18

Particulars	As at March 31, 2021 (₹ in crore)				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)	2.18	-	-	-	2.18

Particulars	As at March 31, 2020 (₹ in crore)				
	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project 1 (Software)	-	-	-	-	-

Note 13: Other intangible assets

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	52.27	5.72	0.18	57.81	31.38	8.59	0.18	39.79	18.02	20.89
Total	**52.27**	**5.72**	**0.18**	**57.81**	**31.38**	**8.59**	**0.18**	**39.79**	**18.02**	**20.89**

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Software	47.17	5.10	-	52.27	21.75	9.63	-	31.38	20.89	25.42
Total	**47.17**	**5.10**	**-**	**52.27**	**21.75**	**9.63**	**-**	**31.38**	**20.89**	**25.42**

(₹ in crore)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Software	36.15	11.02	-	47.17	11.94	9.81	-	21.75	25.42	24.21
Total	**36.15**	**11.02**	**-**	**47.17**	**11.94**	**9.81**	**-**	**21.75**	**25.42**	**24.21**

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Note 14: Other non-financial assets

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
nsecured considered good			
Prepaid expenses	7.45	5.49	5.68
GST input credit	16.31	21.77	21.77
Others	3.19	5.49	3.63
Total	**26.95**	**32.75**	**31.08**

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Note 15: Derivative financial instruments*

Particulars	As at March 31, 2022 (₹ in crore)			As at March 31, 2021 (₹ in crore)			As at March 31, 2020 (₹ in crore)		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:									
Spot and forwards	729.17	0.01	50.08	691.03	-	24.99	306.88	12.45	-
Currency swaps	6,034.25	332.87	-	5,972.26	199.57	2.85	5,658.66	421.17	-
(i)	**6,763.42**	**332.88**	**50.08**	**6,663.29**	**199.57**	**27.84**	**5,965.54**	**433.62**	**-**
Interest rate derivatives:									
Forward rate agreements and interest rate swaps	3,525.03	-	40.55	3,417.97	-	230.36	3,505.44	-	307.96
Margin money paid to counter party bank	-	-	-	-	-	(7.19)			
(ii)	**3,525.03**	**-**	**40.55**	**3,417.97**	**-**	**223.17**	**3,505.44**	**-**	**307.96**
Total derivative financial instruments (i)+(ii)	**10,288.45**	**332.88**	**90.63**	**10,081.26**	**199.57**	**251.01**	**9,470.98**	**433.62**	**307.96**
Included in above are derivatives held for hedging and risk management purposes as follows:									
Cash flow hedging:									
Currency derivatives	6,763.42	332.88	50.08	6,663.29	199.57	27.84	5,965.54	433.62	-
Interest rate derivatives	3,525.03	-	40.55	3,417.97	-	223.17	3,505.44	-	307.96
Total derivative financial instruments	**10,288.45**	**332.88**	**90.63**	**10,081.26**	**199.57**	**251.01**	**9,470.98**	**433.62**	**307.96**

* Refer Note 18.3 , 43 and 47.2.

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Note 16: Trade payables

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Total outstanding dues of micro enterprises and small enterprises	-	-	
Total outstanding dues of creditors other than micro enterprises and small enterprises	16.29	17.82	13.39
Due to related parties	-	-	-
Total	**16.29**	**17.82**	**13.39**

Note 16.1: Trade Payables ageing

Particulars	Outstanding for following periods from due date of payment As at March 31, 2022 (₹ in crore)				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	0.12	0.05	0.08	-	**0.25**
(iii) Disputed dues MSME	-	-	-	-	-
(iv) Disputed dues Others	-	-	-	-	-
(v) nbilled dues	16.04	-	-	-	**16.04**

Particulars	Outstanding for following periods from due date of payment As at March 31, 2021 (₹ in crore)				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	2.90	0.22	0.01	0.03	**3.16**
(iii) Disputed dues MSME	-	-	-	-	-
(iv) Disputed dues Others	-	-	-	-	-
(v) nbilled dues	14.66	-	-	-	**14.66**

Particulars	Outstanding for following periods from due date of payment As at March 31, 2020 (₹ in crore)				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	1.85	0.16	0.01	0.03	**2.05**
(iii) Disputed dues MSME	-	-	-	-	-
(iv) Disputed dues Others	-	-	-	-	-
(v) nbilled dues	11.34	-	-	-	**11.34**

Note 16.2: The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is as follows:

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
1. Principal amount due and remaining unpaid	-	-	-
2. Interest due on (1) above and the unpaid interest	-	-	-
3. Interest paid on all delayed payment under the MSMED Act	-	-	-
4. Payment made beyond the appointed day during the year	0.05	-	-
5. Interest due and payable for the period of delay other than (3) above	-	-	-
6. Interest accrued and remaining unpaid	0.00	-	-
7. Amount of further interest remaining due and payable in succeeding years	-	-	-
Total	**0.05**	**-**	**-**

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Note 17: Debt securities

Particulars	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured												
Redeemable non convertible debentures	6,201.97	-	-	6,201.97	10,356.50	-	-	10,356.50	17,430.40	-	-	17,430.40
Unsecured												
Commercial papers	-	-	-	-	1,104.98	-	-	1,104.98	406.06	-	-	406.06
Total	**6,201.97**	**-**	**-**	**6,201.97**	**11,461.48**	**-**	**-**	**11,461.48**	**17,836.46**	**-**	**-**	**17,836.46**
Debt securities in India	6,201.97	-	-	6,201.97	11,461.48	-	-	11,461.48	17,836.46	-	-	17,836.46
Debt securities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**6,201.97**	**-**	**-**	**6,201.97**	**11,461.48**	**-**	**-**	**11,461.48**	**17,836.46**	**-**	**-**	**17,836.46**

Note 17.1: Nature of security and terms of repayment:

a) Nature of security
Redeemable non-convertible debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, initial few series of redeemable non-convertible debentures are also secured by mortgage of buildings of ₹ 0.77 Crore (Refer Note 11 & 12).

b) Terms of repayment

Maturities	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years
Rate of interest												
6.01% - 7.00%	-	455.00	-	-	-	-	-	-	-	-	-	-
7.01% - 8.00%	1,275.00	-	-	-	1,685.00	1,275.00	-	-	5,500.00	1,270.00	-	-
8.01% - 9.00%	555.00	600.00	1,000.00	1,500.00	2,558.00	1,155.00	500.00	2,000.00	3,216.00	3,113.00	600.00	2,500.00
9.01% - 10.00%	530.00	300.00	-	-	430.00	830.00	-	-	30.00	960.00	300.00	-
	2,360.00	**1,355.00**	**1,000.00**	**1,500.00**	**4,673.00**	**3,260.00**	**500.00**	**2,000.00**	**8,746.00**	**5,343.00**	**900.00**	**2,500.00**

Note 17.2:
The rate of interest and amount of repayment appearing in note 17.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

Note 18: Borrowings (other than debt securities)

Particulars	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured												
Term loans												
National housing bank	4,665.21	-	-	4,665.21	7,847.86	-	-	7,847.86	6,235.28	-	-	6,235.28
Banks	13,385.84	-	-	13,385.84	13,188.95	-	-	13,188.95	18,270.29	-	-	18,270.29
External commercial borrowing	3,988.89	-	-	3,988.89	3,961.36	-	-	3,961.36	3,595.62	-	-	3,595.62
Bank overdraft	50.01	-	-	50.01	99.74	-	-	99.74	695.90	-	-	695.90
Loans from related party	4,325.89	-	-	4,325.89	4,648.43	-	-	4,648.43	3531.03	-	-	3,531.03
Unsecured												
Term loans												
Banks	1,300.00	-	-	1,300.00	-	-	-	-		-	-	-
Total	**27,715.84**	**-**	**-**	**27,715.84**	**29,746.34**	**-**	**-**	**29,746.34**	**32,328.12**	**-**	**-**	**32,328.12**
Borrowings in India	21,718.06	-	-	21,718.06	23,837.11	-	-	23,837.11	26,734.77	-	-	26,734.77
Borrowings outside India	5,997.78	-	-	5,997.78	5,909.23	-	-	5,909.23	5,593.35	-	-	5,593.35
Total	**27,715.84**	**-**	**-**	**27,715.84**	**29,746.34**	**-**	**-**	**29,746.34**	**32,328.12**	**-**	**-**	**32,328.12**

Note 18.1: Refinance from National Housing Bank (NHB):

a) Nature of security
(i) All the present and outstanding refinancing from NHB are secured by hypothecation of specific loans/ book debts to the extent of 1.0 to 1.20 times of outstanding amount.

(ii) During FY 22, the Company has availed refinance facility from NHB of ₹ 1490.00 crore under "Special Refinance Facility 2021 Assistance" for short term liquidity support (FY 21 ₹ 1500.00 crore under "Liberalised Refinance Scheme and 2000.00 crore under " Special Refinance facility and adiitional Special Refinance Facility Scheme of NHB to provide refinance assistance in respect of eligible individual Housing loans", FY 20 ₹ 1500.00 crore to provide refinance assistance in respect of eligible individual Housing loans).

b) Terms of repayment

Maturities	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years
4.00% - 6.00%	504.95	353.20	130.40	-	2,307.41	819.76	677.25	827.39	176.60	353.20	353.20	134.55
6.01% - 8.00%	583.41	1,369.76	946.08	777.41	351.80	839.41	705.71	887.03	488.84	970.10	920.26	2,030.53
8.01% - 10.00%	-	-	-	-	78.00	208.00	146.10	-	162.01	313.19	216.80	116.00
	1,088.36	**1,722.96**	**1,076.48**	**777.41**	**2,737.21**	**1,867.17**	**1,529.06**	**1,714.42**	**827.45**	**1,636.49**	**1,490.26**	**2,281.08**

Note 18.2: Term loan from Banks:

a) Nature of security
i) Term loan from Punjab National Bank (related party) are secured by hypothecation by way of exclusive charge on specific standard book debts of the Company with minimum asset cover of 1.10 times to be maintained at all times.
ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

b) Terms of repayment

Maturities	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years
from related party:												
5.10% - 5.89%	796.67	333.33	-	-	-	-	-	-	-	-	-	-
5.90% - 7.00%	412.49	574.50	200.00	-	830.00	400.00	400.00	-	-	-	-	-
7.01% - 9.00%	-	-	-	-	620.80	449.76	-	-	866.67	541.63	125.00	-
from others:												
4.00% - 7.00%	6,185.61	4,009.19	1,882.30	100.00	2,399.99	823.93	300.00	-	-	-	-	-
7.01% - 9.00%	1,445.57	1,040.94	30.00	-	3,004.57	5,897.44	770.71	-	6,701.81	7,230.93	1,513.22	-
9.01% - 11.00%	-	-	-	-	-	-	-	-	1,441.79	1,266.88	124.58	-
	8,840.34	**5,957.96**	**2,112.30**	**100.00**	**6,855.36**	**7,571.13**	**1,470.71**	**-**	**9,010.27**	**9,039.44**	**1,762.80**	**-**

Note 18.3: External commercial borrowing:

a) Nature of security
i) During the year, the Company has raised ECB of SD Nil (FY 21: SD 75 million from a Japanese multilateral institution under the automatic route for financing eligible housing units under "approval route" in terms of the RBI guidelines on ECB and FY 20: SD 175 million from various lenders under automatic route). The ECB borrowings are secured against eligible housing loans/book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.

ii) The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance (if any) on the derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

iii) As at March 31, 2022, the Company has outstanding ECB of SD 796.00 million (equivalent to ₹ 6,034.25 crore) (March 31, 2021 SD 812.50 million (equivalent to ₹ 5,972.26 crore) and March 31, 2020 SD 750.63 million (equivalent to ₹ 5,658.66 crore)). The Company has undertaken cross currency swaps and principal only swaps to hedge the foreign currency risk of the ECB principal .Whereas the Company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments respectively. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

b) Terms of repayment

Maturities	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years
from related party:												
SD LIBOR 110 - 200 bps	-	2,008.89	-	-	-	1,947.87	-	-	-	-	1,997.73	-
from others:												
SD LIBOR 110 - 200 bps	955.17	2,501.64	568.55	-	121.28	2,616.77	1,286.34	-	98.94	1,074.24	2,487.74	-
	955.17	**4,510.53**	**568.55**	**-**	**121.28**	**4,564.64**	**1,286.34**	**-**	**98.94**	**1,074.24**	**4,485.47**	**-**

Note 18.4: Bank overdraft:

a) Nature of security
Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

b) Terms of Repayment

Maturities	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years	1 year	1 - 3 years	3 - 5 years	5 years
6.50% -9.95%	50.01	-	-	-	99.74	-	-	-	695.90	-	-	-

Note 18.5:
The rate of interest and amount of repayment appearing in note 18.1(b), 18.2(b) and 18.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

Note 19: Deposits

Particulars	As at March 31, 2022 (₹ in crore)				As at March 31, 2021 (₹ in crore)				As at March 31, 2020 (₹ in crore)			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured Deposits												
(i) From public*	14,983.79	-	-	14,983.79	14,074.69	-	-	14,074.69	13,572.28	-	-	13,572.28
(ii) From banks	411.91	-	-	411.91	511.76	-	-	511.76	539.58	-	-	539.58
(iii) From others	2,253.28	-	-	2,253.28	2,159.59	-	-	2,159.59	2,020.08	-	-	2,020.08
Total	**17,648.98**	**-**	**-**	**17,648.98**	**16,746.04**	**-**	**-**	**16,746.04**	**16,131.94**	**-**	**-**	**16,131.94**

* Refer note 36.31

Note 19.1:
Refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

Note 20: Subordinated liabilities

Particulars	As at March 31, 2022 (₹ in crore) Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	As at March 31, 2021 (₹ in crore) Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	As at March 31, 2020 (₹ in crore) Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured												
Redeemable non-convertible debentures	1,438.18	-	-	1,438.18	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58
Total	**1,438.18**	**-**	**-**	**1,438.18**	**1,438.58**	**-**	**-**	**1,438.58**	**1,438.58**	**-**	**-**	**1,438.58**
Subordinated liabilities in India	1,438.18	-	-	1,438.18	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58
Subordinated liabilities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,438.18**	**-**	**-**	**1,438.18**	**1,438.58**	**-**	**-**	**1,438.58**	**1,438.58**	**-**	**-**	**1,438.58**

Note 20.1: Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2022, ₹ 577.50 crore (March 31, 2021 ₹ 916.30 crore and March 31, 2020 ₹ 1079.10 crore) qualify as Tier II Capital under regulatory guidelines for assessing capital adequacy.

b) Terms of repayment

Maturities	As at March 31, 2022 (₹ in crore) 1 year	1 - 3 years	3 - 5 years	5 years	As at March 31, 2021 (₹ in crore) 1 year	1 - 3 years	3 - 5 years	5 years	As at March 31, 2020 (₹ in crore) 1 year	1 - 3 years	3 - 5 years	5 years
Rate of interest												
8.01% - 9.00%	-	699.00	500.00	-	-	499.00	410.00	290.00	-	-	699.00	500.00
9.01% - 10.00%	200.00	-	-	39.70	-	200.00	-	39.70	-	200.00	-	39.70
	200.00	**699.00**	**500.00**	**39.70**	**-**	**699.00**	**410.00**	**329.70**	**-**	**200.00**	**699.00**	**539.70**

Note 20.2:
The rate of interest and amount of repayment appearing in note 20.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission underlying returns/statements.

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Note 21: Other financial liabilities

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Interest accrued but not due on deposits	38.07	257.32	224.51
Interest accrued but not due on borrowings (Refer Note 21.1)	315.69	442.51	585.94
Amount payable under assignments (Refer Note 21.2)	265.15	535.64	516.27
Book overdraft	1,407.22	929.41	882.36
npaid dividends	0.07	0.07	0.07
Other liabilities	424.37	424.20	310.91
Lease liabilities (Refer Note 37)	70.22	86.50	126.79
Total	**2,520.79**	**2,675.65**	**2,646.85**

Note 21.1: Includes amount payable to related party ₹ 0.49 crore (March 31, 2021 ₹ 14.42 crore and March 31, 2020 ₹ 10.88 crore).

Note 21.2: Includes amount payable to related party ₹ 124.94 crore (March 31, 2021 ₹ 238.29 crore and March 31, 2020 ₹ 182.49 crore).

Note 22: Provisions

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Retirement benefits	17.33	18.39	17.35
Letter of comforts	-	-	2.00
Total	**17.33**	**18.39**	**19.35**

Note 23: Other non-financial liabilities

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Advance received from customers (Refer Note 26.1)	207.07	175.71	436.55
Statutory dues Payable	70.51	50.39	55.38
Other liabilities	21.02	24.40	26.76
Total	**298.60**	**250.50**	**518.69**

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Note 24: Equity Share capital

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Authorised			
50,00,00,000 equity shares of ₹ 10/- each (March 31, 2021: 50,00,00,000 and March 31, 2020: 50,00,00,000)	500.00	500.00	500.00
	500.00	500.00	500.00
Issued, subscribed and paid-up			
16,85,98,555 equity shares of ₹ 10/- each fully paid up (March 31, 2021: 16,82,68,123 and March 31, 2020: 16,81,86,908)	168.60	168.27	168.19
Total	**168.60**	**168.27**	**168.19**

Note 24.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year:

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in crore	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	16,82,68,123	168.27	16,81,86,908	168.19	16,74,69,016	167.47
Add: Share allotted pursuant to exercise of stock option	3,30,432	0.33	81,215	0.08	7,17,892	0.72
Outstanding at the end of the year	**16,85,98,555**	**168.60**	**16,82,68,123**	**168.27**	**16,81,86,908**	**168.19**

Note 24.2: Detail of equity shareholding of Promoter

Particulars	As at March 31, 2022		
	No. of shares	of total shares	Change during the year*
Punjab National Bank	5,49,14,840	32.57%	(0.07%)

Particulars	As at March 31, 2021		
	No. of shares	of total shares	Change during the year*
Punjab National Bank	5,49,14,840	32.64%	(0.01%)

Particulars	As at March 31, 2020		
	No. of shares	of total shares	Change during the year*
Punjab National Bank	5,49,14,840	32.65%	(0.14%)

* Change during the year on account of exercise of ESOPs by employees.

Note 24.3: Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	No. of shares	of Holding	No. of shares	of Holding	No. of shares	of Holding
Punjab National Bank	5,49,14,840	32.57	5,49,14,840	32.64	5,49,14,840.00	32.65
Quality Investments Holdings PCC (w.e.f. July 19, 2022) (formerly Quality Investments Holdings)	5,41,92,300	32.14	5,41,92,300	32.21	5,41,92,300.00	32.22
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.84	1,65,93,240	9.86	1,65,93,240	9.87
Investment Opportunities V Pte. Limited	1,66,87,956	9.90	1,66,87,956	9.92	-	-

Note 24.4: Terms / Rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/ - per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 24.5: The Company has not allotted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note 24.6: The Company has not:

i. Issued any securities convertible into equity / preference shares.
ii. Issued any shares where calls are unpaid.
iii. Forfeited any shares.

Note 24.7: Capital Management:
The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as per the directives of the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB & RBI from time to time.

Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder s value.

The Company manages its capital structure after taking in to consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board of Director s at regular intervals.

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve, deferred revenue expenditure and intangible assets. The book value of investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate 10% of owned funds will be reduced while arriving at the Tier I capital.

The other component of regulatory capital is Tier II Capital Instruments, which includes non convertible preference shares, revaluation reserve, general provision and loss reserves to the extent of one and one fourth percent of risk weighted asset, hybrid capital instruments and subordinated debts.(Refer Note 36.1)

Particulars	**As at March 31, 2022 (₹ in crore)**	**As at March 31, 2021 (₹ in crore)**	**As at March 31, 2020 (₹ in crore)**
Debt securities	6,201.97	11,461.48	17,836.46
Borrowings (other than debt securities)	27,715.84	29,746.34	32,328.12
Deposits	17,648.98	16,746.04	16,131.94
Subordinated liabilities	1,438.18	1,438.58	1,438.58
Less: Cash and cash equivalents	(5,065.62)	(6,968.56)	(8,514.32)
Less: Bank balance other than cash and cash equivalents (other than earmarked balances)	(150.40)	-	-
Net debt	**47,788.95**	**52,423.88**	**59,220.78**
Total equity- Shareholder funds	9,871.63	8,923.03	7,997.77
Net debt to equity ratio	**4.84**	**5.88**	**7.40**

Note 24.8: Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details are as follows:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹ 338.00	₹ 1600.60	₹ 1206.35	₹ 1333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019	August 19, 2020
Number of options granted	18,15,000	2,35,000	1,81,200	45,000
Exercise price per option	₹ 1333.35	₹ 1333.35	₹ 847.40	₹ 261.15
Date of vesting	The vesting will be as under:			
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020	10% on August 19, 2021
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021	20% on August 19, 2022
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022	30% on August 19, 2023
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023	40% on August 19, 2024
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	ESOS - 2016 Tranche V	ESOS - Restricted stock units 2020
Date of Grant	August 19, 2020	February 15, 2021
Number of options granted	5,50,000	2,75,676
Exercise price per option	₹ 261.15	₹ 10.00
Date of vesting	The vesting will be as under:	The vesting will be as under:
	10% on August 19, 2021	10% on February 15, 2022
	20% on August 19, 2022	20% on February 15, 2023
	30% on August 19, 2023	30% on February 15, 2024
	40% on August 19, 2024	40% on February 15, 2025
Exercise period	Within 3 years from the date of respective vesting	Within 1 years from the date of respective vesting
Method of settlement	Through allotment of one equity share for each option	Through allotment of one equity share for each option
Vesting conditions	Employee to remain in service on the date of vesting	Employee to remain in service on the date of vesting

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Date of Grant	July 26, 2021	October 08, 2021	October 28, 2021	December 10, 2021
Number of options granted	1,00,000	22,000	75,000	75,000
Exercise price per option	₹ 690.35	₹ 644.70	₹ 507.20	₹ 588.10
Date of vesting	The vesting will be as under:			
	10% on July 26, 2022	10% on October 08, 2022	10% on October 28, 2022	10% on December 10, 2022
	20% on July 26, 2023	20% on October 08, 2023	20% on October 28, 2023	20% on December 10, 2023
	30% on July 26, 2024	30% on October 08, 2024	30% on October 28, 2024	30% on December 10, 2024
	40% on July 26, 2025	40% on October 08, 2025	40% on October 28, 2025	40% on December 10, 2025
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars	As at March 31, 2022			
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year (a)	-	52,875	40,000	27,243
Options exercisable at the beginning of the year (b)	5,07,527	1,60,875	60,000	28,492
Options granted during the year (c)	-	-	-	-
Options lapsed / expired during the year (d)	64,724	99,350	60,000	8,750
Options vested during the year (e)	-	50,500	-	16,371
Options exercised during the year* (f)	3,27,932	-	-	-
Options forfeited during the year (g)	-	2,375	40,000	3,000
Options outstanding at end of the year (h) (a c-e-g)	-	-	-	7,872
Options exercisable at the end of the year (i) (b e-d-f)	1,14,871	1,12,025	-	36,113
Weighted Average Exercise Price per option (₹)	338.00	1,600.60	1206.35	1,333.35
Weighted average remaining contractual life (year)	0.14	0.53	-	0.21

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Particulars	As at March 31, 2022			
	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Options Outstanding at the beginning of the year (a)	9,02,870	65,500	53,250	45,000
Options exercisable at the beginning of the year (b)	1,60,455	65,500	55,750	-
Options granted during the year (c)	-	-	-	-
Options lapsed / expired during the year (d)	1,34,989	37,000	9,000	-
Options vested during the year (e)	3,06,990	31,875	23,375	4,500
Options exercised during the year** (f)	-	-	-	2,500
Options forfeited during the year (g)	2,72,121	18,750	6,500	-
Options outstanding at end of the year (h) (a c-e-g)	3,23,759	14,875	23,375	40,500
Options exercisable at the end of the year (i) (b e-d-f)	3,32,456	60,375	70,125	2,000
Weighted Average Exercise Price per option (₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life (year)	1.75	0.95	1.36	2.92

Particulars	As at March 31, 2022	
	ESOS - 2016 Tranche V	ESOS - Restricted stock units 2020
Options Outstanding at the beginning of the year (a)	5,50,000	2,63,586
Options exercisable at the beginning of the year (b)	-	-
Options granted during the year (c)	-	-
Options lapsed / expired during the year (d)	-	215
Options vested during the year (e)	55,000	14,419
Options exercised during the year** (f)	-	-
Options forfeited during the year (g)	-	1,06,800
Options outstanding at end of the year (h) (a c-e-g)	4,95,000	1,42,367
Options exercisable at the end of the year (i) (b e-d-f)	55,000	14,204
Weighted Average Exercise Price per option (₹)	261.15	10.00
Weighted average remaining contractual life (year)	2.92	2.39

Particulars	As at March 31, 2022			
	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Options Outstanding at the beginning of the year (a)	-	-	-	-
Options exercisable at the beginning of the year (b)	-	-	-	-
Options granted during the year (c)	1,00,000	22,000	75,000	75,000
Options lapsed / expired during the year (d)	-	-	-	-
Options vested during the year (e)	-	-	-	-
Options exercised during the year* (f)	-	-	-	-
Options forfeited during the year (g)	-	-	-	-
Options outstanding at end of the year (h) (a c-e-g)	1,00,000	22,000	75,000	75,000
Options exercisable at the end of the year (i) (b e-d-f)	-	-	-	-
Weighted Average Exercise Price per option (₹)	690.35	644.70	507.20	588.10
Weighted average remaining contractual life (year)	3.82	4.03	4.08	4.20

Particulars	As at March 31, 2021			
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year (a)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the beginning of the year (b)	1,19,258	1,26,350	40,000	18,671
Options granted during the year (c)	-	-	-	-
Options lapsed / expired during the year (d)	1,98,520	27,025	-	7,225
Options vested during the year (e)	6,68,004	61,550	20,000	17,046
Options exercised during the year*** (f)	81,215	-	-	-
Options forfeited during the year (g)	-	11,925	-	11,725
Options outstanding at end of the year (h) (a c-e-g)	-	52,875	40,000	27,243
Options exercisable at the end of the year (i) (b e-d-f)	5,07,527	1,60,875	60,000	28,492
Weighted Average Exercise Price per option (₹)	338.00	1,600.60	1206.35	1,333.35
Weighted average remaining contractual life (year)	0.39	1.01	1.73	0.54

Particulars	As at March 31, 2021			
	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Options Outstanding at the beginning of the year (a)	13,92,000	1,22,625	1,12,050	-
Options exercisable at the beginning of the year (b)	-	40,875	37,350	-
Options granted during the year (c)	-	-	-	45,000
Options lapsed / expired during the year (d)	20,520	16,250	9,475	-
Options vested during the year (e)	1,80,975	40,875	27,875	-
Options exercised during the year*** (f)	-	-	-	-
Options forfeited during the year (g)	3,08,155	16,250	30,925	-
Options outstanding at end of the year (h) (a c-e-g)	9,02,870	65,500	53,250	45,000
Options exercisable at the end of the year (i) (b e-d-f)	1,60,455	65,500	55,750	-
Weighted Average Exercise Price per option (₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life (year)	2.59	1.62	2.10	3.89

Particulars	As at March 31, 2021	
	ESOS - 2016 Tranche V	ESOS - Restricted stock units 2020
Options Outstanding at the beginning of the year (a)	-	-
Options exercisable at the beginning of the year (b)	-	-
Options granted during the year (c)	5,50,000	2,75,676
Options lapsed / expired during the year (d)	-	-
Options vested during the year (e)	-	-
Options exercised during the year*** (f)	-	-
Options forfeited during the year (g)	-	12,090
Options outstanding at end of the year (h) (a c-e-g)	5,50,000	2,63,586
Options exercisable at the end of the year (i) (b e-d-f)	-	-
Weighted Average Exercise Price per option (₹)	261.15	10.00
Weighted average remaining contractual life (year)	3.89	3.38

Particulars	As at March 31, 2020			
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year (a)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the beginning of the year (b)	3,500	75,675	20,000	-
Options granted during the year (c)	-	-	-	-
Options lapsed / expired during the year (d)	-	24,500	-	3,875
Options vested during the year (e)	8,34,650	75,175	20,000	22,546
Options exercised during the year**** (f)	7,18,892	-	-	-
Options forfeited during the year (g)	1,74,146	25,500	-	28,625
Options outstanding at end of the year (h) (a c-e-g)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the end of the year (i) (b e-d-f)	1,19,258	1,26,350	40,000	18,671
Weighted Average Exercise Price per option (₹)	338.00	1,600.60	1206.35	1,333.35
Weighted average remaining contractual life (year)	0.78	1.69	2.52	1.16

Particulars	As at March 31, 2020		
	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year (a)	17,03,800	1,99,000	1,71,400
Options exercisable at the beginning of the year (b)	-	-	-
Options granted during the year (c)	-	-	-
Options lapsed / expired during the year (d)	-	5,625	-
Options vested during the year (e)	-	46,500	37,350
Options exercised during the year**** (f)	-	-	-
Options forfeited during the year (g)	3,11,800	29,875	22,000
Options outstanding at end of the year (h) (a c-e-g)	13,92,000	1,22,625	1,12,050
Options exercisable at the end of the year (i) (b e-d-f)	-	40,875	37,350
Weighted Average Exercise Price per option (₹)	1,333.35	1,333.35	847.40
Weighted average remaining contractual life (year)	3.53	2.41	2.97

* Weighted average share price at the date of the exercise of the stock option is ₹ 718.47
** Weighted average share price at the date of the exercise of the stock option is ₹ 524.75
*** Weighted average share price at the date of the exercise of the stock option is ₹ 420.60
**** Weighted average share price at the date of the exercise of the stock option is ₹ 420.79

(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79
Weighted average remaining contractual life (year)	0.14	0.53	1.05	0.21

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Estimated Value of Stock Option (₹)	593.17	511.64	321.87	120.56
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40	261.15
Exercise Price (₹)	1,333.35	1,333.35	847.40	261.15
Expected Volatility (%)*	0.3560	0.3560	0.4102	0.4834
Dividend Yield Rate (%)	0.53	0.55	1.06	-
Expected Life of Options** (year)	5.21	4.00	4.00	4.50
Risk Free Rate of Interest (%)	7.90	7.79	6.97	5.06
Weighted average remaining contractual life (year)	1.75	0.95	1.36	2.92

Particulars	ESOS - 2016 Tranche V	ESOS - Restricted stock units 2020
Estimated Value of Stock Option (₹)	120.56	348.04
Share Price at Grant Date (₹)	261.15	356.40
Exercise Price (₹)	261.15	10.00
Expected Volatility (%)*	0.4834	0.4905
Dividend Yield Rate (%)	-	-
Expected Life of Options** (year)	4.50	3.50
Risk Free Rate of Interest (%)	5.06	5.10
Weighted average remaining contractual life (year)	2.92	2.39

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Estimated Value of Stock Option (₹)	332.79	308.88	243.69	282.65
Share Price at Grant Date (₹)	690.35	644.70	507.20	588.10
Exercise Price (₹)	690.35	644.70	507.20	588.10
Expected Volatility (%)*	0.5106	0.5077	0.5091	0.5104
Dividend Yield Rate (%)	-	-	-	-
Expected Life of Options** (year)	4.50	4.50	4.50	4.50
Risk Free Rate of Interest (%)	5.28	5.20	5.24	5.19
Weighted average remaining contractual life (year)	3.82	4.03	4.08	4.20

*Expected volatility has been computed basis the expected life.
**Expected life of the share option is based on the date of grant and is not necessarily indicative of exercise pattern that may occur.

(iv) The expenses recognised for the employee services received during the year are as follows:

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Expenses arising from equity settled share based payment transaction	3.67	13.30	21.06
Expenses arising from cash settled share based payment transaction	-	-	-
Total	**3.67**	**13.30**	**21.06**

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Note 24.9: Dividend declared and paid

Particulars	Net profit for the accounting period (₹ in crore)*	Rate of dividend (per cent)	Amount of dividend	Dividend pay out ratio (per cent)
April 2021- March 2022	821.92	-	-	-
April 2020- March 2021	925.22	-	-	-
April 2019- March 2020	682.31	-	-	-

Dividend paid during the period

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Dividend on ordinary shares:			
Final dividend for 2022: ₹ Nil per share	-	-	-
Final dividend for 2021: ₹ Nil per share	-	-	-
Final dividend for 2020: ₹ 9/- per share	-	-	182.37
Total	**-**	**-**	**182.37**

*Net profit for the accounting period is based on standalone financial statement of the Company.
Dividend includes dividend distribution tax.

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Note 25: Other equity (Nature and purpose of reserves)

Securities premium

Securities premium includes :
- amount of premium received on issue of equity shares and
- fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme.

The securities premium can be utilised only for limited purposes such as issuance of bonus shares, issue expenses of securities which qualify as equit instruments in accordance with the provisions of the Companies Act, 2013.

Special reserve and Statutory reserve

In accordance with Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve fund (statutory reserve) before any dividend is declared.

The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29C (i).

Share option outstanding accounts

The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity settled transaction is credited to share option outstanding account in equity.

Retained Earnings

Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

Effective portion of cash flow hedges

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

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Note 26: Interest income

Particulars	Year Ended March 31, 2022 (₹ in crore)			Year Ended March 31, 2021 (₹ in crore)			Year Ended March 31, 2020 (₹ in crore)		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	5,564.46	-	5,564.46	6,985.44	-	6,985.44	7,486.43	-	7,486.43
Investments									
Financial investments - Debt	158.45	-	158.45	154.25	-	154.25	135.03	-	135.03
Financial asset valued at fair value through profit and loss	-	44.92	44.92	-	11.09	11.09	-	9.53	9.53
Deposits with banks	50.82	-	50.82	36.13	-	36.13	55.00	-	55.00
Other Interest income									
Loan against deposits	3.35	-	3.35	2.92	-	2.92	2.22	-	2.22
Total	**5,777.08**	**44.92**	**5,822.00**	**7,178.74**	**11.09**	**7,189.83**	**7,678.68**	**9.53**	**7,688.21**

Note 26.1: In accordance with RBI circular no RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021, the Company shall refund / adjust interest on interest to all borrowers during the moratorium period in conformity with the judgement pronounced by the Hon'ble Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association vs OI & Ors. and other connected matters on March 23, 2021. The Company has charged ₹ Nil (March 31, 2021 ₹ 28.00 crore) towards the interest relief from the interest income.

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Note 27: Fees and commission income

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Fees Income	159.74	118.36	246.85
Other charges recovered	102.81	62.87	51.99
Total	**262.55**	**181.23**	**298.84**

Note 28: Net gain on fair value changes

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Net gain on financial instruments at fair value through profit or loss			
Others			
- Investments	111.38	162.33	158.64
Total	**111.38**	**162.33**	**158.64**
Fair value changes:			
-Realised	121.42	167.04	159.11
- nrealised	(10.04)	(4.71)	(0.47)
Total	**111.38**	**162.33**	**158.64**

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Note 29: Finance costs

Particulars	Year Ended March 31, 2022 (₹ in crore)			Year Ended March 31, 2021 (₹ in crore)			Year Ended March 31, 2020 (₹ in crore)		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Interest on debt securities	-	704.37	704.37	-	1,209.79	1,209.79	-	1,841.54	1,841.54
Interest on borrowings	-	1,913.08	1,913.08	-	2,409.77	2,409.77	-	2,568.54	2,568.54
Interest on deposits	-	1,307.06	1,307.06	-	1,332.25	1,332.25	-	1,303.68	1,303.68
Interest on subordinated liabilities	-	124.28	124.28	-	123.08	123.08	-	124.48	124.48
Interest on lease liabilities	-	6.52	6.52	-	8.00	8.00	-	11.06	11.06
Interest on Income tax	-	0.47	0.47	-	0.95	0.95	-	-	-
Fee and other charges	-	8.68	8.68	-	16.89	16.89	-	25.65	25.65
Total	**-**	**4,064.46**	**4,064.46**	**-**	**5,100.73**	**5,100.73**	**-**	**5,874.95**	**5,874.95**

Note 30: Impairment on financial instruments

Particulars	Year Ended March 31, 2022 (₹ in crore)			Year Ended March 31, 2021 (₹ in crore)			Year Ended March 31, 2020 (₹ in crore)		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
Loans	-	14.84	14.84	-	778.49	778.49	-	1,171.49	1,171.49
Bad debts written off (net)	-	562.03	562.03	-	83.08	83.08	-	78.22	78.22
Letter of comfort and other receivables	-	(0.49)	(0.49)	-	0.26	0.26	-	1.66	1.66
Trade receivables	-	(0.02)	(0.02)	-	0.07	0.07	-	-	-
Total	**-**	**576.36**	**576.36**	**-**	**861.90**	**861.90**	**-**	**1,251.37**	**1,251.37**

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PNB Housing Finance Limited
Notes to Restated Consolidated Financial Statements

Note 31: Employee benefits expenses

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Salaries, allowances and benefits	193.19	179.10	189.58
Contribution to provident and other funds	16.53	15.43	19.16
Share based payments to employees	3.67	13.30	21.06
Staff welfare expenses	3.22	3.46	3.26
Total	**216.61**	**211.29**	**233.06**

Note 32: Other expenses

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Rent expenses	1.36	3.28	6.59
Rates and taxes	0.27	0.27	0.19
Electricity and water exepnses	7.45	7.04	9.37
Repairs and maintenance	17.65	16.23	12.82
Office running and mantinance expenses	25.53	25.81	30.08
Business support services	2.77	3.34	3.62
Legal and professional charges	61.37	34.22	44.10
Advertisement and publicity	18.44	8.08	27.04
Corporate social responsibility expenses (Refer Note 32.1)	23.22	24.68	26.36
Communication costs	9.73	9.55	6.84
Travelling and conveyance	5.10	3.12	7.67
Printing and stationery	3.89	3.03	6.04
Training and recruitment expenses	5.29	0.90	4.69
Director s fees, allowances and expenses	2.10	1.44	1.13
Auditor s fees and expenses (Refer Note 32.2)	0.84	0.65	0.63
Insurance	0.54	0.33	0.29
Bank charges	0.40	0.19	0.52
Net loss on derecognition of property, plant and equipment	0.19	3.71	0.61
Impairment on assets held for sale	7.86	26.64	55.80
Miscellaneous expenses	0.83	-	-
Total	**194.83**	**172.51**	**244.39**

Note 32.1: Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2021 as amended, the Company is required to spent for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
a) Gross amount required to be spent by the Company during the year	**23.19**	**24.68**	**26.36**
b) Amount spent during the year			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above			
-Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	22.06	23.45	25.05
-Expenditure on administrative overheads for CSR	1.16	1.23	1.31
Total	**23.22**	**24.68**	**26.36**
c) Shortfall at the end of year	-	-	-
d) Total of previous years shortfall	-	-	-
e) Reason for shortfall	NA	NA	NA
f) Details of related party transactions,contribution to a trust controlled by the company in relation to CSR expenditure trust			
- Pehel Foundation	18.19	16.04	-
g) Nature of CSR activities			

Nature of CSR activities undertaken by the Company are in relation to:
- Healthcare
- Education
- Women Empowerment
- Environmental Sustainability
- Promoting education for the differently abled
- Employment enhancing vocational skills, training for women
- Contribution towards Prime Minister relief fund

Note 32.2: Auditor s fees and expenses

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Statutory audit fee	0.38	0.19	0.19
Tax audit fee	0.07	0.07	0.07
Limited review fee	0.24	0.16	0.16
Other certification fee	0.08	0.18	0.17
Out of pocket expenses	0.01	0.01	-
GST expenses on Auditor s fees and expenses	0.06	0.04	0.04
Total	**0.84**	**0.65**	**0.63**

Note 33: Income taxes

The components of income tax expense are:

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Current tax	296.56	429.15	402.19
Adjustments in respect of current income tax of prior years	(47.41)	(15.90)	(12.95)
Deferred tax relating to origination and reversal of temporary differences (including impact of change in tax rate)	(1.67)	(136.12)	(224.47)
Total	**247.48**	**277.13**	**164.77**
Current tax	249.15	413.25	389.24
Deferred tax (Refer Note 10)	(1.67)	(136.12)	(224.47)

Note 33.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2022, March 31, 2021 and March 31, 2020 is as follows:

Particulars		Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Accounting profit before tax	(a)	1,083.96	1,207.03	811.01
Statutory income tax rate (%)	(b)	25.168	25.168	25.168
Tax at statutory income tax rate	(c) (a*b)	272.81	303.79	204.11
Adjustments in respect of current income tax of prior years	(d)	(47.41)	(15.90)	(12.95)
Impact of:				
--Income not subject to tax	(e)	(20.37)	(79.42)	(1.78)
--Non deductible expenses	(f)	89.80	281.09	252.55
--Deduction under section 35 D	(g)	-	(3.77)	(3.77)
--Deduction under section 36 (1) (viii)	(h)	(31.03)	(49.53)	(45.71)
--Deduction under section 80G	(i)	-	-	(2.80)
--Other deductions	(j)	(14.65)	(23.01)	(0.41)
Total current tax expense	**(c+d+e+f+g+h+i+j)**	**249.15**	**413.25**	**389.24**
Effective tax rate		**22.83**	**22.96**	**20.32**
Other comprehensive income				
Tax expense on re-measurement gains/ (losses) on defined benefit plan		(0.34)	(0.61)	-
Total tax on other comprehensive income		**(0.34)**	**(0.61)**	**-**

Note 34: Earning per share

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

Particulars	Unit	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
a) Amount used as the numerator for basic EPS profit for the year	(₹ in crore)	836.48	929.90	646.24
b) Weighted average number of equity shares for basic EPS	Number	16,85,05,508	16,81,92,754	16,80,63,445
c) Weighted average number of equity shares for diluted EPS	Number	16,88,74,383	16,82,69,266	16,82,55,680
d) Nominal value per share	(in ₹)	10/-	10/-	10/-
e) Earnings per share:				
-Basic (a/b)	(in ₹)	49.64	55.29	38.45
-Diluted (a/c)	(in ₹)	49.53	55.26	38.41

ii) The basic earnings per share has been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share has been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented. Diluted earnings per share does not include conversion or exercise of potential ordinary shares that would have an antidilutive effect on earnings per share.

Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows:-

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average number of equity shares for computation of basic earnings per share	16,85,05,508	16,81,92,754	16,80,63,445
Effect of dilutive equity shares - share option outstanding	3,68,875	76,512	1,92,235
Weighted average number of equity shares for computation of dilutive earnings per share	**16,88,74,383**	**16,82,69,266**	**16,82,55,680**

Note 35: Assets held for sale

The Company has taken possession of mortgage properties (residential / commercial) and is in the process of disposing the same. These properties are classified as assets held for sale.

Period	Particulars	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company
March 31, 2022	Assets held for sale	Land	73.20	Respective borrowers	NA	Between -January 2013 to March 2020	Possession of assets taken under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and the Security Interest (Enforcement) Rules, 2002
March 31, 2022	Assets held for sale	Building	148.63	Respective borrowers	NA	Between -January 2013 to March 2021	
March 31, 2021	Assets held for sale	Land	75.35	Respective borrowers	NA	Between -January 2013 to March 2020	
March 31, 2021	Assets held for sale	Building	166.27	Respective borrowers	NA	Between -January 2013 to March 2021	
March 31, 2020	Assets held for sale	Land	103.18	Respective borrowers	NA	Between -January 2013 to March 2020	
March 31, 2020	Assets held for sale	Building	181.88	Respective borrowers	NA	Between -January 2013 to March 2020	

Note 36: Disclosure as per Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021

(i) The following additional disclosures have been given in compliance with "Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021" (RBI directions") issued by RBI vide notification number RBI/2020-21/73/DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021.

The above stated RBI directions and NHB Directions are applicable to the Company on standalone basis except note no. 36.10, hence these disclosures are on the basis of standalone financial Statement of the Company. Further, regulatory disclosures has been presented from the date of applicability.

Note 36.1: Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
i) CRAR (%)	23.40	18.73	15.32
ii) CRAR Tier I Capital (%)	20.73	15.53	11.88
iii) CRAR Tier II Capital (%)	2.67	3.20	3.44
(iv) Amount of subordinated debt raised as Tier-II Capital	-	-	-
(v) Amount raised by issue of Perfetual Debt Instruments	-	-	-

Note 36.1 (a): During March 31, 2021 and March 31, 2020 the Company had investment/deposit exposure with Companies under the same group, hence the CRAR and Tier I Capital was diluted to that effect.

Note 36.2: Reserve Fund u/s 29C of NHB Act, 1987

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Balance at the beginning of the year			
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	126.97	126.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	1,010.76	813.76	631.76
(c) Total	**1,137.73**	**940.73**	**758.73**
Addition / Appropriation / Withdrawal during the year			
Add:			
(a) Amount transferred u/s 29C of the NHB Act, 1987	41.00	-	-
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	124.00	197.00	182.00
Less:			
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-	-
(b) Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-	-
Balance at the end of the year			
(a) Statutory Reserve u/s 29C of NHB Act, 1987	167.97	126.97	126.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	1,134.76	1,010.76	813.76
(c) Total	**1,302.73**	**1,137.73**	**940.73**

Note 36.3: Investments

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Value of Investments			
(i) Gross value of Investments			
(a) In India	3,472.02	2,032.92	2,048.32
(b) Outside India	-	-	-
(ii) Provisions for Depreciation			
(a) In India	-	-	-
(b) Outside India	-	-	-
(iii) Net value of Investments			
(a) In India	3,472.02	2,032.92	2,048.32
(b) Outside India	-	-	-
Movement of provisions held towards depreciation on investments			
(i) Opening balance	-	-	-
(ii) Add: Provisions made during the year	-	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-	-
(iv) Closing balance	-	-	-

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Current investments	1,237.54	90.83	95.28
Non-current investments	2,234.48	1,942.09	1,953.04
Total	**3,472.02**	**2,032.92**	**2,048.32**

Note 36.4: Derivatives

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
(i) The notional principal of swap agreements	10,288.45	10,081.26	9,470.98
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	332.88	199.57	433.62
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	10,288.45	10,081.26	9,470.98
(v) The fair value of the swap book	242.25	(51.44)	125.66

The Company has entered into swap and forward agreements with various banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

ii) Exchange Traded Interest Rate (IR) Derivative There is no exchange traded interest rate derivative.

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March	-	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-	-

iii) Disclosure on Risk Exposure in Derivatives

A. Qualitative Disclosure

Particulars	Details
a) the structure and organization for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade in derivative products. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time.
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates, and	The Company has not entered into any speculative derivative transaction (without underlying exposure). The Company has entered in to derivative transaction only for hedging its foreign currency and interest rate exposure against foreign currency borrowing which has been availed for financing prospective buyers of eligible housing units. The derivative transactions entered into for hedging the ECB borrowings are as per the applicable guidelines of RBI. The hedging is guided by the Board resolution authorising the Company to borrow through ECB route and hedging of the underlying exposure.
d) accounting policy for recording hedge and non-hedge transactions recognition of income, premiums and discounts valuation of outstanding contracts provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

B. Quantitative Disclosure

Particulars	As at March 31, 2020 (₹ in crore)		As at March 31, 2021 (₹ in crore)		As at March 31, 2020 (₹ in crore)	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	6,763.42	3,525.03	6,663.29	3,417.97	5,965.54	3,505.44
(ii) Marked to Market Positions						
(a) Assets ( )	332.88	-	199.57	-	433.62	-
(b) Liability (-)*	(50.08)	(40.55)	(27.84)	(223.17)	-	(307.96)
(iii) Credit Exposure	-	-	-	-	-	-
(iv) nhedged Exposures	96.84	4.82	231.42	2.32	229.39	16.32

* Net of margin money paid to counter party bank.

Note 36.5: Assignment / Securitisation

i) There are no SPVs sponsored by PNB Housing Finance Limited.

ii) During the year ended March 31, 2022, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

iii) Details of assignment transactions undertaken:

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
(i) No. of accounts	-	3,231	31,093
(ii) Aggregate value (net of provisions) of accounts assigned	-	788.60	9,310.63
(iii) Aggregate consideration	-	788.60	9,310.63
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-	-
(v) Aggregate gain / loss over net book value	-	-	-

iv) During the year, the Company has not purchased / sold any non-performing financial assets (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

Note 36.6: Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the current estimates and assumptions regarding behavioural pattern of pre-payments/maturities and renewals. Maturity pattern of certain items of assets and liabilities are as follows:

As at March 31, 2022 **(₹ in crore)**

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances*	Investments	Foreign currency assets
1 day to 7 days	84.58	50.01	-	-	215.67	100.02	-
8 days to 14 days	40.91	-	-	-	215.67	4.05	-
15 days to 30/31 days	146.45	1,789.99	350.00	-	492.96	14.85	-
Over 1 month to 2 months	390.97	912.58	225.00	-	907.72	351.33	-
Over 2 months to 3 months	399.36	950.19	300.00	51.17	891.45	63.28	-
Over 3 months to 6 months	1,216.92	2,379.68	1,255.00	619.72	2,579.66	59.72	-
Over 6 months to 1 year	2,167.12	3,896.26	430.00	284.28	4,758.27	370.20	-
Over 1 year to 3 years	6,839.39	7,680.93	2,054.00	4,510.52	14,633.45	1,344.30	-
Over 3 years to 5 years	4,285.23	3,188.78	1,500.00	532.09	11,516.28	470.00	-
Over 5 years	2,078.04	869.64	1,526.15	-	19,169.61	694.28	-
Total	**17,648.97**	**21,718.06**	**7,640.15**	**5,997.78**	**55,380.74**	**3,472.02**	**-**

As at March 31, 2021 **(₹ in crore)**

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances*	Investments	Foreign currency assets
1 day to 7 days	73.47	99.73	189.00	-	220.68	-	-
8 days to 14 days	59.92	-	-	-	220.68	90.98	-
15 days to 30/31 days	122.88	380.00	-	-	535.92	4.72	-
Over 1 month to 2 months	524.13	1,288.58	320.00	-	961.12	18.73	-
Over 2 months to 3 months	326.02	1,407.91	975.00	27.56	945.23	5.70	-
Over 3 months to 6 months	1,304.85	3,411.85	2,769.00	27.56	2,742.99	17.05	-
Over 6 months to 1 year	2,206.96	3,104.23	1,545.00	66.15	5,091.33	0.12	-
Over 1 year to 3 years	4,238.84	9,438.30	3,959.00	4,564.64	15,964.83	618.71	-
Over 3 years to 5 years	4,015.91	2,999.77	910.00	1,223.32	11,731.68	650.00	-
Over 5 years	3,874.44	1,706.74	2,233.06	-	22,272.91	626.92	-
Total	**16,747.42**	**23,837.11**	**12,900.06**	**5,909.23**	**60,687.37**	**2,032.92**	**-**

As at March 31, 2020 **(₹ in crore)**

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances*	Investments	Foreign currency assets
1 day to 7 days	99.45	902.76	-	-	110.93	-	-
8 days to 14 days	60.88	-	-	-	110.93	1.04	-
15 days to 30/31 days	138.57	83.34	1,025.00	-	269.41	94.67	-
Over 1 month to 2 months	408.70	444.82	235.00	-	1,186.67	8.64	-
Over 2 months to 3 months	328.18	1,277.10	1,300.00	14.13	682.11	5.70	-
Over 3 months to 6 months	1,337.77	2,012.93	3,952.00	28.27	3,571.97	16.97	-
Over 6 months to 1 year	2,095.22	3,342.66	2,650.00	56.54	7,260.69	0.25	-
Over 1 year to 3 years	3,090.93	10,675.95	5,543.00	1,074.25	18,044.30	114.76	-
Over 3 years to 5 years	3,484.65	5,723.06	1,599.00	4,420.16	13,161.18	844.30	-
Over 5 years	5,088.33	2,272.15	2,971.04	-	22,270.49	961.99	-
Total	**16,132.68**	**26,734.77**	**19,275.04**	**5,593.35**	**66,668.68**	**2,048.32**	**-**

* Includes Instalments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

Note 36.7: Exposure:

i) Exposure to Real Estate Sector

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
i) Direct Exposure			
A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	43,614.41	43,063.35	44,743.60
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	14,325.27	20,168.13	23,690.70
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures i) Residential	-	-	-
ii) Commercial Real Estate	-	-	-
ii) Indirect Exposure Fund based and non-fund based exposures on NHB and Housing Finance Companies (HFCs)	-	-	-
Total exposures to real estate sector	**57,939.68**	**63,231.48**	**68,434.30**

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

ii) As on March 31, 2022, the Company does not have any exposure to Capital Market (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

iii) As on March 31, 2022, the Company has not financed any product of the parent company (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

iv) As on March 31, 2022, the Company has not exceeded the prudential exposure limit for single borrower or group borrower (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

v) As on March 31, 2022, the Company has not given any unsecured advances (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

vi) As on March 31, 2022, all advances of the Company are secured against tangible assets and there are no advances against intangible assets (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

vii) As on March 31, 2022, the Company has no exposures to group companies engaged in the real estate business (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

Note 36.8: Registration obtained from financial sector regulators

NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note 36.9: Disclosure of Penalties imposed by NHB/RBI and other regulators:

During the financial year ended March 31, 2022, Regulators have imposed a penalty of ₹ 0.06 crore (March 31, 2021 ₹ 1.90 crore and March 31, 2020 ₹ 0.01 crore) on account of the below mentioned observations:

March 31, 2022

(i) NHB has levied a penalty of ₹ .01 crore for Non adherence of policy circular no. 58 and 75 with respect to upfront disbursal of sanctioned individual housing loan to the builders without linking the disbursals to various stages of construction of housing project.

(ii) BSE Ltd & National Stock Exchange of India Ltd has imposed a penalty of ₹ 0.05 crore for delay in appointment of Women Director on the board.

March 31, 2021

(i) For reduction in the rate of interest on request of the specific borrower (not a class of borrowers). Non-compliance of Para 2(1)(zc)(ii) of the HFC (NHB) Directions 2010 and Policy Circular 55.

(ii) For asset classification on the basis of DPD calculated from payable date instead of due date. Non-compliance of para 2(1)(v) and 2(1)(x) of Housing Finance Companies (NHB) Directions, 2010.

(iii) For wrong classification of one loan account as substandard as on 31.12.2018. Non-compliance of Para 27(1) of HFCs (NHB) Directions.

(iv) For not putting in place adequate credit appraisal systems and controls commensurate with the scale of operations with particular reference to exposure on high value builder loans, construction finance etc. Non-compliance of NHB (ND)/DRS/Misc. Circular No.5/2011.

(v) For not framing Board approved Grievance Redressal Mechanism (GRM).Non-compliance of para 4.6(b) of Master Circular- Fair Practice Code.

(vi) For not set the prudential limits on individual Gaps in various time buckets under interest rate sensitivity statement. Noncompliance of policy circular 35.

March 31, 2020

(i) NHB has levied a penalty of ₹ .01 crore for Non adherence of policy circular no. 58 and 75 with respect to upfront disbursal of sanctioned individual housing loan to the builders without linking the disbursals to various stages of construction of housing project.

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Note 36.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Pehel Foundation (Incorporated on October 14, 2019)	Wholly owned Subsidiary
ii) PHFL Home Loan and Services Limited	Wholly owned Subsidiary
iii) Punjab National Bank	Promoter/Enterprise having Significant Influence
iv) Quality Investments Holdings PCC (w.e.f. July 19, 2022) (formerly Quality Investments Holdings)	Enterprise having Significant Influence
v) PNB Investment Services Limited	Enterprise having Significant Influence
vi) PNB Gilts Limited	Enterprise having Significant Influence
vii) Mr. CH. S. S. Mallikarjuna Rao (Chairman and Non-Executive Director)*	Key Management Personnel
viii) Mr. Rajneesh Karnatak (Non-Executive Nominee Director) (w.e.f. January 19, 2021)**	Key Management Personnel
ix) Mr Binod Kumar (Non- Executive, Nominee Director) (w.e.f. January 12, 2022)	Key Management Personnel
x) Mr. Sunil Kaul (Non-Executive Nominee Director)	Key Management Personnel
xi) Mr. Kapil Modi (Non-Executive Nominee Director) (w.e.f. October 01, 2020)	Key Management Personnel
xii) Mr. Neeraj Madan Vyas (Non-Executive and Non-Independent Director)	Key Management Personnel
xiii) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Management Personnel
xiv) Mr. Nilesh S Vikamsey (Independent Director)	Key Management Personnel
xv) Mr. Ashwani Kumar Gupta (Independent Director)	Key Management Personnel
xvi) Mr. Tejendra Mohan Bhasin (Independent Director) (w.e.f. April 02,2020)	Key Management Personnel
xvii) Mr. Sudarshan Sen (Independent Director) (w.e.f. October 01, 2020)	Key Management Personnel
xviii) Ms. Gita Nayyar (Independent Director) (w.e.f. May 29, 2021)	Key Management Personnel
xix) Dr Gourav Vallabh (Independent Director)***	Key Management Personnel
xx) Mr. Shital Kumar Jain (Independent Director)****	Key Management Personnel
xxi) Mrs. Shubhalakshmi Panse (Independent Director)*****	Key Management Personnel
xxii) Mr. Sunil Mehta (Chairman-Non Executive Director)******	Key Management Personnel
xxiii) Mr. L. V. Prabhakar (Non-Executive Director)*******	Key Management Personnel
xxiv) Mr. Hardayal Prasad (Managing Director and CEO) (w.e.f. August 10, 2020)	Key Managerial Personnel
xxv)) Mr. Sanjaya Gupta (Managing Director)	Key Managerial Personnel
xxvi) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xxvii) Mr. Kapish Jain (Chief Financial Officer)******	Key Managerial Personnel
xxviii) Mr. Kaushal Mithani (Chief Financial Officer) (w.e.f. April 08, 2022)	Key Managerial Personnel

*Ceases to be the Chairman and Non-Executive Director of the Company w.e.f. February 01, 2022
**Ceases to be Non-Executive Nominee Director w.e.f. October 21 2021
***Ceases to be the Independent Director w.e.f. April 21, 2021.
****Ceases to be the Independent Director of the Company w.e.f. August 09, 2020.
*****Ceases to be the Independent Director of the Company w.e.f. January 5, 2021
*****Ceases to be Chief Financial Officer w.e.f. April 07, 2022
******Ceases to be the Chairman and Non Executive Director of the Company w.e.f. September 30, 2019
*******Ceases to be the Non-Executive Director of the Company w.e.f. January 31, 2020.
Appointed as an Independent director w.e.f. April 15, 2019 and ceases to be Independent Director and appointed as an Executive Director and Interim Managing Director and CEO of the Company w.e.f. April 28, 2020.With effect from August 10, 2020 ceases to be Executive Director and Interim Managing Director and CEO of the Company and appointed as Non-executive and non- independent director of the Company with effect from September 01, 2020.

Ceases to be the Managing Director and CEO of the Company w.e.f. April 28, 2020 and Non-Executive Director of the Company w.e.f. May 04, 2020.

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Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

Particulars	Promoter/Enterprises having significant influence			Wholly owned subsidiaries			Key Management/Managerial Personnel		
	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Transaction during the year:									
Pehel Foundation									
- Investment in Equity Share	-	-		-	-	0.05	-	-	-
- Donation paid	-	-	-	18.19	16.04	-	-	-	-
PHFL Home Loan and Services Limited									
- Dividend Income	-	-	-	-	-	110.00	-	-	-
- Fees and commission income	-	-	-	106.48	31.97	94.06	-	-	-
- Rental income	-	-	-	0.22	0.22	0.22	-	-	-
- Commission & support services expense	-	-	-	101.07	73.08	110.56	-	-	-
- Reimbursement of expenses	-	-	-	0.64	-	-	-	-	-
Punjab National Bank									
- Purchase of property	-	-	35.00	-	-	-	-	-	-
- Assignment of loan	-	-	3,836.64	-	-	-	-	-	-
- Principal paid on assignment of loans	1,440.11	1,950.46	1,593.01	-	-	-	-	-	-
- Interest & other charges paid on assignment of loans	403.93	607.83	490.24	-	-	-	-	-	-
- Servicing Fees received on assignment	7.04	8.90	8.64	-	-	-	-	-	-
- Fixed deposit made/renewed	3,087.00	9,341.71	8,651.41	-	-	-	-	-	-
- Fixed deposit matured	4,787.00	9,863.05	6,961.68	-	-	-	-	-	-
- Interest received on Fixed Deposits	2.64	14.59	49.12	-	-	-	-	-	-
- Term loan raised	2,390.00	2,260.00	500.00						
- Term loan repaid	2,773.56	3,100.75	449.99						
- Interest Paid on Term Loan Instalment / ECB / OD	182.69	252.34	188.64	-	-	-	-	-	-
- Rent & Maintenance Charges	0.38	0.33	1.05	-	-	-	-	-	-
- Bank Charges	0.22	0.05	0.25	-	-	-	-	-	-
- Dividend Paid	-	-	49.42	-	-	-	-	-	-
Quality Investment Holdings									
- Dividend Paid	-	-	48.77	-	-	-	-	-	-
PNB Investment Service Private Limited									
- Fees paid	0.02	0.02	0.05	-	-	-	-	-	-
PNB Gilts Limited									
Purchase of securities (principal to principal)	294.99	-	-	-	-	-	-	-	-
Purchase of securities (intermediary)	1,062.36	-	-	-	-	-	-	-	-
Sale of securities	10.34	-	-	-	-	-	-	-	-
Service charges	0.01	-	-	-	-	-	-	-	-
Interest received on securities	164.76	-	-	-	-	-	-	-	-
Transactions with KMPs and relatives:									
Sitting Fee and Commission paid to									
- Punjab National Bank Limited on behalf of nominated directors	-	0.05	0.07	-	-	-	-	-	-
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	-	-	0.26	0.19	0.08
- Mr. Sudarshan Sen	-	-	-	-	-	-	0.21	0.02	-
- Mr. Nilesh S Vikamsey	-	-	-	-	-	-	0.29	0.18	0.08
- Mr. Ashwani Kumar Gupta	-	-	-	-	-	-	0.30	0.21	0.13
- Mr. Neeraj Madan Vyas	-	-	-	-	-	-	0.15	0.17	0.08
- Mr. Tejendra Mohan Bhasin	-	-	-	-	-	-	0.31	0.06	-
- Ms. Gita Nayyar	-	-	-	-	-	-	0.09	-	-
- Dr Gourav Vallabh	-	-	-	-	-	-	0.15	0.18	0.08
- Mr. Shital Kumar Jain	-	-	-	-	-	-	0.05	0.14	0.09
- Mrs. Shubhalakshmi Panse	-	-	-	-	-	-	0.11	0.14	0.09
Reimbursement of expense:									
- Dr Gourav Vallabh	-	-	-	-	-	-	-	0.02	-
Rental expense:									
- Mr. Tejendra Mohan Bhasin and Anjali Bhasin	-	-	-	-	-	-	0.21	0.24	-
Remuneration expense :									
- Mr. Hardayal Prasad	-	-	-	-	-	-	3.07	1.26	-
- Mr. Neeraj Madan Vyas	-	-	-	-	-	-	-	0.65	-
- Mr. Sanjaya Gupta	-	-	-	-	-	-	-	0.72	2.92
- Mr. Sanjay Jain	-	-	-	-	-	-	0.70	0.67	0.66
- Mr. Kapish Jain	-	-	-	-	-	-	1.40	1.28	1.44
Dividend Paid									
- Mr. Sanjaya Gupta	-	-	-	-	-	-	-	-	0.12

Excluding running current / overdraft account transactions.

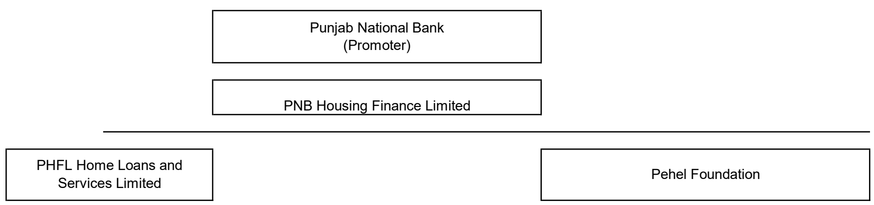
Excluding perquisites on exercise of stock options during the year.

Particulars	Promoter/Enterprises having significant influence			Wholly owned subsidiaries			Key Management/Managerial Personnel		
	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Outstanding balances									
Punjab National Bank									
Receivables									
- Bank Deposits	-	1,700.00	2,200.00	-	-	-	-	-	-
- Interest accrued on bank deposits	-	0.17	9.18	-	-	-	-	-	-
- Servicing fees receivable on assignment on	0.61	0.13	2.55	-	-	-	-	-	-
Payables									
- Term loans	2,317.00	2,700.56	1,533.31	-	-	-	-	-	-
- External Commercial Borrowings	2,008.89	1,947.87	1,997.73	-	-	-	-	-	-
- Interest accrued on term loans and external commercial borrowings	0.49	14.42	10.88	-	-	-	-	-	-
- Payable on assignment on loans	124.94	238.29	182.49	-	-	-	-	-	-
PHFL Home Loan and Services Limited									
Receivables									
Others (net)	-	-	-	27.95	4.53	3.58	-	-	-
Key Managerial Personnel									
Payables									
Retirement benefits (as per actuarial valuation)									
- Mr. Hardayal Prasad	-	-	-	-	-	-	0.27	0.14	-
- Mr. Sanjay Gupta							-	-	0.55
- Mr. Sanjay Jain	-	-	-	-	-	-	0.31	0.27	0.29
- Mr. Kapish Jain	-	-	-	-	-	-	0.27	0.18	0.12

Excluding running current account balances.
Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note 36.11: Diagrammatic representation of group structure along with holding percentage is tabulated below. Further, the Company has complied with the provisions relating to number of layers as prescribed under clause (87) of section 2 of the Comapnies Act 2013, read with Companies (Restriction on number of Layers) Rules, 2017.



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Note 36.12: Rating assigned by Credit Rating Agencies and migration of rating during the year are as follows:

Nature of Instrument	As at March 31, 2022	As at March 31, 2021	Migration during the year
Deposits	CRISIL FAA (Outlook-Negative)	CRISIL FAA (Outlook-Negative)	No change
	CARE AA (Outlook-Stable)	CARE AA (Outlook-Stable)	No change
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Negative)	No change
	CARE AA (Outlook-Stable)	CARE AA (Outlook-Stable)	No change
	IND AA (Outlook-Negative)	IND AA (Outlook-Negative)	No change
	ICRA AA (Outlook-Negative)	ICRA AA (Outlook-Negative)	No change
Commercial Paper	CRISIL A1	CRISIL A1	No change
	CARE A1	CARE A1	No change
Bank Term Loan	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Negative)	No change
	CARE AA (Outlook-Stable)	CARE AA (Outlook-Stable)	No change

Nature of Instrument	As at March 31, 2021	As at March 31, 2020	Migration during the year
Deposits	CRISIL FAA (Outlook-Negative)	CRISIL FAA (Outlook-Stable)	Downgraded
	CARE AA (Outlook-Stable)	CARE AA (Outlook-Stable)	Downgraded
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)	Downgraded
	CARE AA (Outlook-Stable)	CARE AA (Outlook-Stable)	Downgraded
	IND AA (Outlook-Negative)	IND AA (Outlook-Stable)	Downgraded
	ICRA AA (Outlook-Negative)	ICRA AA (Outlook-Negative)	Downgraded
Commercial Paper	CRISIL A1	CRISIL A1	No change
	CARE A1	CARE A1	No change
Bank Term Loan	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)	Downgraded
	CARE AA (Outlook-Stable)	CARE AA (Outlook-Stable)	Downgraded

Note 36.13: Remuneration of Directors: Details of Remuneration of Directors are disclosed in Form No. MGT - 9.

Note 36.14: Management: Management Discussion and Analysis report shall be referred for the relevant disclosures.

Note 36.15: During the year, no transaction was accounted which was related to prior period (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

Note 36.16: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

Note 36.17: Restated Consolidated Financial Statements (CFS): Refer note no. 1.3 "Principles of consolidation".

Note 36.18: Provisions and Contingencies:
Break up of Provisions and Contingencies shown under the head Expenditure in Statement of Profit and Loss is given as follows:

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
1. Provisions for depreciation on Investment	-	-	-
2. Provision made towards Income tax	242.56	407.96	366.32
3. Provision towards NPA	525.95	576.81	441.66
4. Provision for Standard Assets			
i) Teaser Loans	-	-	-
ii) CRE	(150.16)	77.86	101.56
iii) CRE RH	(302.84)	9.66	324.57
iv) Other Loans	(58.11)	114.16	303.70
Total (i ii iii iv)	**(511.11)**	**201.68**	**729.83**
5. Other Provision and Contingencies (Refer Note 2.20)	(0.49)	0.26	1.66
6. Provision for Stock of Acquired Properties	7.86	26.64	55.80

Note 36.19: Break-up of Loan & Advances and Provisions thereon:

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

Pursuant to the RBI circular dated November 12, 2021 "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications", the Company has implemented the requirements and aligned its definition of default accordingly. Such alignment has resulted in transition of sub 90 DPD assets of ₹ 144.60 crore as additional non-performing assets as on March 31, 2022.

Particulars	Housing			Non-Housing		
	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Standard Assets						
a) Total Outstanding Amount	37,715.43	41,802.90	46,157.24	15,518.09	18,430.17	20,264.68
b) Provision made	489.83	856.56	846.93	293.91	438.29	246.25
Sub-Standard Assets						
a) Total Outstanding Amount	1,885.43	904.50	1,316.73	616.92	341.53	453.52
b) Provision made	467.79	362.84	502.85	252.93	101.65	102.35
Doubtful Assets - Category-I						
a) Total Outstanding Amount	567.82	1,276.45		270.02	312.54	35.15
b) Provision made	228.37	632.14		108.43	80.91	4.86
Doubtful Assets - Category-II						
a) Total Outstanding Amount	990.36	124.43	54.72	351.60	32.25	15.75
b) Provision made	603.64	53.82	18.26	101.17	11.11	2.31
Doubtful Assets - Category-III						
a) Total Outstanding Amount	9.04	2.61	5.62	9.86	4.10	1.76
b) Provision made	4.37	2.49	2.11	4.96	4.30	0.53
Loss Assets						
a) Total Outstanding Amount	0.98	-	-	4.13	-	-
b) Provision made	0.30	-	-	3.24	-	-
TOTAL						
a) Total Outstanding Amount	**41,169.06**	**44,110.89**	**47,663.44**	**16,770.62**	**19,120.59**	**20,770.86**
b) Provision made	**1,794.30**	**1,907.85**	**1,409.32**	**764.64**	**636.26**	**356.30**

Note 36.20: Draw Down from Reserves: During the year there were no draw down from Reserves (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

Note 36.21: Concentration of Public Deposits

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Total deposits of twenty largest depositors	2,217.83	2,066.67	2,470.02
Percentage of deposits of twenty largest depositors to total deposits	14.77%	14.68%	17.90%

Note 36.22: Concentration of Loans & Advances

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Total loans & advances to twenty largest borrowers	6,577.61	8,332.74	9,416.53
Percentage of loans & advances to twenty largest borrowers to total advances	11.35%	13.18%	13.76%

Note 36.23: Concentration of all Exposure (including off-balance sheet exposure)

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Total exposure to twenty largest borrowers /customers	7,123.01	10,159.19	11,641.25
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	11.52%	16.07%	15.24%

Note 36.24: Concentration of NPAs

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Total Exposure to top ten NPA accounts	2,716.53	1,622.37	1,295.71

Note 36.25: Sector-wise NPAs

Particulars	Percentage of NPAs to Total Advances in that sector		
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
A. Housing Loans:	8.39	5.23	3.16
1. Individuals	3.38	2.53	1.20
2. Builders/Project Loans	36.97	15.70	9.93
3. Corporates	8.77	10.36	4.22
4. Others (specify)	-	-	-
B. Non-Housing Loans:	7.47	3.61	2.44
1. Individuals	4.85	2.06	1.16
2. Builders/Project Loans	37.87	10.17	8.25
3. Corporates	5.69	3.50	1.67
4. Others (specify)	-	-	-

Note 36.26: Movement of NPAs

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
(I) Net NPAs to Net Advances (%)	5.22%	2.82%	1.98%
(II) Movement of NPAs (Gross)			
a) Opening balance	2,998.41	2,012.38	378.72
b) Additions during the year	3,962.68	1,307.95	2,993.29
c) Reductions during the year	2,254.92	321.92	1,359.63
d) Closing balance	4,706.17	2,998.41	2,012.38
(III) Movement of Net NPAs			
a) Opening balance	1,749.15	1,339.93	304.36
b) Additions during the year	3,013.97	635.02	2,365.85
c) Reductions during the year	1,832.16	225.80	1,330.28
d) Closing balance	2,930.96	1,749.15	1,339.93
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)			
a) Opening balance	1,249.26	672.45	74.36
b) Provisions made during the year	948.71	672.93	627.44
c) Write-off/write-back of excess provisions	422.76	96.12	29.35
d) Closing balance	1,775.21	1,249.26	672.45

Note 36.27: As on March 31, 2022, the Company does not have any assets outside the country (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

Note 36.28: As on March 31, 2022, the Company does not have any Off-Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

Note 36.29: Disclosure of Complaints

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
a) No. of complaints pending at the beginning of the year	29	13	28
b) No. of complaints received during the year	2,281	2,793	2,267
c) No. of complaints redressed during the year	2,300	2,777	2,282
d) No. of complaints pending at the end of the year	10	29	13

Note 36.30: As on March 31, 2022, the Company has not granted any loans and has no outstanding loans against collateral gold jewellary (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

Note 36.31: Deposit includes Public Deposits as defined in Paragraph 4.1.30 of RBI Directions, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987. As on March 31, 2022, the public deposits (including accrued interest) outstanding amounts to ₹ 15,019.95 crore (Marchn31, 2021 ₹ 14,429.04 crore and March 31, 2020 ₹ 13,798.41 crore).

The Company is carrying Statutory Liquid Assets amounting to ₹ 2,234.18 crore (March 31, 2021 ₹ 1,941.79 crore and March 31, 2020 ₹ 1,952.74 crore).

Note 36.32: As on March 31, 2022, the Company operates within India and does not have any joint venture or overseas subsidary (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil).

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio

(a) Liquidity Risk Management disclosures as at March 31, 2022:

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

As at	**Number of Significant Counterparties**	**Amount (₹ in crore)**	**of total deposits***	**of total liabilities**
March 31, 2022	16	29,519	NA	52.85%
March 31, 2021	14	33,405	NA	53.48%

*Company does not have any depositor who would be eligible as significant counterparty

Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

(ii) Top 20 large deposits

Particulars	**As at March 31, 2022 (₹ in crore)**	**of total deposits**	**As at March 31, 2021 (₹ in crore)**	**of total deposits**
Total deposits of top twenty largest depositors	2,761	15.64%	3,221	19.23%

(iii) Top 10 borrowings

Particulars	**As at March 31, 2022 (₹ in crore)**	**of total liabilites**	**As at March 31, 2021 (₹ in crore)**	**of total liabilites**
Total exposure of top ten lenders	25,653	45.93%	30,415	48.69%

(iv) Funding Concentration based on significant instrument/product

Name of the instrument/product	**As at March 31, 2022 (₹ in crore)**	**of total liabilities**	**As at March 31, 2021 (₹ in crore)**	**of total liabilities**
1) Secured Non-Convertible Debentures	6,201.97	11.10%	10,356.50	16.58%
2) Commercial Papers	-	-	1,104.98	1.77%
3) Refinance Facility from NHB	4,665.21	8.35%	7,847.86	12.56%
4) Bank Facilities (Long Term Short Term)	17,052.85	30.53%	15,989.25	25.60%
5) External Commercial Borrowings	5,997.78	10.74%	5,909.23	9.46%
6) Deposits	17,648.97	31.60%	16,747.42	26.81%
7) Subordinated Tier-II Non-Convertible Debentures	1,438.18	2.58%	1,438.58	2.30%
Total Borrowings	**53,004.96**	**94.91**	**59,393.82**	**95.08**
Total Liabilities	**55,848.76**		**62,465.34**	

Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(v) Stock ratios

Particulars	**As at March 31, 2022**			**As at March 31, 2021**		
	as a of total public funds	**as a of total liabilities**	**as a of total assets**	**as a of total public funds**	**as a of total liabilities**	**as a of total assets**
Commercial papers	-	-	-	1.86%	1.77%	1.55%
Non-convertible Debentures (original maturity of less than 1 year)	NA	NA	NA	NA	NA	NA
Other short term liabilities*				8.05%	7.65%	6.70%

* Includes short term funds with original maturity of less than 1 year and includes funds from Refinance from NHB, Short Term Lines / OD / WCDL

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee (ALCO) and the Risk Management Committee. The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating and monitoring the integrated risk management system of the Company including liquidity risk. The ALCO is responsible for ensuring adherence to the liquidity risk tolerance/limits set out in the board approved Asset Liability Management (ALM) policy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile for assets & liabilities, responsibilities and controls for managing liquidity risk and overseeing the liquidity position of the Company. The ALM Policy is reviewed periodically to realign the same pursuant to any regulatory changes/changes in the economic landscape or business needs and tabled to the Board for approval.

Management regularly reviews the position of cash and cash equivalents by aligning the same with the projected maturity of financial assets and financial liabilities, economic environment, liquidity position in the financial market, anticipated pipeline of future borrowing & future liabilities and threshold of minimum liquidity defined in the ALM policy with additional liquidity buffers as management overlay.

(b) Disclosure pursuant to Reserve Bank of India Circular DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 pertaining to Liquidity Risk Management Framework for Housing Finance Companies

A. Qualitative Disclosure

As per above circular, all deposit taking HFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of Liquidity Coverage Ratio (LCR) which will promote resilience of HFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The timeline on adhering to LCR guidelines are tabulated below.

Periods	**December 01, 2021**	**December 01, 2022**	**December 01, 2023**	**December 01, 2024**	**December 01, 2025**
Minimum LCR (%)	50%	60%	70%	85%	100%

The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered HQLA which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the ALCO under the governance of Board approved Liquidity Risk Framework comprising of Asset Liability Management policy, Contingency Funding Policy, Funding Strategy and Market Risk Policy. The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The main drivers of LCR are:
Outflows comprises of:
a) All the contractual debt repayments and interest payments
b) Expected operating expense based on FY 2020-21
c) Committed credit facilities contracted with customers for both sanctioned but partly disbursed cases and sanctioned but undisbursed cases based on historical experience and other expected or contracted cash outflows like expected payouts under contracted direct assignment deals.

The potential debt which may be recalled by the lenders on account of covenant breach has not been considered since the Company has not experienced such debt recall by any lender so far despite having breached covenants in the past.

Inflows comprises of:
a) Expected receipt (scheduled EMIs) from all performing loans
b) Liquid investment either in the form of short tenure Fixed Deposits with banks or in units of Debt Mutual Fund Schemes (like Overnight Liquid and Money Market Schemes) which are unencumbered and have not been considered as part of HQLA
c) Sanctioned and undrawn lines of credit from banks.
For the purpose of HQLA the Company considers unencumbered government securities and cash/bank balances with nil haircuts.
The unencumbered government securities held as part of HQLA are identified separately from the government securities which are lien marked in favour of Trustee for public deposits accepted by the Company. The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period.

LCR guidelines are effective from December 01, 2021. LCR has been calculated and monitored as per methodology prescribed in the RBI circular. For the month of December, 2021 it has been calculated from the effective date and for the quarter ended March 2022 it has been calculated as a simple average of the past 90 days on daily basis. The Company is compliant with maintenance of stipulated LCR. Further, the Company has been monitoring the LCR at monthly intervals for the period of December 2021 to March 2022. The maximum and minimum daily required HQLA for regulatory compliance has been ₹ 283.01 crore and ₹ 668.21 crore respectively for the period of January 22 to March 22.

The Company maintains diversified sources of funding comprising short/long term loans from banks, Non-Convertible Debentures (NCDs), External Commercial Borrowings (ECBs), Deposits, Refinance from National Housing Bank (NHB) and Commercial Papers (CPs). The funding pattern is reviewed on monthly basis by the management and on quarterly basis by the ALM Committee and Risk Management Committee.

Funding profile of the Company is tabulated below:

Particulars	**As at March 31, 2022**	
	(₹ in crore)	
Secured Non-Convertible Debentures	6,201.97	9.99%
Refinance Facility from NHB	4,665.21	7.51%
Bank Facilities (Long Term Short Term)	17,052.85	27.46%
External Commercial Borrowings	5,997.78	9.66%
Deposits	17,648.97	28.42%
Subordinated Tier-II Non-Convertible Debentures	1,438.18	2.32%
Total (a)	**53,004.96**	
Assignment of loans (b)	9,088.02	14.64%
Total (a+b)	**62,092.98**	**100.00**

Derivative exposures and potential collateral calls: To hedge ECBs the Company enters into derivative transactions. All the derivatives of the Company are for hedging purpose and not for any speculative or trading purpose. As on March 31, 2022, the notional amount of outstanding derivatives is ₹ 10,288.45 crore with net positive MTM of ₹ 242.25 crore. Further, the Company has executed bilateral Credit Support Agreement with one of its derivative counterparty. However, as on March 31, 2022 there is no outstanding margin but there could be potential future margin calls based on the MTM movements.

Currency mismatch in LCR: There is no mismatch required to be reported in LCR as on March 31, 2022 since all the Foreign Currency liabilities are reinstated to ₹ as per the corresponding derivative/ forward deals and closing RBI reference / FBIL exchange rates.

B. Quantitative Disclosure

Particulars	**Quarter ended March 2022**		**Month ended December 2021***	
	Total Unweighted Value**	**Total Weighted Value**	**Total Unweighted** Value**	**Total Weighted Value**
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	1,146.99	1,146.99	1,131.74	1,131.74
(i) Cash in hand & Bank balance	108.67	108.67	90.45	90.45
(ii) Government securities	1,038.32	1,038.32	1,041.29	1,041.29
Cash Outflows				
Deposits	526.95	605.99	385.94	443.83
nsecured wholesale funding	144.44	166.11	-	-
Secured wholesale funding	1,541.65	1,772.90	2,073.55	2,384.58
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,239.11	1,424.98	1,014.71	1,166.91
Other contingent funding obligations	134.25	154.39	214.03	246.13
Total Cash Outflows	**3,586.40**	**4,124.37**	**3,688.23**	**4,241.46**
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	732.31	549.23	795.55	596.66
Other cash inflows	7,729.09	5,796.82	3,074.00	2,305.50
Total Cash Inflows	**8,461.40**	**6,346.05**	**3,869.55**	**2,902.16**
		Total Adjusted Value		
Total HQLA		**1,146.99**		**1,131.74**
Total Net Cash Outflows		**1,031.09**		**1,339.30**
Liquidity Coverage Ratio ( )		**111.24**		**84.50**
Required LCR	**in**	**50.00**	**in**	**50.00**
	in ₹	**515.55**	**in ₹**	**669.65**

* Since LCR has been made applicable for HFCs from December 01, 2021, hence there is no discloure for previous periods.
** nweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
Weighted values are calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

PNB Housing Finance Limited
Notes to Restated Consolidated Financial Statements

Note 36.34: Disclsoure as per Anexure III of RBI directions:

(₹ in crore)

S.No	Particulars	As at March 31, 2022		As at March 31, 2021	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
S.No	**Liabilities side**				
1	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**				
	(a) Debentures : Secured	6,378.01	-	10,574.72	-
	: nsecured	1,439.27	-	1,439.67	-
	(other than falling within the meaning of public deposits)				
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	27,854.40	-	29,969.54	-
	(d) Inter-corporate loans and borrowing	2,667.09	-	2,575.70	-
	(e) Commercial Paper	-	-	1,104.98	-
	(f) Public Deposits	15,019.95	-	14,429.04	-
	(g) Other Loans (specify nature)	-	-	-	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of nsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	15,019.95	-	14,429.04	-
	Assets side	**Amount outstanding**		**Amount outstanding**	
3	**Break-up of Loans and Advances including bills receivables other than those included in (4) below :**				
	(a) Secured	57,939.68		63,231.48	
	(b) nsecured	-		-	
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**	-		-	
	(i) Lease assets including lease rentals under sundry debtors	-		-	
	(a) Financial lease	-		-	
	(b) Operating lease	-		-	
	(ii) Stock on hire including hire charges under sundry debtors	-		-	
	(a) Assets on hire	-		-	
	(b) Repossessed Assets	-		-	
	(iii) Other loans counting towards asset financing activities	-		-	
	(a) Loans where assets have been repossessed (net of provision)	108.83		136.48	
	(b) Loans other than (a) above	-		-	
5	**Break-up of Investments**				
	Current Investments				
	1. Quoted				
	(i) Shares				
	(a) Equity	-		-	
	(b) Preference	-		-	
	(ii) Debentures and Bonds	92.69		90.83	
	(iii) nits of mutual funds	100.02		-	
	(iv) Government Securities	1,044.83		-	
	(v) Others (please specify)	-		-	
	2. nquoted				
	Shares				
	(a) Equity	-		-	
	(b) Preference	-		-	
	(ii) Debentures and Bonds	-		-	
	(iii) nits of mutual funds				
	(iv) Government Securities	-		-	
	(v) Others (please specify)	-		-	
	Long Term Investments				
	1. Quoted				
	(i) Shares				
	(a) Equity	-		-	
	(b) Preference	-		-	
	(ii) Debentures and Bonds	-		-	
	(iii) nits of mutual funds	-		-	
	(iv) Government Securities	2,234.18		1,941.79	
	(v) Others (please specify)	-		-	
	2. nquoted				
	Shares				
	(a) Equity	0.30		0.30	
	(b) Preference	-		-	
	(ii) Debentures and Bonds	-		-	
	(iii) nits of mutual funds	-		-	
	(iv) Government Securities	-		-	
	(v) Others (please specify)	-		-	

6	**Borrower group-wise classification of assets financed as in (3) and (4) above:**						
	Category	**Amount net of provisions**			**Amount net of provisions**		
		Secured	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
	1. Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	c) Other related parties	-	-	-	-	-	-
	2. Other than related parties	55,489.57	-	55,489.57	60,687.37	-	60,687.37
	Total	**55,489.57**	**-**	**55,489.57**	**60,687.37**	**-**	**60,687.37**

7	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :**				
	Category	**Market Value / Break up or fair value or NAV**	**Total Book Value (net of provisions)**	**Market Value / Break up or fair value or NAV**	**Total Book Value (net of provisions)**
	1. Related Parties				
	(a) Subsidiaries*	115.83	0.30	96.88	0.30
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
	2. Other than related parties	3,558.51	3,471.72	2,118.92	2,032.62
	Total	**3,674.34**	**3,472.02**	**2,215.80**	**2,032.92**

8	**Other information**		
	Particulars	**Amount**	**Amount**
	1. Gross Non-Performing Assets		
	(a) Related Parties	-	-
	(b) Other than related parties	4,706.17	2,998.41
	2. Net Non-Performing Assets		
	(a) Related Parties	-	-
	(b) Other than related parties	2,930.96	1,749.15
	Assets acquired in satisfaction of debt	-	-

* Equity capital contributed by the Company has been considered as break up value for subsidiary formed under section 8 of the Company Act 2013 as the subsidiary is prohibited to give any right over its profits to any of its members.

Note 36.35: RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22, 2020 defined the principal business criteria for HFCs. Further, it also states that those HFCs which does not fulfill the defined criteria as on October 22, 2020 has an option to submit a board approved plan including a roadmap to fulfill the defined criteria and timeline for transition to RBI with in three months from the date of circular.

In compliance with the above circular, the Company has submitted board approved plan along with roadmap to fulfill the defined criteria and timeline for transition to RBI on January 21, 2021.

Details of principal business criteria as follows:

As at March 31, 2022		**As at March 31, 2021**	
of total assets towards housing finance	**of total assets towards housing finance for individuals**	**of total assets towards housing finance**	**of total assets towards housing finance for individuals**
63.54%	53.62%	62.62%	49.55%

Note 36.36: In compliance with RBI notification number RBI/DNBS/2016-17/49/Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016, during the year the Company has reported five fraud case in relation to loans advanced to the borrowers and one fraud case in relation to deposits amounting to ₹ 4.04 crore to NHB (March 31, 2021 ₹ 1.92 crore and March 31, 2020 ₹ 4.22 crore).

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PNB Housing Finance Limited
Notes to Restated Consolidated Financial Statements

Note 36.37: In compliance with RBI circular number RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 is tabulated below:

March 31, 2022 **(₹ in crore)**

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS 109 (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5) (3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) (4)-(6)
Performing Assets						
Standard	Stage 1	51,251.68	583.31	50,668.37	188.31	395.00
	Stage 2	1,981.83	200.42	1,781.41	8.08	192.34
Subtotal		**53,233.51**	**783.73**	**52,449.78**	**196.39**	**587.34**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**2,502.35**	**720.72**	**1,781.63**	**352.44**	**368.28**
Doubtful - up to 1 year	Stage 3	837.84	336.80	501.04	221.94	114.86
1 to 3 years	Stage 3	1,341.96	704.81	637.15	491.43	213.38
More than 3 years	Stage 3	18.90	9.33	9.57	14.67	(5.34)
Subtotal for doubtful		**2,198.70**	**1,050.94**	**1,147.76**	**728.04**	**322.90**
Loss	Stage 3	5.12	3.55	1.57	4.08	(0.53)
Subtotal for NPA		**4,706.17**	**1,775.21**	**2,930.96**	**1,084.56**	**690.65**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	664.53	1.77	662.76	-	1.77
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**664.53**	**1.77**	**662.76**	**-**	**1.77**
Total	**Stage 1**	**51,916.21**	**585.08**	**51,331.13**	**188.31**	**396.77**
	Stage 2	**1,981.83**	**200.42**	**1,781.41**	**8.08**	**192.34**
	Stage 3	**4,706.17**	**1,775.21**	**2,930.96**	**1,084.56**	**690.65**
Total		**58,604.21**	**2,560.71**	**56,043.50**	**1,280.95**	**1,279.76**

March 31, 2021 **(₹ in crore)**

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5) (3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) (4)-(6)
Performing Assets						
Standard	Stage 1	56,399.18	647.56	55,751.62	237.02	410.54
	Stage 2	3,833.89	647.29	3,186.60	19.98	627.31
Subtotal		**60,233.07**	**1,294.85**	**58,938.22**	**257.00**	**1,037.85**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**1,246.03**	**464.49**	**781.54**	**179.55**	**284.94**
Doubtful - up to 1 year	Stage 3	1,588.99	713.05	875.94	366.97	346.08
1 to 3 years	Stage 3	156.68	64.93	91.75	54.08	10.85
More than 3 years	Stage 3	6.71	6.79	(0.08)	5.63	1.16
Subtotal for doubtful		**1,752.38**	**784.77**	**967.61**	**426.68**	**358.09**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,998.41**	**1,249.26**	**1,749.15**	**606.23**	**643.03**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	902.59	2.26	900.33	-	2.26
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**902.59**	**2.26**	**900.33**	**-**	**2.26**
Total	**Stage 1**	**57,301.77**	**649.82**	**56,651.95**	**237.02**	**412.80**
	Stage 2	**3,833.89**	**647.29**	**3,186.60**	**19.98**	**627.31**
	Stage 3	**2,998.41**	**1,249.26**	**1,749.15**	**606.23**	**643.03**
Total		**64,134.07**	**2,546.37**	**61,587.70**	**863.23**	**1,683.14**

PNB Housing Finance Limited
Notes to Restated Consolidated Financial Statements

Note 36.38: In compliance with RBI circular number RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, the disclosure in relation to COVID19 - Asset Classification and Provisioning is tabulated below:

(₹ in crore)

Particulars	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Advances outstanding in SMA/overdue categories, where the moratorium / deferment was extended, as per the COVID 19 regulatory package as at February 29, 2020	4,861.00	5,034.00
Advances outstanding where asset classification benefits is extended*	729.00	174.00
Provisions made in terms of paragraph 5 of the COVID 19 Regulatory Package	225.00	35.00
Provisions adjusted against slippages in terms of paragraph 6	Nil	Nil
Residual provisions in terms of paragraph 6 of the COVID 19 Regulatory Package	225.00	35.00

Loan assets as on March 31, 2021 and March 31, 2020 respectively on account of all accounts which were in moratorium as on August 31, 2020.
*For FY 2021, ₹ 729 crore were proforma NPAs as on December 31, 2020. Post March 23, 2021 the movement of days past due is as at actuals.

Note 36.39: In compliance with RBI circular number RBI/2020-21/16/DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020, the disclosure in relation to resolution plan implemented under the Resolution Framework for COVID-19-related stress is tabulated below:

For half-year ended March 31, 2022

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan Position as at the end of the previous half-year (A) ( )	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan Position as at the end of this half-year ( )
Personal Loans*	2,153.19	370.81	0.97	112.43	2,088.20
Corporate persons					
of which, MSMEs					
Others	336.27	6.48	-	11.74	331.89
Total	**2,489.46**	**377.29**	**0.97**	**124.17**	**2,420.09**

* Retail loans
Principal outstanding as at the end of the previous half-year (i.e. as on September 30, 2021) is inclusive of ₹ 81.71 crore invoked as on September 30, 2021 and implemented during the Q3 of FY22 & out of exposure as mentioned in A, aggregate debt that slipped into NPA post restructuring date during the half-year.
Principal outstanding (including capitalised interest, disbursement) for the live restructured accounts as on March 31, 2022.
Corporate finance loans

For half-year ended September 30, 2021

(₹ in crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan Position as at the end of the previous half-year (A) ( )	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan Position as at the end of this half-year ( )
Personal Loans*	2,021.24	60.03	-	46.44	2,071.49
Corporate persons					
of which, MSMEs					
Others	337.62	-	-	11.19	336.26
Total	**2,358.86**	**60.03**	**Nil**	**57.63**	**2,407.75**

* Retail loans
Principal outstanding as on March 31, 2021 for live restructured accounts as on September 30, 2021 for Resolution framework 1.0 dated August 6, 2020 (as mentioned in Format A above) and Resolution framework 2.0 dated May 5, 2021.
Principal outstanding (including capitalised interest) as on September 30, 2021 for live restructured accounts as on September 30,2021.
Corporate finance loans

There were 89 borrower accounts having an aggregate exposure of ₹ 50.69 crore to the Company, where resolution plans had been sanctioned and implemented under RBI s Resolution Framework 1.0 dated August 06, 2020 and modified under RBI s Resolution Framework 2.0 dated May 05, 2021.

For half year ended March 31, 2021

(₹ in crore)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution
Personal Loans*	2,444	1,359.41	Nil	Nil	119.76
Corporate persons					
of which, MSMEs	Nil	Nil	Nil	Nil	Nil
Others	14	341.14	Nil	Nil	32.95
Total	**2,458**	**1,700.55**	**Nil**	**Nil**	**152.71**

*Covid restructured assets of retail portfolio.
Covid restructured assets of corporate finance portfolio.
Exposure to accounts before implementation of plan is of September 2020.

Note 37: Leases

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply practical expedients of paragraph 46A of Ind AS 116.

The Company has elected to use the practical expedient of paragraph 46A to not to assess whether a rent concession that meets the conditions of paragraph 46B is a lease modification and account for any change in lease payments resulting from the rent concession as if the change were not a lease modification. The Company has applied the practical expedients to all rent concessions that meet the conditions specified in paragraph 46B of Ind AS 116.

The Company has recognised ₹ 0.02 crore (March 31, 2021 ₹ 0.43 crore and March 31, 2020 ₹ Nil) as other income for the year ended March 31, 2022 on account of applicability of the above practical expedients.

(i) Movement of lease liability

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Lease liability as at the beginning of the year	86.50	126.79	143.51
Additions (b)	8.87	1.94	8.63
Accretion of interest (c)	6.52	8.00	11.06
Payments (d)	31.67	32.83	35.02
Modification (e)	0.00	17.40	1.39
Lease liability as at the end of the year (a+b+c-d-e)	**70.22**	**86.50**	**126.79**

(ii) Maturity analysis of minimum undiscounted lease payments after the reporting period:

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Less than one year	34.28	31.30	35.12
Later than one year but not later than five years	53.27	69.56	98.05
Later than five years	2.15	8.50	22.02
Total	**89.70**	**109.36**	**155.19**

(iii) Maturity analysis of minimum discounted lease payments after the reporting period:

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Less than one year	21.90	20.11	26.04
Later than one year but not later than five years	46.26	58.35	80.41
Later than five years	2.06	8.04	20.34
Total	**70.22**	**86.50**	**126.79**

(iv) There are no gains or losses from sales and leaseback for the year ended March 31, 2022, March 31, 2021 and March 31, 2020.
(v) There are no variable lease payments for the year ended March 31, 2022, March 31, 2021 and March 31, 2020.

Note 38: Disclosure on temporary exceptions from applying specific hedge accounting requirements as per Ind AS 109

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply the exceptions set out in paragraphs 6.8.4-6.8.12 of Ind AS 109.

The Company has elected to apply the exceptions as specified above. Disclosure with respect to paragraph 24H of Ind AS 107 in relation to uncertainty arising from interest rate benchmark reforms is as follows:

a) The Company has foreign currency borrowings in SD only and the interest rate benchmarks where the Company's hedging relationship is related are 3 month and 6 month SD LIBOR.

b) The Company has outstanding External Commercial Borrowing (ECB) principal of SD 796.00 million (equivalent to ₹ 6,034.25 crore) (March 31, 2021, SD 812.50 million (equivalent to ₹ 5,972.26 crore), which is directly linked or affected by the abovementioned two benchmarks. (SD 546.00 million 3month SD LIBOR and remaining SD 250.00 million 6 month SD LIBOR) (March 31, 2021, SD 562.50 million 3month SD LIBOR and SD 250.00 million 6 month SD LIBOR).

c) SD 3 month & 6 Month LIBOR will cease to exist from June 30, 2023 and outstanding principal exposure as on that date will be SD 640.00 million (March 31, 2021 SD 640.00 million) for which the Company will discuss and negotiate the alternative reference rate with the respective lenders to incorporate or align the same in the corresponding hedging/derivative deals. The Company will do bilateral negotiation or sign the ISDA fall back protocol as the case may be with each of the derivative counterparties.

d) The outstanding borrowings are long term in nature and the Company hasn't yet received any specific communication from any of its lenders regarding the timelines to change to an alternate reference/benchmark rate. However, as soon as the Company receives any communication or instruction from any of its lenders regarding the transition to an alternate reference rate other than the LIBOR, the Company will immediately take it up with the corresponding hedging counterparty/ies to effect the transition in the hedging/derivative deals also. However, this may result in higher pay out for the Company in the form of excess interest or hedging cost of the underlying borrowing for its remaining tenure.

e) The nominal amount of hedging instruments for outstanding principal as on March 31, 2022 is SD 796.00 million (March 31, 2021 is SD 812.50 million).

Note 39: Segment Reporting:

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS 108), notified by the Companies (Accounting Standard) Rules, 2015. The Company operates within India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

Note 40: Contingent Liabilities and Commitments

i) Contingent liabilities in respect of Income-tax of ₹ 20.74 crore (March 31, 2021 ₹ 12.12 crore and March 31, 2020 ₹ 11.94 crore) is disputed and are under appeals. These includes contingent liability of ₹ 1.84 crore (March 31, 2021 ₹ 4.87 crore and March 31, 2020 ₹ 4.87 crore) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.

ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 7.60 crore (March 31, 2021 ₹ 4.31 crore and March 31, 2020 ₹ 6.86 crore).

iii) Claims against the Company not acknowledged as debt is ₹ 0.29 crore (March 31, 2021 ₹ Nil and March 31, 2020 ₹ Nil)

iv) Company had issued corporate financial guarantee amounting to ₹ 0.25 crore (March 31, 2021 ₹ 0.25 crore and March 31, 2020 ₹ 0.25 crore) to " NIQ E IDENTIFICATION A THORITY OF INDIA (IDAI)" against the Aadhar Authentication Services. Further the Company has issued letter of comfort amounting to ₹ nil crore (March 31, 2021 ₹ nil and March 31, 2020 ₹ 65.00 crore).

Note 41: Disclosure in respect of Employee Benefits:

In accordance with Indian Accounting Standards on “Employee Benefits” (Ind AS 19), the following disclosure have been made:

Note 41.1: The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. nder the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The contribution has been recognised in the Statement of Profit and Loss which are included under “Contribution to Provident Fund and Other Funds” in Note 31.

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Contribution to Provident Fund	12.96	11.07	12.97

Note 41.2: Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the same is managed by Life Insurance Corporation of India and Kotak Mahindra Life Insurance Company Limited. The liability of Gratuity is recognised on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected nit Credit Method.

Risks associated with defined benefit plan

Interest rate risk: A fall in the discount rate, which is linked to the Government Securities rate, will increases the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salary of members. As such, an increase in the salary of the members more than assumed level may increase the plan’s liability.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

GRATUITY LIABILITY

Change in present value of obligation

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Present value of obligation as at the beginning of the year	14.65	13.69	10.95
Interest cost	0.99	0.90	0.84
Current service cost	3.05	2.95	3.37
Past service cost including curtailment gains / losses	0.60	-	-
Benefits paid	(2.54)	(0.48)	(0.69)
Actuarial (gain) / loss on obligation	(1.34)	(2.41)	(0.78)
Present value of obligation as at the end of year	15.41	14.65	13.69

Change in fair value of plan assets*

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Fair Value of plan assets as at the beginning of the year	16.54	14.10	9.73
Actual return on plan assets	1.08	0.95	0.86
Contributions	1.33	1.97	4.20
Benefits paid	(2.55)	(0.48)	(0.69)
Fair Value of plan assets as at the end of year	16.40	16.54	14.10
Funded status	0.99	1.89	0.40

Expense recognised in the statement of Profit and Loss

Particulars	Year Ended March 31,	Year Ended March	Year Ended March
Service cost	3.65	2.95	3.37
Interest cost	0.99	0.90	0.84
Actual return on plan assets	(1.08)	(0.95)	(0.86)
Expenses recognised in the statement of profit and loss	3.56	2.90	3.35
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	1.34	2.43	0.78

Expected contribution for the next financial year is ₹ 3.49 crore.

Assumptions

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021	Year Ended March 31, 2020
a) Discounting rate	6.80%-7.26%	6.53%	7.65%
b) Future salary increase	3.00%-7.00%	7.00%	7.75%
c) Retirement age (Years)	58-60 years	60 years	60
d) Mortality table	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)

Maturity profile of defined benefits obligation

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
With in the next 12 months	1.29	1.14	0.91
Above 1 year and upto 5 years	4.87	3.44	4.20
Above 5 year	9.25	10.07	8.58

Sensitivity analysis of the defined benefit obligation**

Particulars	Year Ended March 31, 2022			
	Discount Rate		Future salary increase	
Sensitivity level	**0.5 increase**	**0.5 decrease**	**0.5 increase**	**0.5 decrease**
Impact on defined benefit obligation	(0.59)	0.64	0.61	(0.57)

Particulars	Year Ended March 31, 2021			
	Discount Rate		Future salary increase	
Sensitivity level	**0.5 increase**	**0.5 decrease**	**0.5 increase**	**0.5 decrease**
Impact on defined benefit obligation	(0.59)	0.64	0.61	(0.58)

Particulars	Year Ended March 31, 2020			
	Discount Rate		Future salary increase	
Sensitivity level	**0.5 increase**	**0.5 decrease**	**0.5 increase**	**0.5 decrease**
Impact on defined benefit obligation	(0.58)	0.62	0.59	(0.57)

*100% of the plan assets are managed by the insurer for current as well as previous year for employees on the Company payroll. However, for contractual employees there are no plan assets.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Note 42: Expenditure in Foreign Currency:

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Interest paid	88.44	109.20	195.31
Other expenses	1.47	6.42	15.21

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Note 43: Derivative financial assets / liabilities subject to offsetting, netting arrangements

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crore)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C (A + B)	D	E	F (C + D+ E)	G	H (C + G)	I (H + D + E)
At 31 March, 2022	332.88	(90.63)	242.25	-	-	242.25	-	242.25	242.25
At 31 March, 2021	199.57	(199.57)	-	-	-	-	-	-	-
At 31 March, 2020	433.62	(307.96)	125.66	-	-	125.66	-	125.66	125.66

Derivative financial liabilities subject to offsetting, netting arrangements

(₹ in crore)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C (A + B)	D	E	F (C + D+ E)	G	H (C + G)	I (H + D + E)
At 31 March, 2022	(90.63)	90.63	-	-	-	-	-	-	-
At 31 March, 2021*	(251.01)	199.57	(51.44)	-	-	(51.44)	-	(51.44)	(51.44)
At 31 March, 2020	(307.96)	307.96	-	-	-	-	-	-	-

* Net of margin money paid to counter party bank.

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Note 44: Additional information, as required under Schedule III to the Companies Act 2013, of enterprise consolidated as Subsidiary/Associates/Joint Ventures:

March 31, 2022

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As of consolidated net asset	Amount (₹ in crore)	As of consolidated profit or (loss)	Amount (₹ in crore)	As of consolidated other comprehensive income	Amount (₹ in crore)	As of consolidated total comprehensive income	Amount (₹ in crore)
Parent								
PNB Housing Finance Limited	99.28	9,800.54	98.26	821.92	99.30	96.62	98.37	918.54
Indian subsidiary								
PHFL Home Loans and Services Limited	1.18	116.06	2.16	18.08	0.70	0.68	2.01	18.76
Inter-Company elimination and other consolidated adjustments	(0.46)	(44.97)	(0.42)	(3.52)	-	-	(0.38)	(3.52)
.								
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**9,871.63**	**100.00**	**836.48**	**100.00**	**97.30**	**100.00**	**933.78**

March 31, 2021

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As of consolidated net asset	Amount (₹ in crore)	As of consolidated profit or (loss)	Amount (₹ in crore)	As of consolidated other comprehensive income	Amount (₹ in crore)	As of consolidated total comprehensive income	Amount (₹ in crore)
Parent								
PNB Housing Finance Limited	99.37	8,867.18	99.50	925.22	102.71	(21.25)	99.42	903.97
Indian subsidiary								
PHFL Home Loans and Services Limited	1.09	97.29	1.77	16.45	(2.71)	0.56	1.87	17.01
Inter-Company elimination and other consolidated adjustments	(0.46)	(41.44)	(1.27)	(11.77)	-	-	(1.29)	(11.77)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**8,923.03**	**100.00**	**929.90**	**100.00**	**(20.69)**	**100.00**	**909.21**

March 31, 2020

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As of consolidated net asset	Amount (₹ in crore)	As of consolidated profit or (loss)	Amount (₹ in crore)	As of consolidated other comprehensive income	Amount (₹ in crore)	As of consolidated total comprehensive income	Amount (₹ in crore)
Parent								
PNB Housing Finance Limited	99.37	7,947.16	105.58	682.31	100.71	(55.69)	106.04	626.62
Indian subsidiary								
PHFL Home Loans and Services Limited	1.00	80.28	11.43	73.88	(0.71)	0.39	12.57	74.27
Inter-Company elimination and other consolidated adjustments	(0.37)	(29.67)	(17.01)	(109.95)	-	-	(18.61)	(109.95)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**7,997.77**	**100.00**	**646.24**	**100.00**	**(55.30)**	**100.00**	**590.94**

Note 44.1: Pehel foundation being the subsidiary of the Company is a charitable organisation under Section 8 of the Companies Act, 2013 and it is prohibited to give any right over its profits to any of its members. Since PNBHFL does not have any right over any kind of returns from Pehel Foundation hence it does not meet the criteria of consolidation of financial Statements laid down under Ind AS 110.

Note 45: Change in liabilities arising from financing activities

(₹ in crore)

Particulars	As at April 01, 2021	Cash flows	Exchange difference	Others	As at March 31, 2022
Debt securities & subordinated liabilities	11,795.08	(4,218.00)	-	63.07	7,640.15
Borrowings from bank	29,746.34	(2,229.10)	172.20	26.40	27,715.84
Deposits (net)	16,746.04	901.39	-	1.55	17,648.98
Commercial paper	1,104.98	(1,125.00)	-	20.02	-
Lease liabilities	86.50	(31.67)		15.39	70.22

(₹ in crore)

Particulars	As at April 01, 2020	Cash flows	Exchange difference	Others	As at March 31, 2021
Debt securities & subordinated liabilities	18,868.98	(7,056.00)	-	(17.90)	11,795.08
Borrowings from bank	32,328.12	(2,816.36)	230.97	3.61	29,746.34
Deposits (net)	16,131.94	630.68	-	(16.58)	16,746.04
Commercial paper	406.06	709.00	-	(10.08)	1,104.98
Lease liabilities	126.79	(32.83)		(7.46)	86.50

(₹ in crore)

Particulars	As at April 01, 2019	Cash flows	Exchange difference	Others	As at March 31, 2020
Debt securities & subordinated liabilities	23,188.61	(4,308.00)	-	(11.63)	18,868.98
Borrowings from bank	26,793.19	5,156.36	385.18	(6.61)	32,328.12
Deposits (net)	14,023.04	2,107.97	-	0.93	16,131.94
Commercial paper	7,854.01	(7,534.00)	-	86.05	406.06
Lease liabilities	143.51	(35.02)		18.30	126.79

Note 45.1: The borrowings has been utilised for the purpose for which it has been taken from banks and financial institutions.

Note 45.2: The Company has complied/in process of compliance with the registration of charges or satisfaction with Registrar of Companies within the defined prescribed timelines.

Note 45.3: Quarterly returns/statements of current assets filed with banks or financial institutions against the underlying borrowings are in agreement with the books of accounts.

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Note 46: Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However with regard to loans and advances to customers the Company has used the contractual maturities for recovery/settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

Particulars	As at March 31, 2022 (₹ in crore)			As at March 31, 2021 (₹ in crore)			As at March 31, 2020 (₹ in crore)		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	5,065.62	-	5,065.62	6,968.56	-	6,968.56	8,514.32	-	8,514.32
Bank balance other than cash and cash equivalents	150.47	-	150.47	0.07	-	0.07	0.07	-	0.07
Derivative financial instruments	38.23	204.02	242.25	-	-	-	31.79	93.87	125.66
Trade receivables	42.80	-	42.80	44.94	-	44.94	44.90	-	44.90
Loans	4,576.90	50,759.04	55,335.94	6,290.31	54,354.41	60,644.72	2,878.62	63,749.40	66,628.02
Investments	931.86	2,550.84	3,482.70	156.30	1,888.52	2,044.82	164.83	1,910.91	2,075.74
Other financial assets	125.30	548.61	673.91	243.15	663.43	906.58	190.54	511.16	701.70
Total (a)	**10,931.18**	**54,062.51**	**64,993.69**	**13,703.33**	**56,906.36**	**70,609.69**	**11,825.07**	**66,265.34**	**78,090.41**
Non-financial assets									
Current tax assets (net)	-	47.30	47.30	-	-	-	-	62.02	62.02
Deferred tax assets (net)	-	398.90	398.90	-	429.63	429.63	-	285.94	285.94
Investment property	-	0.53	0.53	-	0.54	0.54	-	0.55	0.55
Property, plant and equipment	-	71.38	71.38	-	81.75	81.75	-	105.31	105.31
Right of use assets	-	60.47	60.47	-	78.09	78.09	-	119.80	119.80
Capital work-in-progress	-	-	-	-	0.01	0.01	-	1.23	1.23
Other Intangible assets	-	18.02	18.02	-	20.89	20.89	-	25.42	25.42
Intangible assets under development	-	3.54	3.54	-	2.37	2.37	-	2.83	2.83
Other non-financial assets	24.78	2.17	26.95	31.64	1.11	32.75	2.60	28.48	31.08
Assets held for sale	108.83	-	108.83	136.48	-	136.48	206.56	-	206.56
Total (b)	**133.61**	**602.31**	**735.92**	**168.12**	**614.39**	**782.51**	**209.16**	**631.58**	**840.74**
Total asset c (a+b)	**11,064.79**	**54,664.82**	**65,729.61**	**13,871.45**	**57,520.75**	**71,392.20**	**12,034.23**	**66,896.92**	**78,931.15**
LIABILITIES									
Financial liabilities									
Derivative financial instruments	-	-	-	51.44	-	51.44	-	-	-
Trade Payables	16.29	-	16.29	17.82	-	17.82	13.39	-	13.39
Debt Securities	2,359.91	3,842.06	6,201.97	5,712.60	5,748.88	11,461.48	9,152.06	8,684.40	17,836.46
Borrowings (other than debt securities)	10,933.17	16,782.67	27,715.84	9,782.46	19,963.88	29,746.34	10,632.56	21,695.56	32,328.12
Deposits	5,840.49	11,808.49	17,648.98	6,133.38	10,612.66	16,746.04	6,588.35	9,543.59	16,131.94
Subordinated liabilities	199.98	1,238.20	1,438.18	-	1,438.58	1,438.58	-	1,438.58	1,438.58
Other financial liabilities	2,288.76	232.03	2,520.79	2,366.47	309.18	2,675.65	2,329.19	317.66	2,646.85
Total (d)	**21,638.60**	**33,903.45**	**55,542.05**	**24,064.17**	**38,073.18**	**62,137.35**	**28,715.55**	**41,679.79**	**70,395.34**
Non-financial liabilities									
Current tax liabilities (net)	-	-	-	-	62.93	62.93	-	-	-
Provisions	2.58	14.75	17.33	2.42	15.97	18.39	2.32	17.03	19.35
Other Non-financial liabilities	277.59	21.01	298.60	226.08	24.42	250.50	491.93	26.76	518.69
Total (e)	**280.17**	**35.76**	**315.93**	**228.50**	**103.32**	**331.82**	**494.25**	**43.79**	**538.04**
Total liabilities f (d+e)	**21,918.77**	**33,939.21**	**55,857.98**	**24,292.67**	**38,176.50**	**62,469.17**	**29,209.80**	**41,723.58**	**70,933.38**
Net (c-f)			**9,871.63**			**8,923.03**			**7,997.77**

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Note 47: Risk Management

The Company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the Board. The risk management framework broadly includes governance, risk appetite approach, risk-specific guidelines, risk measurement, mitigation, monitoring reporting, and key risk indicators (KRIs). The Company has developed a clearly articulated risk appetite statement, functional policies, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The Board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight, and assesses whether it is consistent with the risk tolerance levels laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

Note 47.1: Credit Risk

The Company s asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company s pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

Credit Risk Management

Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company s line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and CEO along with functional heads, in implementing the risk management framework and policy. The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company s Risk Framework for credit risk management is mentioned below:

1) **Established an appropriate credit risk environment**

The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

2) **Ensure sound credit approval process**

The Company’s Target Operating Model (TOM) comprises Hub and Spoc structure, advanced technology platform, experienced and specialized professionals and mark to market policies and products. The Company’s TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoc or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

The credit sanction is done through a well-defined delegation matrix under four eye principle. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

Hubs and Spocs are supported by Central Support Office (CSO), Centralised Operations (COPS) and Central Processing Centre (CPC).

3) Maintains an appropriate credit administration, measurement, and monitoring process

Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company’s credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable.

Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

Note 47.2: Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

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Note 47.3: Analysis of risk concentration

(i) Risk concentrations on loans

An analysis of the Company s credit risk concentrations per product / sub product is provided in the below mentioned table:

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Concentration by sector - Retail			
Housing loans	35,033.09	35,249.30	37,103.78
Non housing loans	15,486.58	15,939.20	16,491.07
Total (a)	**50,519.67**	**51,188.50**	**53,594.85**
Concentration by sector - Corporate			
Construction finance	6,088.92	8,817.16	10,507.62
Corporate term loan	941.82	2,275.82	3,083.80
Lease rental discounting	344.47	907.35	1,207.37
Total (b)	**7,375.21**	**12,000.33**	**14,798.79**
Total (a+b)	**57,894.88**	**63,188.83**	**68,393.64**

(ii) Risk concentrations on financial assets other than loans

(₹ in crore)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2022					
Cash and cash equivalents	-	5,064.50	-	1.12	5,065.62
Bank balance other than cash and cash equivalents	-	150.47	-	-	150.47
Derivative financial instruments	-	242.25	-	-	242.25
Trade receivables	-	-	42.77	0.03	42.80
Investments	3,075.46	110.95	296.29	-	3,482.70
Other financial assets	7.44	645.85	5.44	15.18	673.91
Total	**3,082.90**	**6,214.02**	**344.50**	**16.33**	**9,657.75**
As at March 31, 2021					
Cash and cash equivalents	-	6,967.69	-	0.87	6,968.56
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Trade receivables	-	-	39.04	5.90	44.94
Investments	1,737.61	12.15	295.06	-	2,044.82
Other financial assets	5.28	884.65	2.71	13.94	906.58
Total	**1,742.89**	**7,864.56**	**336.81**	**20.71**	**9,964.97**

(₹ in crore)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2020					
Cash and cash equivalents	-	8,514.15	-	0.17	8,514.32
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Derivative financial instruments	-	125.66	-	-	125.66
Trade receivables	-	-	43.69	1.21	44.90
Investments	1,713.77	27.67	334.30	-	2,075.74
Other financial assets	3.36	676.53	6.57	15.24	701.70
Total	**1,717.13**	**9,344.08**	**384.56**	**16.62**	**11,462.39**

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Note 47.4: Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

Note 47.4.1 Total market risk exposure

Particular	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)	Primary risk sensitivity
		Carrying amount		
ASSETS				
Financial assets				
Cash and cash equivalents	5,065.62	6,968.56	8,514.32	-
Bank balance other than cash and cash equivalents	150.47	0.07	0.07	-
Derivative financial instruments	242.25	-	125.66	-
Trade receivables	42.80	44.94	44.90	-
Loans	55,335.94	60,644.72	66,628.02	Interest rate
Investments	3,482.70	2,044.82	2,075.74	Interest rate
Other financial assets	673.91	906.58	701.70	Interest rate
Total	**64,993.69**	**70,609.69**	**78,090.41**	
LIABILITIES				
Financial liabilities				
Derivative financial instruments	-	51.44	-	-
Trade payables	16.29	17.82	13.39	-
Debt securities	6,201.97	11,461.48	17,836.46	Interest rate/ Currency risk
Borrowings (other than debt securities)	27,715.84	29,746.34	32,328.12	Interest rate
Deposits	17,648.98	16,746.04	16,131.94	Interest rate
Subordinated liabilities	1,438.18	1,438.58	1,438.58	Interest rate
Other financial liabilities	2,520.79	2,675.65	2,646.85	-
Total	**55,542.05**	**62,137.35**	**70,395.34**	

47.4.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables assesses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates.

(₹ in crore)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit and (loss)
Loans	2021-22	100 bps / (100) bps	559.97 / (559.97)
	2020-21	50 bps / (50) bps	303.57 / (303.57)
	2019-20	50 bps / (50) bps	315.82 / (315.82)
Investments	2021-22	100 bps / (100) bps	7.41 / (7.41)
	2020-21	25 bps / (25) bps	0.88 / (0.88)
	2019-20	25 bps / (25) bps	1.25 / (1.25)
Other financial assets	2021-22	25 bps / (25) bps	74.20 / (74.20)
	2020-21	25 bps / (25) bps	88.85 / (88.85)
	2019-20	25 bps / (25) bps	108.90 / (108.90)
External Commercial Borrowing	2021-22	100 bps / (100) bps	(6.14) / 6.14
	2020-21	20 bps / (20) bps	(1.43) / 1.43
	2019-20	20 bps / (20) bps	(1.67) / 1.67
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2021-22	100 bps / (100) bps	(296.53) / 296.53
	2020-21	50 bps / (50) bps	(188.85) / 188.85
	2019-20	50 bps / (50) bps	(229.05) / 229.05

47.4.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings which are primarily in S dolllar ( ). The Company manages its foreign currency risk by entering into cross currency swaps and forward contracts. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table assesses the sensitivity of the assets and liabilities over the profit and loss and other comprehensive income with change in currency rates.

(₹ in crore)

Areas	Financial year	Increase / (decrease) in	Sensitivity on profit and loss / other comperehensive income
External Commercial Borrowing	2021-22	10 % / (10) %	(9.68) / 9.68
	2020-21	10 % / (10) %	(23.14) / 23.14
	2019-20	10 % / (10) %	(39.48) / 39.48

Note 47.4.4: Equity price risk :

The Company's investment in non-listed equity securities are accounted at cost in the financial Information net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

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Note 47.5: Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, also adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds, fixed deposits, liquid bonds, government securities etc., limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and asses the liquidity position. Moreover, the Compnay keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

Note 47.5.1: Analysis of financial liabilities by remaining contractual maturities
The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company s financial liabilities.

Particulars	As at March 31, 2022 (₹ in crore)			As at March 31, 2021 (₹ in crore)			As at March 31, 2020 (₹ in crore)		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities									
Derivative financial instruments	-	-	-	51.44	-	51.44	-	-	-
Trade payables	16.29	-	16.29	17.82	-	17.82	13.39	-	13.39
Debt securities	2,359.91	3,842.06	6,201.97	5,712.60	5,748.88	11,461.48	9,152.06	8,684.40	17,836.46
Borrowings (other than debt securities)	10,933.17	16,782.67	27,715.84	9,782.46	19,963.88	29,746.34	10,632.56	21,695.56	32,328.12
Deposits	5,840.49	11,808.49	17,648.98	6,133.38	10,612.66	16,746.04	6,588.35	9,543.59	16,131.94
Subordinated liabilities	199.98	1,238.20	1,438.18	-	1,438.58	1,438.58	-	1,438.58	1,438.58
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,185.68	4,807.71	7,993.39	3,864.65	6,495.51	10,360.16	4,787.92	9,050.30	13,838.22
Other financial liabilities	2,288.76	232.03	2,520.79	2,366.47	309.18	2,675.65	2,329.19	317.66	2,646.85
Total	**24,824.28**	**38,711.16**	**63,535.44**	**27,928.82**	**44,568.69**	**72,497.51**	**33,503.47**	**50,730.09**	**84,233.56**

The table below shows the contractual expiry by maturity of the Company s contingent liabilities and commitments.

(₹ in crore)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2022			
ndrawn commitments relating to advances	1,884.25	2,030.01	3,914.26
ndrawn commitments relating to financial guarantee	-	0.25	0.25
ndrawn sanction relating to borrowings	1,820.00	-	1,820.00
As at March 31, 2021			
ndrawn commitments relating to advances	2,341.67	2,341.66	4,683.33
ndrawn commitments relating to financial guarantee	-	0.25	0.25
ndrawn sanction relating to borrowings	3,445.00	-	3,445.00
As at March 31, 2020			
ndrawn commitments relating to advances	2,725.49	2,878.72	5,604.21
ndrawn commitments relating to Letter of comfort	-	65.00	65.00
ndrawn commitments relating to financial guarantee	-	0.25	0.25
ndrawn sanction relating to borrowings	4,019.07	-	4,019.07

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Note 48: Fair value measurement

The principles and techniques of fair valuation measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2: Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

Level 3: Those that include one or more unobservable input that is significant to the measurement as whole.

(b) Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

(c) Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

As at March 31, 2022 **(₹ in crore)**

Particulars	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual Funds	110.95	-	-	110.95
Debt securities	-	92.69	-	92.69
Government securities	-	1,044.83	-	1,044.83
Derivative financial instruments				
Forward contracts and currency swaps	-	332.88	-	332.88
Total assets measured at fair value on a recurring basis (a)	**110.95**	**1,470.40**	**-**	**1,581.35**
Assets measured at fair value on a non-recurring basis				
Assets held for sale	-	108.83	-	108.83
Total assets measured at fair value on a non-recurring basis (b)	**-**	**108.83**	**-**	**108.83**
Total assets measured at fair value (a)+(b)	**110.95**	**1,579.23**	**-**	**1,690.18**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Spot and forward contracts	-	50.08	-	50.08
Interest rate swaps	-	40.55	-	40.55
Total liabilities measured at fair value through profit or loss	**-**	**90.63**	**-**	**90.63**

As at March 31, 2021 **(₹ in crore)**

Particulars	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	12.15	-	-	12.15
Debt securities	-	90.83	-	90.83
Derivative financial instruments				
Forward contracts and currency swaps	-	199.57	-	199.57
Total assets measured at fair value on a recurring basis (a)	**12.15**	**290.40**	**-**	**302.55**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	136.48	-	136.48
Total assets measured at fair value on a non recurring basis (b)	**-**	**136.48**	**-**	**136.48**
Total assets measured at fair value (a)+(b)	**12.15**	**426.88**	**-**	**439.03**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	251.01	-	251.01
Total liabilities measured at fair value through profit or loss	**-**	**251.01**	**-**	**251.01**

As at March 31, 2020 (₹ in crore)

Particulars	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	27.67	-	-	27.67
Debt securities	-	95.28	-	95.28
Derivative financial instruments				
Forward contracts and currency swaps	-	433.62	-	433.62
Total assets measured at fair value on a recurring basis (a)	**27.67**	**528.90**	**-**	**556.57**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	206.56	-	206.56
Total assets measured at fair value on a non recurring basis (b)	**-**	**206.56**	**-**	**206.56**
Total assets measured at fair value (a)+(b)	**27.67**	**735.46**	**-**	**763.13**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	307.96	-	307.96
Total liabilities measured at fair value through profit or loss	**-**	**307.96**	**-**	**307.96**

Valuation methodologies of financial instruments measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are recorded and measured at fair value in the Company's financial Statements.

1. Mutual funds

nits held in mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.

2. Debt securities

The Company's debt instruments are standard fixed rate securities, some with zero coupon feature.The Company uses market prices whenever available, or other

observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

3. Assets held for sale

Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

4. Derivative financial instruments

Interest rate derivatives

For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts

Foreign exchange contracts include spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options. However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

(d) Fair value of financial instruments not measured at fair value

As at March 31, 2022 (₹ in crore)

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	55,335.94	-	55,395.27	-	55,395.27
Investment					
Government Securities (at amortised cost) & Equity (at cost)	2,234.23	-	2,321.02	-	2,321.02
Total financial assets	**57,570.17**	**-**	**57,716.29**	**-**	**57,716.29**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities (including interest accrued)	6,378.01	-	6,569.97	-	6,569.97
Deposits (including interest accrued)	17,687.05	-	-	17,831.27	17,831.27
Subordinated liabilities (including interest accrued)	1,439.27	-	1,493.54	-	1,493.54
Total financial liabilities	**25,504.33**	**-**	**8,063.51**	**17,831.27**	**25,894.78**

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As at March 31, 2021 (₹ in crore)

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	60,644.72	-	60,743.76	-	60,743.76
Investment					
Government Securities (at amortised cost) & Equity (at cost)	1,941.84	-	2,028.09	-	2,028.09
Total financial assets	**62,586.56**	**-**	**62,771.85**	**-**	**62,771.85**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities (including interest accrued)	10,574.71	-	10,909.50	-	10,909.50
Deposits (including interest accrued)	17,003.36	-	-	17,127.87	17,127.87
Subordinated liabilities (including interest accrued)	1,439.67	-	1,510.44	-	1,510.44
Total financial liabilities	**29,017.74**	**-**	**12,419.94**	**17,127.87**	**29,547.81**

As at March 31, 2020 (₹ in crore)

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	66,628.02	-	66,633.33	-	66,633.33
Investment					
Government Securities (at amortised cost) & Equity (at cost)	1,952.79	-	2,058.56	-	2,058.56
Total financial assets	**68,580.81**	**-**	**68,691.89**	**-**	**68,691.89**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities (including interest accrued)	17,430.40	-	17,971.18	-	17,971.18
Deposits (including interest accrued)	16,356.45	-	-	16,327.19	16,327.19
Subordinated liabilities (including interest accrued)	1,438.58	-	1,468.10	-	1,468.10
Total financial liabilities	**35,225.43**	**-**	**19,439.28**	**16,327.19**	**35,766.47**

fair value has been disclsoed for those valued at amortised cost.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial Statements.

1. **Financial assets and liabilities (Short term)**

   Cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has been recognised at amortised cost in the financial Statements.
   In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not been disclosed.

2. **Financial assets**

   Loans and advances to customers

   Substantial amount of the loans are based on floating rate of interest,carrying amount of which represents the fair value of these loans. Minuscule amount of loans are based on fixed to floating rate of interest, the fair values of these loans are computed by discounted cash flow models incorporating prevalling interest rate.The Company classifies these assets as Level 2.

   Government debt securities

   Government debt securities are financial instruments issued by sovereign governments and include both long- term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

3. **Financial liabilities**

   Debt securities and Subordinated liabilities

   Debt securities and subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

   Deposits

   The fair values of deposits are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 3.

Financial assets or liabilities other than those mentioned above resembles the value approximate to their fair value.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended March 31, 2022, March 31, 2021 and March 31, 2020.

Note 49: COVID Impact

For the year ended March 31, 2021

The extent to which the COVID 19 pandemic, including the current “second wave” will impact the Company’s future results will depend on economic situation, which is highly unpredictable.The Company is well capitalised and has maintained adequate liquidity. The Company also continue to raise funds from multiple lenders, refinancing from NHB and fixed deposits. The Company did not opt for moratorium from its lenders and serviced its financial obligations in a timely manner. Further, there is no material impact on internal financial controls of the Company.

The Company will continue to closely monitor any material changes to future economic conditions. However, operating in the secured mortgage asset business we believe we hold a much stable asset class which can withstand the pandemic relatively better compared other asset classes.

Hon'ble Supreme Court, in a public interest litigation vide an interim order dated September 03, 2020 ('interim order'), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 were not been classified as NPA.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon’ble Supreme Court. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

For the year ended March 31, 2020

The outbreak of COVID 19 pandemic across the globe and India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. On March 11, 2020, the World Health Organisation declared that novel coronavirus (COVID-19) as a pandemic. Besides the toll that this outbreak has had on human life, it has also disrupted the social, economic and financial structures of the entire world.

In India, from March 25, 2020 to May 31, 2020, Government of India has declared a national lockdown, restricting the movement of the entire population of the country as a preventive measure against the spread of COVID-19. Following the lockdown directives, the Company closed its pan India offices and activated its Business Continuity Plan (BCP) and seamlessly shifted to Work from Home (WFH). The Company leveraged on its robust technology to ensure the business activities viz. customer service, recovery, liquidity management, treasury, EMI collection etc. are carried out from home and thus minimising the overall impact of pandemic on Company’s operations. While doing so, the Company ensured to safeguard its systems from any data leakage and data security.

Reserve Bank of India (RBI) has issued guidelines relating to COVID 19 Regulatory Package dated March 27, 2020 and Apr 17, 2020 and in accordance therewith, the Company has offered a moratorium on the payment of instalments falling due between March 01, 2020 and May 31, 2020 to all eligible borrowers classified as standard as on February 29, 2020. On May 22, 2020, The RBI announced an extension of the moratorium on loan EMIs by three months, i.e. till August 31, 2020.

Loan disbursements during the lockdown period of March 2020 was lower by around ₹ 900 crore (approx.) Further, the Company has maintained an incremental ECL provision of ₹ 471 crore for COVID 19 in addition to the normal ECL provision. Based on the current indicators of future economic conditions the Company believes ECL provision to be adequate.

The Company is well capitalised and has maintained adequate liquidity. The Company also continue to raise funds from banks, refinancing from NHB and fixed deposits. The Company did not opt for moratorium from its lenders and serviced its financial obligations in a timely manner. Further, there is no material impact on internal financial controls of the Company.

Being a socially responsible corporate the Company allocated ₹ 2.04 crore (approx.) towards Covid-19 for providing ‘essentials kit’ to migrant worker families , partnering with National Centre for Bio-Sciences for research on developing washable PPE, COVID diagnostic tests etc. and contribution to PM relief fund / PM CARES fund.

The Company started opening up its offices in phase manner and presently majority of the offices are operational.

The extent to which the COVID 19 pandemic will impact the company’s future results will depend on developments, which are highly uncertain, including among other thing, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company.

The Company will continue to closely monitor any material changes to future economic conditions. However, operating in the secured mortgage asset business we believe we hold a much stable asset class which can withstand the pandemic relatively better compared other asset classes.

Note 50: Other disclosures:

(i) There is no income which is required to be recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
(ii) The Company has not been declared willful defaulter by any Banks/Financial Institutions.
(iii) The Company has not traded or invested in Crypto currency or Virtual currency during the year.
(iv) There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
(v) There are no transaction with struck off companies during the current and previous year.

Note 51: Amendments issued but not yet effective

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

(i) Ind AS 16 – Proceeds before intended use -The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial Statements.

(ii) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract - The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial Statements.

(iii) Ind AS 109 – Annual Improvements to Ind AS (2021) - The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial Statements.

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Note 52 - Statement of material adjustments to audited financial Statements
Reconciliation of total equity

Particulars	As at March 31, 2022 (₹ in crore)	As at March 31, 2021 (₹ in crore)	As at March 31, 2020 (₹ in crore)
Total equity as per audited financial Statements	9,871.63	8,923.03	7,997.77
Adjustments	-	-	-
Total equity as per restated Consolidated Statement of Assets and Liabilities	**9,871.63**	**8,923.03**	**7,997.77**

Reconciliation of profit for the year

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Profit for the year as per audited financial Statements	836.48	929.90	646.24
Adjustments	-	-	-
Profit for the year as per restated Consolidated Statement of Profit and Loss	**836.48**	**929.90**	**646.24**

Reconciliation of total comprehensive income for the year

Particulars	Year Ended March 31, 2022 (₹ in crore)	Year Ended March 31, 2021 (₹ in crore)	Year Ended March 31, 2020 (₹ in crore)
Total comprehensive income for the year as per audited financial Statements	933.78	909.21	590.94
Adjustments	-	-	-
Total comprehensive income for the year as per restated Consolidated Statement of Profit and Loss	**933.78**	**909.21**	**590.94**

Part A -Non adjusting events

a) Audit qualifications for the respective years, which do not require any adjustments in the restated financial Statement are as follows:

1. There are no audit qualification in auditor's report for the financial year ended March 31, 2022, March 31, 2021 and March 31, 2020.

b) Other Matter not requiring adjustments to the restated financial Statement:
1. Matter for the year ended March 31, 2021 and March 31, 2020

We draw your attention to Note 49 to the Consolidated financial Statements which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the Covid-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.

The above matter do not require adjustment to the restated Financial Statement.

Part B -Material regrouping

Appropriate re-groupings have been made in the restated Statement of assets and liabilities, restated Statement of profit and loss, restated Statement of cash flow and restated Statement of change in equity, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the financial Statement of the Company for the year ended March 31, 2022 prepared in accordance with Division III to Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

In terms of our report of even date

For T R Chadha & Co LLP
Chartered Accountants
FR No : 006711N/N500028

For and on behalf of the Board of Directors

Neena Goel
Partner
M. No.: 057986

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Nilesh Shiv i Vi amsey
Director
DIN: 00031213

For Singhi & Co.
Chartered Accountants
FR No : 302049E

Bimal Kumar Sipani
Partner
M. No.: 088926

Vinay Gupta
Chief Financial Officer
ACA: 500609

San ay ain
Company Secretary
FCS: 002642

Place: New Delhi
Date: November 29, 2022

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 14(B) of Part B-1 of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	**As of and for the nine months ended**		**As of and for the Financial Year ended***		
	December 31, 2022	**December 31, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
Profit for the year/ period (A) (₹ in crore)	766.72	666.94	836.48	929.90	646.24
Weighted average number of equity shares in calculating basic EPS (B) (number in crore)	16.86	16.85	16.85	16.82	16.81
Weighted average number of equity shares in calculating diluted EPS (C) (number in crore)	16.87	16.89	16.89	16.83	16.83
Basic Earnings per share (in ₹) (D = A/B)	45.47	39.59	49.64	55.29	38.45
Diluted Earnings per share (in ₹) (E = A/C)	45.44	39.48	49.53	55.26	38.41
Net Worth (A) (₹ in crore)	10,707.26	9,629.28	9,871.63	8,923.03	7,997.77
Profit for the year/ period (B) (₹ in crore)	766.72	666.94	836.48	929.90	646.24
Return on net worth (C = B/A) (%)	7.16	6.93	8.47	10.42	8.08
Net Worth (A) (₹ in crore)	10,707.26	9,629.28	9,871.63	8,923.03	7,997.77
Outstanding number of equity shares at the end of the period (B) (number in crore)	16.88	16.86	16.86	16.83	16.82
Net Asset Value per Equity Share (C = A/B) (in ₹)	634.34	571.18	585.51	530.28	475.49
EBITDA (₹ in crore)	3,947.69	4,033.33	5,201.81	6,366.77	6,751.81

**Restated*

The ratios have been computed as under:

1. *Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
2. *Return on Net Worth ratio: Profit/ (loss) for the period attributable to equity shareholders of the company divided by the Net Worth of the Company at the end of the year/period.*
3. *NAV: Net Worth divided by the outstanding number of equity shares at the end of the period.*
4. *EBITDA: Aggregate of profit/(loss) after tax, tax expense, finance cost and depreciation and amortisation for the year/ period.*

CAPITALISATION STATEMENT

The following table sets forth the capitalisation statement as of December 31, 2022, on the basis of our Limited Reviewed Consolidated Financial Statements, and as adjusted for the Issue. This table should be read in conjunction with "*Risk Factors*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", beginning on pages 23, 188 and 291, respectively.

(*in ₹ crore*)

Particulars	Pre-Issue as of December 31, 2022	As adjusted for the Issue[$]
Total Borrowings (A)	51,898.95	51,898.95
Total Equity		
Equity Share Capital*	168.79	259.47
Other Equity*[#]	10,538.47	12,941.55
Total Equity (B)	**10,707.26**	**13,201.02**
Ratio: Total Borrowings (A) / Total Equity (B)	4.85	3.93

[$]*The figures for the respective financial statements line items under 'As adjusted for the Issue' column are derived after considering the proceeds of Rights Equity Shares (assuming full subscription) and it does not consider any other transactions or movements for such financial statements line items after December 31, 2022. The actual numbers post the Issue would depend on the actual position on the deemed date of Allotment.*

* *These terms shall carry the meaning as per Schedule III of the Companies Act.*

[#]*It has not been adjusted for the estimated Issue expenses.*

Other than the allotment of 30,904 Equity Shares and 31,650 Equity Shares on February 17, 2023, and March 22, 2023, respectively pursuant to exercise of option/units under ESOP Scheme 2016 and RSU Scheme 2020, there has been no changes in the paid-up Equity Share capital of our Company since December 31, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise specifically mentioned, the following discussion should be read together with our Limited Reviewed Consolidated Financial Statements for the nine months ended December 31, 2022, and the Restated Consolidated Financial Statements for the Financial Years ended March 31, 2022, 2021 and 2020, along with the related schedules thereto and the reports thereon, included in the section titled "Financial Statements" on page 188. Unless otherwise indicated or the context requires, the financial information for the Financial Years ended March 31, 2021 and March 31, 2020 included herein is derived from our Restated Consolidated Financial Statements and the financial information for the nine months ended December 31, 2022 is derived from our Limited Reviewed Consolidated Financial Statements.

The Restated Consolidated Financial Statements in this Letter of Offer have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, and the relevant provisions of the Companies Act read with rules framed thereunder, as amended, and the SEBI ICDR Regulations. The Limited Reviewed Consolidated Financial Statements have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 and pursuant to the requirements of Regulation 33 and 52 of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. These financial statements may differ in certain significant respects from generally accepted accounting principles in other countries, including IFRS and U.S. GAAP. Our Financial Year ends on March 31 of each year. Accordingly, references to "Financial Year 2022", "Financial Year 2021" and "Financial Year 2020" are to the 12-month period ended March 31 of the relevant year.

Statements contained in this discussion that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those forward-looking statements. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person, or that these results will be achieved or are likely to be achieved. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors and contingencies that could affect our financial condition, results of operations and cash flows. You are also advised to read the sections titled "Forward Looking Statements" and "Risk Factors" beginning on pages 17 and 23, respectively, which discuss a number of factors or contingencies that could affect our business, financial condition and results of operations. Prospective investors in the Equity Shares are cautioned not to place undue reliance on these forward-looking statements.

OVERVIEW

We are the fourth largest Housing Finance Company ("**HFC**") in India in terms of assets under management ("**AUM**") and third largest Housing Finance Company in terms of deposits in India, as of March 31, 2022 (Source: *CRISIL Report*). As of December 31, 2022, our AUM aggregated to ₹65,752.69 crore. We have been operating in the Indian housing finance industry for over three decades through our pan-India network. Our portfolio of products primarily consists of retail loans, which include a range of individual housing loans, loans against property, and non-residential premises loans. Our portfolio also includes corporate loans (construction finance, lease rental discounting and corporate term loans). Our promoter is Punjab National Bank ("**PNB**"), a nationalised bank and financial institution engaged in the business of providing a range of banking and financial services in India. As of the date of this Letter of Offer, PNB holds approximately 32.07% of our fully diluted equity share capital including vested and unvested options.

As of December 31, 2022, we had 252,359 active customers, 99.98% of whom were retail customers. Commencing from Financial Year 2020, we have strategically focused on increasing our retail portfolio and have not made any fresh corporate loan sanctions. As a result, the proportion of retail loans to our total loan assets has gradually increased. Retail loan assets accounted for 91.54% of our Loan Assets, as per Ind AS, as of December 31, 2022 as compared to 87.26% as of March 31, 2022, 81.01% as of March 31, 2021 and 78.36% as of March 31, 2020. As of December 31, 2022, our Loan Assets aggregated to ₹58,033.68 crore, as compared to ₹57,894.88 crore as of March 31, 2022, ₹63,188.83 crore as of March 31, 2021 and ₹68,393.64 crore as of March 31, 2020. Our loan disbursements were ₹10,470.48 crore, ₹11,245.56 crore, ₹10,444.53 crore, and ₹18,625.53 crore in the nine months ended December 31, 2022, Financial Years 2022, 2021 and 2020, respectively. The decrease in disbursements between Financial Years 2020 and 2021 was primarily due to the strategic reduction of our corporate portfolio and the adverse impact of the COVID-19 pandemic.

We operate our pan-India retail network through a hub-and-spoke model with the following key components: 159 branches, 27 outreach centres, 22 decision-making hubs and 16,382 active channel partners (including deposit brokers), as of December 31, 2022. Our branches, which act as our 'spokes,' are the primary point of sale and service for customers, while our hubs process credit appraisals, underwriting and loan decision-making. Our hubs are regionally centralised, and each hub caters to an average of seven branches. Our outreach centres, which are mostly located in Tier 2 and Tier 3 cities, which are cities with populations ranging between 50,000 to 99,999 people, and 20,000 to 49,999 people, respectively, operate as satellite offices with the primary function of sourcing loans. The following table provides a regional break-down of our branches and disbursement split, as of December 31, 2022:

Zone	Number of Branches	Number of Outreach Centres	Number of Decision-Making Hubs	Regional disbursement split
North	51	9	8	34%

Zone	Number of Branches	Number of Outreach Centres	Number of Decision-Making Hubs	Regional disbursement split
South	44	11	7	31%
West	64	7	7	35%
Total	**159**	**27**	**22**	**100%**

Digitisation and innovation remain at the forefront of our evolution as a digital solutions service provider in the housing finance industry, and to support our growing retail lending portfolio. We aim to optimise our operating model through strategic digital interventions and a customer-friendly, tech-enabled and cost-efficient approach, which we believe is central to the diverse product portfolio that we offer to our customers. At each stage of underwriting, we use digital tools to improve underwriting quality, customer experience and overall turnaround time ("**TAT**"), with 80% of retail loan applications sanctioned in approximately four working days for the nine months ended December 2022 and Financial Year 2022. Each application for credit appraisal goes through a digitised process, which covers our online KYC process and employment verification, bank statement analysis, fraud control and automated credit appraisal memos.

We provide our customers with an omni-channel platform to avail our product offerings through our branches, outreach centres, decision-making hubs, contact centres and channel partners, each of which are integrated with our online channel that includes our website and mobile application. In the last three Financial Years, as a result of our focus on digital initiatives, the proportion of housing loans onboarded through our online channel including ACE, our customer onboarding platform, has increased, from 9% of retail logins in Financial Year 2020 to 19% in Financial Year 2021 and 47% in Financial Year 2022. The percentage of housing loans onboarded through our online channel was 39% for the nine months ended December 31, 2022. Overall, 59.29% of our loans were sourced from our direct sales team ("**DSTs**") and 40.71% of our loans were sourced from our direct selling associates ("**DSAs**") in the nine months ended December 31, 2022.

To broaden our customer reach, we have also entered into co-lending partnerships with banks. Under these arrangements, as the front-ending lender, we believe we offer cost-efficient distribution and quality underwriting of loans.

In Financial Year 2020, considering the slow-down in the real estate sector, we were cautious regarding our corporate finance book. Further, in Financial Year 2021, we focused on strengthening the core of our business, further developing our digitisation initiatives and increasing the retail component of our loan portfolio. Since Financial Year 2020, we have not sanctioned any new corporate loans and have reduced the corporate component of our loan portfolio through sell-downs, pre-payments and reduced disbursements. These measures have contributed to a lower leverage ratio*, which was 4.85x as on December 31, 2022, as compared to 5.37x as on March 31, 2022, 6.66x as on March 31, 2021 and 8.47x as on March 31 2020, and a higher capital adequacy ratio ("**CRAR**"). Our CRAR continues to remain over regulatory thresholds at 24.60% with a Tier I capital adequacy of 22.43% as of December 31, 2022, as compared to 23.40% and 20.73%, as of March 31, 2022, 18.73% and 15.53%, as of March 31, 2021 and 15.32% and 11.88% as of March 31, 2020, respectively.

** Leverage ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.*

Our gross non-performing assets ("**GNPA**") have increased from ₹2,012.04 crore in Financial Year 2020 to ₹2,997.49 crore in Financial Year 2021 and to ₹4,704.90 crore in Financial Year 2022, and decreased to ₹2,824.29 crore as of December 31, 2022. The increase in Financial Year 2020 to Financial Year 2021 was primarily due to the impact of the COVID-19 pandemic, which resulted in an increase in retail (primarily self-employed) and corporate GNPA. In order to mitigate the impact of the COVID-19 pandemic, we undertook various measures, including increasing disbursements to salaried customers (as compared to self-employed customers), reducing the concentration of loans towards under-construction properties and seeking to maintain our loan-to-value ("**LTV**") metrics. We have targeted both the salaried and self-employed segments in our overall retail business, focusing specifically on the salaried segment for home loans, and on the self-employed segment for loans against property.

We have a diversified borrowing mix. Our funding requirements are met through short and medium-term funding sources such as loans from banks and financial institutions, NCDs, ECBs and refinancing from the NHB. In addition, we are a deposit taking HFC and borrow through deposits. As at December 31, 2022, our borrowings (other than debt securities) were ₹29,438.90 crore, debt securities were ₹3,873.63 crore, subordinated liabilities were ₹1,238.32 crore and deposits were ₹17,348.10 crore. Our cost of borrowings as of December 31, 2022, March 31, 2022, 2021 and 2020 were 7.37%, 7.30%, 7.91%, and 8.26%, respectively, of our total borrowings. According to the CRISIL Report, we were the third largest HFC in India in terms of deposits as of March 31, 2022.

The following table details our credit ratings:

Instrument Type	CRISIL	CARE	ICRA	India Ratings (Fitch)
Fixed Deposit	AA (Outlook – Stable)	AA (Outlook – Stable)	–	–
NCD	AA (Outlook – Stable)	AA (Outlook – Stable)	AA (Outlook – Stable)	AA (Outlook – Stable)
CP	A1+	A1+	–	–
Long Term Bank Loans	AA (Outlook – Stable)	AA (Outlook – Stable)	–	–
Short Term Bank Loans	–	A1+	–	–

The following table details certain key performance indicators for the nine months ended December 31, 2022 and the Financial Years 2022, 2021 and 2020, as per Ind AS standards:

KPI	As of and for the nine months ended December 31, 2022	As of and for the Financial Year ended		
		March 31, 2022	March 31, 2021	March 31, 2020
Loan Assets (₹ crore)	58,033.68	57,894.88	63,188.83	68,393.64
Total deposits (net of maturities)	17,348.10	17,648.98	16,746.04	16,131.94
Total borrowings (other than debt securities)	46,787.00	45,364.82	46,492.38	48,460.06
Loan disbursement (₹ crore)	10,470.48	11,245.56	10,444.53	18,625.53
AUM (₹ crore)	65,752.69	66,982.90	75,402.78	84,169.02
Retail Loan Assets (₹ crore)	53,123.01	50,519.56	51,188.50	53,594.85
Corporate Loan Assets (₹ crore)	4,910.67	7,375.32	12,000.33	14,798.79
Deposits mix % in total liabilities	31.98%	31.60%	26.81%	22.74%
GNPA (₹ crore)	2,824.29	4,704.90	2,997.49	2,012.04
Gross Retail NPA (₹ crore)	1,517.56	1,966.81	1,381.95	714.77
Retail GNPA (%)	2.86%	3.89%	2.70%	1.33%
Gross Corporate NPA (₹ crore)	1,306.73	2,738.09	1,615.54	1,297.27
Corporate GNPA (%)	26.61%	37.13%	13.46%	8.77%
Total provision as a % of loan asset	3.03%	4.42%	4.03%	2.58%
Gearing ratio[1]	4.85	5.37	6.66	8.47
CRAR	24.60%	23.40%	18.73%	15.32%
Tier 1 capital	22.43%	20.73%	15.53%	11.88%
Live Accounts (including assigned loans)	252,359	244,087	244,291	254,285
Number of branches	159	99	96	105
Number of affordable housing loan branches	70	24	Nil	Nil
Average retail loan ticket size (₹ lakhs)				
• Affordable loans	16.52	16.74	16.72	16.39
• Individual Housing loans (Including affordable loans)	28.42	28.02	28.47	29.51
• LAP (Including retail lease rental discounting)	34.60	36.23	43.89	46.73
• NRPL	37.58	38.85	41.90	44.28
Retail customer segment mix				
• Salaried	57.92%	55.86%	54.04%	55.22%
• Self-employed	42.08%	44.14%	45.96%	44.78%
LTV				
• Affordable loans [2]	70.12%	70.82%	70.78%	70.12%
• Individual Housing loans (Including affordable loans) [3]	71.33%	71.64%	71.51%	70.23%
• LAP (including retail lease rental discounting) [4]	48.75%	49.29%	48.58%	48.34%
• NRPL [5]	60.94%	61.24%	61.16%	59.64%
FOIR	49.96%	50.18%	50.29%	50.08%
Net Worth (₹ crore)	10,707.26	9,871.63	8,923.03	7,997.77
PAT (₹ crore)	766.72	836.48	929.90	646.24
Adjusted Return on Total Assets (%)[6]	1.59%	1.24%	1.23%	0.80%
Adjusted ROE (%)[7]	9.88%	8.92%	10.91%	8.12%
Average yield on Loan Book (%)	10.24%	9.42%	10.68%	10.71%
Average cost of Borrowing (%)	7.37%	7.30%	7.91%	8.26%
Net Interest Margin (%)	3.71%	2.81%	3.15%	2.95%
Gross Margin	4.14%	3.16%	3.33%	3.21%
Cost to Income Ratio (%)	18.20%	20.41%	15.59%	17.70%

[1] *Gearing ratio refers to borrowings at the end of the period divided by the net worth at the end of the period.*
[2] *Stipulated LTV: up to ₹30 lakh – 90%; above ₹30 lakhs and up to ₹75 lakhs – 80%*
[3] *Stipulated LTV: up to ₹30 lakh – 90%; above ₹30 lakhs and up to ₹75 lakhs – 80%; above ₹75 lakh – 75%*
[4] *Stipulated LTV for LAP – 75%*
[5] *Stipulated LTV for NRPL – 75%*
[6] *Adjusted Return on Total Assets is defined as the ratio of profit after tax to average total assets for the relevant year/period.*
[7] *Adjusted ROE (%) is defined as the ratio of profit after tax to average shareholders' equity for the relevant year/period.*

The following table details certain financial data (GAAP and Non-GAAP measures) for the nine months ended December 31, 2022 and Financial Years 2022, 2021, and 2020:

(in ₹ crore)

	For the nine months ended December 31, 2022	For the Financial Year 2022	For the Financial Year 2021	For the Financial Year 2020
Revenue from Operations (in ₹ crore)	4,891.62	6,195.93	7,603.92	8,481.84
Profit before tax (in ₹ crore)	1,018.41	1,083.96	1,207.03	811.01
Profit for the year (in ₹ crore)	766.72	836.48	929.90	646.24
Cost-to-Income Ratio (%)	18.20%	20.41%	15.59%	17.70%

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition are subject to various risks and uncertainties, including those discussed in "*Risk Factors*" beginning on page 23. Certain important factors that have affected and which may continue to affect our results of operations and financial condition include the following:

Macro-economic factors and the performance of the Indian economy

Our results of operations and financial condition are primarily influenced by the general economic conditions prevalent in India and the global economy. In prior periods, we have benefited significantly from the growth of India's economy, favourable demographic trends and the increasing demand for housing in India. Presently, the Indian economy is in the process of recovering from a period of slower growth attributable to the outbreak of the COVID-19 pandemic and is on a positive growth path, with domestic economic activity having stabilised with the recession of the third wave of COVID-19 and easing of restrictions. The impact of macro-economic factors on the demand for housing loans and the availability of cost-effective sources of capital can impact our business, financial condition and results of operations. In particular, fluctuations in inflation and interest rates have an impact on our business. In light of the heightened uncertainty surrounding inflation globally and in India, which is dependent upon the evolving geopolitical situation, on May 4, 2022, the RBI increased the repo rate (i.e., the rate at which the RBI lends money to commercial banks in India) by 40 basis points to 4.40%, which was further increased by 50 basis points to 4.90% on June 8, 2022, 50 basis points to 5.40% on August 5, 2022, and a further 50 basis points to 5.90% on September 30, 2022. The RBI further increased the repo rate by 35 basis points to 6.25% on December 7, 2022, and another 25 basis points to 6.50% on February 8, 2023. These increases in the repo rate have a direct impact on the rate at which we lend money to our borrowers. As a result, on May 7, 2022, we increased our lending rate by 35 basis points for existing retail customers and 40 basis points for existing corporate customers, with effect from June 1, 2022. Further, on June 11, 2022, we increased our lending rate by 50 basis points for existing retail and corporate customers, with effect from July 1, 2022, on August 8, 2022, we increased our lending rate by 50 basis points for existing retail and corporate customers, with effect from September 1, 2022, on September 30, 2022 we increased our lending rate by 50 basis points for existing retail and corporate customers, with effect from October 1, 2022, on December 8, 2022 we increased our lending rate by 35 basis points for existing retail and corporate customers, with effect from December 9, 2022 and on March 18, 2023, we increased our lending rate by 30 basis points for existing retail and corporate customers, with effect from March 20, 2023. RBI increased the repo rate by 250 basis points in six instances over 10 months. Consequently, we increased our PNBHFR by 250 basis points for retail customers and by 255 basis points for corporate customers in six instances over 11 months. These rate increases will impact our business, results of operations and financial condition in future periods. See also " – *Impact of interest rate volatility and liquidity risk*" below.

Further, India's mortgage penetration ratio (also known as mortgage to GDP ratio) was low in Financial Year 2021 at 11% compared to other developing countries, and is particularly low in comparison to other regional markets such as China (18%) and Thailand (20%), which we believe provides a significant opportunity for growth in the sector. (Source: *CRISIL Report.*). Additionally, in the aftermath of the COVID-19 pandemic, the Government of India has undertaken measures to provide relief to various sectors in the economy include extension of the partial credit guarantee scheme (PCGS) which provided relief to NBFCs, the moratorium on equated monthly instalments and a one-time restructuring of loan framework conceptualized by the RBI to enable the financial sector to continue to lend and also provide borrowers adequate time to recover from the COVID-19 outbreak. However, despite the recent signs of an economic turnaround in the Indian economy and growth of the housing finance sector, any adverse changes in economic conditions, such as inflationary pressures, increase in interest rates or changes in the regulatory environment in India, may have a material adverse effect on the housing finance industry in India, which in turn may harm our business and results of operations.

As the underlying security on our loans is primarily mortgages or other form of security over the borrowers' other real residential or commercial property, a substantial portion of our loan portfolio is exposed to events affecting the real estate sector. A decline in real estate prices, and in turn in the value of the secured assets could impair our ability to realise the secured assets upon any foreclosure. Further, the demand for our housing and non-housing loans is generally affected by real estate prices and other developments in the real estate sector and higher real estate prices result in lower affordability for buyers.

Increasing competition amongst housing finance providers in India

We face increasing competition from other HFCs, NBFCs and commercial banks that have focused on growing their retail housing loan portfolios in recent years particularly due to the decline in corporate lending in India over the last few years (Source: *CRISIL Report*). Competition has also increased as a result of increased accessibility to housing finance products and services due to technological advances and heightened e-commerce activities, and increased demand for housing finance as a result of higher incomes and increased financial incentives for customers. With relatively few barriers to entry in the housing finance sector, competition is likely to intensify further (Source: *CRISIL Report*). Our ability to react effectively to these or other market developments will be critical for us to compete effectively with new and existing players in the increasingly competitive housing finance industry.

Our ability to compete effectively with commercial banks and other lenders in the housing finance market will also depend in part on our ability to raise low-cost funding in the future. We maintain a well-diversified resource profile that includes finance from NHB, bank loans, external commercial borrowings ("**ECBs**"), deposits and non-convertible debentures. As of December 31, 2022, we maintained a relatively high liquidity coverage ratio of 117% as against the stipulated requirement of 50%. In light of the uncertain global economic climate and recent increases of the repo rate by the RBI, in order to effectively compete with other housing finance providers in India, we may need to maintain low interest rates, which may result in a relative decline in average yield for us.

Our strategic re-alignment towards retail lending

Since April 2019, we have realigned our strategy in favour of retail lending, as we have built significant expertise around the self-employed and salaried customer segments, while reducing our exposure to the corporate segment. Since Financial Year 2020, we have not sanctioned any new corporate loans and have reduced the corporate component of our loan portfolio through sell-downs, pre-payments and reduced disbursements. Going forward, we believe that we will be able to compete effectively with our competitors given our shift towards retail-focused lending and expertise in the mass housing and merchant category. Our increasing presence in Tier 2 and Tier 3 cities in India helps us enable and accelerate the growth of our high-yielding affordable lending portfolio and strengthen our distribution network. Along with lending to the salaried and self-employed consumer segments, we expect affordable retail lending to be a significant driver for our growth. Retail loan assets accounted for 91.54% of our Loan Assets as of December 31, 2022, 87.26% of our Loan Assets as of March 31, 2022, 81.01% of our Loan Assets as of March 31, 2021 and 78.36% of our Loan Assets as of March 31, 2020. Similarly, individual housing loans constituted 65.17% of our Loan Assets for the nine month period ended December 31, 2022, as compared to 60.51% of our Loan Assets in Financial Year 2022, 55.78% of our Loan Assets in Financial Year 2021 and 53.85% of our Loan Assets in Financial Year 2020. Moreover, our corporate loan portfolio decreased from 21.64% of our Loan Assets in Financial Year 2020 to 18.99% of our Loan Assets in Financial Year 2021 to 12.74% of our Loan Assets in Financial Year 2022 and 8.46% of our Loan Assets in the nine months ended December 31, 2022. While the reduction in our corporate loan portfolio since Financial Year 2020 has led to a reduction in our revenue from operations, we expect that our strategic re-alignment towards retail lending will be beneficial to our business, financial condition and results of operations. For a discussion of the impact of the reduction of our corporate loan portfolio to our results of operations, please see " – *Results of Operations*" below.

Impact of interest rate volatility and liquidity risk

We are particularly vulnerable to volatility and mismatch in generally prevailing interest rates, especially if the changes are sudden or sharp. The interest rates we pay on our borrowings and charge on our loans are highly sensitive to a number of factors, many of which are beyond our control, including international economic and political conditions, India's GDP growth, inflation, the RBI's monetary policies, applicable regulations prescribed by the RBI and competition in the housing finance industry in India. Volatility and changes in interest rates could affect the interest rates we charge on our loans in a manner different from the interest rates we pay on our borrowings because of the different maturity periods applicable to our loans and borrowings and also because liabilities generally re-price faster than assets. An increase in general interest rates in the economy could also reduce the overall demand for housing finance and impact our loan growth.

An increase in interest rates applicable to our borrowings without a corresponding increase in interest rates we charge on our loans to our customers or that we receive on our investments, will result in a decline in our Net Interest Income ("**NII**") and Net Interest Margin ("**NIM**"). While any reduction in interest rates at which we borrow may be passed on to our customers with floating rate loans, we may not have the same flexibility in passing on any increase in interest rates to our customers who have availed loans on fixed interest rates. As of December 31, 2022, over 99.18% of our loans were floating rate loans.

Competitive pressures may also require us to lower the interest rates at which we lend to our customers without a proportionate reduction in interest rates at which we borrow. Furthermore, certain of our customers may prepay their loans to take advantage of a declining interest rate environment. Similarly, an increase in interest rates could result in our customers, particularly those with variable interest rate loans, prepaying their loans if lower interest loans are available from other sources.

Our ability to manage our interest rate risk and mismatches between our assets and liabilities adequately is critical to our business and operations, financial condition and financial performance. We monitor our exposure to fluctuations in interest rates and the related liquidity risk primarily by categorising our assets and liabilities in different maturity profiles (based on the actual behavioural maturities), and evaluating them for mismatches across periods. The difference between the amounts of assets and liabilities maturing or being repriced in any maturity category provides an indication of the extent to which we are exposed to the risk of potential changes in the margins on new or repriced assets and liabilities.

Our ability to maintain a low cost to income ratio

Our ability to improve our profitability depends on our efforts to continue to grow our loan portfolio and expand our operations, while reducing our expenses and credit costs. Increased expenses towards enhancing our business activities and a decrease in our income led to a change in our cost to income ratio as per Ind AS from 17.70% in Financial Year 2020 to 15.59% in Financial Year 2021, 20.41% in Financial Year 2022 and 18.20% in the nine-month period ended December 31, 2022. In order to continue to reduce our cost to income ratio, we will need to continue to grow our retail lending portfolio significantly, while continuing to achieve economies of scale and other efficiencies across our network. Finance costs constitute a significant portion of our expenses, amounting to 69.20%, 66.90%, 65.55% and 59.09% of our total income for Financial Year 2020, Financial Year 2021, Financial Year 2022 and the nine months ended December 31, 2022, respectively. Our ability to optimise our cost of borrowings will have a significant impact on our results of operations going forward. In prior periods, we have refinanced some of our high cost borrowings with lower cost borrowings, which have led to a reduction in our finance costs. For further details, please see " – *Results of Operations*" below. Our ability to maintain our growth also depends on our managerial, financial, technical and operational capabilities and our credit, financial and other market risk controls and systems.

In Financial Year 2022, we undertook a number of measures to accelerate our digital growth with the implementation of a cloud-based virtual system interface to ensure secure working from any location; the integration of ACE (our digital onboarding platform) with a loan utilisation system (LOS) for processing digital loan applications without any human intervention. We also initiated a pilot of our automated data flow system (ADF) and introduced robotic process automation (RPA) at our central processing centre (CPC) to reduce human dependencies. We are also in the process of designing and implementing an advanced version of the AI-powered chat bot on our platform, automating credit decisioning for salaried customers with a rule-based engine and enhancing our collection system through advanced analytics. Although these measures will initially lead to an increase in operating costs, they will also enhance our efficiencies across our operations.

We continue to expand our retail operations and as of December 31, 2022, we had 159 retail branches with a presence in 113 unique cities and 27 outreach centres, with 80 new affordable loan-specific locations operationalized as of December 31, 2022. As of December 31, 2022, our retail network also included 22 decision making hubs and 16,382 active channel partners.

Ability to manage credit risk

The credit quality of our loan portfolio is important for us to reduce our risk of losses from loan impairment and write-offs. In building a large loan portfolio with low credit risk, the success of our business is increasingly dependent on, among other factors, our ability to maintain and streamline consistent underwriting standards to reduce credit risks and implement strict risk management standards, especially as our loan portfolio matures. We believe that the risk of delinquency in housing loans typically emerges 24 to 36 months from disbursement. As of December 31, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, our consolidated GNPA were ₹2,824.29 crore, ₹4,704.90 crore, ₹2,997.49 crore, and ₹2012.04 crore, representing 4.87%, 8.13%, 4.74% and 2.94% of our Loan Assets, respectively.

A number of external factors outside our control can also result in non-payment of loans by our customers. These factors include developments in the Indian economy and the real estate market, movements in global markets, changes in interest rates and changes in regulations. Any negative trends or financial difficulties affecting our customers could increase the risk of their default. As of December 31, 2022, loans to self-employed customers accounted for approximately 70.25% of our LAP loan portfolio and approximately 42.08% of our total loan portfolio. As of March 31, 2022, loans to self-employed customers accounted for approximately 73.24% of our LAP loan portfolio, including retail lease rental discounting, and approximately 44.14% of our total retail loan portfolio. Self-employed customers are often considered to be higher credit risk customers due to fluctuations in cash flows and their increased exposure to adverse economic conditions generally and may default in their repayment obligations due to various reasons including insolvency or lack of liquidity. To the extent we are not able to successfully manage the risks associated with lending to these customers, it may become difficult for us to make recoveries on these loans and we may experience higher delinquency rates. Further, we may experience higher delinquency rates due to prolonged adverse economic conditions or a sharp increase in interest rates. An increase in delinquency rates could result in a reduction in our interest income and as a result, lower revenue from our operations, while increasing credit and operating costs as a result of the increased expenses required to service and collect delinquent loans. Defaults by our customers for a period more than 90 days result in such loans being classified as "non-performing". If we are unable to implement credit appraisal, portfolio monitoring and recovery processes to counteract these developments and the related deterioration in the credit quality of our loan portfolio, NPAs as a proportion of our total loan portfolio could increase, and could also potentially result in higher provisions or write-offs in our financial statements. Our NPA level is thus a function of our credit quality, which is dependent upon our credit appraisal, portfolio monitoring and recovery processes.

Government policy and regulation

We operate in a highly regulated industry and we have to adhere to various laws, rules and regulations. Our results of operations and continued growth also depend on stable government policies and regulations. We are required to comply with, among others, limits on borrowings, investments and interest rates, prudential norms for income recognition, asset classification, norms for creation of special reserves as well as minimum capital adequacy requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. Any significant change by the Government, the NHB or the RBI in their various policy initiatives facilitating the provision of housing or housing finance may affect the demand for our products and services.

As per the RBI Master Directions we are required to maintain a minimum capital adequacy ratio, consisting of Tier I Capital and Tier II Capital. Further, we are required to ensure that our total Tier II Capital does not exceed one hundred percent of our Tier – I capital at any given point. As of December 31, 2022, our Company's CRAR – Tier I capital was 22.43% as compared to 20.73% as of March 31, 2022.

Under the RBI Master Directions, on or after March 31, 2022, deposits including public deposits, together with borrowings from various sources including loans or other assistance from the NHB, cannot exceed 12 times of an HFC's NOF. As of December 31, 2022, our total borrowings (other than debt securities) amounted to ₹46,787.00 crore, constituting 5.65 times our NOF of ₹9,184.86 crore (on a standalone basis).

Further, the RBI's guidelines provide for risk weighting of assets based on the LTV ratio. For example, home loans amounting to ₹3 million which are classified as standard assets and have LTV ratios of 80% or lesser, attract a risk weight of 35% and LTV ratios of 80% to 90% attract a risk weight of 50%. These risk weights apply to a majority of our portfolio. As of March 31, 2022, our average LTV ratio was 71.64% for individual housing loans and 49.29% for loans against property, including retail lease rental discounting, (which have a lower risk weightage), thereby allowing us to maintain a healthy capital adequacy ratio of 23.40%.

The Reserve Bank of India issued Scale Based Regulations (SBR) for NBFCs on October 22, 2021. The framework categorised NBFCs into the Base Layer (NBFC-BL), Middle Layer (NBFCML), Upper Layer (NBFC-UL) or Top Layer (NBFC-TL). Accordingly, on September 30, 2022, the RBI notified the list of NBFC-UL under the framework, which included our Company. As a result, we were required to put in place a board-approved policy for adoption of the enhanced regulatory framework applicable to NBFC-UL. We are required to chart out an implementation plan for adhering to the new set of regulations within three months, i.e. by December 30, 2022. Our board is required to ensure that the stipulations prescribed for the NBFC-UL are adhered to by September 30, 2024, at the latest. Further, our Company is required to, *inter alia*, (a) maintain common equity tier 1 capital of at least 9% of risk weighted assets, (b) hold differential provisioning towards different classes of standard assets, and (c) adhere to the large exposures framework issued by RBI.

Any significant change by the Government of India, the NHB or the RBI in their various policy initiatives facilitating the provision of housing and housing finance may affect the demand for housing and housing finance in India or could require changes to our systems and business operations, which would require us to incur additional costs and management time. In addition, any changes in the regulatory framework affecting HFCs, including with respect to the provisioning norms for NPAs, capital adequacy requirements, or the calculation of risk-weighted assets, could affect our profitability and consequently our net worth. Furthermore, any additional requirements, such as in relation to refinancing of our loans with NHB or restrictions imposed on lending by banks to HFCs could adversely affect our growth.

CRITICAL ACCOUNTING POLICIES

Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on our management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include:

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. We determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. We monitor financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of the assets.

(b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer of a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

(c) Effective Interest Rate (EIR) method

EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

(d) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

(e) Provisions and other contingent liabilities

We operate in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

1. Defined Benefit Plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2. Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

3. Useful Life of Property, Plant and Equipment (PPE) and Intangible assets

We review its estimate of the useful life of PPE and intangible assets at each reporting date, based on the expected utility of the PPE and intangible assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of PPE and intangible assets. In case of a revision of useful life, the unamortized depreciable amount is charged over the remaining useful life of the PPE and intangible assets.

4. Share-Based Payments

We measure the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Cash and cash equivalents

Cash and cash equivalent comprises cash/ stamp on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consists of cash at banks and on hand and short term deposits, as defined above.

Revenue Recognition

Interest and related income

Interest income for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

We calculate interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', we calculate interest income by applying the EIR on net amount (i.e. gross carrying amount less allowance for expected credit loss) . If the financial assets cures and is no longer credit-impaired, we revert to calculating interest income on a gross basis.

Interest income on all trading assets measured at fair value through profit and loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

Dividend income

Dividend income is recognised when our right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

Profit on derecognition of financial assets

When we transfer the financial asset in a transfer that qualifies for derecognition in its entirety then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

Fees and commission income

Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 Financial Instruments are applicable) is recognised in accordance with the terms of the relevant contracts / agreements and when it is probable that we will collect the consideration.

Other income

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals.

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

Property, plant and equipment (PPE) and Intangible assets

PPE

PPE are stated at cost (including directly attributable expenses) less accumulated depreciation and impairment losses, if any. Cost includes deemed cost which represents the carrying value of PPE recognised as at April 1, 2017 measured as per the previous Generally Accepted Accounting Principles (GAAP).The cost of PPE comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE are capitalised only when it is probable that future economic benefits associated with these will flow to us and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Capital work in progress includes assets which are not ready for the intended use at the end of the reporting year and is carried at cost including directly attributable expenses.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost (excluding tax credits availed, if any) and are capitalised only when it is probable that future economic benefits associated with these will flow to us and the cost of the item can be measured reliably. Cost comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to Intangible assets are capitalised only when it is probable that future economic benefits associated with these will flow to us and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any).

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Intangible assets which are not ready for the intended use at the end of the reporting year are disclosed as Intangible assets under development.

Depreciation and amortisation

Depreciation

Depreciation on PPE is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively based on technical evaluation. Leasehold improvements are amortised over the period of five years however, where the lease term is less than five years amortisation is restricted to the underlying lease term.

All PPE individually costing ₹5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to PPE is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of PPE is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year-end and changes (if any) are then treated as changes in accounting estimates.

Amortisation

Intangible assets are amortised over a period of five years or less on straight-line method except website development costs, which are amortised over a period of three years on a straight-line basis from the date when the assets are available for use or the life whichever is less.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

Investment Property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to us and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Schedule II of the Companies Act, 2013.

Though we measure investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by a registered independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Foreign Currency

Transactions in foreign currencies are initially recorded by us at our respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss except for differences arising on cash flow hedges.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

Leases

We assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

We determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Right-of-use assets - We recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liability - At the commencement date of the lease, we recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, we use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets - We apply the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense.

Company as a Lessor

We, as an intermediate lessor, account for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

Provisions

Provisions are recognised when we have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities, Contingent assets and Commitments

We do not recognise a contingent liability but disclose its existence in the financial statements.

- Contingent liability is disclosed in case of –

    1 A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

    2 A present obligation arising from past events, when no reliable estimate is possible.

    3 A possible obligation arising from past events, unless the probability of outflow of resources is remote.

- Contingent liabilities are reviewed at each balance sheet date.

- Contingent assets are not recognised in the financial statements.

- Commitments are future liabilities for contractual expenditure and is disclosed in case of –

    1. Estimated amount of contracts remaining to be executed on capital account and not provided for;

    2. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Employee Benefits

Retirement and other employee benefits

<u>Defined Contribution Plan</u>

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. We have no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. We recognise contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.

<u>Defined Benefit Plan</u>

We have defined benefit plans as Compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in the statement of profit and loss on the earlier of:

(a) The date of the plan amendment or curtailment, and

(b) The date that we recognise related restructuring costs.

We recognise the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

(a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

(b) Net interest expense or income

Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences, which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) In case of non-accumulating compensated absences, when the absences occur

Share based payments

We operate a number of Employee Stock Option Scheme/ Restricted stock units ('the Scheme') which provides for the grant of options to acquire equity shares of our Company to our employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. These equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account). The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, we revise our estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Taxes

Taxes on income

Tax expense comprises current and deferred tax.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income Tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and the conditions to avail the credit are fulfilled as per the underlying law.

Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the result would be antidilutive.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that we become a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of our management while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

1. Financial asset at amortised cost
2. Financial asset (debt instruments) at FVTOCI
3. Financial asset at FVTPL

Financial asset at amortised costs

Financial asset is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment (if any). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees received and the costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets (debt instruments) at FVTOCI

Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses or reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Financial Liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees, commission / brokerage and ancillary costs incurred in relation to the financial liability. The EIR amortisation is included in interest expense in the statement of profit and loss.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments

are recognised at the face value and proceeds received in excess of the face value are recognised as share premium.

Offsetting a Financial Asset and a Financial Liability

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

We hold derivatives to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

Hedge accounting

We make use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, we apply hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, we formally designate and document the hedge relationship to which we wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes our risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Further, whenever there is a change in the business model the underlying affected financial asset are reclassified. Financial liabilities has not been reclassified.

Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. We also derecognise the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

We have transferred the financial asset if and only if, either:

- We have transferred its contractual rights to receive cash flows from the financial asset;

  Or

- We retain the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby we retain the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- We have no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset

- We cannot sell or pledge the original asset other than as security to the eventual recipients.

- We have to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, we are not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- We have transferred substantially all the risks and rewards of the asset;

  Or

- We have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

We consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When we have neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of our continuing involvement, in which case, we also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that we have retained.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

Measurement of Expected Credit Loss (ECL)

We record allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL).

Default

Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. Reserve Bank of India defines NPA in Paragraph 8.3.5 in its Master Directions – Non Banking Financial Company – Housing Finance (Reserve Bank) Directions, 2021 as exposures where interest or principal is in arrears for a period of more than ninety days.

We will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

Staging

While assessing whether there has been a SICR of an exposure since origination, we compare the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition. We classify the accounts into three stages.

The mechanics and key inputs for classifying the stages and computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired and for which the credit risk has not increased significantly since initial recognition. We calculate the 12 month ECL allowance.
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having SICR since initial recognition (origination of facilities) are classified under (if not impaired) Stage 2. We calculate the lifetime ECL allowance.
Stage 3	90+/ NPA	Remaining financial instruments which are credit impaired are treated as Stage 3. We use regulatory definition as a consistent measure for default across all product classes. We record an allowance for the LTECLs.

Key components for computation of Expected Credit Loss are:

1. <u>Probability of Default (PD)</u>

Probability of Default (PD) is one of the three risk components needed to estimate ECL under Ind AS 109. PD is defined as the probability that a borrower will be unable to meet their debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

We use 12-month PD for stage 1 assets and lifetime PD for stage 2 and Stage 3 assets.

2. Loss Given Default (LGD)

The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral.

3. Exposure at default (EAD)

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

We have adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	Asset coverage based / Expected Collateral Realisation (ECR)

Broadly, we have grouped the portfolio into retail and corporate category. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on ECR. Further, given the characteristics and inherent risks of the various sub categories of the portfolio, we have used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

The retail portfolio is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, we have adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For life time PDs computation, we have used survival analysis using Kaplan-Meier technique.

Previous year(s) portfolio behaviour of homogenous pools is considered for PD estimation. We have further stressed the PDs for such selective group of customers who are falling in early warning signal pool like customers who have had experienced delinquency with other financial institutions but remained good with us, customers showing very early signs of stress in emerging delinquencies.

Loss Given Default

The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last few years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/expected recoveries, depending on resolution strategies already materialised or in the process of materialisation. Multiple factors are considered for determining the LGD including time taken for resolutions, geographies etc.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of our historical experience.

Corporate Loans

Probability of Default

PDs for the corporate portfolio are determined by using external ratings as cohorts along with ever default behavior of an account in last 12 months (basis external ratings based statistical technique of Pluto-Tasche). PD s are further stressed basis operational variables like construction variance, sales velocity, resolution team feedback etc. For life time PDs computation, we have used survival analysis using Kaplan-Meier technique.

Loss Given Default

For LGD estimates, we have used ECR approach and have applied business logic based on security coverage ratio of existing portfolio. Sensitivity analysis, resolution feedbacks are applied on probability weighted scenarios to compute loss given default.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of our historical experience.

Significant increase in credit risk (SICR)

We monitor all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then we measure the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans:

Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is:

- Those stage 1 loan assets where underlying property is under construction and expected construction progress is likely to remain slow based on historical data / market feedback.
- Those stage 1 assets which are restructured under RBI OTR scheme of Aug 2020 and May 2021 and have shown higher degree of risk basis their performance with us and/or with other financial institutions.

Corporate Loans:

We have its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio, resolution team feedback etc. Basis the review and management overlay, we identify assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward looking information

Ind AS 109 requires entities to model their ECL and apply forward looking macro-economic scenarios taking into consideration possibility of favorable, neutral, adverse and stressed economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL considering the impact of COVID-19 several macro-economic variables such as GDP at constant prices, Housing Price Index (HPI) inflation, Gross national savings, unemployment rate etc. were considered from the International Monetary Fund (IMF), NHB and RBI websites and our historical data were analysed.

A model was then built, and forecasts were generated, and scenario creation carried out to finally arrive at the final macro-economic overlay. Identification of relevant macro-economic variables was done combining statistical analysis (correlation) and business intuition (sign of correlation). The selected model incorporates the variables like Inflation, end of period consumer prices quarter on quarter change, general government revenue etc.

The macro-economic variables (MEVs) of the final model were used to generate multiple simulations for forecasting under different probabilistic scenarios, i.e., favorable, neutral, adverse and stress scenarios. Under each scenario, based on the independent variable forecasts, the forecasted default rates are obtained using the final model relationship between the default rates and macro-economic variables. The scenarios are identified based on the probability of occurrence, i.e. expected probability of the future economic state. An anchor variable (GDP) analysis was performed in order to select a particular scenario for future quarters. Accordingly, the probability weighted ECL is computed using the likelihood as weights.

ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined in the previous section.

Write offs

We undertake write offs on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of our senior officials. In case we write off an asset, the recoveries resulting from the write off activity may result in impairment gains.

Collateral

We are in the business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody and settlement. We comply with local by-laws and relevant jurisdictions to ensure that the collaterals are free from all encumbrances. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

We have specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

On case-to-case basis, we may ask for additional security, which may in the form of guarantee or financial assets or any other real estate assets.

We may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

Dividends

We recognise a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at our discretion. Final dividends on shares are recorded as a liability on the date of approval by the Shareholders and interim dividends are recorded as a liability on the date of declaration by our Board of Directors.

Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Deposit remaining unclaimed for more than seven years have been transferred to the Investor Education and Protection Fund (IEPF). Interest for the period from last maturity date to the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

Securities Premium

Securities premium is credited:

- when shares are issued at premium;
- with the fair value of the stock options which are treated as expense (if any), in respect of shares allotted pursuant to Employee Stock Options Scheme

Securities premium can be utilised only for limited purposes such as issuance of bonus shares or adjustment of share issue expenses, net of tax, as permissible under section 52(2) of the Companies Act, 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.

Assets held for sale

We repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets acquired by us under SARFAESI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, we are committed to sell these assets and they are measured at the lower of their carrying amount and the fair value less costs of disposal.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("**CODM**"). CODM is responsible for allocating the resources, assess our financial performance and position and makes strategic decision. Our main business is to provide loans against/for purchase, construction, repairs & renovations of houses/ flats/commercial properties etc. All our other activities revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS 108), notified by the Companies (Accounting Standard) Rules, 2015 as amended from time to time.

Investments in subsidiaries

Investments in subsidiaries are measured at cost as per Ind AS 27 – Separate Financial Statements.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated financial results, for the nine-month periods ended December 31, 2022 and December 31, 2021, expressed in absolute terms and as a percentage of our total income for the periods indicated.

Particulars	**Nine-month period ended December 31, 2022**		**Nine-month period ended December 31, 2021**	
	(₹ in crore)	**Percentage of total income (%)**	**(₹ in crore)**	**Percentage of total income (%)**
Revenue from Operations				
Interest income	4,609.84	94.24%	4,522.52	94.71%
Fees and commission income	248.22	5.07%	144.50	3.03%
Net gain on fair value changes	22.66	0.46%	103.49	2.17%
Income on derecognised (assigned) loans	10.90	0.22%	—	0.00%
Total Revenue from Operations	**4,891.62**	**99.99%**	**4,770.51**	99.91%
Other Income	0.32	0.01%	4.39	0.09%
Total Income	**4,891.94**	**100.00%**	**4,774.90**	**100.00%**

Particulars	Nine-month period ended December 31, 2022		Nine-month period ended December 31, 2021	
	(₹ in crore)	Percentage of total income (%)	(₹ in crore)	Percentage of total income (%)
Expenses				
Finance costs	2,890.47	59.09%	3,133.77	65.63%
Impairment on financial instruments	546.35	11.17%	430.82	9.02%
Employee benefits expenses	187.73	3.84%	162.34	3.40%
Depreciation and amortization	38.81	0.79%	39.38	0.82%
Fees and commission expenses	7.39	0.15%	5.75	0.12%
Other expenses				
~ Impairment on assets held for sale	52.24	1.07%	3.51	0.07%
~ Other expenses	150.54	3.08%	139.15	2.91%
Total Expenses	**3,873.53**	**79.18%**	**3,914.72**	**81.99%**
Profit Before Tax	**1,018.41**	**20.82%**	**860.18**	**18.01%**
Tax expense				
Current tax	106.79	2.18%	190.00	3.98%
Deferred tax ((credit)/charge)	144.90	2.96%	3.24	0.07%
Total Tax Expense	251.69	5.14%	193.24	4.05%
Net Profit After Tax	**766.72**	**15.68%**	**666.94**	**13.96%**

The following table sets forth a summary of our consolidated statement, as restated, for the Financial Years ended March 31, 2022, 2021 and 2020, expressed in absolute terms and as a percentage of our total income for the financial years indicated.

Particulars	Financial Year					
	2022		2021		2020	
	(₹ in crore)	Percentage of total income (%)	(₹ in crore)	Percentage of total income (%)	(₹ in crore)	Percentage of total income (%)
Revenue from Operations						
Interest Income	5,822.00	93.89%	7,189.83	94.30%	7,688.21	90.56%
Fees and commission income	262.55	4.23%	181.23	2.38%	298.84	3.52%
Net gain on fair value changes	111.38	1.80%	162.33	2.13%	158.64	1.87%
Income on derecognised (assigned) loans	—	0.00%	70.53	0.93%	336.15	3.96%
Total Revenue from Operations	**6,195.93**	**99.92%**	**7,603.92**	**99.74%**	**8,481.84**	**99.91%**
Other Income	4.80	0.08%	20.16	0.26%	7.71	0.09%
Total Income	**6,200.73**	**100.00%**	**7,624.08**	**100.00%**	**8,489.55**	**100.00%**
Expenses						
Finance Costs	4,064.46	65.55%	5,100.73	66.90%	5,874.95	69.20%
Impairment on financial instruments and write-offs	576.36	9.30%	861.90	11.31%	1,251.37	14.74%
Employee benefits expenses	216.61	3.49%	211.29	2.77%	233.06	2.75%
Fees and commission expenses	11.12	0.18%	11.61	0.15%	8.92	0.11%
Depreciation, amortisation and impairment	53.39	0.86%	59.01	0.78%	65.85	0.77%
Other expenses	194.83	3.14%	172.51	2.26%	244.39	2.88%
Total Expenses	**5,116.77**	**82.52%**	**6,417.05**	**84.17%**	**7,678.54**	**90.45%**
Profit Before Tax	**1,083.96**	**17.48%**	**1,207.03**	**15.83%**	**811.01**	**9.55%**
Tax expense						
Current tax	249.15	4.02%	413.25	5.42%	389.24	4.58%
Deferred tax ((credit)/charge)	(1.67)	(0.03)%	(136.12)	(1.79)%	(224.47)	(2.64)%
Total Tax Expense	**247.48**	**3.99%**	**277.13**	**3.63%**	**164.77**	**1.94%**
Net Profit After Tax	**836.48**	**13.49%**	**929.90**	**12.20%**	**646.24**	**7.61%**

Principal Components Of Statement Of Profit And Loss

Income

Revenue from operations

Our revenue from operations includes the following:

Interest Income: Our interest income comprises the following:

- Interest income on our housing and non-housing loans made to our customers;
- Interest on investments, comprising interest income on investments in bonds and government securities;
- Interest on our deposits with banks; and
- Interest on loans against deposits.

For further details in relation to our loan products, see "*Our Business—Our Loan Products*" on page 153.

Fees and commission income: Income from fees and charges primarily includes loan processing fees, fixed charges received at the time of log-in to cover preliminary checks, cheque dishonour charges, late payment charges on overdue amounts and pre-payment charges on loans.

Net gain on fair value changes: Net gain on fair value changes primarily includes net gain on financial instruments at fair value through profit or loss, both realised and unrealised.

Income on derecognised (assigned) loans: Income on derecognised (assigned) loans includes the present value of interest spread over the expected life of the derecognised loans on the date of derecognition.

Other income: Other income primarily includes interest on tax refunds, *ex-gratia* and income earned from activities incidental to the business.

Expenses

Finance costs: Finance costs primarily includes interest expenses on debt securities, borrowings, deposits, subordinated liabilities, lease liabilities and other incidental charges.

Impairment on financial instruments and write-offs: Impairment on financial instruments and write-offs primarily includes impairment on loans and bad debts written off (net of recovery).

Employee benefits expense: Employee benefits expense includes salaries, allowances and benefits paid to employees, contributions to provident fund and other funds, share based payments to employees and staff welfare expenses.

Fees and commission expense: Fees and commission expense includes brokerage and commission paid to our direct selling and marketing agents.

Depreciation and amortisation expense: Depreciation and amortisation expense includes depreciation of buildings, investment properties, computers, furniture and fixtures, leasehold improvements, office equipment, vehicles, and amortisation of right of use assets and computer software.

Other expenses: Other expenses primarily include rent expenses, rates and taxes, electricity and water expenses, repairs and maintenance, office running and maintenance expenses, business support services, legal and professional charges, advertisement and publicity related expenses, corporate social responsibility expenses, communications costs, traveling and conveyance, printing and stationery, training and recruitment expenses, directors' fees, allowances and expenses and impairment on assets on held for sale.

Nine-month period ended December 31, 2022 compared to nine-month period ended December 31, 2021

Total Income

The table below sets forth details in relation to our total income for the nine-month period ended December 31, 2022 compared to the nine-month period ended December 31, 2021:

Revenue from Operations	Nine-month period ended December 31,		Difference (%)
	2022	2021	
	(₹ in crore)		
Interest Income	4,609.84	4,522.52	1.93%
Fees and commission income	248.22	144.50	71.78%
Net gain on fair value changes	22.66	103.49	(78.11)%
Income on derecognised (assigned) loans	10.90	—	100%
Total Revenue from Operations	**4,891.62**	**4,770.51**	2.54%
Other Income	0.32	4.39	(92.71)%
Total Income	**4,891.94**	**4,774.90**	2.45%

Our total income increased by ₹117.04 crore, or 2.45%, to ₹4,891.94 crore during the nine-month period ended December 31, 2022 from ₹4,774.90 crore during the nine-month period ended December 31, 2021, primarily on account of increases in our interest income, fees and commission income and income on derecognised (assigned) loans and partially offset by decreases in our net gain on fair value changes, and other income.

Interest Income

Our interest income increased by ₹87.32 crore, or 1.93%, to ₹ 4,609.84 crore during the nine-month period ended December 31, 2022 from ₹ 4,522.52 crore during the nine-month period ended December 31, 2021, primarily on account of an increase in our interest income on, deposits from ₹22.86 crore during the nine-month period ended December 31, 2021 to ₹78.04 crore during the nine-month period ended December 31, 2022 and investments from ₹142.26 crore during the nine-month period ended December 31, 2021 to ₹189.54 crore during the nine-month period ended December 31, 2022, which is partially offset by decreases in our interest income on loans due to decrease in our corporate loan portfolio. This decrease was primarily due to a decrease in our corporate loan portfolio from ₹7,999.26 crore as of December 31, 2021 to ₹4,910.67 crore as of December 31, 2022. We charge higher interest rates on our corporate loans, as compared to our retail loans. As a result, the reduction of our corporate loan portfolio impacted our interest income for the period. Further, we increased the interest rate on corporate and retail loans on a few occasions during the nine-month period ended December 31, 2022, which has offset the reduction in interest income for the period. For additional details, please see "*Our Business – Overview*" beginning on page 145.

Fees and commission income

Our fees and commission income increased by ₹103.72 crore, or 71.78%, to ₹248.22 crore during the nine-month period ended December 31, 2022 from ₹144.50 crore during nine-month period ended December 31, 2021, primarily on account of an increase in our fee income from ₹ 70.68 crore during the nine-month period ended December 31, 2021 to ₹137.41 crore during the nine-month period ended December 31, 2022, on account of higher disbursements. In addition, other charges recovered increased from ₹73.82 crore during the nine-month period ended December 31, 2021 to ₹110.81 crore during the nine-month period ended December 31, 2022 due to higher prepayment charges in our corporate and retail loans.

Net gain on fair value changes

Our net gain on fair value changes decreased by ₹80.83 crore, or 78.11%, to ₹22.66 crore in during the nine-month period ended December 31, 2022, from ₹103.49 crore during the nine-month period ended December 31, 2021, primarily on account of lower income derived due to lower average investments held for trading during the nine-month period ended December 31, 2022, compared to the nine-month period ended December 31, 2021.

Income on derecognised (assigned) loans

Our income on derecognised (assigned) loans increased by ₹10.90 crore, or 100%, to ₹10.90 crore during the nine-month period ended December 31, 2022, from nil during the nine-month period ended December 31, 2021, primarily on account of the upfront recognition of income on co-lending transactions through assignment mode during the nine-month period ended December 31, 2022.

Other Income

Our other income decreased by ₹4.07 crore or 92.71% to ₹0.32 crore during the nine-month period ended December 31, 2022 from ₹4.39 crore during the nine-month period ended December 31, 2021, primarily on account of a decrease in one time refund of interest.

Expenses

The table below sets forth details in relation to our total expenses for the nine-month period ended December 31, 2022 compared to the nine-month period ended December 31, 2022:

Particulars	Nine-month period ended December 31,		Difference (%)
	2022	2021	
	(₹ in crore)		
Finance costs	2,890.47	3,133.77	(7.76)%
Impairment on financial instruments and write-offs	546.35	430.82	26.82%
Employee benefits expenses	187.73	162.34	15.64%
Depreciation and amortisation	38.81	39.38	(1.46)%
Fees and commission expenses	7.39	5.75	28.52%
Other expenses			
~ Impairment on assets held for sale	52.24	3.51	1388.32%
~ Other expenses	150.54	139.15	8.18%
Total Expenses	**3,873.53**	**3,914.72**	(1.05)%

Our total expenses decreased by ₹41.19 crore, or 1.05 %, to ₹ 3,873.53 crore during the nine-month period ended December 31, 2022 from ₹ 3,914.72 crore during the nine-month period ended December 31, 2021, primarily on account of decreases in finance costs and depreciation and amortization and partially offset by increases in impairment on financial instruments and write-offs, employee benefits expenses, fees and commission expenses and other expenses.

Finance costs

Our finance costs decreased by ₹243.30 crore, or 7.76%, to ₹, 2,890.47 crore during the nine-month period ended December 31, 2022 from ₹3,133.77 crore during the nine-month period ended December 31, 2021, primarily because some of our NCDs matured during the nine-month period ended December 31, 2022, leading to a reduction in interest on debt securities, along with decreases in interest on debt securities and interest on borrowings. During the nine-month period ended December 31, 2022, we repaid some of our high cost term loans (which were refinanced with lower cost borrowings), leading to a decrease in our interest on borrowings.

The table below sets forth certain details in relation to our finance costs for the nine-month period ended December 31, 2022 and the nine-month period ended December 31, 2021:

Particulars	Nine-month period ended December 31,		Difference (%)
	2022	2021	
	(₹ in crore)		
Interest on debt securities	312.94	560.03	(44.12)%
Interest on borrowings (other than debt securities)	1,478.03	1,480.09	(0.14)%
Interest on deposits	994.50	987.19	0.74%
Interest on subordinated liabilities	93.10	93.64	(0.57)%
Interest on lease liabilities	4.56	5.06	(9.88)%
Interest on Income tax	0.05	—	100.00%
Fees and other charges	7.29	7.76	(6.06)%
Total	**2,890.47**	**3,133.77**	(7.76)%

Impairment on financial instruments and write-offs

Our impairment on financial instruments and write-offs increased by ₹115.53 crore, or 26.82%, to ₹546.35 crore during the nine-month period ended December 31, 2022 from ₹430.82 crore during the nine-month period ended December 31, 2021. This was primarily due to an increase in bad debts written off (net) from ₹481.31 crore in during the nine-month period ended December 31, 2021 to ₹1,266.63 crore during the nine-month period ended December 31, 2022. However, this increase was offset by decrease in impairment allowance on loans and investment from ₹ (50.11) crore during the nine-month period ended December 31, 2021 to ₹(720.97) crore during the nine-month period ended December 31, 2022. During the nine-month period ended December 31, 2021, we recognised higher levels of impairment allowance on our portfolio, as a precautionary measure in light of the continuing adverse impact of the COVID-19 pandemic on our borrowers. We did not continue such high levels of provisions during the nine-month period ended December 31, 2022.

Employees Benefits Expenses

Our employee benefits expenses increased by ₹25.39 crore, or 15.64%, to ₹187.73 crore during the nine-month period ended December 31, 2022 from ₹162.34 crore during the nine-month period ended December 31, 2021, primarily on account of annual increments leading to increases in salaries, allowances and benefits from ₹144.68 crore during the nine-month period ended December 31, 2021 to ₹164.01 crore during the nine-month period ended December 31, 2022. Further, share based payment expenses to employees increased from ₹2.92 crore during the nine-month period ended December 31, 2021 to ₹6.73 crore during the nine-month period ended December 31, 2022.

Depreciation and amortisation expense

Our depreciation and amortisation expense decreased by ₹0.57 crore, or 1.45%, to ₹ 38.81 crore during the nine-month period ended December 31, 2022 from ₹39.38 crore during the nine-month period ended December 31, 2021, primarily on account of decreases in depreciation on office equipment and leasehold improvements.

Fees and commission expense

Our fees and commission expense increased by ₹1.64 crore, or 28.52%, to ₹ 7.39 crore during the nine-month period ended December 31, 2022 from ₹5.75 crore during the nine-month period ended December 31, 2021, primarily on account of higher disbursements during the nine-month period ended December 31, 2022.

Other Expenses

Our other expenses increased by ₹ 60.12 crore, or 42.14%, to ₹202.78 crore during the nine-month period ended December 31, 2022 from ₹ 142.66 crore during the nine-month period ended December 31, 2021, primarily on account of increases in impairment on assets held for sale from ₹3.51 crore during the nine-month period ended December 31, 2021 to ₹52.24 crore during the nine-month period ended December 31, 2022, increase in legal and professional charges from ₹41.74 crore during the nine-month period ended December 31, 2021 to ₹43.39 crore during the nine-month period ended December 31, 2022, increases in business support services expenses from ₹1.99 crore during the nine-month period ended December 31, 2021 to ₹5.28 crore during the nine-month period ended December 31, 2022, increases in training and recruitment expenses from ₹ 2.37

crore during the nine-month period ended December 31, 2021 to ₹ 6.51 crore during the nine-month period ended December 31, 2022, and increases in travelling and conveyance expenses from ₹ 3.20 crore during the nine-month period ended December 31, 2021 to ₹6.29 crore during the nine-month period ended December 31, 2022.

Profit before Tax

As a result of the foregoing, our profit before tax increased by ₹158.23 crore, or 18.40%, to ₹1,018.41 crore during the nine-month period ended December 31, 2022 from ₹860.18 crore during the nine-month period ended December 31, 2021.

Tax expenses

Our total tax expenses increased by ₹58.46 crore, or 30.25%, to ₹ 251.70 crore during the nine-month period ended December 31, 2022 from ₹193.24 crore during the nine-month period ended December 31, 2021, primarily on account of increases in our profit before tax during the nine-month period ended December 31, 2022, compared to the nine-month period ended December 31, 2021, and deferred tax to ₹144.90 crore during the nine-month period ended December 31, 2022 from ₹3.24 crore during the nine-month period ended December 31, 2021.

Profit after Tax

As a result of the foregoing, our net profit after tax increased by ₹99.78 crore, or 14.96%, to ₹766.72 crore during the nine-month period ended December 31, 2022 from ₹666.94 crore during the nine-month period ended December 31, 2021.

Financial Year 2022 compared to Financial Year 2021

Total Income

The table below sets forth details in relation to our total income for Financial Year 2022 as compared to Financial Year 2021.

Particulars	**Financial Year**		**Difference** (%)
	2022	**2021**	
	(₹ in crore)		
Interest Income	5,822.00	7,189.83	(19.02)%
Fees and commission income	262.55	181.23	44.87%
Net gain on fair value changes	111.38	162.33	(31.39)%
Income on derecognised (assigned) loans	—	70.53	(100.00)%
Total Revenue from Operations	**6,195.93**	**7,603.92**	(18.52)%
Other Income	4.80	20.16	(76.19%)
Total Income	**6,200.73**	**7,624.08**	(18.67%)

Our total income decreased by ₹1,423.35 crore, or 18.67%, to ₹6,200.73 crore during Financial Year 2022 from ₹7,624.08 crore during Financial Year 2021, primarily on account of a decrease in our interest income from ₹7,189.83 crore in Financial Year 2021 to ₹5,822.00 crore in Financial Year 2022, a decrease in our net gain on fair value changes, and a decrease in our income on derecognised (assigned) loans. This was partially offset by an increase in our fees and commission income from ₹181.23 crore in Financial Year 2021 to ₹262.55 crore in Financial Year 2022.

Interest Income

Our interest income decreased by ₹1,367.83 crore, or 19.02%, to ₹5,822.00 crore in Financial Year 2022 from ₹7,189.83 crore in Financial Year 2021, primarily on account of a decrease in our interest income from loans from ₹6,985.44 crore in Financial Year 2021 to ₹5,564.46 crore in Financial Year 2021. This decrease was primarily due to a decrease in our corporate loan portfolio from ₹12,000.33 crore as of March 31, 2021 to ₹7,375.32 crore as of March 31, 2022. We charge higher interest rates on our corporate loans, as compared to our retail loans. As a result, a reduction of our corporate loan portfolio during Financial Year 2022 significantly impacted our interest income for the year. In addition, we also decreased the interest rate that we charge on both our corporate and retail loans on a few occasions during Financial Year 2022, which also contributed to the lower interest income during the period.

Further, in Financial Year 2022, we recognised a reversal of ₹216.64 crore towards the accelerated unwinding of certain derecognised assigned loans. We recognise upfront income from the assignment of loans at the time of assignment. The income is linked to the expected interest payments during the life of such assigned loans. Due to the accelerated unwinding of such derecognised assigned loans on account of changes in spread or the average life of the assigned loans, the interest income is reversed in the periods when such changes occur. In Financial Year 2021, we had recognized ₹107.40 crore as income arising from assignment transactions. These decreases were partially offset by increases in income from investments, deposits with banks and other interest income. For more information, see "*Selected Statistical Information – Analysis of Changes in Interest Income and Interest Expense*" and "*Selected Statistical Information – Yields, Spreads And Margins*".

Fees and commission income

Our fees and commission income increased by ₹81.32 crore, or 44.87%, to ₹262.55 crore during Financial Year 2022 from ₹181.23 crore during Financial Year 2021, primarily on account of an increase in our fees income from ₹118.36 crore in Financial Year 2021 to ₹159.74 crore in Financial Year 2022, on account of higher disbursements in Financial Year 2022, compared to Financial Year 2021. In addition, other charges recovered increased from ₹62.87 crore in Financial Year 2021 to ₹102.81 crore in Financial Year 2022 due to higher prepayment charges, as a result of prepayments in our corporate and retail loans.

Net gain on fair value changes

Our net gain on fair value changes decreased by ₹50.95 crore, or 31.39%, to ₹111.38 crore during Financial Year 2022 from ₹162.33 crore during Financial Year 2021, primarily on account of lower income derived due to lower average investments held for trading during Financial Year 2022, compared to Financial Year 2021. During Financial Year 2021, we deployed higher amounts towards investments, as we had reduced our disbursements during the year due to the adverse impacts of the COVID-19 pandemic. In addition, the decrease was also due to decreases in interest rate during Financial Year 2022, which led to lower returns from our investments in debt funds during the year.

Income on derecognised (assigned) loans

Our income on derecognised (assigned) loans was nil in Financial Year 2022, compared to ₹70.53 crore in Financial Year 2021. In Financial Year 2022, no new assignment transactions were executed in order to maintain the ratio of housing loans to non-housing loans stipulated by the RBI.

Other Income

Our other income decreased by ₹15.36 crore or 76.19% to ₹4.80 crore in Financial Year 2022 from ₹20.16 crore in Financial Year 2021, primarily on account of a decrease in interest income on income tax refunds.

Expenses

The table below sets forth details in relation to our total expenses for Financial Year 2022 as compared to Financial Year 2021.

Particulars	Financial Year		Difference (%)
	2022	2021	
	(₹ in crore)		
Finance costs	4,064.46	5,100.73	(20.32)%
Impairment on financial instruments	576.36	861.90	(33.13)%
Employee Benefits Expenses	216.61	211.29	2.52%
Fees and commission expenses	11.12	11.61	(4.22)%
Depreciation, amortisation and impairment	53.39	59.01	(9.52)%
Other expenses	194.83	172.51	12.94%
Total Expenses	**5,116.77**	**6,417.05**	**(20.26)%**

Our total expenses decreased by ₹1,300.28 crore, or 20.26%, to ₹5,116.77 crore during Financial Year 2022 from ₹6,417.05 crore during Financial Year 2021, primarily on account of decreases in finance costs, impairment on financial instruments, fees and commission expenses and depreciation, amortization and impairment, partially offset by increases in employee benefits expenses and other expenses.

Finance costs

Our finance costs decreased by ₹1,036.27 crore, or 20.32%, to ₹4,064.46 crore during Financial Year 2022 from ₹5,100.73 crore during Financial Year 2021, primarily due to decreases in interest on debt securities and interest on borrowings. During Financial Year 2022, we repaid some of our high cost term loans (which were refinanced with lower cost borrowings), leading to a decrease in our interest on borrowings. In addition, some of our NCDs matured during Financial Year 2022, leading to a reduction in interest on debt securities. These decreases were offset by a marginal increase in our interest on subordinated liabilities.

The table below sets forth details in relation to our finance costs for Financial Years 2022 and 2021:

Particulars	Financial Year		Difference (%)
	2022	2021	
	(₹ in crore)		
Interest on debt securities	704.37	1,209.79	(41.78)%
Interest on borrowings	1,913.08	2,409.77	(20.61)%
Interest on deposits	1,307.06	1,332.25	(1.89)%

Particulars	Financial Year		Difference (%)
	2022	2021	
	(₹ in crore)		
Interest on subordinated liabilities	124.28	123.08	0.97%
Interest on lease liabilities	6.52	8.00	(18.50)%
Interest on income tax	0.47	0.95	(50.53)%
Fees and other charges	8.68	16.89	(48.61)%
Total	**4,064.46**	**5,100.73**	**(20.32)%**

Impairment on financial instruments

Our impairment on financial instruments decreased by ₹285.55 crore, or 33.13%, to ₹576.36 crore during Financial Year 2022 from ₹861.90 crore during Financial Year 2021. This was primarily due to a decrease in impairment allowance on loans from ₹778.49 crore in Financial Year 2021 to ₹14.83 crore in Financial Year 2022. During Financial Year 2021, we recognised higher levels of impairment allowance on our portfolio, as a precautionary measure in light of the continuing adverse impact of the COVID-19 pandemic on our borrowers. We did not continue such high levels of provisions during Financial Year 2022. However, this decrease was offset by an increase in bad debts written off (net) from ₹83.08 crore in Financial Year 2021 to ₹562.03 crore in Financial Year 2022, due to increased write-offs during Financial Year 2022.

Employees benefits expenses

Our employee benefits expenses increased by ₹5.32 crore, or 2.52%, to ₹216.61 crore during Financial Year 2022 from ₹211.29 crore during Financial Year 2021, primarily on account of annual increments leading to increases in salaries, allowances and benefits from ₹179.10 crore in Financial Year 2021 to ₹193.19 crore in Financial Year 2022. In addition, contribution to provident and other funds increased from ₹15.43 crore in Financial Year 2021 to ₹16.53 crore in Financial Year 2022. These increases were partially offset by a decrease in share-based payments to employees from ₹13.30 crore in Financial Year 2021 to ₹3.67 crore in Financial Year 2022.

Fees and commission expenses

Our fees and commission expenses decreased by ₹0.49 crore, or 4.22%, to ₹11.12 crore during Financial Year 2022 from ₹11.61 crore during Financial Year 2021.

Depreciation, amortisation and impairment

Our depreciation, amortisation and impairment expenses decreased by ₹5.62 crore, or 9.52%, to ₹53.39 crore during Financial Year 2022 from ₹59.01 crore during Financial Year 2021, primarily on account of decreases in depreciation on computers and leasehold improvements and amortization on software.

Other Expenses

Our other expenses increased by ₹22.32 crore, or 12.94%, to ₹194.83 crore during Financial Year 2022 from ₹172.51 crore during Financial Year 2021 primarily on account of increases in legal and professional charges from ₹34.22 crore in Financial Year 2021 to ₹61.37 crore in Financial Year 2022 and advertisement and publicity expenses from ₹8.08 crore in Financial Year 2021 to ₹18.44 crore in Financial Year 2022. Our legal and professional expenses increased due to increased legal expenses as court proceedings that had been barred due to the COVID-19 pandemic recommenced in the course of Financial Year 2022. In addition, we also incurred charges towards a business consultancy project and towards a proposed corporate finance project during Financial Year 2022. Further, advertisement and publicity expenses increased during Financial Year 2022 as business levels increased during Financial Year 2022.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by ₹123.07 crore, or 10.20%, to ₹1,083.96 crore during Financial Year 2022 from ₹1,207.03 crore during Financial Year 2021.

Tax expenses

Our total tax expenses decreased by ₹29.65 crore, or 10.70%, to ₹247.48 crore during Financial Year 2022 from ₹277.13 crore during Financial Year 2021, primarily on account of a decrease in our profit before tax in Financial Year 2022, compared to Financial Year 2021 (which led to a reduction in our current tax expense from ₹413.25 crore in Financial Year 2021 to ₹249.15 crore in Financial Year 2022). Further, we recognised a deferred tax credit of ₹136.12 crore in Financial Year 2021, compared to ₹1.67 crore in Financial Year 2022.

Profit for the year

As a result of the foregoing, our profit for the year decreased by ₹93.42 crore, or 10.05%, to ₹836.48 crore during Financial Year 2022 from ₹929.90 crore during Financial Year 2021.

Financial Year 2021 compared to Financial Year 2020

Total Income

The table below sets forth details in relation to our total income for Financial Year 2021 as compared to Financial Year 2020.

Particulars	Financial Year		Difference
	2021	2020	
	(₹ in crore)		
Interest Income	7,189.83	7,688.21	(6.48)%
Fees and commission income	181.23	298.84	(39.36)%
Net gain on fair value changes	162.33	158.64	2.33%
Income on derecognised (assigned) loans	70.53	336.15	(79.02)%
Total Revenue from Operations	**7,603.92**	**8,481.84**	**(10.35)%**
Other Income	**20.16**	**7.71**	161.48%
Total Income	**7,624.08**	**8,489.55**	(10.19)%

Our total income decreased by ₹865.47 crore, or 10.19%, to ₹7,624.08 crore during Financial Year 2021 from ₹8,489.55 crore during Financial Year 2020, primarily on account of a decrease in our interest income, fees and commission income and income on derecognised (assigned) loans. This was offset by increases in our net gain on fair value changes and other income.

Interest Income

Our interest income decreased by ₹498.38 crore, or 6.48%, to ₹7,189.83 crore in Financial Year 2021 from ₹7,688.21 crore in Financial Year 2020, primarily as a result of a decrease in our interest income from loans from ₹7,486.43 crore in Financial Year 2020 to ₹6,985.44 crore in Financial Year 2021. Our corporate loan portfolio (on which we charge higher interest rate, compared to our retail loans) decreased from ₹14,798.79 crore as of March 31, 2020 to ₹12,000.33 crore as of March 31, 2021, which contributed to the decrease in our interest income. Further, our disbursements decreased from ₹18,625.53 crore in Financial Year 2020 to ₹10,444.55 crore in Financial Year 2021, primarily due to the strategic reduction of our corporate portfolio and the adverse impact of the COVID-19 pandemic.

Fees and Commission Income

Our fees and commission income decreased by ₹117.61 crore, or 39.36%, to ₹181.23 crore during Financial Year 2021 from ₹298.84 crore during Financial Year 2020, primarily on account of a decrease in our fees income from ₹246.85 crore in Financial Year 2020 to ₹118.36 crore in Financial Year 2021, due to lower disbursements during Financial Year 2022, compared to Financial Year 2021. This was offset by an increase in other charges recovered from ₹51.99 crore in Financial Year 2020 to ₹62.87 crore in Financial Year 2021 due to higher prepayment charges, as a result of prepayments in our corporate and retail loans.

Net gain on fair value changes

Our net gain on fair value changes increased by ₹3.69 crore, or 2.33%, to ₹162.33 crore during Financial Year 2021 from ₹158.64 crore during Financial Year 2020, primarily on account of higher average investments held for trading during Financial Year 2022, compared to Financial Year 2021.

Income on derecognised (assigned) loans

Our income on derecognised (assigned) loans decreased by ₹265.62 crore or 79.02%, to ₹70.53 crore during Financial Year 2021 from ₹336.15 crore during Financial Year 2020, primarily on account of reduced loan assignment transactions during Financial Year 2021.

Other Income

Other income increased by ₹12.45 crore or 161.48% to ₹20.16 crore during Financial Year 2021 from ₹7.71 crore during Financial Year 2020, primarily on account of an increase in interest income on income tax refunds.

Total Expenses

The table below sets forth details in relation to our total expenses for Financial Year 2021 as compared to Financial Year 2020.

Particulars	Financial Year		Difference (%)
	2021	2020	
	(₹ in crore)		
Finance costs	5,100.73	5,874.95	(13.18)%
Impairment on financial instruments	861.90	1,251.37	(31.12)%
Employee benefits expenses	211.29	233.06	(9.34)%

Particulars	Financial Year		Difference (%)
	2021	2020	
	(₹ in crore)		
Fees and commission expenses	11.61	8.92	30.16%
Depreciation, amortisation and impairment	59.01	65.85	(10.39)%
Other expenses	172.51	244.39	(29.41)%
Total Expenses	**6,417.05**	**7,678.54**	**(16.43)%**

Our total expenses decreased by ₹1,261.49 crore, or 16.43%, to ₹6,417.05 crore during Financial Year 2021 from ₹7,678.54 crore during Financial Year 2020, primarily on account of decreases in our finance costs, impairment on financial instruments, depreciation, amortization and impairment, and other expenses.

Finance Costs

Our finance costs decreased by ₹774.22 crore, or 13.18%, to ₹5,100.73 crore during Financial Year 2021 from ₹5,874.95 crore during Financial Year 2020, primarily due to decreases in interest on debt securities and interest on borrowings. During Financial Year 2021, we repaid some of our high cost term loans (which were refinanced with lower cost borrowings), leading to a decrease in our interest on borrowings. In addition, some of our NCDs matured during Financial Year 2021, leading to a reduction in interest on debt securities.

The table below sets forth details in relation to our finance costs:

	Financial Year		Difference
	2021	2020	
	(₹ in crore)		
Interest on debt securities	1,209.79	1,841.54	(34.31)%
Interest on borrowings	2,409.77	2,568.54	(6.18)%
Interest on deposits	1,332.25	1,303.68	2.19%
Interest on subordinated liabilities	123.08	124.48	(1.12)%
Interest on lease liabilities	8.00	11.06	(27.67)%
Interest on income tax	0.95	—	—
Fees and other charges	16.89	25.65	(34.15)%
Total	**5,100.73**	**5,874.95**	**(13.18)%**

Impairment on financial instruments and write-offs

Our impairment on financial instruments and write-offs decreased by ₹389.47 crore, or 31.12%, to ₹861.90 crore during Financial Year 2021 from ₹1,251.37 crore during Financial Year 2020. Our impairment on financial instruments in Financial Year 2021 was primarily due to a decrease in impairment allowance on loans from ₹1,171.49 crore in Financial Year 2020 to ₹778.49 crore in Financial Year 2021. In the last quarter of Financial Year 2020, we recognised high levels of impairment allowance on loans, in order to address the potential adverse impact of the COVID-19 pandemic. The levels of impairment recognised were lower during Financial Year 2021, compared to Financial Year 2020. This was offset by an increase in bad debts written off (net) from ₹78.22 crore in Financial Year 2020 to ₹83.08 crore in Financial Year 2021.

Employees Benefit Expenses

Our employee benefit expense decreased by ₹21.77 crore, or 9.34%, to ₹211.29 crore during Financial Year 2021 from ₹233.06 crore during Financial Year 2020, primarily on account of a decrease in salaries, allowances and benefits (from ₹189.58 crore in Financial Year 2020 to ₹179.10 crore in Financial Year 2021) and contribution to provident and other funds (from ₹19.16 crore in Financial Year 2020 to ₹15.43 crore in Financial Year 2021). These decreases were due to lower average employee headcount during Financial Year 2021, compared to Financial Year 2020, primarily on account of attrition. In addition, our share-based payments to employees also decreased from ₹21.06 crore in Financial Year 2020 to ₹13.30 crore in Financial Year 2021.

Fees and Commission Expenses

Our fees and commission expense increased by ₹2.69 crore, or 30.16%, to ₹11.61 crore during Financial Year 2021 from ₹8.92 crore during Financial Year 2020.

Depreciation, Amortisation and Impairment

Our depreciation, amortisation and impairment expense decreased by ₹6.84 crore, or 10.39%, to ₹59.01 crore in Financial Year 2021 from ₹65.85 crore in Financial Year 2020, primarily on account of decreases in depreciation on office equipment, computers and leasehold improvements.

Other Expenses

Our other expenses decreased by ₹71.88 crore, or 29.41%, to ₹172.51 crore during Financial Year 2021 from ₹244.39 crore during Financial Year 2020 primarily on account of decreases in legal and professional charges from ₹44.10 crore in Financial

Year 2020 to ₹34.22 crore in Financial Year 2021, advertisement and publicity expenses from ₹27.04 crore in Financial Year 2020 to ₹8.08 crore in Financial Year 2021, office running and maintenance expenses from ₹30.08 crore in Financial Year 2020 to ₹25.81 crore in Financial Year 2021 and travelling and conveyance expenses from ₹7.67 crore in Financial Year 2020 to ₹3.12 crore in Financial Year 2021. Our legal and professional expenses decreased due to decreased legal expenses as court proceedings had been barred due to the COVID-19 pandemic. Further, advertisement and publicity expenses, office running and maintenance expenses and travelling and conveyance expenses decreased during Financial Year 2021 as business levels decreased due to the COVID-19 pandemic.

Profit before Tax

Our profit before tax increased by ₹396.02 crore, or 48.83%, to ₹1,207.03 crore during Financial Year 2021 from ₹811.01 crore during Financial Year 2020.

Tax expenses

Our total tax expenses increased by ₹112.36 crore, or 68.19%, to ₹277.13 crore during Financial Year 2021 from ₹164.77 crore during Financial Year 2020 on account of an increase in our profit before tax for Financial Year 2021, compared to Financial Year 2020, which led to an increase in our current tax expense (from ₹389.24 crore in Financial Year 2020 to ₹413.25 crore in Financial Year 2021). Further, we recognised a deferred tax credit of ₹224.47 crore in Financial Year 2020, compared to ₹136.12 crore in Financial Year 2021.

Profit for the year

As a result of the foregoing, our profit for the year increased by ₹283.66 crore, or 43.89%, to ₹929.90 crore during Financial Year 2021 from ₹646.24 crore during Financial Year 2020.

FINANCIAL CONDITION

The table below sets forth details in relation to our net worth as of the dates indicated below.

Particulars	As of December 31,		As of March 31,		
	2022	2021	2022	2021	2020
	(₹ in crore)				
Total Assets (A)	64,952.35	65,387.83	65,729.61	71,392.20	78,931.15
Total Liabilities (B)	54,245.09	55,758.55	55,857.98	62,469.17	70,933.38
Net Worth (A - B)	**10,707.26**	**9,629.28**	**9,871.63**	**8,923.03**	**7,997.77**

Our net worth, which we define as our total assets less our total liabilities, increased by ₹1,077.98 crore, or 11.19%, to ₹10,707.26 crore as of December 31, 2022 from ₹9,629.28 crore as of December 31, 2021.

Our net worth increased by ₹948.60 crore, or 10.63%, to ₹9,871.63 crore as of March 31, 2022 from ₹8,923.03 crore as of March 31, 2021.

Our net worth increased by ₹925.26 crore, or 11.57%, to ₹8,923.03 crore as of March 31, 2021 from ₹7,997.77 crore as of March 31, 2020.

Assets

The table below sets forth details in relation to the principal components of our assets as of the dates indicated below.

Particulars	As of December 31, 2022	As of March 31,		
		2022	2021	2020
	(₹ in crore)			
Assets				
Financial assets				
Cash and cash equivalents	2,681.37	5,065.62	6,968.56	8,514.32
Bank balance other than cash and cash equivalents	0.07	150.47	0.07	0.07
Derivative financial instruments	718.49	242.25	—	125.66
Trade receivables	21.29	42.80	44.94	44.90
Loans	56,274.25	55,335.94	60,644.72	66,628.02
Investments	3,732.17	3,482.70	2,044.82	2,075.74
Other financial assets	828.63	673.91	906.58	701.70
Subtotal - financial assets	**64,256.27**	**64,993.69**	**70,609.69**	**78,090.41**
Non - financial assets				
Current tax assets (net)	217.74	47.30	—	62.02
Deferred tax assets (net)	234.78	398.90	429.63	285.94
Investment property	0.52	0.53	0.54	0.55
Property, plant and equipment	66.57	71.38	81.75	105.31

Particulars	As of December 31, 2022	As of March 31,		
		2022	2021	2020
	(₹ in crore)			
Right of use assets	68.31	60.47	78.09	119.80
Capital work-in-progress	0.07	—	0.01	1.23
Intangible assets under developments	1.25	3.54	2.37	2.83
Other Intangible assets	14.66	18.02	20.89	25.42
Other non-financial assets	43.46	26.95	32.75	31.08
Assets held for sale	48.72	108.83	136.48	206.56
Subtotal - non - financial assets	**696.08**	**735.92**	**782.51**	840.74
Total Assets	**64,952.35**	**65,729.61**	**71,392.20**	**78,931.15**

December 31, 2022 compared to March 31, 2022

Our total assets decreased by ₹ 777.26 crore, or 1.18%, from ₹65,729.61 crore as of March 31, 2022, to ₹64,952.35 crore as of December 31, 2022. The decrease was primarily on account of the decrease in our cash and cash equivalents.

Our cash and cash equivalents decreased by ₹2,384.25 crore, or 47.07%, from ₹5,065.62 crore as of March 31, 2022, to ₹2,681.37 crore as of December 31, 2022. The decrease was primarily on account of a decrease in bank deposits with maturity of less than three months, which earn interest at the respective short-term deposit rates, from ₹4,552.31 crore as of March 31, 2022 to ₹2,379.91 crore as of December 31, 2022.

Our bank balance other than cash and cash decreased by ₹150.40 crore, or 99.95%, from ₹150.47 crore as of March 31, 2022, to ₹0.07 crore as of December 31, 2022. The decrease was primarily on account of a decrease in bank deposits with maturity of more than three months but up to 12 months, which earn interest at the respective short-term deposit rates, from ₹150.40 crore as of March 31, 2022 to nil as of December 31, 2022.

Our derivative financial instruments increased by ₹476.24 crore, or 196.59%, from ₹242.25 crore as of March 31, 2022, to ₹718.49 crore as of December 31, 2022. The increase was primarily on account of marking derivative financial instruments to market. Derivative financial instruments are held to hedge the underlying ECB transactions as per applicable RBI guidelines to mitigate the risk of changes in exchange rates on foreign currency exposures, as well as interest fluctuations, and not for any speculative purpose.

Our trade receivables decreased by ₹21.51 crore, or 50.26%, from ₹42.80 crore as of March 31, 2022, to ₹21.29 crore as of December 31, 2022. The decrease was primarily on account of a decrease in unsecured receivables from ₹42.80 crore as of March 31, 2022 to ₹21.29 crore as of December 31, 2022.

Our loans increased by ₹938.31 crore, or 1.70%, from ₹55,335.94 crore as of March 31, 2022, to ₹56,274.25 crore as of December 31, 2022. The increase was primarily on account of an increase in our retail loan portfolio (net of ECL) from ₹49,511.17 crore as of March 31, 2022 to ₹52,154.58 crore as of December 31, 2022, which was offset by a decrease in our corporate loan portfolio (net of ECL) from ₹5,824.77 crore as of March 31, 2022 to ₹4,119.67 crore as of December 31, 2022.

Our investments increased by ₹249.47 crore, or 7.16%, from ₹3,482.70 crore as of March 31, 2022, to ₹3,732.17 crore as of December 31, 2022. The increase was primarily on account of an increase in investments in certificate of deposits from nil as of March 31, 2022 to ₹687.20 crore as of December 31, 2022, which was offset by an decrease in investment in government securities from ₹3,279.01 crore as of March 31, 2022 to ₹2,912.65 crore as of December 31, 2022.

Our other financial assets increased by ₹154.72 crore, or 22.96%, from ₹673.91 crore as of March 31, 2022, to ₹ 828.63 crore as of December 31, 2022. The increase was primarily on account of an increase in receivables on assignment of loans and co-lending.

Our current tax assets (net) increased by ₹170.44 crore, or 360.35%, from ₹47.30 crore as of March 31, 2022, to ₹217.74 crore as of December 31, 2022. The increase was primarily on account of deductions for bad debts written off which were previously provisioned, and on which deferred tax assets had been created.

Our deferred tax assets (net) decreased by ₹164.12 crore, or 41.14%, from ₹398.90 crore as of March 31, 2022, to ₹234.78 crore as of December 31, 2022. The decrease was primarily on account of a decrease in impairment allowance (net) for financial assets.

Our investment property decreased by ₹0.01 crore, or 1.89%, from ₹0.53 crore as of March 31, 2022, to ₹0.52 crore as of December 31, 2022. The decrease was primarily on account of depreciation on investment property.

Our property, plant and equipment decreased by ₹4.81 crore, or 6.74%, from ₹71.38 crore as of March 31, 2022, to ₹66.57 crore as of December 31, 2022. The decrease was primarily on account of a decrease in leasehold improvements from ₹8.70 crore as of March 31, 2022 to ₹4.78 crore as of December 31, 2022.

Our right of use assets increased by ₹7.84 crore, or 12.97%, from ₹60.47 crore as of March 31, 2022, to ₹68.31 crore as of December 31, 2022. The increase was primarily on account of opening of new branches during the nine-month period ending December 31, 2022.

Our capital work in progress and intangible assets under development decreased by ₹2.22 crore, or 62.71%, from ₹3.54 crore as of March 31, 2022, to ₹1.32 crore as of December 31, 2022. The decrease was primarily on account of a write off on the advance given for the underlying project.

Our other intangible assets decreased by ₹3.36 crore, or 18.65%, from ₹18.02 crore as of March 31, 2022, to ₹14.66 crore as of December 31, 2022. The decrease was primarily on account of amortisation on software.

Our other non-financial assets increased by ₹16.51 crore, or 61.25%, from ₹26.95 crore as of March 31, 2022, to ₹43.46 crore as of December 31, 2022. The increase was primarily on account of an increase in GST input credit from ₹16.31 crore as of March 31, 2022 to ₹27.95 crore as of December 31, 2022, and prepaid expenses from ₹7.45 crore as of March 31, 2022 to ₹9.22 crore as of December 31, 2022.

Our assets held for sale decreased by ₹60.11 crore, or 55.23%, from ₹108.83 crore as of March 31, 2022, to ₹48.72 crore as of December 31, 2022. The decrease was primarily on account of provision against assets held for sale.

March 31, 2022 compared to March 31, 2021

Our total assets decreased by ₹5,662.59 crore, or 7.93%, from ₹71,392.20 crore as of March 31, 2021, to ₹65,729.61 crore as of March 31, 2022. The decrease was primarily on account of the decrease in our loans and fixed deposits with banks.

Our cash and cash equivalents decreased by ₹1,902.94 crore, or 27.31%, from ₹6,968.56 crore as of March 31, 2021, to ₹5,065.62 crore as of March 31, 2022. The decrease was primarily on account of a decrease in bank deposits with maturity of less than three months, which earn interest at the respective short-term deposit rates, from ₹6,033.92 crore as of March 31, 2021 to ₹4,552.31 crore as of March 31, 2022.

Our bank balance other than cash and cash equivalents increased by ₹150.40 crore, or 214857.14%, from ₹0.07 crore as of March 31, 2021, to ₹150.47 crore as of March 31, 2022. The increase was primarily on account of an increase in bank deposits with maturity of more than three months and up to twelve months, from nil as of March 31, 2021, to ₹150.40 crore as of March 31, 2022.

Our derivative financial instruments was ₹242.25 crore as of March 31, 2022, compared to nil as of March 31, 2021. The increase was primarily on account of marking derivative financial instruments to market. Derivative financial instruments are held to hedge the underlying ECB transactions as per applicable RBI guidelines to mitigate the risk of changes in exchange rates on foreign currency exposures, as well as interest fluctuations, and not for any speculative purpose.

Our trade receivables decreased by ₹2.14 crore, or 4.76%, from ₹44.94 crore as of March 31, 2021, to ₹42.8 crore as of March 31, 2022. The decrease was primarily on account of a decrease in unsecured receivables from ₹44.94 crore as of March 31, 2021 to ₹42.80 crore as of March 31, 2022.

Our loans decreased by ₹5,308.78 crore, or 8.75%, from ₹60,644.72 crore as of March 31, 2021, to ₹55,335.94 crore as of March 31, 2022. The decrease was primarily on account of a decrease in loan portfolio (net of ECL) from ₹60,644.72 crore as of March 31, 2021 to ₹55,335.94 crore as of March 31, 2022.

Our investments increased by ₹1,437.88 crore, or 70.32%, from ₹2,044.82 crore as of March 31, 2021, to ₹3,482.70 crore as of March 31, 2022. The increase was primarily on account of an increase in investments in government securities from ₹1,941.79 crore as of March 31, 2021 to ₹3,279.01 crore as of March 31, 2022.

Our other financial assets decreased by ₹232.67 crore, or 25.66%, from ₹906.58 crore as of March 31, 2021, to ₹673.91 crore as of March 31, 2022. The decrease was primarily on account of a decrease in receivables on assignment of loans.

Our current tax assets (net) increased by ₹47.30 crore, or 100.00%, from nil as of March 31, 2021, to ₹47.30 crore as of March 31, 2022. The increase was primarily on account of deductions for bad debts written off which were previously provisioned, and on which deferred tax assets had been created.

Our deferred tax assets (net) decreased by ₹30.73 crore, or 7.15%, from ₹429.63 crore as of March 31, 2021, to ₹398.9 crore as of March 31, 2022. The decrease was primarily on account of a decrease in impairment allowance (net) for financial assets.

Our investment property decreased by ₹0.01 crore, or 1.85%, from ₹0.54 crore as of March 31, 2021, to ₹0.53 crore as of March 31, 2022. The decrease was primarily on account of depreciation on investment property.

Our property, plant and equipment decreased by ₹10.37 crore, or 12.69%, from ₹81.75 crore as of March 31, 2021, to ₹71.38 crore as of March 31, 2022. The decrease was primarily on account of a decrease in leasehold improvements from ₹15.52 crore as of March 31, 2021 to ₹8.70 crore as of March 31, 2022.

Our right of use assets decreased by ₹17.62 crore, or 22.56%, from ₹78.09 crore as of March 31, 2021, to ₹60.47 crore as of March 31, 2022.

Our capital work-in-progress was nil as of March 31, 2022, compared to ₹0.01 crore as of March 31, 2021.

Our other intangible assets decreased by ₹2.87 crore, or 13.74%, from ₹20.89 crore as of March 31, 2021, to ₹18.02 crore as of March 31, 2022. The decrease was primarily on account of amortisation on software.

Our intangible assets under development increased by ₹1.17 crore, or 49.37%, from ₹2.37 crore as of March 31, 2021, to ₹3.54 crore as of March 31, 2022. The increase was primarily on account of an increase in projects in progress.

Our other non-financial assets decreased by ₹5.80 crore, or 17.71%, from ₹32.75 crore as of March 31, 2021, to ₹26.95 crore as of March 31, 2022. The decrease was primarily on account of a decrease in GST input credit from ₹21.77 crore as of March 31, 2021 to ₹16.31 crore as of March 31, 2022.

Our assets held for sale decreased by ₹27.65 crore, or 20.26%, from ₹136.48 crore as of March 31, 2021, to ₹108.83 crore as of March 31, 2022. The decrease was primarily on account of disposal of assets held for sale.

March 31, 2021 compared to March 31, 2020

Our total assets decreased by ₹7,538.95 crore, or 9.55%, from ₹78,931.15 crore as of March 31, 2020 to ₹71,392.20 crore as of March 31, 2021. The decrease was primarily on account of the decrease in our loan portfolio, fixed deposits with banks, derivative financial instruments and assets held for sale.

Our cash and cash equivalents decreased by ₹1,545.76 crore, or 18.15%, from ₹8,514.32 crore as of March 31, 2020 to ₹6,968.56 crore as of March 31, 2021. The decrease was primarily on account of a decrease in balance with banks in current accounts from ₹4,803.65 crore as of March 31, 2020 to ₹933.77 crore as of March 31, 2021, partially offset by an increase in bank deposits with maturity of less than three months from ₹3,710.49 crore as of March 31, 2020 to ₹6,033.92 crore as of March 31, 2021.

Our bank balance other than cash and cash equivalents remained at ₹0.07 crore as of March 31, 2021 and March 31, 2020.

Our derivative financial instruments was nil as of March 31, 2021, compared to ₹125.66 crore as of March 31, 2020. The decrease was primarily on account of marking derivative financial instruments to market, with derivative financial instruments held to hedge underlying ECB transactions (as per applicable RBI guidelines) to mitigate the risk of changes in exchange rates on foreign currency exposures and interest fluctuations.

Our trade receivables increased by ₹0.04 crore, or 0.09%, from ₹44.90 crore as of March 31, 2020 to ₹44.94 crore as of March 31, 2021. The increase was primarily on account of an increase in unsecured receivables from ₹44.90 crore as of March 31, 2020 to ₹44.94 crore as of March 31, 2021.

Our loans decreased by ₹5,983.30 crore, or 8.98%, from ₹66,628.02 crore as of March 31, 2020, to ₹60,644.72 crore as of March 31, 2021. The decrease was primarily on account of a decrease in loan portfolio (net of ECL) from ₹66,628.02 crore as of March 31, 2020 to ₹60,644.72 crore as of March 31, 2021.

Our investments decreased by ₹30.92 crore, or 1.49%, from ₹2,075.74 crore as of March 31, 2020 to ₹2,044.82 crore as of March 31, 2021. The decrease was primarily on account of a decrease in investments in mutual funds from ₹27.67 crore as of March 31, 2020 to ₹12.15 crore as of March 31, 2021, and a decrease in investments in government securities from ₹1,952.74 crore as of March 31, 2020 to ₹1,941.79 crore as of March 31, 2021.

Our other financial assets increased by ₹204.88 crore, or 29.20%, from ₹701.70 crore as of March 31, 2020 to ₹906.58 crore as of March 31, 2021. The increase was primarily on account of an increase in receivables on assignment of loans.

Our current tax assets (net) decreased by ₹62.02 crore, or 100.00%, from ₹62.02 crore as of March 31, 2020 to nil as of March 31, 2021. The decrease was primarily on account of the disallowance of impairment allowance on loans under income tax.

Our deferred tax assets (net) increased by ₹143.69 crore, or 50.25%, from ₹285.94 crore as of March 31, 2020 to ₹429.63 crore as of March 31, 2021. The increase was primarily on account of an increase in impairment allowance (net) for financial assets.

Our investment property decreased by ₹0.01 crore, or 1.82%, from ₹0.55 crore as of March 31, 2020, to ₹0.54 crore as of March 31, 2021. The decrease was primarily on account of depreciation on investment property.

Our property, plant and equipment decreased by ₹23.56 crore, or 22.37%, from ₹105.31 crore as of March 31, 2020 to ₹81.75 crore as of March 31, 2021. The decrease was primarily due to the closure and merger of certain of our branches due to the COVID-19 pandemic, which resulted in decrease in furniture and fixtures, office equipment and leasehold improvements.

Our right of use assets decreased by ₹41.71 crore, or 34.82%, from ₹119.80 crore as of March 31, 2020 to ₹78.09 crore as of March 31, 2021.

Our capital work-in-progress decreased by ₹1.22 crore, or 99.19%, from ₹1.23 crore as of March 2020, to ₹0.01 crore as of March 31, 2021 on account of capitalisation of assets.

Our intangible assets under development decreased by ₹0.46 crore, or 16.25%, from ₹2.83 crore as of March 31, 2022 to ₹2.37 crore as of March 31, 2021. The decrease was primarily on account of capitalisation of projects in progress.

Our other intangible assets decreased by ₹4.53 crore, or 17.82%, from ₹25.42 crore as of March 31, 2020 to ₹20.89 crore as of March 31, 2021. The decrease was primarily on account of amortisation on software.

Our other non-financial assets increased by ₹1.67 crore, or 5.37%, from ₹31.08 crore as of March 31, 2020 to ₹32.75 crore as of March 31, 2021. The increase was primarily on account of an increase in advances to suppliers.

Our assets held for sale decreased by ₹70.08 crore, or 33.93%, from ₹206.56 crore as of March 31, 2020 to ₹136.48 crore as of March 31, 2021. The decrease was primarily on account of disposal of assets held for sale and reduction in fair value of assets.

Liabilities and Shareholders' Equity

The table below sets forth details in relation to the principal components of our liabilities and shareholders' equity as of the dates indicated below.

Particulars	As of December 31, 2022	As of March 31,		
		2022	2021	2020
	(₹ in crore)			
Liabilities and Equity				
Financial Liabilities				
Derivative financial instruments	—	—	51.44	—
Payables				
Trade Payables				
total outstanding dues of micro enterprises and small enterprises	1.54	—	—	—
total outstanding dues of creditors other than micro enterprises and small enterprises	18.62	16.29	17.82	13.39
Other Payables				
total outstanding dues of micro enterprises and small enterprises	—	—	—	—
total outstanding dues of creditors other than micro enterprises and small enterprises	—	—	—	—
Debt securities	3,873.63	6,201.97	11,461.48	17,836.46
Borrowings (other than debt securities)	29,438.90	27,715.84	29,746.34	32,328.12
Deposits	17,348.10	17,648.98	16,746.04	16,131.94
Subordinated liabilities	1,238.32	1,438.18	1,438.58	1,438.58
Other financial liabilities	2,184.89	2,520.79	2,675.65	2,646.85
Subtotal - financial liabilities	**54,104.00**	**55,542.05**	**62,137.35**	**70,395.34**
Non-financial liabilities				
Current tax liabilities	—	—	62.93	—
Provisions	16.29	17.33	18.39	19.35
Other non-financial liabilities	124.80	298.60	250.50	518.69
Subtotal - non financial liabilities	**141.09**	**315.93**	**331.82**	**538.04**
Total Liabilities	**54,245.09**	**55,857.98**	**62,469.17**	**70,933.38**
Total Liabilities and Shareholders' Equity	**64,952.35**	**65,729.61**	**71,392.20**	**78,931.15**

December 31, 2022 compared to March 31, 2022

Our total outstanding dues of creditors including micro enterprises and small enterprises increased by ₹3.87 crore, or 23.76%, from ₹16.29 crore as of March 31, 2022 to ₹20.16 crore as of December 31, 2022. This increase was primarily due to increases in credit purchases from suppliers.

Our debt securities decreased by ₹2,328.34 crore, 37.54%, from ₹6,201.97 crore as of March 31, 2022 to ₹3,873.63 crore as of December 31, 2022. This decrease was due to repayment upon maturity of secured redeemable non-convertible debentures.

Our borrowings (other than debt securities) increased by ₹1,723.05 crore, or 6.22%, from ₹27,715.84 crore as of March 31, 2022 to ₹29,438.90 crore as of December 31, 2022. This increase was primarily due to increased secured and unsecured term loans from banks.

Our deposits decreased by ₹300.88 crore, or 1.70%, from ₹17,648.98 crore as of March 31, 2022 to ₹17,348.10 crore as of December 31, 2022. This decrease was primarily due to decrease in unsecured deposits from corporates which was partially offset by an increase in public deposits.

Our subordinated liabilities decreased by ₹199.86 crore, or 13.90%, from ₹1,438.18 crore as of March 31, 2022 to ₹1,238.32 crore as of December 31, 2022. This decrease was due to repayment upon maturity of subordinated liabilities.

Our other financial liabilities decreased by ₹335.90 crore, or 13.33%, from ₹2,520.79 crore as of March 31, 2022 to ₹2,184.89 crore as of December 31, 2022. These decreases were primarily due to a decrease in book overdraft from ₹1,407.22 crore as of March 31, 2022 to ₹707.32 crore as of December 31, 2022, decrease in amount payable under assignments from ₹265.15 crore as of March 31, 2022 to ₹181.42 crore as of December 31, 2022, which was partially offset by an increase in interest accrued but not due on borrowings from ₹353.76 crore as of March 31, 2022 to ₹881.82 crore as of December 31, 2022.

Our current tax liabilities remained at nil as of December 31, 2022.

Our total provisions decreased by ₹1.04 crore, or 5.99%, from ₹17.33 crore as of March 31, 2022, to ₹16.29 crore as of December 31, 2022. This decrease was primarily due to an increase in provisions relating to retirement benefits.

Our other non-financial liabilities decreased by ₹173.80 crore, or 58.20%, from ₹298.60 crore as of March 31, 2022 to ₹124.80 crore as of December 31, 2022. These decreases were primarily due to a decrease in advances received from customers from ₹207.07 crore as of March 31, 2022 to ₹92.27 crore as of December 31, 2022 and a decrease in statutory dues payable from ₹70.51 crore as of March 31, 2022 to ₹11.70 crore as of December 31, 2022.

Our total shareholders' equity increased by ₹835.64 crore, or 8.47%, from ₹9,871.63 crore as of March 31, 2022 to ₹10,707.26 crore as of December 31, 2022. These increases were primarily due to an increase in accumulated profits, allotment of shares at premium on exercise of stock options and cash flow hedge reserve.

March 31, 2022 compared to March 31, 2021

Our derivative financial instruments decreased by ₹51.44 crore, or 100.00%, from ₹51.44 crore as of March 31, 2021 to nil as of March 31, 2022, primarily on account of marking derivative financial instruments to market.

Our total outstanding dues of creditors other than micro enterprises and small enterprises decreased by ₹1.53 crore, or 8.59%, from ₹17.82 crore as of March 31, 2021 to ₹16.29 crore as of March 31, 2022. These decreases were primarily due to increases in payments to vendors.

Our debt securities decreased by ₹5,259.51 crore, or 45.89%, from ₹11,461.48 crore as of March 31, 2021 to ₹6,201.97 crore as of March 31, 2022. This decrease was due to repayment upon maturity of secured redeemable non-convertible debentures and commercial papers.

Our borrowings (other than debt securities) decreased by ₹2,030.50 crore, or 6.83%, from ₹29,746.34 crore as of March 31, 2021 to ₹27,715.84 crore as of March 31, 2022. These decreases were primarily due to repayment of secured term loans from the National Housing Bank.

Our deposits increased by ₹902.94 crore, or 5.39%, from ₹16,746.04 crore as of March 31, 2021 to ₹17,648.98 crore as of March 31, 2022. These increases were primarily due to an increase in unsecured deposits from the public.

Our subordinated liabilities decreased by ₹0.40 crore, or 0.02%, from ₹1,438.58 crore as of March 31, 2021 to ₹1,438.18 crore as of March 31, 2022.

Our other financial liabilities decreased by ₹154.86 crore, or 5.79%, from ₹2,675.65 crore as of March 31, 2021 to ₹2,520.79 crore as of March 31, 2022. These decreases were primarily due to a decrease in amount payable under assignments from ₹535.64 crore as of March 31, 2021 to ₹265.15 crore as of March 31, 2022, and a decrease in interest accrued but not due on borrowings from ₹699.83 crore as of March 31, 2021 to ₹353.76 crore as of March 31, 2022, partially offset by an increase in book overdraft from ₹929.41 crore as of March 31, 2021 to ₹1,407.22 crore as of March 31, 2022.

Our current tax liabilities decreased by ₹62.93 crore, or 100.00%, from ₹62.93 crore as of March 31, 2021 to nil as of March 31, 2022. These decreases were primarily due to allowance for bad debts written off, resulting in reduction of tax outflows under income tax.

Our total provisions decreased by ₹1.06 crore, or 5.76%, from ₹18.39 crore as of March 31, 2021, to ₹17.33 crore as of March 31, 2022. These decreases was primarily due to decrease in retirement benefits.

Our other non-financial liabilities increased by ₹48.10 crore, or 19.20%, from ₹250.50 crore as of March 31, 2021 to ₹298.60 crore as of March 31, 2022. These increases were primarily due to an increase in advance received from customers from ₹175.71 crore as of March 31, 2021, to ₹207.07 crore as of March 31, 2022.

Our total shareholders' equity increased by ₹948.60 crore, or 10.63%, from ₹8,923.03 crore as of March 31, 2021 to ₹9,871.63 crore as of March 31, 2022. These increases were primarily due to accumulated profits, allotment of shares at premium on exercise of stock options and cash flow hedge reserve.

March 31, 2021 compared to March 31, 2020

Our derivative financial instruments increased by ₹51.44 crore, or 100.00%, from nil as of March 31, 2020 to ₹51.44 crore as of March 31, 2021, primarily on account of marking derivative financial instruments to market.

Our total outstanding dues of creditors other than micro enterprises and small enterprises increased by ₹4.43 crore, or 33.08%, from ₹13.39 crore as of March 31, 2020 to ₹17.82 crore as of March 31, 2021. This increase was primarily due to increases in credit purchases from suppliers.

Our debt securities decreased by ₹6,374.98 crore, or 35.74%, from ₹17,836.46 crore as of March 31, 2020 to ₹11,461.48 crore as of March 31, 2021. These decreases were primarily due to repayment upon maturity of secured redeemable non-convertible debentures.

Our borrowings (other than debt securities) decreased by ₹2,581.78 crore, or 7.99%, from ₹32,328.12 crore as of March 31, 2020 to ₹29,746.34 crore as of March 31, 2021. These decreases were primarily due to repayment of secured term loans and overdraft facilities from banks, which was partially offset by an increase in secured term loans from the National Housing Bank.

Our deposits increased by ₹614.10 crore, or 3.81%, from ₹16,131.94 crore as of March 31, 2020 to ₹16,746.04 crore as of March 31, 2021. These increases were primarily due to an increase in unsecured deposits from the public from ₹13,572.28 crore as of March 31, 2020 to ₹14,074.69 crore as of March 31, 2021.

Our subordinated liabilities remained at ₹1,438.58 crore as of March 31, 2020 and ₹1,438.58 crore as of March 31, 2020.

Our other financial liabilities decreased by ₹28.80 crore, or 1.09%, from ₹2,646.85 crore as of March 31, 2020 to ₹2,675.65 crore as of March 31, 2021. These decreases were primarily due to a decrease in interest accrued but not due on borrowings, which was partially offset by an increase in other liabilities.

Our current tax liabilities increased by ₹62.93 crore, or 100.00%, from nil as of March 31, 2020 to ₹62.93 crore as of March 31, 2021. These increases were primarily due to disallowance of impairment allowance on loans under income tax.

Our total provisions decreased by ₹0.96 crore, or 4.96%, from ₹19.35 crore as of March 31, 2020, to ₹18.39 crore as of March 31, 2021, primarily due to decrease in retirement benefits.

Our other non-financial liabilities decreased by ₹268.19 crore, or 51.71%, from ₹518.69 crore as of March 31, 2020 to ₹250.50 crore as of March 31, 2021. These decreases were primarily due to a decrease in advance received from customers from ₹436.55 crore as of March 31, 2020 to ₹175.71 crore as of March 31, 2021.

Our total shareholders' equity increased by ₹925.26 crore, or 11.57%, from ₹7,997.77 crore as of March 31, 2020 to ₹8,923.03 crore as of March 31, 2021. These increases were primarily due to accumulated profits and allotment of shares at a premium on exercise of stock options.

Equity

As of March 31, 2022, March 31, 2021 and March 31, 2020, our Equity Share Capital was ₹168.60 crore, ₹168.27 crore, and ₹168.19 crore, respectively. As of March 31, 2022, March 31, 2021 and March 31, 2020, our Other Equity was ₹9,703.03 crore, ₹8,754.76 crore and ₹7,829.58 crore, respectively. Equity share capital and other equity includes securities premium, special reserve and statutory reserve, share option outstanding accounts, retained earnings, and effective portion of cash flow hedges.

Liquidity and Capital Resources

In the past, we have funded our liquidity and capital requirements primarily through shareholder's capital, financial indebtedness and also funds generated from operations. Indebtedness includes term loans from banks, non-convertible debentures, commercial paper, cash credit, subordinated debt, refinance from NHB, deposits and ECBs from banks and financial institutions. We also undertake the direct assignment of loan receivables to generate additional funds. In addition to funds required for the disbursement of loans to our customers in the ordinary course of business, our material cash requirements include our financial indebtedness, contractual commitments, contingent liabilities and capital expenditures. See "*Financial Indebtedness*", "*—Contractual Commitments*", "*—Contingent Liabilities*" and "*—Capital Expenditure*" for further details.

We intend to continue to fund our liquidity and capital requirements through shareholder's capital, financial indebtedness and funds generated from operations. We believe that our working capital is sufficient for our present requirements We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our loan agreements and debentures contain a number of covenants including financial covenants.

Cash Flows

As of March 31, 2022, we had cash and cash equivalents of ₹5,065.62 crore. Cash and cash equivalents primarily consist of cash on hand and balances with banks in current accounts and bank deposits with maturity of less than three months. As our business involves borrowing funds and on-lending such funds to our customers in the form of loan products, we may experience timing differences between receipt of funds and on-lending of such funds. These ongoing timing differences result in temporary cash balances on our books.

The table below sets forth selected information from our statements of cash flows:

Particulars	Nine-month period ended December 31, 2022	Financial Year		
		2022	2021	2020
	(₹ in crore)			
Net cash (used in) / generated from operating activities	(489.32)	6,256.08	6,611.28	6,826.34
Net cash (used in) / generated from investing activities	(365.43)	(1,474.99)	20.55	2,423.00
Net cash (used in) / generated from financing activities	(1,529.50)	(6,684.03)	(8,177.59)	(4,768.98)
Net changes in cash and cash equivalents	(2,384.25)	(1,902.94)	(1,545.76)	4,480.36
Cash or cash equivalents at the beginning of the year	5,065.62	6,968.56	8,514.32	4,033.96
Cash or cash equivalents at the end of the year	2,681.37	5,065.62	6,968.56	8,514.32
Net (decrease) / increase of cash & cash equivalents during the year	(2,384.25)	(1,902.94)	(1,545.76)	4,480.36

Cash flow from operating activities

Our cash flow used in operating activities for the nine-month period ended December 31, 2022 of ₹(489.32) crore resulted primarily from operating profits aggregating to ₹4,417.52 crore (including interest expenses aggregating to ₹2,885.91 crore, bad debts written off aggregating to ₹1,266.63 crore and impairment on financial instruments aggregating to ₹ (720.28) crore), which was partially offset by working capital changes aggregating to ₹(2,271.70) crore (including decreases in other financial liabilities amounting to ₹871.43 crore and increases in loans at amortised cost aggregating to ₹1,386.85 crore), interest paid aggregating to ₹(2,357.86) crore and taxes paid (net of refunds) aggregating to ₹(277.28) crore.

Our cash flow generated from operating activities for Financial Year 2022 of ₹6,256.08 crore resulted primarily from operating profits aggregating to ₹6,117.86 crore (including interest expenses aggregating to ₹4,057.94 crore and bad debts written off aggregating to ₹562.03 crore) and working capital changes aggregating to ₹4,682.69 crore (including decreases in loans at amortised cost aggregating to ₹4,769.22 crore), which was partially offset by interest paid aggregating to ₹(4,184.76) crore and taxes paid (net of refunds) aggregating to ₹(359.71) crore.

Our cash flow generated from operating activities for Financial Year 2021 of ₹6,611.28 crore resulted primarily from operating profits aggregating to ₹7,016.92 crore (including interest expenses aggregating to ₹5,075.84 crore and impairment on financial instruments aggregating to ₹778.75 crore) and working capital changes aggregating to ₹5,109.37 crore (including decreases in loans at amortised cost aggregating to ₹5,150.67 crore), which was partially offset by interest paid aggregating to ₹(5,219.27) crore and taxes paid (net of refunds) aggregating to ₹(295.74) crore.

Our cash flow generated from operating activities for Financial Year 2020 of ₹6,826.34 crore resulted primarily from operating profits aggregating to ₹7,946.53 crore (including interest expenses aggregating to ₹5,863.89 crore and impairment on financial instruments aggregating to ₹1,173.15 crore) and working capital changes aggregating to ₹5,768.42 crore (including decreases in loans at amortised cost aggregating to ₹6,430.92 crore), which was partially offset by interest paid aggregating to ₹(6,543.30) crore and taxes paid (net of refunds) aggregating to ₹(345.31) crore.

Cash flow from investing activities

Our cash flows used in investing activities for the nine-month period ended December 31, 2022 of ₹ (365.43) crore resulted primarily from investments (net) of ₹(354.90) crore, attributable to purchase of property, plant and equipment and other intangible assets aggregating to ₹ (10.69) crore and capital work-in-progress and intangible assets under development (net) aggregating to ₹ (0.11) crore, which was partially offset by proceeds from sale of property, plant and equipment and other intangible assets aggregating to ₹0.27 crore.

Our cash flows used in investing activities for Financial Year 2022 of ₹(1,474.99) crore resulted primarily from investments (net) of ₹(1,459.99) crore, attributable to purchase of property, plant and equipment and other intangible assets aggregating to ₹(13.97) crore, capital work-in-progress and intangible assets under development (net) aggregating to ₹(1.16) crore, which was partially offset by proceeds from sale of property, plant and equipment and other intangible assets aggregating to ₹0.13 crore.

Our cash flows generated from investing activities in Financial Year 2021 of ₹20.55 crore resulted primarily from investments (net) of ₹26.21 crore, proceeds from sale of property, plant and equipment and other intangible assets aggregating to ₹0.37 crore and capital work-in-progress and intangible assets under development (net) aggregating to ₹1.69 crore, which was partially offset by purchase of property, plant and equipment and other intangible assets aggregating to ₹(7.72) crore.

Our cash flows generated from investing activities in Financial Year 2020 of ₹2,423.00 crore resulted primarily from investments (net) of ₹2,485.53 crore, proceeds from sale of property, plant and equipment and other intangible assets aggregating to ₹0.11 crore and capital work-in-progress and intangible assets under development (net) aggregating to ₹1.11 crore, which was partially offset by purchase of property, plant and equipment and other intangible assets aggregating to ₹(63.75) crore.

Cash flow from financing activities

Our net cash used in financing activities for the nine-month period ended December 31, 2022 of ₹(1529.50) crore resulted primarily from repayment of debt securities and subordinated liabilities aggregating to ₹(2,530.00) crore, borrowings from banks aggregating to ₹(11,022.70) crore, deposits (net) aggregating to ₹(295.22) crore and lease liability aggregating to ₹(24.79) crore, which was offset by proceeds from borrowings from banks aggregating to ₹ 12,338.31 crore and proceeds from issue of share capital including securities premium aggregating to ₹4.90 crore.

Our net cash used in financing activities in Financial Year 2022 of ₹(6,684.03) crore resulted primarily from repayment of debt securities and subordinated liabilities aggregating to ₹(4,673.00) crore, borrowings from banks aggregating to ₹(21,920.17) crore, commercial paper aggregating to ₹(1,125.00) crore and lease liability aggregating to ₹(31.67) crore, which was offset by proceeds from debt securities and subordinated liabilities aggregating to ₹455.00 crore, borrowings from banks aggregating to ₹19,698.27 crore, deposits (net) aggregating to ₹901.39 crore and proceeds from issue of share capital including securities premium aggregating to ₹11.15 crore.

Our net cash used in from financing activities in Financial Year 2021 of ₹(8,177.59) crore resulted primarily from repayment of debt securities and subordinated liabilities aggregating to ₹(8,746.00) crore, borrowings from banks aggregating of

₹(20,612.66) crore, commercial paper aggregating to ₹(1,416.00) crore and lease liability aggregating to ₹(32.83) crore, which was offset by proceeds from debt securities and subordinated liabilities aggregating to ₹1,690.00 crore, borrowings from banks aggregating to ₹18,181.48 crore, deposits (net) aggregating to ₹630.68 crore, commercial paper aggregating to ₹2,125.00 crore and proceeds from issue of share capital including securities premium aggregating to ₹2.74 crore.

Our net cash used in from financing activities in Financial Year 2020 of ₹(4,768.98) crore resulted primarily repayment of debt securities and subordinated liabilities aggregating to ₹(7,308.00) crore, borrowings from banks of ₹(10,448.29) crore, commercial paper aggregating to ₹(7,534.00) crore, lease liability aggregating to ₹(35.02) crore and dividend paid (including dividend distribution tax) aggregating to ₹(182.37) crore, which was offset by proceeds from debt securities and subordinated liabilities aggregating to ₹3,000.00 crore, borrowings from bank aggregating to ₹15,606.46 crore, deposits (net) aggregating to ₹2,107.97 crore and proceeds from issue of share capital including securities premium aggregating to ₹24.27 crore.

Contractual Commitments

The table below summarises the maturity profile of our financial liabilities as of March 31, 2022.

(in ₹ crore)

Particulars	Total	Due within 1 year	Due after 1 year
Trade Payables	16.29	16.29	—
Debt Securities	6,201.97	2,359.91	3,842.06
Borrowings (other than debt securities)	27,715.84	10,933.17	16,782.67
Deposits	17,648.98	5,840.49	11,808.49
Subordinated liabilities	1,438.18	199.98	1,238.20
Other financial liabilities	2,520.79	2,288.76	232,03
Total	**55,542.05**	**21,638.60**	**33,903.45**

OFF-BALANCE SHEET ARRANGEMENTS AND FINANCIAL INSTRUMENTS

Except as disclosed in this Letter of Offer, we do not have any material off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships established or contemplated for the purpose of facilitating off-balance sheet transactions.

Contingent Liabilities and Commitments

The table below sets forth our contingent liabilities and commitments, as of March 31, 2022 in accordance with the provisions of Ind AS-37, “Provisions, Contingent Liabilities and Contingent Assets

Particulars	Amount *(in ₹crore)*
Income-tax and interest-tax demand	20.74
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	7.60
Claims against the Company not acknowledged as debt	0.29
Corporate Financial Guarantees issued to Unique Identification Authority Of India (UIDAI)" against Aadhar Authentication Services	0.25

Capital Expenditure

For the nine-month period ended December 31, 2022 and for Financial Years 2022, 2021 and 2020, our capital expenditure amounted to ₹10.69 crore, ₹13.97 crore, ₹7.72 crore and ₹63.75 crore, respectively, primarily consisting of purchase of property, plant and equipment and other intangible assets. Since Financial Year 2022, we have made capital expenditures in relation to the opening of new branches and the addition of processing hubs to our distribution network pursuant to an expansion in our business operations. We expect to incur capital expenditure in the foreseeable future towards the addition of new branches in tier II and tier III cities in the southern and western regions of India, including affordable loan-specific branches, and the expansion of our operations in those locations. We have budgeted capital expenditures of approximately ₹53.90 crore in Financial Year 2023.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. We monitor such changes and present to management on a regular basis. We also undertake scenario analysis as well as other techniques such as earnings at risk to quantify the expected impact upon the change of market variables. Our Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Our Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. We monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

See "*Risk Factors— We are vulnerable to volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to vary and consequently affect our profitability.*" and "*—Significant Factors Affecting our Results of Operations and Financial Condition—Impact of interest rate volatility and liquidity risk*" on pages 29 and 295, respectively.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings which are primarily in US dollar ($). We manage our foreign currency risk by entering into cross currency swaps and forward contracts. When a derivative transaction is entered into for hedging purposes, we negotiate the terms of the derivative transactions to match the terms of the hedging exposure. Currently, we are exposed to currency risk by virtue of our ECB holdings. However, we have undertaken hedging activities to mitigate a major portion of our exposure to such risk.

Equity Price Risk

Our investment in non-listed equity securities are accounted at cost, net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

Liquidity Risk and Funding Management

Liquidity risk is defined as the risk that we will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that we might be unable to meet our payment obligations when they fall due as a result of mismatches in the timing of cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to us on acceptable terms. To limit this risk, we have arranged for diversified funding sources and investors in addition to our core deposit base, have adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. We also keep lines of credit and liquid investments that we can access to meet liquidity needs. Our lines of credit are from various banks and institutions and our liquid investments are kept in liquid mutual funds, fixed deposits, liquid bonds and government securities, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with our policies, liquidity position is assessed under a variety of scenarios. We follow both stock and flow approaches to monitor and asses liquidity position. We also keep track of the expected funds inflows and outflows along with other avenues for raising funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding, if required.

OTHER QUALITATIVE FACTORS

Competitive Conditions

The housing finance industry in India is highly competitive. We face competition from domestic and international banks as well as other HFCs and NBFCs. For further details, please see "*Our Business—Competition*" and "*Risk Factors—The housing finance industry is highly competitive and if we are not able to compete effectively, it could adversely affect our business and results of operations.*" on pages 169 and 64, respectively.

Known Trends or Uncertainties

Our business has been impacted, and we expect will continue to be impacted, by the trends identified above in the section titled "*—Significant Factors Affecting Our Result of Operations and Financial Condition*" on page 294 and the risks and uncertainties described in "*Risk Factors*" beginning on page 23. Except as described in this Letter of Offer, to the best of our knowledge there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Except as described in this Letter of Offer, there have been no other significant economic changes to the best of our knowledge which may materially affected in the last three years or are likely to affect income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described in this Letter of Offer, there have been no other events or transactions to the best of our knowledge which may be described as "unusual" or "infrequent" that may have taken place in the last three years.

Future Relationship between Cost and Income

Except as described in the sections titled "*Risk Factors*", "*Our Business*", "*Selected Statistical Information*" and this section, to the best of our knowledge, there is no future relationship between cost and income that will have a material adverse effect on our operations and finances.

The Extent to Which Material Increases in Net Sales or Revenue are Due to Increased Sales Volume, Introduction of New Products or Services or Increased Sales Prices

Changes in income from operations in the last three Financial Years are as explained in this section.

Seasonality of business

Our business is not affected by any seasonal changes.

New Product or Business Segment

We introduce new products from time to time based on the requirements of our customers. Other than the new products under development as described in "*Our Business*" and "*Risk Factors*" beginning on pages 145 and 23, respectively, to our knowledge, there are no current plans to develop new products or establish any new business segments.

SIGNIFICANT DEVELOPMENTS AFTER DECEMBER 31, 2022

Except as disclosed in this Letter of Offer, no circumstances have arisen since the date of the last financial statements as disclosed in this Letter of Offer which materially and adversely affect or are likely to affect our trading and profitability, the value of our assets or our ability to pay our liabilities within the next 12 months.

MARKET PRICE INFORMATION

As on the date of this Letter of Offer, 16,88,55,818 Equity Shares of our Company are issued, subscribed and fully paid up. The Equity Shares have been listed and are available for trading on BSE and NSE.

Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on the NSE and the BSE and number of Equity Shares traded on the days on which such high and low prices were recorded for, and the volume of Equity Shares traded in, the Fiscals 2022, 2021 and 2020:

NSE

Year ending	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the year (₹)	Total volume of Equity Shares traded in the fiscals (in number)	Total turnover of Equity Shares traded in the fiscals (₹ in crore)
Fiscal 2022	881.40	June 7, 2021	7,48,392	65.94	357.7	April 23, 2021	92,831	3.35	488.29	7,47,33,004	3,985.49
Fiscal 2021	456.55	February 25, 2021	8,65,290	39.91	161.00	April 3, 2020	348,266	5.74	301.84	15,18,42,070	4,441.28
Fiscal 2020	961.40	April 4, 2019	10,13,304	96.06	148.90	March 25, 2020	441,467	6.65	591.57	16,86,26,739	9,437.16

(Source: www.nseindia.com*)*

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

BSE

Year ending	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the year (₹)	Total volume of Equity Shares traded in the fiscals (in number)	Total turnover of Equity Shares traded in the fiscals (₹ in crore)
Fiscal 2022	880.65	June 7, 2021	91,313	8.04	358.25	April 23, 2021	5,341	0.19	540.38	77,98,952	417.90
Fiscal 2021	456.65	February 25, 2021	58,013	2.67	161.60	April 3, 2020	18,215	0.30	301.79	1,39,25,751	386.54
Fiscal 2020	958.80	April 4, 2019	93,942	8.91	149.10	March 25, 2020	34,765	0.53	591.45	1,37,36,362	770.39

(Source: www.bseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

B. The following tables set out the reported high and low and average of the closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months:

NSE

Month	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the month (₹)	No. of trading days in the period	Equity Shares traded in the month	
											Volume	Turnover (₹ in crore)
February, 2023	597.20	February 28, 2023	6,23,901	36.60	538.65	February 3, 2023	470,859	25.48	571.04	20	13,802,183	794.62
January, 2023	587.85	January 12, 2023	34,89,590	202.72	528.05	January 30, 2023	510,004	27.21	555.90	21	39,769,056	2,237.57
December, 2022	533.55	December 30, 2022	27,43,286	143.85	425.30	December 9, 2022	262,702	11.27	473.78	22	43,129,345	2,145.44
November, 2022	447.95	November, 2022	8,17,163	36.49	417.25	November 21, 2022	232,004	9.74	427.90	21	6,148,288	266.78
October, 2022	452.90	October 27, 2022	18,92,128	85.02	386.20	October 11, 2022	193,235	7.63	413.04	19	1,39,43,090	600.79
September, 2022	444.80	September 19, 2022	37,20,656	162.15	360.15	September 1, 2022	4,63,812	16.62	392.73	22	2,06,97,935	838.13
Average											22,914,983	

(Source: www.nseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each month presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

BSE

Month	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the month (₹)	No. of trading days in the period	Equity Shares traded in the month	
											Volume	Turnover (₹ in crore)
February, 2023	597.35	February 28, 2023	28,124	1.64	538.90	February 1, 2023	88,787	4.87	570.92	20	864,341	49.63
January, 2023	588.00	January 12, 2023	193,636	11.20	528.60	January 30, 2023	35,946	1.92	555.73	21	22,17,739	124.50
December, 2022	533.55	December 30, 2022	103,322	5.41	425.45	December 6, 2022	15,554	0.69	473.80	22	21,89,490	108.26
November, 2022	447.65	November 30, 2022	120,916	4.03	417.00	November 21, 2022	16,887	0.71	427.69	21	5,33,210	23.17
October, 2022	451.10	October 27, 2022	1,20,916	5.40	387.15	October 11, 2022	24,811	0.98	412.89	19	9,74,442	41.86
September, 2022	444.80	September 19, 2022	9,01,838	37.69	360.15	September 1, 2022	20,625	0.74	392.83	22	23,63,731	96.08
Average											1,523,826	

(Source: www.bseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each month presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

C. The Board has approved the Issue at their meeting held on March 9, 2022. The following table sets forth the market prices of our Equity Shares on the BSE and the NSE on March 10, 2022, the first working day immediately following the date of the Board meeting:

NSE						BSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in crores)	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in crores)
431.00	434.00	411.00	414.45	5,75,061	24.23	437.00	437.00	410.85	414.55	69,419	2.93

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there are no outstanding (i) criminal proceedings; (ii) actions taken by regulatory or statutory authorities; (iii) litigation involving claims related to direct and indirect taxes; and (iv) other pending litigation as determined to be material as per the materiality policy adopted pursuant to the Board resolution dated November 29, 2022, in each case involving our Company, its Subsidiaries, Promoter and Directors ("**Relevant Parties**").*

For the purpose of identification of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation to be disclosed by our Company in this Letter of Offer pursuant to the Board resolution dated November 29, 2022. Accordingly, disclosures of the following types of litigation involving Company, Directors, Promoter or Subsidiaries have been included.

All outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary actions including any penalty imposed by SEBI or stock exchanges against the Promoter in the last five financial years including any outstanding actions, and tax matters (direct or indirect), would be considered 'material' in the following circumstances:

a. where such matters involve our Company, its Subsidiaries and our Directors, the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of ₹20.91 crore (being 2.5% of the consolidated profit after tax of our Company), in terms of the Restated Consolidated Financial Statements);

b. where such matters involves our Promoter, the monetary amount of claim by or against our Promoter in any such pending proceeding is in excess of ₹1,038.09 crore (being 5% of the operating profit, on a standalone basis, of the Promoter), in terms of its latest audited annual financial statements);

c. pending litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed the respective materiality thresholds set out above; and

d. all outstanding litigation which may not meet the monetary threshold, or wherein a monetary liability is not quantifiable, but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation or prospects of our Company and as determined by our Company.

Further, except as disclosed in this section, there are no disciplinary actions including penalties imposed by the SEBI or the stock exchanges against our Promoter in the last five Financial Years including any outstanding action.

Our Company has a "Policy on determination of materiality" framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by the Board. There is no outstanding litigation that has been considered material in accordance with our Company's "Policy on determination of materiality" and accordingly, there is no such outstanding litigation involving the Relevant Parties that requires disclosure in this Letter of Offer.

Pre-litigation notices received by the Relevant Parties from third-parties (excluding statutory or regulatory or tax authorities) shall not be evaluated for materiality until such Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum or arbitral forum.

In the ordinary course of business, our Promoter has initiated various criminal proceedings involving fraud against various parties. In terms of the guidelines issued by RBI, our Promoter is required to file a fraud monitoring return (FMR) with the RBI, irrespective of the amount involved in such cases. In view of the large number of complaints filed by our Promoter with various authorities, a consolidated disclosure of the total number of the complaints reported in last three Fiscals and for the nine month period ended December 31, 2022 along with the aggregate amount involved in such cases has been made in this Letter of Offer.

Litigation involving our Company

Litigation against our Company

Criminal Proceedings

1. Kulpreet Kaur ("**Complainant**"), a partner in M/s Khas Polymer ("**Firm**"), has filed a first information report ("**FIR**") against other partners of the Firm, namely, Gaurav Khanna and Saurabh Khanna, and two employees of our Company, namely, Tanuj Goswami and Amitesh Pandey, in their capacity as agents of our Company (collectively, "**Employees**"), with the Kotwali Police Station, Kanpur, under Sections 406, 420, 467, 468, 471 and 120B of the IPC alleging *inter alia* that employees of the Company were involved in the fraudulent disbursal of a loan of approximately ₹0.18 crore ("**Loan**") to the Firm. The Complainant has alleged that Gaurav Khanna, one of the partners of the Firm, obtained the

signatures from the Complainant, without her consent and approval, for availing the Loan. The matter is currently pending.

2. Immanuel John Nicholas Iyadurai, Satyan R Chawla, Jayapal Reddy N. and Radhakrishna A. Chawla (collectively, "**Complainants**") have filed first information reports ("**FIRs**") against a branch manager and marketing manager of a branch of our Company in their capacity as agents of our Company (collectively "**Employees**"), certain directors of Mantri Developers Private Limited ("**Developer**"), and others, with the Cubbon Park Police Station, Bangalore under Sections 406, 409, 420, 120B and 34 of the IPC. Our Company had executed loan agreements with the Complainants aggregating to approximately ₹2.81 crore. In terms of the FIR, the Complainants have alleged that our Employees in collusion with the Developer, sanctioned and disbursed certain loans in contravention of the terms of the loan agreements executed between the Complainants and our Company, and guidelines of the RBI and NHB, without authorisation of the Complainants. The matter is currently pending. Our Company has filed petitions before the High Court of Karnataka under the CrPC, to quash the FIRs. For further details, see "- *Litigation by our Company – Criminal Proceedings*" on page 339.

3. Narasaiah ("**Complainant**") has filed a first information report ("**FIR**") against the bank manager of our Company in his capacity as an agent of our Company, Sunil K.K., and others (collectively, "**Accused**"), with the Vishveshwarapuram Police Station under *inter alia* Sections 465, 468, 471 and 120B of the IPC, alleging that the Accused have registered the Complainant's property in the name of Sunil K.K., through fabricated documents. The Complainant has further alleged that our Company in collusion with the other Accused, have disbursed a loan of approximately ₹1.42 crore and created a charge over the Complainant's property. The matter is currently pending.

4. Vishal Anil Dhomse ("**Complainant**") has filed a first information report ("**FIR**") against a manager of our Company, in his capacity as an agent of our Company, Manish Tardeja and others (collectively, "**Accused**"), with the N.R.I. Sagari Police Station, Navi Mumbai, under Sections 406, 420, 465, 467, 468, 471 and 34 of the IPC. In terms of the FIR, the Complainants alleged that our Company in collusion with Manish Tardeja had sanctioned a loan ("**Loan**") against the property owned by the Complainant and his wife ("**Property**") and directly transferred the Loan to A.R.C. Omkar Assets Reconstruction Private Limited without the consent of the Complainant or his wife, in contravention of the guidelines of the RBI. The matter is currently pending.

5. Sanjeev Lal ("**Applicant**") has filed an application ("**Application**') against our Company, its branch office, Dehradun, branch manager and others (collectively, "**Respondents**"), under Section 482 of the CrPC before the High Court of Uttarakhand, to set aside the orders dated December 8, 2017 ("**Order 1**") and February 4, 2021 ("**Order 2**", together with Order 1, "**Orders**") passed by the IVth Additional Chief Judicial Magistrate, Dehradun, and Vth Additional District Judge, Dehradun, respectively. The Applicant and his wife had taken a loan ("**Loan**") from our Company and mortgaged their shop as security for the Loan. Subsequently, the Loan had been declared as a non-performing asset by our Company, pursuant to which action under the SARFAESI Act was initiated against the Applicant. Such action was quashed by the debt recovery tribunal and an appeal against the order filed by the Respondents was dismissed by the debt recovery appellate tribunal.

   The Respondents have filed an appeal to set aside the orders of the debt recovery tribunal and the debt recovery appellate tribunal before the High Court of Uttarakhand which are currently pending. The Applicant alleged that during the pendency of the securitization application by our Company, issued to a sale/auction notice and sold the mortgaged property of the Applicant at a low value and misappropriated the remaining amount of sale consideration after adjustment of the outstanding amount. The Applicant filed a criminal complaint before the IVth Additional Chief Judicial Magistrate, Dehradun, which was dismissed by way of its Order 1. Thereafter, the Applicant filed a criminal revision petition before the Vth Additional District Judge, Dehradun which was also dismissed by way of its Order 2. The Applicant has therefore, filed the Application, to set aside the Orders. Our Company has filed a counter affidavit denying the allegations of the Applicant on the grounds that *inter alia* the sale was conducted in accordance with law and the remaining amount was adjusted towards the expenses in conducting the sale. The matter is currently pending.

6. Himanshu ("**Petitioner**") has filed a petition ("**Petition**") against our Company, her husband, Raj Kumar, her brother-in-law, Ashok Kumar and others, before the High Court of Punjab and Haryana at Chandigarh, under Section 482 of the CrPC, praying to be allowed to reside in the house in which she was residing since marriage ("**Property**"). The Petitioner has alleged that Raj Kumar and Ashok Kumar have harassed her to dispossess her from the Property. The Property has been mortgaged with our Company by Raj Kumar and Ashok Kumar and action has been initiated by our Company under the SARFAESI Act, to satisfy the loan taken by them. Further, the Petitioner has sought a direction to re-open the first floor of the Property till the stay application along with the revision petition ("**Revision Petition**") filed by the Petitioner before the Additional District and Sessions Judge, Panipat, is decided. The Revision Petition has been filed against the order dated December 14, 2018 of the Judicial Magistrate First Class, Panipat, by which interim relief to the Petitioner restraining Raj Kumar and Ashok Kumar from dispossessing the Petitioner from the Property, has been denied. The matter is currently pending.

7. M.G. Krishnappa ("**Complainant**") has filed a first information report ("**FIR**") against the bank manager of our Company in his capacity as an agent of our Company, Keerthi Sagar, and others (collectively, "**Accused**"), with the Kumarswamy Layout Police Station under Sections 419, 420, 465, 468, 471, 120B and 34 of the IPC. In terms of the FIR, the Complainant has alleged that the said property was registered in his son's name, who is residing abroad. The Complainant has alleged that the Complainant's property has been transferred to Keerthi Sagar, through fake documents and the said transfer to Keerthi Sagar has been funded by our Company. The matter is currently pending.

8. M. Kasiviswanathan ("**Complainant**"), the managing trustee of the Ananthana trust ("**Trust**") has filed a private complaint ("**Complaint**") against the bank manager of our Company in his capacity as an agent of our Company, N. Jahir Hussain, and others (collectively, "**Accused**"), before the Court of Judicial Magistrate No. 1, Thirunelveli, under Sections 467, 468, 471, 120B, 420 and 109 of the IPC. The Complainant has alleged that N. Jahir Hussain along with the other Accused have fraudulently mortgaged property with our Company, which was owned by the Trust. The matter is currently pending.

9. Hemraj Sharma ("**Complainant**") has filed a first information report ("**FIR**") against Chandra Prakash ("**Borrower**"), Harsh, in his capacity as agent of our Company, and Shitaldas, with Police Station, Gumanpura, Kota under Sections 406, 420 and 120B of the IPC. In terms of the FIR, the Complainant has alleged that he is the purchaser of the part of the property ("**Property**") which the Borrower has mortgaged with our Company. Our Company, pursuant to default in repayment of the loan availed by the Borrower for which a demand of approximately ₹57.87 crore was made by our Company, proceeded with the provisions of the SARFAESI Act and issued an auction notice for the Property. Our Company has filed a criminal miscellaneous petition before the High Court of Rajasthan under the CrPC, to quash the FIR. For further details, see "- *Litigation by our Company – Criminal Proceedings*" on page 339.

10. Gaurav Kansal ("**Petitioner**") has filed a criminal revision petition against our Company and others before the Court of District and Sessions Judge, Ghaziabad under Section 156(3) of the CrPC to, *inter alia* set aside the order dated February 25, 2022 ("**Order**") passed by the Court of Additional Chief Judicial Magistrate, Senior Division 1, Ghaziabad ("**Court**"). Pursuant to the Order, the Court cancelled the application ("**Application**") made by the Petition alleging commission of cheating by our Company by way of pre-closure charges and threatening the Petitioner for non-payment of the same. The Court has further held that the facts mentioned in the Application are of civil in nature and no prima facie criminal act is found. The matter is currently pending.

11. Four criminal revision petitions ("**Petitions**") have been filed against our Company and others before the Court of District and Sessions Judge, New Delhi, Patiala House Courts, under Section 397 read with Section 399 of the CrPC, arising out of order dated September 10, 2021 ("**Order**") passed by the Court of Ms. Padma Landol, Ld. Metropolitan Magistrate (N.I Act), Digital Court, -03, Patiala House Courts, New Delhi ("**Court**"), in the complaint filed by our Company against Ashiana Landcraft Reality Private Limited and others for the dishonour of cheques aggregating to approximately ₹189.15 crore. Pursuant to the Order, the Court issued summons to petitioners of the present Petitions for offence punishable under Section 138 read with Section 141 of the Negotiable Instruments Act, 1881. The Petitions are currently pending.

12. M/s City Engineer & Builders ("**Petitioner**") has filed a revision petition ("**Petition**") against our Company, M/s RK Construction, Gopi Chand Krishnani (collectively, "**Accused**") and another before the Court of Sessions Judge, Raipur under Section 397 of CrPC seeking setting aside of the order dated February 7, 2020 ("**Order**") passed by the Court of Judicial Magistrate, First Class, Raipur ("**Court**"). The Court vide its Order had dismissed the application filed under Section 156(3) CrPC by the Petitioner for registration of first information report ("**FIR**") against the Accused. By way of the Petition, the Petitioner has further prayed for the registration of FIR against the Accused. The matter is currently pending.

13. Aditya Singh Chauhan ("**Petitioner**") has filed a criminal revision petition against our Company and others (collectively, the "**Respondents**"), before the Sessions Judge, Gurugram, for setting aside the order dated June 7, 2022 ("**Order**") passed by the Trial Court ("**Authority**"). Pursuant to the Order, the Authority disposed the complaint filed by the Petitioner against the Respondents. The Petitioner has alleged *inter alia* that our Company, without any legal authorization, presented security cheques given to our Company as security instruments in the bank account of one of the Respondents, and arbitrarily presented those cheques for variable figures despite the pre-EMI amount being fixed as per the disbursement advice. Further, the Petitioner has alleged that our Company illegally issued a demand notice of ₹1.84 crore. The matter is currently pending.

Civil Proceedings

Civil proceedings above the materiality threshold of ₹20.91 crore

1. Adonis Buildtech Private Limited ("**Adonis**") and Ajnara India Limited ("**Ajnara**" collectively, the "**Borrowers**") obtained loan facilities aggregating to ₹280 crore ("**Loan**") including loan facility of ₹155 crore ("**Loan 1")** for repayment of their existing loans and construction of residential apartments. The Borrowers defaulted in repayment of outstanding amount of ₹172.09 crore in relation to the Loan and failed to pay the overdue amount and additional interest, as applicable. Consequently, our Company issued demand notice dated June 28, 2021 ("**Demand Notice**")

and possession notice dated August 31, 2021 (“**Possession Notice**”) for recovering the overdues under Section 13(2) of the SARFAESI Act. The Borrowers have filed securitisation applications (“**Applications**”) against our Company, each before the Debt Recovery Tribunal Delhi-2, (“**DRT-II, Delhi**”), seeking stay on dispossession of the secured assets in pursuance of Possession Notice, and all actions in furtherance of Demand Notice. In terms of the Applications, the Borrowers have claimed that our Company has taken possession of the secured asset under Section 13(4) of the SARFAESI Act without taking into consideration representations and objections dated August 27, 2021 by the Borrowers under Section 13(3A) of the SARFAESI Act. Further, the Borrowers have claimed that our Company had issued the Demand Notice under Section 13(2) of the SARFAESI Act without declaring the account of the Borrowers as a non-performing asset.

Further, in relation to the Loan 1, Adonis has also filed a writ petition (“**Petition**”) against our Company before the High Court of Delhi, seeking quashing of order dated November 2, 2021, passed by the Regional Director (Northern Region), Ministry of Corporate Affairs (“**Order**”). Pursuant to the Order, the Regional Director has extended the charge on the property bearing description “Ajnara Times Square” (“**Property**”) from ₹45 crore to ₹155 crore. Adonis has alleged that the Property was mortgaged by the Adonis against loan of ₹45 crore and not for the loan facilities of ₹155 crore sanctioned by our Company by way of a composite sanction letter. Further, Adonis has also alleged that the modification of charge sought by our Company is barred by limitation as it has been filed after 300 days of registration of charge.

Additionally, in relation to the Loan 1, RR Buildtown Private Limited (“**Applicant**”), a shareholder of Adonis, has filed a securitisation application and an amendment application before the DRT-II, Delhi against our Company and others, seeking, *inter alia,* quashing of the Demand Notice and the Possession Notice and the auction notice dated October 22, 2021 (“**Auction Notice**”) and to restrain our Company from taking any measures in furtherance of the aforesaid notices, on the grounds, *inter alia,* that our Company has not complied with the terms of pre-disbursement conditions as stated in sanction letter of the Loan 1. The Applicant has also claimed that the Auction Notice is in violation of Rule 8(6) of the Security Interest (Enforcement) Rules, 2002, since it has not been published. Our Company has challenged the stay application contending, *inter alia,* that the Applicant does not fall in the category of “aggrieved persons” in terms of Section 17(1) of the SARFAESI Act, hence, does not have locus standi to file the stay application in the present matter. Pursuant to order dated November 12, 2021, the High Court of Delhi has transferred this matter from DRT-II, Delhi to Debt Recovery Tribunal, Jaipur (“**DRT, Jaipur**”). Subsequently, pursuant to order dated January 13, 2022, (the “**Impugned Order**”), the DRT, Jaipur restrained our Company from taking any coercive action in relation to the subject property. Thereafter, pursuant to an order dated March 9, 2022, the High Court of Delhi, transferred the matter back from DRT Jaipur to DRT-II, Delhi. Our Company has filed an appeal against the Impugned Order before the Debt Recovery Appellate Tribunal, New Delhi. All the matters are currently pending.

2. Sequel Buildcon Private Limited (“**Corporate Guarantor**”) has filed a securitisation application against our Company before the Debt Recovery Tribunal Delhi-2, seeking quashing and setting aside of demand notice dated June 28, 2021 issued under Section 13(2) of the SARFAESI Act (“**Demand Notice**”) and guarantee enforcement notice dated October 21, 2021 demanding payment of ₹71.07 crore in relation to loan facilities availed by Ajnara India Limited (“**Ajnara**”). The Corporate Guarantor has alleged *inter alia* that our Company has failed to dispose the objections dated August 27, 2021 and October 30, 2021, raised by the Corporate Guarantor against the Demand Notice and Enforcement Notice, respectively. Further, it has been alleged, that our Company has not considered Form CHG-4 filed by the Corporate Guarantor, by which the guarantee given by the Corporate Guarantor stood satisfied. Further, the Corporate Guarantor alleged that our Company is trying to recover dues of Ajnara from the Corporate Guarantor despite initiating proceedings under the SARFAESI Act against Ajnara. The matter is currently pending.

3. Joyous Housing Limited (“**Applicant**”) has filed a securitisation application (“**Application**”) against our Company before the Debt Recovery Tribunal – II, Mumbai under Section 17 of the SARFAESI Act seeking quashing of demand notice dated January 15, 2022, possession notices dated March 29, 2022 (“**Possession Notice**”) and sale notices dated April 27, 2022 issued by our Company (collectively “**Notices**”) under Section 13 of the SARFAESI Act upon failure by the Applicant to repay the outstanding amount of ₹715.60 crore in relation to secured construction finance of ₹800 crore availed by the Applicant. The Applicant has denied existence of said outstanding amount which is payable by the Applicant. In terms of the Application, the Applicant has *inter alia,* (a) alleged that our Company did not issue a pre-possession notice thereby failed to comply with the provisions of Sections 13(2) and 13(4) of SARFAESI Act in issuing Notices; (b) alleged that the constructive possession of the secured assets is wrongful and bad in law; and (c) sought stay order against the Possession Notice and quashing of the Notices. The matter is currently pending.

4. Happy Home Corporation, Himmat B. Sorathia and Mukesh B. Patel (collectively, “**Applicants**”) have filed two securitisation applications (“**Applications**”) against our Company before the Debt Recovery Tribunal – II, Ahmedabad under Section 17(1) of the SARFAESI Act seeking, *inter alia*, quashing of demand notices dated October 7, 2021 and December 3, 2021 (“**Demand Notices**”) issued by our Company under Section 13(2) of the SARFAESI Act upon failure of the Applicants to repay the outstanding amounts of ₹406.03 crore and ₹66.21 crore in relation to construction finance of aggregate ₹900 crore and of aggregate ₹64.35 crore, respectively, availed by the Applicants. In terms of the Applications, the Applicants have alleged, *inter alia,* that Demand Notices issued by our Company are erroneous and do not entail accounting records for the outstanding amounts in terms of principal and interest and other penalties charged. Subsequently, our Company has filed a reply against securitisation application in relation to the construction finance of aggregate ₹900 crore. The matters are currently pending.

5. Gajendra Sharma and others (collectively, "**Complainants**") have filed a consumer complaint under the Consumer Protection Act, 2019, against Supertech Limited ("**Supertech**") and seven others including our Company before the National Consumer Disputes Redressal Commission, New Delhi in relation to non-delivery of possession of flats in a housing project 'Eco Village 4' purchased by the Complainants for which total consideration of above ₹500 crore has been paid by the Complainants ("**Complaint**"). The Complainants have alleged that they have been misrepresented and misled to invest in the said project wherein Supertech did not have an intention to construct the project and handover the flats to the Complainants, and had employed unfair and restrictive trade practices amounting to deficiency of services. Our Company has received copy of application for our arraignment as defendants in relation to the Complaint against which our Company has filed a reply on December 27, 2021. The matter is currently pending and the amount involved in the matter is not ascertainable.

Civil proceedings below the materiality threshold of ₹20.91 crore but otherwise deemed material

There are 7 writ petitions ("**Writ Petitions**") filed by various homebuyers ("**Homebuyers**") before the High Court of Delhi and Punjab and Haryana High Court, seeking restraining order against our Company for recovering outstanding loan amounts disbursed pursuant to the tripartite agreements ("**Agreements**") executed among homebuyers, builders and other house financing companies ("**HFCs**") including our Company. Pursuant to the Agreements, the home loans were sanctioned by our Company and other HFCs for the purpose of development of various realty projects and it was incumbent on the builders to pay EMIs and pre-EMIs to our Company and other HFCs for repayment of the loans. However, various builders defaulted in paying pre-EMIs and in completing the realty projects. As a result of which, our Company and other HFCs took actions against the Homebuyers and sought to recover outstanding loan amounts from them against which Homebuyers have filed the Writ Petitions alleging that such recovery is in breach of the terms of the Agreements and directions issued by RBI and NHB.

In view of the common cause of actions and parties involved in the Writ Petitions, the High Court of Delhi has clubbed such matters and passed an interim stay order on January 31, 2022 restraining the HFCs from taking any coercive steps against the Homebuyers. Our Company has filed counter affidavits in some of the Writ Petitions and is in the process of filing the same in remaining cases. The matters are currently pending.

Civil proceedings that are non-quantifiable but otherwise deemed material

Nil

Actions taken by Regulatory or Statutory Authorities

1. Our Company has filed an appeal ("**Appeal**") against the Deputy Director, Directorate of Enforcement ("**ED**") and others (collectively "**Respondents**") before the Appellate Tribunal, Prevention of Money Laundering Act against the order dated March 13, 2020 ("**Order**"), passed by the Adjudicating Authority, Prevention of Money Laundering Act ("**Adjudicating Authority**"). The Adjudicating Authority, pursuant to the Order, confirmed the provisional order dated September 23, 2019, issued by the ED for attachment of the property, which was mortgaged by our borrowers, namely Sarabjit Kaur and Amanpreet Singh Sodhi, with our Company as security for a loan of approximately ₹0.36 crore. The Order confirmed the attachment of said property pursuant to complaint filed by the ED, as the property had been purchased from proceeds of crime arising out of fraudulent letters of credit/undertaking, on the basis of which, overseas banks credited large amounts to entities controlled by certain individuals, including Amanpreet Singh Sodhi. The matter is currently pending.

2. Our Company has filed an appeal ("**Appeal**") against the Deputy Director, Directorate of Enforcement ("**ED**") before the Appellate Tribunal, Prevention of Money Laundering Act against the order dated September 19, 2017 ("**Order**"), passed by the Adjudicating Authority, Prevention of Money Laundering Act ("**Adjudicating Authority**"). The Adjudicating Authority, pursuant to the Order, confirmed the provisional order dated March 31, 2017, issued by the ED for attachment of the property, which was mortgaged by our borrowers, namely Jai Prakash Bagarwa and Raju Devi Bagarwa, as security for a loan of ₹0.20 crore with our Company. The Order confirmed the attachment of said property pursuant to complaint filed by the ED, as the property had been purchased from the proceeds of crime arising out of allotment of government land by means of forged and fabricated allotment letters in the fictitious names of alleged displaced persons. The matter is currently pending.

3. Our Company has filed an appeal ("**Appeal**") against the Deputy Director, Directorate of Enforcement ("**Respondent**") before the Appellate Tribunal, Prevention of Money Laundering Act against the order dated January 9, 2020 ("**Order**"), passed by the Adjudicating Authority, Prevention of Money Laundering Act ("**Adjudicating Authority**"). The Adjudicating Authority, pursuant to the Order, confirmed the provisional order dated July 26, 2019, issued by the Respondent for attachment of the property, which was mortgaged by our borrowers, namely M/s Kubera Industries and other co-borrowers, as security for a loan of ₹3.54 crore with our Company. The Order confirmed the attachment of said property pursuant to complaint filed by the ED, as the property has been purchased from proceeds of crime arising out of illegal sale of gutkha and panmasala which had been banned in Tamil Nadu. The matter is currently pending.

4. BSE has, vide an email dated November 21, 2022 ("**Email**") and NSE has, vide a letter bearing reference no. NSE/LIST-SOP/COMB/FINES/0946 dated November 21, 2022 ("**Letter**"), imposed a fine of ₹3,00,900 each, on our

Company for non-compliance with, the requirements of composition of the board of directors of our Company as per Regulation 17(1) of SEBI LODR Regulations for the quarter ended September 30, 2022. In terms of the Email and Letter, our Company is required to pay the fine within 15 days from the date of the Letter/Email and in the event of failure, Stock Exchanges may, *inter alia,* initiate freezing of entire shareholding of the Promoter in our Company as well as all other securities held in the demat account of our Promoter. Our Company has, vide responses dated November 26, 2022, requested for waiver of the fine imposed by the Stock Exchanges stating that there was no intentional delay in complying with the requirements of composition of the board of directors of our Company. Our Company has paid the fine imposed by BSE and NSE on December 1, 2022.

5. BSE has, vide an email dated February 21, 2023 ("**Email**") and NSE has, vide a letter bearing reference no. NSE/LIST-SOP/COMB/FINES/0190 dated February 21, 2023 ("**Letter**"), imposed a fine of ₹1,23,900 each, on our Company for non-compliance with the requirements of composition of the board of directors of our Company as per Regulation 17(1) of SEBI LODR Regulations for the quarter ended December 31, 2022. In terms of the Email and Letter, our Company is required to pay the fine within 15 days from the date of the Letter/Email and in the event of failure, Stock Exchanges may, *inter alia,* initiate freezing of entire shareholding of the Promoter in our Company as well as all other securities held in the demat account of our Promoter. Our Company has paid the fine imposed by BSE and NSE on February 23, 2023. There has been no further communication from the Stock Exchanges.

6. NSE has, pursuant to a letter bearing reference no. NSE/LIST-SOP/DEBT/FINES/00316 dated September 27, 2022 read with a letter dated September 29, 2022 (collectively, "**Letters**") imposed fines of ₹11,800 and ₹1,43,960 on our Company for: (i) the non-submission of notice to the Stock Exchanges for the record date of our non-convertible securities in terms of Regulation 60(2) of the SEBI LODR Regulations; and (ii) a delay in submitting certificate for payment of principal amount of commercial paper within one working day as required in terms of Regulation 57(1) of SEBI LODR Regulations. Our Company has, vide responses dated September 29, 2022 and September 30, 2022, requested for waiver of the fines imposed by NSE and has submitted that the inadvertent delay was caused due to the Covid-19 pandemic and the restrictions imposed during the period. There has been no further communication from NSE.

7. BSE has vide email dated August 20, 2021 and NSE has vide letter bearing reference no. NSE/LIST-SOP/COMB/FINES/0821 dated August 20, 2021, imposed a fine of ₹3,18,600 each, on our Company for non-compliance corporate governance requirements in terms of SEBI LODR Regulations, *inter alia*, not complying with a requirement to have a woman director in accordance with Regulation 17(1) of SEBI LODR Regulations during the period between January 5, 2021 and May 28, 2021 due to resignation by a woman independent director prior to the expiry of the term. Our Company has paid the fine imposed and has requested for waiver of the fine imposed by the Stock Exchanges by way of letters dated August 23, 2021 (collectively, "**Response Letters**"). Our Company, *inter alia*, contended in the Response Letters that the erstwhile independent woman director resigned from the board of directors our Company 18 months prior to her term and that there was a sudden vacancy. Our Company also stated that it had already initiated efforts to appoint another woman director and also highlighted the concern to SEBI vide email dated March 24, 2021 and that there were no lack of efforts from our Company to appoint a suitable candidate. Our Company also informed Stock Exchanges vide Response Letters that it had appointed an external human resource consulting firm in order to assist NRC to shortlist suitable candidate for the directorship, but the position could not be filled-in because of various reasons such as conflict of interest, seniority etc. Subsequently, NSE has, pursuant to a letter bearing reference no. NSE/LIST/SOP/PNBHOUSING dated July 12, 2022 intimated our Company regarding unfavorable consideration of our request of waiver of fine stating our Company did not provide evidence for its efforts to appoint a suitable candidate during the extension period sought by our Company from SEBI, instead the efforts accounted for the period post expiry of extension period, that sufficient efforts were not made to comply with the requirements in spite of having reasonable time for the same. Further, our Company is required to place the refusal of our request of waiver of fine by NSE before the Board and comments made by the Board are required to be disseminated to the Stock Exchanges. Further, BSE has also, pursuant to an email dated January 11, 2023, rejected our request for waiver of fine stating that the reasons cited by our Company for aforementioned non-compliances with SEBI LODR Regulations do not fall within the criteria laid down in the policy for exemption of fines formulated jointly by BSE and NSE and approved by SEBI.

Litigation by our Company

Criminal Proceedings

1. Our Company, in the ordinary course of business, has initiated 7,569 recovery proceedings against our borrowers, for the dishonour of cheques under Section 138 of the Negotiable Instruments Act, 1881 and for dishonour of electronic funds transfer under Section 25 of the Payment and Settlement Systems Act, 2007. In two of the matters, the respondents have filed petitions before the High Court of Delhi and High Court of Karnataka, respectively, for quashing the proceedings. These proceedings are pending at various stages of adjudication before various courts. The aggregate amount involved in these proceedings is ₹ 2,948.89 crore, to the extent ascertainable.

2. Our Company, in the ordinary course of its business, has filed 82 criminal complaints and lodged first information reports under various sections of the IPC before various police authorities and magistrates alleging *inter alia* offences relating to cheating, criminal conspiracy, trespass and fraud committed by certain individuals which also includes

certain borrowers, who had availed loans from our Company and have defaulted in repayment thereof. In two of the matters, the respondents have filed petitions before the Calcutta High Court and the High Court of Uttarakhand at Nainital, respectively, for staying and quashing the proceedings. These criminal proceedings are currently pending at various stages of adjudication before various courts.

3. The branch manager and marketing manager of a branch of our Company, in their capacity as agents of our Company (collectively, "**Employees**"), have filed petitions before the High Court of Karnataka under Section 482 of the CrPC, to quash first information reports ("**FIRs**") filed by Immanuel John Nicholas Iyadurai, Satyan R Chawla, Jayapal Reddy N. and Radhakrishna A. Chawla (collectively, "**Respondents**") on the grounds *inter alia* that the FIRs have been filed with a mala fide intention. Our Employees have contended that the loan availed by the Respondents had been disbursed by them, on the instructions of the Respondents. The FIRs have been filed by the Respondent under Sections 406, 409, 420, 120B and 34 of the IPC. For further details, see "*- Litigation against our Company – Criminal Proceedings*" on page 334. The matter is currently pending.

4. Our Company has filed a petition before the High Court of Rajasthan under Section 482 of the CrPC, to quash first information reports ("**FIR**") filed by Hemraj Sharma ("**Respondent**") on the grounds *inter alia* that the FIR is an abuse of process of law. Our Company has contended that the property in dispute had been mortgaged with our Company by certain borrowers (the "**Borrowers**") and therefore, the Respondent, who allegedly has purchased the said property from the Borrowers, has no right on the said property as it has already been mortgaged with our Company. The FIR has been filed under Sections 420, 406 and 120B of the IPC. For further details, see "*- Litigation against our Company – Criminal Proceedings*" on page 334. The matter is currently pending.

Civil Proceedings

Civil proceedings above the materiality threshold of ₹20.91 crore

1. Our Company has filed applications to initiate insolvency resolution proceedings each against (a) Landcraft Projects Private Limited ("**Corporate Guarantor 1**"), before National Company Law Tribunal, Delhi ("**NCLT Delhi**") and Ashiana Homes Private Limited ("**Corporate Guarantor 2,** collectively**,** "**Corporate Guarantors** ") before National Company Law Tribunal, Kolkata ("**NCLT Kolkata**") under Section 7 of the Insolvency and Bankruptcy Code, 2016, and (b) Gaurav Garg, Manu Garg, Lalit Jaiswal and Rohit Raj Modi ("**Personal Guarantors**"), before NCLT Kolkata under Section 95 of the Insolvency and Bankruptcy Code, 2016, for failure to repay a sum of ₹192.26 crore in relation to loan facility of ₹175 crore ("**Loan**") availed by Ashiana Landcraft Private Realty Limited. The Loan was secured by guarantees from the Corporate Guarantors and the Personal Guarantors. Our Company has filed petition before NCLT Delhi for transfer of the application against Corporate Guarantor 1 to NCLT Kolkata. The matters are currently pending.

2. Our Company has filed an appeal ("**Appeal**") against Ireo Private Limited, Aspirant Builders Private Limited, Bulls Realtors Private Limited, Commander Developers Private Limited, Fiverivers Developers Private Limited, Adson Software Private Limited and Fiverivers Townships Private Limited (collectively, the "**Borrower**s") under Section 18 of the SARFAESI Act, before the Debt Recovery Appellate Tribunal, Delhi ("**Tribunal**") against the order dated September 17, 2020 ("**Order**"), passed by the Debt Recovery Tribunal – II, Delhi (the "**DRT**"). The Borrowers had availed a corporate term loan of ₹225 crore, of which ₹150 crore was disbursed, however, the Borrowers failed to pay the outstanding loan amount of ₹57.82 crore and additional interest, as applicable. Consequently, our Company issued notices dated May 15, 2020 and June 19, 2020 (the "**Sale Notices**") to the Borrowers for sale of the immovable secured assets, after which, our Company sold one of the secured assets to recover ₹28 crore (the "**Sale**"). Pursuant to the Order, the DRT had unconditionally set aside the Sale on account of alleged undervaluation and ordered our Company to refund the auctioned sale price to the auction purchaser. The matter is currently pending.

3. Our Company has filed applications to initiate insolvency resolution proceedings against (a) Adonis Buildtech Private Limited ("**Corporate Debtor**") and Sequel Buildcon Private Limited ("**Corporate Guarantor"**) under section 7 of the IBC, and (b) against Ashok Kumar Gupta, Vinod Kumar Gupta and Pramod Kumar Gupta (collectively, "**Personal Guarantors**") before National Company Law Tribunal, New Delhi under Section 95 of IBC, on account of failure of Ajnara India Limited ("**Principal Borrower**") and Corporate Debtor to repay the outstanding amount of ₹182.34 crore in relation to the six loan facilities aggregating to ₹255 crore availed by Principal Borrower and Corporate Debtor from our Company. Our Company had issued a demand notice dated April 16, 2021 requiring the Principal Borrower, the Corporate Debtor, Corporate Guarantor and the Personal Guarantors (collectively, "**the Parties**") to repay the loan facilities. Subsequently, our Company also had issued a loan recall notice dated September 1, 2021 to the Parties recalling the entire amounts disbursed.

   However, the Parties failed to repay the outstanding amount pursuant to which our Company filed the Application with claims aggregating to ₹182.34 crore. Subsequently, Pramod Kumar Gupta ("**Petitioner**") has filed a writ petition under Article 32 of the Constitution of India ("**COI**") before the Supreme Court of India in relation to above mentioned applications filed by our Company, seeking an appropriate order, *inter alia,* declaring Sections 95(1), 96(1), 97(5), 99(1), 99(2), 99(4), 99(5) 99(6) and 100 of IBC ("**Impugned Provisions**") as illegal, null and void on the grounds of the Impuged Provisions being violative of their fundamental rights under Articles 14, 19 and 21 of the COI and constitutional right under Article 300(A) of the COI. The Petitioner has alleged that the Impugned Provisions deny right of hearing to the Petitioner and hence, are violative of principles of natural justice. The matters are currently pending. For details pertaining to the pending proceedings between our Company and Adonis Buildtech Private Limited, Ajnara India Limited and Sequel Buildcon Private Limited, see "*– Litigation against our Company – Civil Proceedings – Civil proceedings above the materiality threshold of ₹20.91 crore*" on page 336.

4. Our Company has filed applications to initiate corporate insolvency resolution proceedings against Mohit Arora, Sangita Arora and Ram Kishore Arora (collectively, "**Personal Guarantors**") each before National Company Law Tribunal, New Delhi under Section 95 of the IBC on account of failure of the Personal Guarantors to respond to our Company's demand notices (the "**Demand Notices**") for repayment of amount aggregating to ₹358.91 crore.

   The Demand Notices were issued by our Company in relation to default of loan facilities aggregating to ₹275 crore availed by Supertech Limited, the corporate debtor, along with other co-borrowers namely Sarv Realtors Private Limited and ASP Sarin Realty Private Limited.

   In the application filed against Mohit Arora, insolvency resolution professional has been appointed *vide* National Company Law Tribunal, Delhi's order dated September 29, 2021 ("**Order**") against which Mohit Arora has filed an appeal. Our Company has filed a reply to the appeal challenging the Order. The matters are currently pending.

5. Our Company has filed applications ("**Applications**") to initiate insolvency resolution proceedings against Kishore Govind Pate, Rohan Pate and Sanjeev Govind Pate (collectively, the "**Personal Guarantors**") each before National Company Law Tribunal, Mumbai under Section 95 of the IBC on account of failure of the Personal Guarantors to respond to our Company's loan recall notices dated January 5, 2020 (the "**Loan Recall Notice**") for repayment of outstanding amount of ₹79.33 crore. The Loan Recall Notice was issued by our Company in relation to the default of loan facility of ₹75.00 crore availed by Amit Enterprise Housing Limited, the corporate debtor.

   Further, our Company had issued a notice under Section 13(2) of SARFAESI Act on February 18, 2020 for symbolic possession of secured assets. Our Company had also issued a demand notice on December 21, 2020 to the Corporate Debtor and Personal Guarantors for the repayment of outstanding amount, failing which our Company filed the Applications. The matters are currently pending.

6. Our Company has filed an application before the High Court of Delhi under Section 9 of the Arbitration and Conciliation Act, 1996 against Arihant Realtors, KMC developers, Ashapura Options Private Limited and Ashapura Edifice Private Limited (collectively, the "**Respondents**") seeking interim directions to them to, *inter alia,* furnish monetary security and be restrained from disposing off or, selling any of the secured assets in connection with the dispute for repayment of outstanding loan amount of ₹21.57 crore in relation to the loan facilities aggregating to ₹180 crore availed by the Respondents. Our Company had issued a demand notice under section 13(2) of SARFAESI Act dated May 9, 2022 in order to recover the outstanding dues. The matter is currently pending.

7. Our Company has filed a securitization application before the Court of the Chief Metropolitan Magistrate, Esplanade Mumbai under section 14 of the SARFAESI Act against Joyous Housing Limited ("**JHL**") on account of default in payment of outstanding amount of ₹690.71 crore in relation to loan facility of ₹800 crore sanctioned by our Company. Our Company had issued a demand notice under section 13(2) of SARFAESI Act dated January 15, 2022 in order to recover the outstanding dues. Further, subsequent to occurrence of event of default under the loan agreement, an extraordinary general meeting ("**EGM**") of JHL was convened on March 9, 2023 for replacement of the directors of JHL with the nominee directors of our Company. Thereafter, one of the shareholders, Hubtown Limited, filed a petition before the National Company Law Tribunal, Mumbai ("**NCLT**") under Sections 241 and 242 of the Companies Act praying, *inter alia*, to stay the operation, implementation and effect of the decisions passed at the EGM for removal of the nominee directors. The NCLT *vide* its order dated March 14, 2023 ("**Order**") directed the parties to maintain status quo to the extent of resolution passed in the EGM. Aggrieved by the Order, our Company has filed an appeal dated March 24, 2023 under Section 421 of the Companies Act seeking setting aside of the Order.

   Further, our Company has also filed an interlocutory application dated March 24, 2023 ("**Application**") before the NCLT against Mujtaba Hasan Khan, sole proprietor of M/s. Hindustan Construction ("**Operational Creditor**") and another, under Section 60(5) read with Section 60 of the IBC read with Rule 11 of the National Company Law Tribunal Rules, 2016 seeking direction to allow our Company to intervene and dismiss the company petition ("**Petition**") filed by Operational Creditor against JHL under Section 9 of the IBC. The Application was filed on account of failure of JHL to adequately defend the proceedings in the Petition. The matters are currently pending.

8. Our Company has filed an interlocutory application ("**Application**") in relation to a company petition ("**Petition**") filed by Standard Chartered Bank ("**Financial Creditor**") against Radius Sumer Developers Private Limited ("**Corporate Debtor**") before the National Company Law Tribunal, Mumbai, ("**NCLT**") under Section 7 of the IBC for initiation of corporate insolvency resolution process ("**CIRP**"). Our Company along with the Financial Creditor had sanctioned a total loan of ₹600.00 crore under a consortium arrangement out of which the loan amount sanctioned and disbursed by our Company was ₹275.00 in relation to which ₹282.86 crore remains outstanding.

Pursuant to defaults committed by the Corporate Debtor in its payment obligations, the Financial Creditor filed the Petition. Subsequently, by way of the Application, our Company prayed for the admission of the Petition and initiation of the CIRP against the Corporate Debtor. The matter is currently pending.

9. Our Company has filed two applications to initiate insolvency resolution proceedings against Ashapura Edifice Private Limited and Ashapura Options Private Limited (collectively, "**Corporate Debtors"**) under Section 7 of the IBC, before National Company Law Tribunal, Mumbai on account of failure of the Corporate Debtors to repay loan amount of ₹22.62 crore. The Corporate Debtors along with Arihant Realtors and KMC Developers (together, "**Borrowers**") had obtained credit facilities from our Company for, *inter alia*, completion of "Project 'F-Residencies, Phase – I" and "F- Residencies, Phase – II" at Chembur, Mumbai aggregating to ₹180 crore of which ₹51 crores were disbursed by our Company. Subsequently, the accounts of Borrowers were classified as non-performing asset as per the directions of RBI. Our Company had issued demand notices dated May 9, 2022 and September 16, 2022 under Section 13(2) of SARFAESI Act to the Corporate Debtors in order to recover the outstanding dues. The matters are currently pending.

10. UTI Employees Sai Samruddhi Co-operative Housing Society ("**Applicant**") has filed interlocutory application ("**Application**") against our Company, IDBI Trusteeship Services Limited ("**IDBI**") and others before the National Company Law Tribunal, Mumbai, ("**NCLT**") under Section 60(5) of IBC challenging an resolution plan ("**Resolution Plan**") submitted for carrying out corporate insolvency resolution process ("**CIRP**") of Ornate Spaces Private Limited ("**Corporate Debtor**"). The Resolution Plan was submitted pursuant to an application filed by IDBI against the Corporate Debtor under Section 7 of the IBC before NCLT for initiation of CIRP. Our Company had sanctioned a total loan of ₹550.00 crore pursuant to a development agreement executed among various parties including the Corporate Debtor and the Applicant for the purpose of development of a residential project "Shapoorji Pallonji Grove Towers". Our Company had disbursed ₹181.00 crore out of total loan amount sanctioned out of which ₹206.87 crore remains outstanding to our Company. The Applicant had alleged in the Applications that the appointment of committee of creditors ("**CoC**") pursuant to the CIRP and approval of Resolution Plan was *ultra vires*. Our Company, a member of CoC, has filed a response to the Application denying the allegations of the Applicant. The matter is currently pending.

Civil proceedings below the materiality threshold of ₹20.91 crore but otherwise deemed material

Nil

Civil proceedings that are non-quantifiable but otherwise deemed material

Nil

Litigation involving our Promoter

Litigation against Promoter

Criminal Proceedings

RBI has filed a criminal complaint ("**Complaint**") under Section 200 of the CrPC read with Sections 46 and 47 of the Banking Regulation Act, 1949 and Section 120B of the Indian Penal Code, 1860 before the Court of Metropolitan Magistrate, Patiala House Courts, New Delhi, seeking prosecution against our Promoter, directors of our Promoter and certain other employees of our Promoter ("**Accused Persons**"). RBI, by way of its Complaint, alleged, *inter alia,* that the Accused Persons have wilfully made false and misleading statements and furnished false information regarding the implementation of core banking software ("**CBS**") and integration of Society for Worldwide Interbank Financial Telecommunication system ("**SWIFT**") with CBS. Pursuant to its order dated January 29, 2016, RBI conducted inspection of the IT operations, information security, IS/IT audit function and measures of IT risk assessment adopted by our Promoter during the period between February 8, 2016 to February 12, 2016. Upon inspection, RBI in its IT examination report dated June 6, 2016 and progress report dated June 27, 2017 indicated that our Promoter had failed in integrating the SWIFT with CBS and introducing "Straight Through Processing" interface between SWIFT messages and the CBS.

Further, our Promoter has also filed a petition ("**Petition**") under Section 482 of the CrPC, before the High Court of Delhi ("**High Court**"), seeking quashing of the Complaint which was subsequently rejected by the High Court *vide* its order dated June 25, 2021 ("**Order**"). Thereafter, our Promoter filed a criminal special leave petition before the Supreme Court of India on November 15, 2021, challenging the Order. Both the Complaint and the Petition are currently pending.

Civil Proceedings

Civil proceedings above the materiality threshold of ₹1,038.09 crore

Nil

Civil proceedings below the materiality threshold of ₹1,038.09 crore but otherwise deemed material

Nil

Civil proceedings that are non-quantifiable but otherwise deemed material

Nil

Actions taken by Regulatory or Statutory Authorities

Financial Intelligence Unit – India ("**FIU-IND**") had issued a show cause notice dated November 9, 2018 ("**SCN**") alleging violations of the provisions of the Prevention of Money Laundering Act, 2002 ("**PMLA**") by our Promoter. The FIU-IND pursuant to the SCN alleged that the Promoter had failed to file various reports including suspicious transaction reports, internal mechanism compliance report as required in terms of PMLA within the stipulated timelines. Subsequently, FIU-IND, *vide* its order dated July 29, 2019 ("**Order**") imposed a penalty of ₹ 15.63 crore on our Promoter. Our Promoter, aggrieved by the Order, filed an appeal before the Appellate Tribunal under PMLA ("**Appellate Tribunal**") on August 19, 2019. The Appellate Tribunal *vide* its order dated August 26, 2019 granted stay against the Order. The matter is currently pending.

Litigation by Promoter

Criminal Proceedings

1. A total of 6,827 legal proceedings filed by our Promoter are pending as on date of this Letter of Offer, under section 138 of the Negotiable Instruments Act, 1881. The amount involved in such cases aggregates to a sum of ₹ 626.02 crore.

2. There are a total of 2,161 cases filed by our Promoter in relation to matters involving fraud before various police stations and authorities, in accordance with the RBI circulars and guidelines on fraud classification and reporting in the (a) nine months ended December 31, 2022 and financial years ended March 31, 2022, March 31, 2021, and March 31, 2020. These cases are pending at various stages of adjudication. The details of aggerate cases tabulated below.

Financial Year	Number of complaints	Amount involved (₹ in crore)
2022-2023 (Nine months ended December 31, 2022)	219	1,614.34
2022	431	9,579.80
2021	700	10,066.98
2020	811	23,488.80

Material Litigation

1. A first information report bearing number RCBSM2018EOOOI dated January 31, 2018 ("**FIR-1**") was registered with the Central Bureau of Investigation ("**CBI"**) in Mumbai by Deputy General Manager, Punjab National Bank, Zonal Office Mumbai ("**Complainant"**) in respect of unauthorized and fraudulent issuance of Letters of Undertaking ("**LOU")** at the our branch at Brady House, Mumbai (herein after referred as "**Brady House Branch**"). Complainant alleged that partnership firms of Nirav Modi, Neeshal Modi, Ami Nirav Modi and Mehul Chinubhai Choksi namely, (i) M/s Diamond R US, (ii) M/s Solar Exports, and (iii) M/s Stellar Diamonds (collectively referred to as "**Partnership Firms**") were maintaining current accounts in Brady House Branch, Mumbai and that they were not sanctioned any facility for issuance of LOU for raising buyer's credit by the Partnership Firms from overseas banks. It was alleged that on January 16, 2018, the Partnership Firms approached the Brady House Branch and presented a set of import documents with a request to allow buyers' credit for making payment to the overseas suppliers. Since there was no sanctioned limit in the name of the Partnership Firms, the branch officials requested the Partnership Firms to furnish at least 100% cash margin for issuing LOU for raising buyers' credit. On refusal, the Partnership Firms contested that they have been availing such transactions since past several years. After that on scrutiny, it was observed that in connivance with certain employees of the Brady House Branch, the Partnership Firms got LOU's issued fraudulently without sanctioned limit and without making entries in the banking system avoiding detection of the transactions, so made, transmitted SWIFT instructions to the overseas branches of Indian bank under buyer's credit and without adhering to the procedures stipulated by our Promoter.

   Pursuant to the FIR -1 filed with the CBI by the Complainant, the CBI on May 14, 2018 filed its first charge sheet against the Partnership Firm and supplementary charge sheet on December 20, 2019.

   Further, an FIR bearing no. RC 02(E)/2018/CBI/BS&FC/Mum ("**FIR-2**") was filed against Mehul Choksi, Gitanjali Gems Limited, Gili India Limited, Nakshatra Brands Limited and others on February 15, 2018 for the unauthorised issue of LOUs and Foreign Letters of Credit by CBI and filed charge sheet on May 16, 2018.

   Our Promoter had also filed an FIR bearing no. RCBSM2018E0003 ("**FIR-3**") against Nirav Modi, Firestar Diamonds International Private Limited, officials of Firestar International Limited and others on March 4, 2018 in relation to criminal conspiracy and fraud committed pursuant to circular transactions with the Partnership Firms. As on the date of this Letter of Offer, CBI is yet to file any charge sheet basis the FIR-3 filed by our Promoter.

Thereafter, our Promoter had filed an FIR bearing number RCBSM2018E0004 ("**FIR-4**") against Chandri Paper and Allied Products Private Limited and others on March 9, 2018 for committing fraud in the matter of issuance of unauthorised LOUs. CBI has filed final charge sheet pursuant to FIR-4 filed by our Promoter.

In respect of unauthorized and fraudulent issuance of LOUs and Foreign Letters of Credit ("**FLCs**") at the Brady House Branch, our Promoter has reported to RBI through respective FMR-1 on different dates starting from January 29, 2018 to June 15, 2018 aggregating to ₹ 13,953.99 crore (₹6,820.08 crore in Nirav Modi group, ₹7,093.96 crore Gitanjali Group and ₹ 39.95 crore in Chandri Paper & Allied Products Private Limited). Our Promoter has lodged a complaint with Enforcement Directorate ("**ED**") against the Nirav Modi group and Mehul Choksi group, and the ED has initiated necessary action in this regard.

Our Promoter also lodged a complaint with the Ministry of Corporate Affairs ("**MCA**") on February 19, 2018. On February 23, 2018, in relation to a petition filed by the MCA (company petition No.277 of 2018) filed sections, 221, 222, 241, 242 and 246 read with section 339 of the Companies Act, 2013, the National Company Law Tribunal, Mumbai has granted a restraint order as prayed for by the Government of India preventing removal, transfer or disposal of funds, assets and properties of the entities and individuals, who are respondents in the Government's petition. These matters are currently pending.

Civil Proceedings

Civil proceedings above the materiality threshold

1. Our Promoter initiated a debt recovery proceeding against Kudos Chemie Limited ("**Borrower**") before Debt Recovery Tribunal-2, Chandigarh under Section 17 of the Recovery of Debt and Bankruptcy Act, 1993. Our Promoter had sanctioned certain loan facilities to the Borrower. Subsequently, as a result of the non-payment of the loan facilities, the account of the Borrower was declared as NPA and thereafter, a recovery suit ("**Suit**") was filed by our Promoter against the Borrower and its guarantors before Debt Recovery Tribunal -2, Chandigarh ("**DRT**"). The DRT *vide* its order dated January 6, 2020 decreed the Suit in favour of our Promoter and a recovery certificate was issued by the DRT. The aggregate of the admitted claim of our Promoter amounts to ₹2,707.03 crore. The matter is currently pending.

2. Our Promoter, along with the consortium of other banks, initiated two debt recovery proceedings ("**Recovery Proceedings**") against Sanjay Singal, Neeraj Singhal and others ("**Guarantors**") before Debt Recovery Tribunal - I, Delhi under Section 19 of the Recovery of Debt and Bankruptcy Act, 1993. Our Promoter had sanctioned certain loan facilities to the Bhushan Power and Steel Limited ("**Borrower**"). Subsequently, as a result of the non-payment of the loan facilities, the account of the Borrower was declared as NPA and was resolved pursuant to a corporate insolvency resolution process initiated before National Company Law Tribunal, Principal bench, New Delhi under Section 7 of the IBC. Our Promoter has filed the Recovery Proceeding against the Guarantors to recover the pending amount aggregating to ₹7,727.88 crore. The matter is currently pending.

3. Our Promoter initiated two debt recovery proceedings ("**Recovery Proceedings**") against Alok Knit Exports Private Limited, Ashok and others ("**Guarantors**") before Debt Recovery Tribunal - 2, Ahmedabad under Section 19 of the Recovery of Debt and Bankruptcy Act, 1993. Our Promoter had sanctioned certain loan facilities to the Alok Industries Limited ("**Borrower**"). Subsequently, as a result of the non-payment of the loan facilities, the account of the Borrower was declared as NPA and was resolved pursuant to a corporate insolvency resolution process initiated against the Borrower under Section 7 of the IBC before National Company Law Tribunal, Ahmedabad. Our Promoter has now filed the Recovery Proceeding against the Guarantors to recover the pending amount aggregating to ₹2,290.46 crore. The matter is currently pending.

4. Our Promoter initiated a debt recovery proceeding against Vadraj Cement Limited ("**Borrower**") before Debt Recovery Tribunal - 1, Delhi under Section 19of the Recovery of Debt and Bankruptcy Act, 1993 on account of default in repayment of certain loan facilities availed by the Borrower from our Promoter. Our Promoter had sanctioned certain loan facilities to the Borrower. Subsequently, as a result of the non-payment of the loan facilities, the account of the Borrower was declared as NPA and thereafter, a recovery suit ("**Suit**") was filed by our Promoter against the Borrower and its guarantors before Debt Recovery Tribunal – 1, Delhi ("**DRT**"). The recovery proceeding has now been transferred to Debt Recovery Tribunal – 3, Delhi pursuant to T/A 88/2022.The aggregate of the admitted claim of our Promoter amounts to ₹1,295.94 crore. The matter is currently pending.

5. Our Promoter initiated a debt recovery proceeding against Nirav Modi and other related partnership firms ("**Defendants**") before Debt Recovery Tribunal - 1, Mumbai ("**DRT**") under Section 19 of the Recovery of Debt and Bankruptcy Act, 1993 pertaining to the issuance of fraudulent unauthorized and fraudulent issuance of letters of undertaking for the recovery of ₹7,029.06 crore. A recovery suit ("**Suit**") was filed by our Promoter against the Defendants before DRT. The DRT *vide* its order dated July 6, 2019 decreed the Suit in favour of our Promoter and a recovery certificate was issued by the DRT appointing receivers for taking possession of the assets from Enforcement Directorate. As a result, a recovery officer has been recovery officer has been appointed for e-auctioning the assets of the Defendants for recovery of pending claim amount.

6. Our Promoter initiated a debt recovery proceeding against Essar Power M.P. Limited and others ("**Borrower**") before Debt Recovery Tribunal -2, Delhi under Section 19 of the Recovery of Debt and Bankruptcy Act, 1993. Our Promoter, along with other lenders including ICICI Bank, had sanctioned certain loan facilities to the Borrower. Subsequently, as a result of the non-payment of the loan facilities, the account of the Borrower was declared as NPA and a corporate insolvency resolution process was initiated against the Borrower by the ICICI Bank under Section 7 of the IBC before National Company Law Tribunal, Principal Bench, New Delhi. The admitted claim amount aggregates to ₹1,318.68 crore. The matter is currently pending.

7. Our Promoter initiated a debt recovery proceeding against Gitanjali Gems Limited and others before Debt Recovery Tribunal -1, Mumbai ("**DRT**") under Section 19 of the Recovery of Debt and Bankruptcy Act, 1993 pertaining to the issuance of fraudulent letters of undertaking and flexible credit line for the recovery of amount of ₹6,595.15 crore. The matter is currently pending.

8. Our Promoter initiated debt recovery proceeding against M/s Stellar Diamonds before Debt Recovery Tribunal -1, Mumbai ("**DRT**") under Section 19 of the Recovery of Debt and Bankruptcy Act, 1993 pertaining to the issuance of fraudulent letters of undertaking and flexible credit line for the recovery of amount of ₹7,029.06 crore. The DRT vide its order dated July 6, 2019 has issued a recovery certificate and receivers have been appointed for taking possession of the secured assets from the Enforcement Directorate for auction. The matter is currently pending.

Other Matters

1. A consortium of lenders advanced certain credit facilities to various borrowers ("**Borrower**"). Since the Borrowers had failed to pay their outstanding dues towards the credit facilities, 19 corporate insolvency resolution process ("**CIRP**") have been initiated against the Borrowers under the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal at various benches. The aggregate amount involved in the CIRP proceedings is ₹45,949.52 crore. Our Promoter is a member of committee of creditors appointed for the purpose of the liquidation of the Borrowers. The matters are currently pending.

Taxation cases above the materiality threshold of ₹1,038.09 crore

1. Our Promoter had filed its return of income tax under Section 139(1) of the Income Tax Act, 1961 ("**IT Act**") for the assessment year 2019-20 declaring Nil taxable income and refund claim ₹166.82 crore. After a scrutiny of the return under Section 143(2) of the IT Act, the Additional Commissioner of Income Tax, ("**Assessing Officer**") passed an order dated September 30, 2021 ("**Order**") under Section 143(3) of the IT Act, making certain disallowances of claims of , *inter alia*, business losses by our Promoter. Pursuant to the Order, the Assessing Officer assessed the total income at ₹5,166.83 crore and arrived at a tax liability of ₹2,245 crore. Aggrieved with the aforesaid tax liability and the Order, our Promoter filed an appeal before the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi. Further, pursuant to Order, separate proceedings to be initiated against our Promoter for under reporting of the taxable income. The matter is currently pending.

2. Our Promoter had filed its return of income tax under Section 139(1) of the Income Tax Act, 1961 ("**IT Act**") for the assessment year 2015-16 declaring taxable income of ₹6,009.53 crore. After a scrutiny of the return under Section 143(2) of the IT Act, the Additional Commissioner of Income Tax, ("**Assessing Officer**") passed an order dated October 31, 2018 ("**Order**") under Section 143(3) of the IT Act, making disallowances of deductions on the basis of loss on account of amortization of premium paid on the securities under the category 'held to maturity', MTM on derivatives, expenditure in relation to employees, expenditure incurred in relation to income which does not form part of total claim and depreciation on goodwill as claimed by our Promoter. Pursuant to the Order, the Assessing Officer assessed the total income at ₹9,030.58 crore and arrived at a tax liability of ₹1,116 crore. Aggrieved with the Order, our Promoter filed an appeal before the Commissioner of Income Tax (Appeals), National Faceless Appeal Centre, Delhi. The matter is currently pending.

3. Erstwhile Oriental Bank of Commerce (now amalgamated with our Promoter) ("**OBC**") has filed an appeal ("**Appeal**") before the Commissioner of Income Tax (Appeals) – 7, Delhi ("**CIT(A)**") under Section 139(1) of IT Act against the order dated December 30, 2019 ("**Order-I**") issued by the Additional/Joint Commissioner of Income Tax, Special Range – 7, New Delhi ("**Assessing Officer**"). The Assessing Officer, pursuant to Order-I, applied the provisions of Section 115JB of the IT Act to OBC and computed the income under Minimum Alternate Tax provisions for the assessment year 2017-18. The Assessing Officer assessed the total income of OBC for the assessment year 2017-18 at ₹6,483.38 crore and arrived at a tax liability of ₹2,921.47 crore. Pursuant to order dated January 31, 2023 ("**Order-II**"), the CIT(A) allowed all grounds of the Appeal, except for the claim of ₹4,545.89 crore under Section 36(1)(vii) of the IT Act, which was referred back to the Assessing Officer for verification. Aggrieved by Order-II, our Promoter has filed an appeal with the Income Tax Appellate Tribunal on March 27, 2023. The matter is currently pending.

Disciplinary action including penalty against the Promoter by SEBI or any stock exchange in the last five Fiscals

No disciplinary action has been taken or penalty has been imposed against our Promoter by SEBI or Stock Exchanges in the past five years as on date of this Letter of Offer.

Litigation involving our Directors

Litigation against our Directors

Criminal Proceedings

Nilesh Shivji Vikamsey

1. Arunava Patra filed a criminal complaint filed before the Court of Chief Judicial Magistrate, Paschim Medinipore against IIFL Securities Limited (formerly known as India Infoline Limited), India Infoline Finance Ltd., and its directors including Nilesh Shivji Vikamsey and others alleging commission of offence under Sections 163(4), 196(3), 301(5), 372A(6) of the Companies Act and Sections 467, 120B of IPC. India Infoline Finance Limited and India Infoline Limited have filed a quashing petition before the Calcutta High Court seeking necessary directions against the process issued by the lower court. The matter is currently pending.

2. Sunil Shinde filed a first information report under section 106,42,445, 409 and 120(b) of IPC read with Section 7, 9 and 13 of the Prevention and Corruption Act, 1988 on behalf of Ultra Space Developers Private Limited, JVPD One Builder, Wadhawan Lifestyle Retail Private Limited, Wadhawan Retail Private Limited, Wadhawan Holdings Private Limited and RKW Developers Private Limited (collectively, "**Complainants**"), against IIFL Facilities Limited, India Infoline Finance Limited, IIFL Finance Limited and its directors including Nilesh Shivji Vikamsey at Chembur police station alleging that IIFL Finance Limited along with IIFL Facilities Limited has illegally transferred and sold the properties mortgaged by the Complainant as security cover for the loan facility sanctioned by IIFL Finance Limited in favour of Ultra Space Developers Pvt Limited, RKW Developers Pvt Ltd, and Wadhawan group. The matter is currently pending.

3. Sushil Jainarayan Karva ("**Complainant**") has filed a first information report ("**FIR**") in Pune Police Station ("**Police**") under Sections 120B, 406, 420, 467, 468 and 471 of IPC against India Infoline Finance Limited, Nirmal Jain, Venkatararaman Rajamani and other independent directors India Infoline Finance Limited, including Nilesh Shivji Vikamsey alleging that India Infoline Finance Limited did not reduce the monthly instalment amount in spite of repayment of the substantial amount of outstanding loan by the Complainant and alleged the matter was settled between co-borrower and India Infoline Finance Limited pursuant to an arbitration proceedings for ₹70,000 and the mortgaged property was released without the permission of the Complainant. Further, it was alleged that India Infoline Finance Limited misused Complainants blank cheques given as security and filed false complaints under Section 138 of Negotiable Instruments Act, 1881. Considering civil nature of the matter, Police has filed a closure report and suggested initiation of civil proceedings. India Infoline Finance Limited is in the process of filing petition for quashing of the FIR. The matter is currently pending.

4. Sanjay Langal ("**Complainant**"), owner of Gold Circle Partner ("**GCP**"), filed a criminal complaint ("**Complaint**") against Thomas Cook (India) Limited ("**TCIL**"), its directors including Nilesh Shivji Vikamsey and other officials before the 8th Metropolitan Magistrate Court, Kolkata, alleging certain monetary benefits were deprived to Complainant under the GCP Agreement which was executed between TCIL and Cosmos City Travel, a Sole Proprietary firm of Sanjay Kumar Langal.

   Pursuant to GCP Agreement, GCP was appointed for promotion, marketing, sale and distribution of products developed, marketed, sold and distributed by TCIL, on non-exclusive basis. Pursuant to Complaint, it has be alleged that owing to repeated breach of vital terms and conditions, by GCP, TCIL was forced to terminate before the expiry of GCP Agreement. TCIL has denied the allegations and have filed a Criminal Revision Petition before the Sessions Court of Calcutta seeking setting aside the issuance of the summons which was issued was issued by the Metropolitan Magistrate Court seeking appearance of TCIL's directors, including Nilesh Shivji Vikamsey and other officers on February 29, 2020 and discharge of TCIL and its directors from the proceedings and in the interim stay of further proceedings. Sessions Court of Calcutta granted a stay against any further proceedings pursuant to an order on March 5, 2020. Subsequently, pursuant to an order dated December 12, 2022, Sessions Court of Calcutta has set aside the summons issued and remanded the matter back to the Metropolitan Magistrate Court. The matter is currently pending.

   Further, Complainant has also filed a civil suit against TCIL, its officers, and its directors including Nilesh Shivji Vikamsey before the Commercial Court at Rajarghat, West Bengal, claiming for damages and mesne profit valued at ₹1.45 crores along with interest at 8%. The matter is currently pending.

Civil Proceedings

Nilesh Shivji Vimaksey

1. KC Dass filed a civil suit against Travel Corporation (India) Limited and its managing director, SOTC its managing director, Thomas Cook India Limited ("**TCIL**") and its directors including Nilesh Shivji Vikamsey, Fairfax Financial Holdings Limited and its director (collectively, "**the Defendants**") before the High Court of Delhi for recovery of ₹40 crore as damages and for ejectment of the Defendants from property at F12/13, Connaught Place, New Delhi. Earlier, KC Dass had approached mediation and the same ended as 'not-settled'. TCIL has filed applications before High Court of Delhi for deletion of the names of the parties i.e. TCIL, its managing director and its directors including Nilesh Shivji Vikamsey, Fairfax Financial Holdings Limited and its directors. The matter is currently pending.

For further details in relation to civil proceedings involving Nilesh Shivji Vikamsey, see " – *Litigation against our Directors – Criminal Proceedings"* on page 345.

Actions taken by Regulatory or Statutory Authorities

Nil

Litigation by our Directors

Criminal Proceedings

Nil

Civil Proceedings

Nil

Litigation against our Subsidiaries

Criminal Proceedings

Nil

Civil Proceedings

Nil

Actions taken by Regulatory or Statutory Authorities

Nil

Litigation by our Subsidiaries

Criminal Proceedings

Nil

Civil Proceedings

Nil

Tax Claims

Nature of case	Number of cases	Amount involved (in ₹ crore)
Litigation involving our Company		
Direct Tax	6	56.01*
Indirect Tax	Nil	N.A.
Litigation involving our Promoter		
Direct Tax	60	12,250.00
Indirect Tax	20	1,502.76
Litigation involving our Directors		
Direct Tax	1	0.06
Indirect Tax	Nil	N.A.
Litigation involving our Subsidiaries		
Direct Tax	2	31.76#
Indirect Tax	Nil	N.A.

******Contingent liabilities in respect of income-tax of* ***₹****56.01 crore is disputed and are under appeals. These include contingent liability of* ***₹1.96*** *crore which have been decided by Income Tax Appellate Tribunal in our Company's favor.*

Rectification application under section 154 of the Income tax Act, 1961 has been filed before the assessing officer against demand of ₹31.49 crore for one of the matters due to certain mistakes apparent from record in the assessment order for assessment year 2020-21.

Outstanding dues to Creditors

As of December 31, 2022, our Company has 3,561 creditors (including micro, small and medium enterprises), and the aggregate outstanding dues to these creditors by our Company are ₹20.16 crore. Our Company is indebted to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 and the aggregate outstanding dues are ₹1.54 crore.

Details of outstanding dues owed to micro, small and medium enterprises and other creditors as of December 31, 2022, are set out below:

Types of Creditors	Number of Creditors	Amount involved (in ₹ crore)
Micro, Small and Medium Enterprises	74	1.54
Other Creditors	3,487	18.62
Total Outstanding Dues	3,561	20.16

Material Developments

Other than as stated in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 291, there have not arisen, since the date of the Limited Reviewed Consolidated Financial Statements disclosed in this Letter of Offer, any circumstances which materially and adversely affect, or are likely to affect, our trading, our profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

Other Matters

SEBI has issued summons requesting for information, each dated October 3, 2022, from certain of our Directors, certain KMPs and Senior Management and certain other existing and former employees of our Company, under Section 11C(3) of the SEBI Act, requiring them to provide information and produce certain documents such as the employment details, details of trading in the securities of the Company, details of trading by the relatives of the aforementioned persons, among others, in connection with the ongoing investigation by SEBI of insider trading activities by certain entities in the securities of our Company during the period between November 1, 2020 and September 30, 2021. The relevant Directors, KMP, Senior Management and employees have responded to the summons and provided the necessary confirmations and information sought by SEBI and have confirmed that they do not have any relationship with the persons/entities identified in the summons. Certain enquiries seeking information have been made by SEBI, including to the Company and a summon for personal hearing was issued by SEBI which have been appropriately responded to/attended, as applicable.

Disclosure Pertaining to Wilful Defaulter(s) or Fraudulent Borrower(s)

Our Company, Promoter, and our Directors have not been categorized or identified as Wilful Defaulter(s) or Fraudulent Borrower(s).

GOVERNMENT AND OTHER APPROVALS

We are not required to obtain any licenses or approvals from any government or regulatory authority pertaining to objects of the Issue. For further details, please refer to the chapter titled "*Objects of the Issue*" beginning on page 99.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at its meetings held on March 9, 2022, pursuant to Section 62(1)(a) of the Companies Act.

The Draft Letter of Offer was approved by our Board pursuant to its resolution dated November 29, 2022. This Letter of Offer was approved by our Board pursuant to its resolution dated March 28, 2023 and Stakeholders' Relationship Committee pursuant to its resolution dated March 29, 2023. The Board of Directors, in its meeting held on March 28, 2022 has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at the Issue Price of ₹275 per Rights Equity Share (including a premium of ₹265 per Rights Equity Share) and Rights Entitlement as 29 Rights Equity Shares for every 54 Equity Shares held on the Record Date aggregating up to ₹ 2,493.76 crores. The Issue Price is ₹275 per Rights Equity Share and has been arrived at by our Company in consultation with the Lead Managers prior to determination of the Record Date.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI LODR Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to their letters dated December 9, 2022 and December 8, 2022, respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Prohibition by SEBI or Other Governmental Authorities

Our Company, the Promoter, the members of the Promoter Group, our Directors and person(s) in control of our Promoter or our Company are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Further, the Promoter, and the Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Except for Nilesh Shivji Vikamsey who is associated with 360 ONE WAM Limited (previously known as IIFL Wealth Management), none of our Directors are associated with entities operating in the securities market. Further, except as disclosed in section "*Outstanding Litigation and Material Developments – Other Matters*" on page 348, SEBI has not initiated action against any of our Directors in the past five years preceding the date of this Letter of Offer.

Neither our Promoter nor any of our Directors are declared fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Prohibition by RBI

Neither our Company nor our Promoter or any of our Directors have been identified or categorized as Wilful Defaulter(s) or Fraudulent Borrower(s).

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to the Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, pursuant to Clause (2) of Part B of Schedule VI to the SEBI ICDR Regulations our Company is undertaking the Issue in compliance with Part B-1 of Schedule VI of the SEBI ICDR Regulations.

Confirmation under Companies (Significant Beneficial Owner) Rules, 2018

Our Company, Promoter and members of the Promoter Group are in compliance with the requirements of the Companies (Significant Beneficial Owner) Rules, 2018, as amended, to the extent applicable, as on the date of this Letter of Offer.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company will make applications to the Stock Exchanges for in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to the Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL

SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGERS, BEING AXIS CAPITAL LIMITED, BNP PARIBAS, BOFA SECURITIES INDIA LIMITED AND J.P. MORGAN INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 29, 2022, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE DRAFT LETTER OF OFFER OF THE SUBJECT ISSUE.

(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;

(b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. <u>COMPLIED WITH</u>

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. <u>NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE.</u>

(5) WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. <u>NOT APPLICABLE</u>

(6) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER. <u>NOT APPLICABLE</u>

(7) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S

CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. NOT APPLICABLE

(8) **NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE**

(9) **THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE**

(10) **FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

(a) **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING SUPERIOR EQUITY SHARES. COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND**

(b) **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH**

(11) **WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE**

(12) **IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE**

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER AND THIS LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Managers

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in the Draft Letter of Offer and this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Eligible Equity Shareholders who invest in the Issue will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Managers shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in the Draft Letter of Offer and this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Our Company, the Lead Managers and their directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares. The Lead Managers and their respective affiliates may engage in transactions with and perform services for our Company or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company or affiliates, for which they have received and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in New Delhi, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is NSE.

Disclaimer Clause of the BSE

As required, a copy of the Draft Letter of Offer was submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of the Draft Letter of Offer, is set out below:

BSE Limited ("the **Exchange**") has given vide its letter dated December 9, 2022, permission to this Company to use the Exchange's name in this Letter of Offer as the stock exchange on which this Company's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/33533 dated December 8, 2022 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of RBI/NHB

Our Company is having a valid certificate of registration dated July 31, 2001 issued by the National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. However, the RBI and the NHB do not accept any responsibility or guarantee about the present position as to the financial soundness of our Company or for the correctness of any of the statements or representations made or opinion expressed by our Company and for repayment of deposits/discharge of liabilities by our Company.

Filing

This Letter of Offer is being filed with the Stock Exchanges and the SEBI as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at siportal.sebi.gov.in in terms of the SEBI circular bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, and with the Stock Exchanges. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Listing

The Rights Equity Shares offered through this Letter of Offer are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Rights Equity Shares. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of each of our Directors, Legal Counsel to our Company as to Indian Law, Banker to the Issue, the Lead Managers, Registrar to the Issue, Statutory Auditors, in their respective capacities, have been obtained, and such consents have not been withdrawn up to the time of delivery of this Letter of Offer.

Experts to the Issue

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received consents from its Statutory Auditors, T R Chadha & Co. LLP, Chartered Accountants and Singhi & Co., Chartered Accountants through their letters each dated March 29, 2023, to include their name as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of (a) the Restated Consolidated Financial Statements and the examination report dated November 29, 2022, thereon, (b) Limited Reviewed Consolidated Financial Statements and their report dated March 28, 2023 issued thereon, and (c) the statement of possible special tax benefits dated November 29, 2022 and such consents have not been withdrawn as of the date of this Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S. Securities Act.

Performance vis-à-vis objects

Our Company has not undertaken any public or rights issue in the preceding five years.

Stock Market Data of Equity Shares of our Company

For stock market data, see "*Market Price Information*" beginning on page 332.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with SEBI LODR Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular no. CIR/OIAE/1/2014 dated December 18, 2014 and the SEBI Master Circular on the redressal of investor grievances through the SEBI Complaints Redress System (SCORES) platform dated November 7, 2022 (SEBI circular no. SEBI/HO/OIAE/IGRD/P/CIR/2022/0150), in relation to redressal of investor grievances through SCORES. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders' Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders. Link Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number, serial number of the Application Form or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see *"Terms of the Issue"* beginning on page 358.

The contact details of Registrar to the Issue and Share Transfer Agent and our Company Secretary and Compliance Officer are as follows:

Registrar to the Issue and Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
E-mail: pnbhfl.rights@linkintime.co.in
Investor Grievance ID: pnbhfl.rights@linkintime.co.in
Contact Person: Sumeet Deshpande
Website: www.linkintime.co.in
SEBI Registration No.: INR000004058

Company Secretary and Compliance Officer

Sanjay Jain is the company secretary and compliance officer of our Company. His details are as follows:

Sanjay Jain

9th Floor, Antriksh Bhawan
22, Kasturba Gandhi Marg
New Delhi 110 001
India
Tel: +91 11 2373 6857
E-mail: sanjay.jain@pnbhousing.com

Offering Restrictions

This Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Letter of Offer or Application Form and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer and Application Form only to Eligible Equity Shareholders (i) who have provided an address in India and (ii) who are foreign corporate or institutional Shareholders in Identified Jurisdictions.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with the SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or Application Form or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction other than India and to foreign corporate or institutional Shareholders in Identified Jurisdictions, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or Application Form will not constitute an invitation or offer in those jurisdictions in which it would be illegal to make such an invitation or offer or would subject the Company or its Affiliates or the Lead Managers or their Affiliates to any filing or registration requirements (other than India) and, in those circumstances, this Letter of Offer or Application Form and other offering materials must be treated as sent for information only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer or Application Form in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer. Envelopes containing an Application Form should not be dispatched from any jurisdiction where it would be illegal to make an offer.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction. If such person is (a) in the United States, such person is a U.S. QIB, or (b) outside India and the United States, such person is a corporate person, and in each case permitted to acquire the Rights Entitlements and the Rights Equity Shares offered in the Issue under the laws of such jurisdiction. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer and Application Form, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be in any Restricted Jurisdiction.

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT AND IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS UNDER SECTION 4(a) OF THE SECURITIES ACT. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF SUCH SECURITIES, EXCEPT IN EACH CASE TO PERSONS IN THE UNITED STATES WHO ARE U.S. QIBs. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, (A) in the United States when the buy order is made (other than persons in the United States who are U.S. QIBs) or (B) outside India or the United States, and not a corporate person acquiring the Rights Entitlements or Rights Equity Shares in compliance with laws of such other jurisdiction. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States (other than from persons in the United States who are U.S. QIBs) or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or Application Form only to Eligible Equity Shareholders (i) who have provided an Indian address to our Company and (ii) who are foreign corporate or institutional Shareholders in Identified Jurisdictions. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made and (a) is either in India or (b) is in an Identified Jurisdiction (other than the United States) and a corporate person acquiring the Rights Entitlements or Rights Equity Shares in compliance with laws of its jurisdiction, or (ii) it is a U.S. QIB in the United States, and in each case is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States); or (ii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or Allot any Rights Equity Shares in respect of any such Application Form.

For further details, see "*Restrictions on Purchases and Resales*" on page 383.

Listed debt securities of Company, Subsidiaries and group companies

Except as disclosed below, none of the debt securities of Company, Subsidiaries and group companies are listed:

S. No.	Name of the issuer	Stock Exchange	ISIN	Scrip Code	Amount (in ₹)	Date of Redemption
1.	PNB Housing Finance Limited	NSE	INE572E09205	PNBHOUSING	6,00,00,00,000	May 16, 2023
2.	PNB Housing Finance Limited	NSE	INE572E09239	PNBHOUSING	3,00,00,00,000	January 31, 2024
3.	PNB Housing Finance Limited	NSE	INE572E09262	PNBHOUSING	2,00,00,00,000	November 24, 2024
4.	PNB Housing Finance Limited	NSE	INE572E09320	PNBHOUSING	2,10,00,00,000	January 17, 2026
5.	PNB Housing Finance Limited	NSE	INE572E09346	PNBHOUSING	2,90,00,00,000	April 28, 2026
6.	PNB Housing Finance Limited	NSE	INE572E09387	PNBHOUSING	4,99,00,00,000	July 26, 2023
7.	PNB Housing Finance Limited	NSE	INE572E09627	PNBHOUSING	24,70,00,000	January 5, 2029
8.	PNB Housing Finance Limited	NSE	INE572E09627	PNBHOUSING	15,00,00,000	January 5, 2029
9.	PNB Housing Finance Limited	NSE	INE572E07068	PNBHOUSING	5,00,00,00,000	November 7, 2025
					5,00,00,00,000	November 7, 2026
					5,00,00,00,000	November 7, 2027
					5,00,00,00,000	November 7, 2028
					5,00,00,00,000	November 7, 2029

S. No.	Name of the issuer	Stock Exchange	ISIN	Scrip Code	Amount (in ₹)	Date of Redemption
10.	PNB Housing Finance Limited	NSE	INE572E07076	PNBHOUSING	1,30,00,00,000	June 25, 2024
11.	PNB Housing Finance Limited	NSE	INE572E07084	PNBHOUSING	3,25,00,00,000	September 27, 2024
12.	PNB MetLife India Insurance Company Limited	NSE	INE207O08019	PNBMI32	400,00,00,000	January 25, 2032
13.	PNB Housing Finance Limited	NSE	INE572E07092	PNBHOUSING	150,00,00,000	September 17, 2024

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, Investors proposing to apply in the Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.

Investors are requested to note that application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

The Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the RBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

(i) our Company at www.pnbhousing.com;

(ii) the Registrar at www.linkintime.co.in;

(iii) the Lead Managers, i.e. Axis Capital Limited, BNP Paribas, BofA Securities and J.P. Morgan India Private Limited at www.axiscapital.co.in, www.bnpparibas.co.in, www.ml-india.com and www.jpmipl.com, respectively; and

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.,* www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity

Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.pnbhousing.com).

Further, our Company along with the Lead Managers will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for not sending the physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India).

Our Company is undertaking the Issue on a rights basis to the Eligible Equity Shareholders and will send this Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid email addresses and an Indian address to our Company.

This Letter of Offer is being provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

- **In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in the Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

  The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in the Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see "- *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 369.

  Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in the Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see "- *Grounds for Technical Rejection*" on page 365. Our Company, the Lead Managers, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 362.

- ***Options available to the Eligible Equity Shareholders***

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. Details of each of the Eligible Equity Shareholders' Rights Entitlement will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at www.linkintime.co.in and link of the same would also be available on the website of our Company at www.pnbhousing.com. Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or

(v) renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in the Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Managers, our Company, their directors, employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's:

(a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

(b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

(f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

(i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

(c) Do not send your physical Application to the Lead Managers, the Registrar, the Banker to the Issue, a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(e) Do not submit Application Form using third party ASBA account.

(f) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(g) Do not submit multiple Applications.

- ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in case of non-receipt of Application Form as detailed above and only such plain paper applications which provide all the details required in terms of Regulation 78 of SEBI ICDR Regulations shall be accepted by SCSBs. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Managers. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being PNB Housing Finance Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹275 per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and

16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in "*Restrictions on Purchases and Resales*" on page 383, and shall include the following:

    "I/ We hereby make representations, warranties and agreements set forth in "Restrictions on Purchases and Resales" on page 383 of the Letter of Offer.

    I/ We acknowledge that the Company, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in the Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in the Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;

(b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The remaining procedure for Application shall be same as set out in "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 362.

In accordance with the SEBI circular bearing reference no. SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST

TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "- *Basis of Allotment*" on page 376.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

(a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 362.

(d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(e) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar or the Lead Managers.

(f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.

(g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, folio number, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under the Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under the Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be**

liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

(h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

(i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(j) Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.

(k) In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(n) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(o) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and FEMA Rules.

(p) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

- ***Grounds for Technical Rejection***

Applications made in the Issue are liable to be rejected on the following grounds:

(a) DP ID, folio number and Client ID mentioned in Application does not match with the DP ID, folio number and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to our Company, the Lead Managers, Registrar, Banker to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and "qualified purchasers" (as defined under the U.S. Investment Company Act of 1940, as amended and referred to in this Letter of Offer as "**QPs**") or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

(s) Applicants not having the requisite approvals to make application in the Issue.

(t) IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

(u) Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

(v) These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund.

The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

(w) The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

(x) In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms s are liable to be rejected.

▪ ***Multiple Applications***

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "- *Procedure for Applications by Mutual Funds*" on page 368.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by our Promoter, any member of the Promoter Group or the Underwriters to meet the minimum subscription requirements applicable to the Issue as described in "*General Information – Minimum Subscription*" on page 94.

▪ ***Procedure for Applications by certain categories of Investors***

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions or restrictions as specified by SEBI and RBI in this regard. Further, pursuant to shareholders' resolution dated July 27, 2018, our Company capped the aggregate limit of all FPIs investments up to 74% of the paid-up equity share capital of our Company at the time of making such investment. However, with effect from April 1, 2020, the aggregate limits for FPI investments are the sectoral caps applicable to our Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds, or exchange traded fund or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

*Procedure for Applications by Systemically Important Non-Banking Financial Companies ("**NBFC-SI**")*

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is Thursday, April 27, 2023, *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in "- *Basis of Allotment*" on page 376.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of four days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

▪ ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.,* www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.pnbhousing.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE572E20012. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.* https://linkintime.co.in/EmailReg/Email_Register.html). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "LIIPL PNBHFL RIGHTS 2023 ESCROW DEMAT ACCOUNT ") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by Monday, April 24, 2023 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in the Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***Renouncees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

- ***Renunciation of Rights Entitlements***

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off market transfer.

- ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "**On Market Renunciation**"); or (b) through an off market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

In accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹275 per Rights Equity Share (including premium of ₹265 per Rights Equity Share) shall be payable on Application.

The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: INE572E20012 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Thursday, April 13, 2023 to Monday, April 24, 2023 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: INE572E20012 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE572E20012, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

The Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company in accordance with sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THE ISSUE AND TERMS OF THE ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see "*The Issue*" beginning on page 74.

- ***Fractional Entitlements***

  The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 29 Rights Equity Shares for every 54 Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Rights Equity Shares or not in the multiple of 2, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

  For example, if an Eligible Equity Shareholder holds 2 (two) Equity Shares, such Equity Shareholder will be entitled to 1 (one) Equity Share and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if such Eligible Equity Shareholder has applied for Additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in the Issue post allocation towards Rights Entitlements applied for.

  Further, the Eligible Equity Shareholders holding less than 2 Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

- ***Ranking***

  The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

- ***Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue***

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number DCS/RIGHT/KK/FIP/2899/2022-23 dated December 9, 2022 and from the NSE through letter bearing reference number NSE/LIST/33533 dated December 8, 2022. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 540173) and NSE (Scrip Code: PNBHOUSING) under the ISIN: INE572E01012. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- ***Subscription to the Issue by our Promoter and members of the Promoter Group***

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see "*Capital Structure – Intention and extent of participation by the Promoter and the Promoter Group*" on page 97.

As of the date of this Letter of Offer, the members of the Promoter Group do not hold any Equity Shares.

- ***Rights of Holders of Equity Shares of our Company***

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

(a) The right to receive dividend, if declared;

(b) The right to receive surplus on liquidation;

(c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

(d) The right to free transferability of Rights Equity Shares;

(e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VII. Terms of Payment

The entire amount of the Issue Price of ₹275 per Rights Equity Share shall be payable at the time of Application.

VIII. GENERAL TERMS OF THE ISSUE

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in the Issue.

- ***Nomination***

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in the Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Restrictions on transfer and transmission of shares and on their consolidation/splitting***

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository.

- ***Notices***

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, and MCA General Circular No. 21/2020 dated May 11, 2020, our Company will send through email and speed post, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation (Hindi also being the regional language in the place where our Registered and Corporate Office is located).

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at www.linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Managers and our Company will not be responsible for any such allotments made by relying on such approvals.

This Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.,* from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE "- ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" ON PAGE 377.

IX. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	**WEDNESDAY, APRIL 12, 2023**
ISSUE OPENING DATE	**THURSDAY, APRIL 13, 2023**
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	**MONDAY, APRIL 24, 2023**
ISSUE CLOSING DATE*	**THURSDAY, APRIL 27, 2023**
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	**FRIDAY, MAY 12, 2023**
DATE OF ALLOTMENT (ON OR ABOUT)	**FRIDAY, MAY 12, 2023**
DATE OF CREDIT (ON OR ABOUT)	**MONDAY, MAY 15, 2023**
DATE OF LISTING (ON OR ABOUT)	**WEDNESDAY, MAY 17, 2023**

\# *Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

* *Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, Monday, April 24, 2023 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Wednesday, April 26, 2023.

X. BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part, as adjusted for fraction entitlement.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

XI. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at such rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XII. PAYMENT OF REFUND

- ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

(a) Unblocking amounts blocked using ASBA facility.

(b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition ("**MICR**") code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) **National Electronic Fund Transfer** ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) **Direct Credit** – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

(e) **RTGS** – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

- ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XIII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- ***Receipt of the Rights Equity Shares in Dematerialized Form***

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO

CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

(a) Tripartite agreement dated July 30, 2016 amongst our Company, NSDL and the Registrar to the Issue; and

(b) Tripartite agreement dated May 31, 2016 amongst our Company, CDSL and the Registrar to the Issue

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor’s depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor’s depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, *etc.*). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant’s depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant’s depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue

XIV. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who –*

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447*."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1.00 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5.00 million or with both.

XV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

A. All monies received out of the Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of the Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

C. Details of all unutilized monies out of the Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

XVI. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

(1) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

(2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the period prescribed by SEBI.

(3) The funds required for unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

(4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

(5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

(6) No further issue of securities shall be made till the securities offered through this Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.

(7) Adequate arrangements shall be made to collect all ASBA Applications.

(8) As on date our Company does not have any convertible debt instruments.

(9) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVII. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "PNBHFL Rights Issue- 2023" on the envelope and postmarked in India) to the Registrar at the following address:

   Link Intime India Private Limited

   C-101, 247 Park
   L.B.S. Marg, Vikhroli (West)
   Mumbai 400 083
   Maharashtra, India
   Tel: +91 22 4918 6200
   E-mail: pnbhfl.rights@linkintime.co.in
   Investor Grievance ID: pnbhfl.rights@linkintime.co.in
   Contact Person: Sumeet Deshpande
   Website: www.linkintime.co.in
   SEBI Registration No.: INR000004058

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 4918 6200.

4. The Investors can visit following links for the below-mentioned purposes:

   (a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.linkintime.co.in;

   (b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: https://linkintime.co.in/EmailReg/Email_Register.html;

   (c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.linkintime.co.in; and

   (d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: pnbhfl.rights@linkintime.co.in

   The Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated circular. Further, the sectoral cap applicable to the sector in which our Company operates is 100% which is permitted under the automatic route.

The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and FEMA Rules. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

The distribution of this Letter of Offer or Application Form and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an address in India and foreign corporate Shareholders in Identified Jurisdictions.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with the SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer and Application Form or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction other than India, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer or where any action would be required to be taken to permit the Issue and, in those circumstances, this Letter of Offer or Application Form must be treated as sent for information only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer or Application Form in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer. Envelopes containing an Application Form should not be dispatched from any jurisdiction where it would be illegal to make an offer.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Equity shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction. If such person is (a) in the United States, such person is a U.S. QIB, or (b) outside India and the United States, such person is a corporate Shareholder, and in each case permitted to acquire the Rights Entitlements and the Rights Equity Shares offered in the Issue under the laws of such jurisdiction. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer and Application Form, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be in any Restricted Jurisdiction.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, (A) in the United States when the buy order is made (other than persons in the United States who are U.S. QIBs) or (B) outside India or the United States, and not a corporate Shareholder acquiring the Rights Entitlements or Rights Equity Shares in compliance with laws of such other jurisdiction. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States (other than from persons in the United States who are U.S. QIBs) or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company and foreign corporate Shareholders in Identified Jurisdictions. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made and (a) is either in India or (b) is in an Identified Jurisdiction (other than the United States) and a corporate Shareholder acquiring the Rights Entitlements or Rights Equity Shares in compliance with laws of its jurisdiction, or (ii) it is a U.S. QIB in the United States, and in each case is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States); or (ii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or Allot any Rights Equity Shares in respect of any such Application Form.

Australia

Except for current shareholders in the Company resident in Australia that have received this Letter of Offer from our Company, the provision of this Letter of Offer to any person in Australia does not constitute an offer of the Rights Equity Shares to that person or an invitation to that person to apply for Rights Equity Shares. Except for current shareholders in our Company, this Letter of Offer is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia. This Letter of Offer is not a disclosure document under Chapter 6D of the Corporations Act of Australia and it has not been lodged with the Australian Securities and Investments Commission. It is not required to, and does not, contain all the information which would be required in a disclosure document.

As per section 708 of the Corporations Act of Australia, current shareholders in our Company that are not sophisticated or professional investors for the purposes of section 708 of the Corporations Act of Australia may only subscribe for a maximum of A$2 million of Rights Equity Shares in total in the Issue.

Any person to whom Rights Equity Shares are issued must not, within 12 months after the date of allotment, offer, transfer or assign the Rights Equity Shares to any person in Australia except in circumstances where disclosure to investors is not required under the Corporations Act of Australia.

Bahrain

This Letter of Offer and the Rights Entitlements and the Rights Equity Shares that are offered pursuant to this Letter of Offer have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Letter of Offer, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Letter of Offer is only intended for Accredited Investors as defined by the CBB and the securities offered by way of private placement may only be offered in minimum subscriptions of USD100,000 (or equivalent in other currencies). We will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Rights Equity Shares and this Letter of Offer will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. All marketing and offering of the Rights Equity Shares shall be made outside the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Letter of Offer and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of Rights Equity Shares.

British Virgin Islands

This Letter of Offer may not be and is not intended to be distributed to individuals in the British Virgin Islands. The Rights Equity Shares are being offered in the British Virgin Islands only to persons resident in the British Virgin Islands solely by virtue of being a company or a limited partnership incorporated or registered in the British Virgin Islands. Any person who is a member of the public in the British Virgin Islands (other than solely by virtue of being a company or a limited partnership incorporated or registered in the British Virgin Islands) or who receives this Letter of Offer in the British Virgin Islands (other than in the case of a person resident in the British Virgin Islands solely by virtue of being a company or a limited partnership incorporated or registered in the British Virgin Islands, at its registered office in the British Virgin Islands) should not act or rely on this Letter of Offer. Each person in the British Virgin Islands subscribing to Rights Equity Shares shall be deemed to represent and warrant that it is a company or a limited partnership incorporated or registered in the British Virgin Islands.

China

No action has been taken by our Company which would permit an offering of Rights Entitlements or the Rights Equity Shares or the distribution of this Letter of Offer in the People's Republic of China ("**PRC**"). This Letter of Offer may not be circulated or distributed in the PRC and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Equity Shares or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this Letter of Offer are required to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Rights Entitlements and Rights Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlements and Rights Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation), except that offers of Rights Entitlements and Rights Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Lead Managers for any such offer; or

c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall require the Issuer or the Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to any Rights Entitlements and Rights Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Rights Entitlements and Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Rights Entitlements and Rights Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

This Letter of Offer has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Letter of Offer has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Letter of Offer, they should obtain independent professional advice.

This Letter of Offer does not constitute an offer or invitation to the public in Hong Kong to acquire any Rights Entitlement or Rights Equity Shares nor an advertisement of the Rights Entitlement or Rights Equity Shares in Hong Kong. This Letter of Offer and any other Issue Materials must not be issued, circulated or distributed in Hong Kong other than to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**") and no more than 50 persons in Hong Kong who are not Professional Investors.

Except for each person who is not a Professional Investor and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in Hong Kong who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a Professional Investor.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Rights Entitlement or Rights Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to Rights Entitlement or Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors and no more than 50 persons in Hong Kong who are not Professional Investors.

No person who has received a copy of this Letter of Offer may issue, circulate or distribute this Letter of Offer in Hong Kong or make or give a copy of this Letter of Offer to any other person.

No person allotted Rights Equity Shares may sell, or offer to sell, such Rights Equity Shares to the public in Hong Kong within six months following the date of issue of such Rights Equity Shares.

Japan

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Rights Equity Shares. No Rights Entitlements or Rights Equity Shares are, directly or indirectly, being offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the "**Qualified Institutional Investor**"), the Rights Entitlements and Equity Shares will be offered in Japan by a private placement to no more than 49 investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. Any purchaser of the Rights Equity Shares in Japan who is not a Qualified Institutional Investor agrees that it shall not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Rights Equity Shares to any Japanese Resident, other than in "a lump sum" to a single person; and (b) that it shall deliver a notification indicating (a) and (b) herein to the transferee of the Rights Equity Shares.

If an offeree is a Qualified Institutional Investor, the Rights Entitlements and the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investor (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. Any Qualified Institutional Investor purchasing Rights Equity Share agree that it will not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Rights Equity Shares to any Japanese Resident other than to another Qualified Institutional Investor.

Except for each person who is not a Qualified Institutional Investor and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in Japan who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a Qualified Institutional Investor.

Kuwait

This Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Equity Shares in the State of Kuwait. The Rights Entitlements and the Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Rights Entitlements or the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Equity Shares in the State of Kuwait.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Rights Entitlements and the Rights Equity Shares may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Letter of Offer has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Letter of Offer does not constitute a public offering. This Letter of Offer is for the exclusive use of the person to whom it has been given our Company and is a private concern between our Company and the recipient.

Singapore

This Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Letter of Offer and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Entitlements and Rights Equity Shares may not be circulated or distributed, nor may the Rights Entitlements and Rights Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Rights Entitlements and Rights Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Rights Entitlements and Rights Equity Shares pursuant to an offer made under Section 275 of the SFA except:

a. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

b. where no consideration is or will be given for the transfer;

c. where the transfer is by operation of law;

d. as specified in Section 276(7) of the SFA; or

e. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore – The Rights Entitlements and Rights Equity Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United Kingdom

In relation to the United Kingdom, no Rights Entitlements and Rights Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom, except that offers of Rights Entitlements and Rights Equity Shares may be made to the public in the United Kingdom at any time under the following exemptions under the UK Prospectus Regulation:

a. to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;

b. to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of Lead Managers for any such offer; or

c. in any other circumstances falling within Section 86 of the Financial Services and Markets Act ("**FSMA**"),

provided that no such offer of Shares shall require the Issuer or the Lead Managers to publish a prospectus pursuant to Section 85 of FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to any Rights Entitlements and Rights Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Rights Entitlements and Rights Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Rights Entitlements and Rights Equity Shares, and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act.

Other restrictions

This Letter of Offer does not constitute an approved prospectus for the purposes of and as defined in section 85 of Financial Services and Markets Act 2000 ("**FSMA**"), has not been prepared in accordance with the prospectus rules issued by the Financial Conduct Authority ("**FCA**") pursuant to section 73A of the FSMA and has not been approved by or filed with the FCA. The Rights Entitlements and Rights Equity Shares may not be offered or sold and will not be offered or sold to the public in the United Kingdom (within the meaning of section 85 and 102B of the FSMA) save in the circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 of the FSMA) being made available to the public before the offer is made.

This Letter of Offer is not to be distributed, delivered or passed on to any person resident in the United Kingdom, unless it is being made only to, or directed only at (a) persons falling within the categories of "investment professionals" as defined in Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005 as amended (the "**Financial Promotion Order**"), (b) persons falling within any of the categories of persons described in Article 49(2) of the Financial Promotion Order (high net worth companies, unincorporated associations etc), or (c) any other person to whom it may otherwise lawfully be made (all such persons together being referred to as "**relevant persons**").

This Letter of Offer must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Letter of Offer or any other marketing materials relating to the Rights Entitlements and Rights Equity Shares.

Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Rights Entitlements and Rights Equity Shares and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

If the recipient of this Letter of Offer is in any doubt about the investment to which this Letter of Offer relates, they should consult a person authorized under the FSMA who specializes in advising on investing in securities.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of this Letter of Offer, the Rights Entitlement or Rights Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of this Letter of Offer, the Rights Entitlement and the Rights Equity Shares has not been and will not be approved by the SCA and, as such, this Letter of Offer does not constitute an offer to the general public in the UAE to acquire any Rights Equity Shares. Except where the Promotion of this Letter of Offer, the Rights Entitlement and the Rights Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of this Letter of Offer, the Rights Entitlement and the Rights Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of this Letter of Offer and nor does any such entity accept any liability for the contents of this Letter of Offer.

Dubai International Financial Centre

The Rights Entitlement and the Rights Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. This Letter of Offer must not be delivered to, or relied on by, any other person. The DFSA has not approved this Letter of Offer nor taken steps to verify the information set out in it, and has no responsibility for it. Capitalised terms not otherwise defined in this subsection have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Offer should conduct their own due diligence on the Equity Shares. If you do not understand the contents of the Preliminary Offering Memorandum, you should consult an authorised financial adviser.

United States

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States or the territories or possessions thereof, except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulation S under the Securities Act and in the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in transactions exempt from the registration requirements under Section 4(a) of the Securities Act. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States or as a solicitation therein of an offer to buy any of such securities, except in each case to persons in the United States who are U.S. QIBs. Accordingly, you should not forward or transmit this Letter of Offer in or into the United States at any time.

RESTRICTIONS ON TRANSFERS

If you purchase the Rights Entitlements and/or the Rights Equity Shares outside of the United States, by accepting delivery of this Letter of Offer, submitting an Application Form for the purchase of the Rights Equity Shares and accepting delivery of the Rights Entitlements and/or the Rights Equity Shares, you will be deemed to have represented to and agreed with our Company and the Lead Managers as follows:

- the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

- you and the person, if any, for whose account or benefit you are acquiring the Rights Entitlements and/or the Rights Equity Shares, was located outside the United States at the time the buy order for the Rights Entitlements and/or the Rights Equity Shares was originated and continues to be located outside the United States and has not purchased the Rights Entitlements and/or the Rights Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Rights Entitlements or the Rights Equity Shares or any economic interest therein to any person in the United States;

- you are acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction in compliance with the requirements of Regulation S;

- the Rights Entitlements and the Rights Equity Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S; and

- you acknowledge that our Company, the Lead Managers and their respective affiliates (as defined in Rule 405 of the U.S. Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Rights Entitlements or the Rights Equity Shares are no longer accurate, you will promptly notify our Company, and if you are acquiring any of the Rights Entitlements and the Rights Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such accounts.

If you purchase the Rights Entitlements and/or the Rights Equity Shares in the United States in reliance on an available exemption from the registration requirements under Section 4(a) of the Securities Act, by accepting delivery of this Letter of Offer, submitting an Application Form for the purchase of the Rights Equity Shares and accepting delivery of the Rights Entitlements and/or the Rights Equity Shares, you will be deemed to have represented to and agreed with, our Company and the Lead Managers as follows:

- you are authorised to consummate the purchase of the Rights Entitlements and/or the Rights Equity Shares in compliance with all applicable laws and regulations;

- you acknowledge that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;

- you are a qualified institutional buyer (as defined in Rule 144A), are aware that the sale to you is being made in a transaction exempt from the registration requirements under Section 4(a)(2) of the Securities Act and are acquiring such Rights Entitlements and/or Rights Equity Shares for your own account or for the account of one or more qualified institutional buyers as to which you have full investment discretion;

- you are aware that the Rights Entitlements and the Rights Equity Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;

- if in the future, you decide to offer, resell, pledge or otherwise transfer such Rights Entitlements and/or the Rights Equity Shares, or any economic interest therein, such Rights Entitlements and/or the Rights Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only to a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, in accordance with Regulation S or in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

- you acknowledge that the Rights Entitlements and the Rights Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any of the Rights Entitlements or the Rights Equity Shares;

- you will not deposit or cause to be deposited the Rights Entitlements or the Rights Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility so long as such securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;

- the Rights Entitlements and the Rights Equity Shares have not been offered to you by means of any “general solicitation” or “general advertising” as defined in Regulation D;

- you acknowledge that our Company shall not recognise any offer, sale, pledge or other transfer of the Rights Entitlements and/or the Rights Equity Shares made other than in compliance with the above-stated restrictions; and

- you acknowledge that our Company and the Lead Managers and their respective affiliates (as defined in Rule 405 of the U.S. Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of your purchase of the Rights Entitlements and the Rights Equity Shares are no longer accurate, you will promptly notify our Company, and if you are acquiring any of the Rights Entitlements and the Rights Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material, have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all working days and will also be available at the website of our Company at https://www.pnbhousing.com/investor-relations from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated November 29, 2022 between our Company and the Lead Managers.

2. Registrar Agreement dated November 29, 2022 between our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated March 24, 2023 between our Company, the Lead Managers, Registrar and the Banker to the Issue.

4. Monitoring Agency Agreement dated March 28, 2023 between our Company and the Monitoring Agency.

5. Underwriting Agreement dated March 29, 2023 between our Company and the Lead Managers.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended.

2. Certificate of Incorporation dated November 11, 1988 upon incorporation, and fresh certificate of incorporation dated December 30, 1989 upon conversion to public limited company.

3. Consents of the Directors, Company Secretary and Compliance Officer, Lead Managers, Banker to the Issue, Legal Counsel to our Company as to Indian Law, and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.

4. Consents from the Statutory Auditors, T R Chadha & Co. LLP, Chartered Accountants and Singhi & Co., Chartered Accountants through their letters each dated March 29, 2023, to include their name as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of (a) the Restated Consolidated Financial Statements and the examination report dated November 29, 2022 issued thereon, (b) Limited Reviewed Consolidated Financial Statements and their report dated March 28, 2023 issued thereon, and (c) the statement of possible special tax benefits dated November 29, 2022, included in this Letter of Offer.

5. The Restated Consolidated Financial Statements and the examination report thereon, dated November 29, 2022.

6. The Limited Reviewed Consolidated Financial Statements and the limited review report thereon, dated March 28, 2023.

7. Resolutions of our Board of Directors dated March 9, 2022 in relation to the Issue and other related matters.

8. Resolution of the Board of Directors dated November 29, 2022 approving and adopting the Draft Letter of Offer.

9. Resolution of the Board of Directors dated March 28, 2023 approving and adopting this Letter of Offer.

10. Resolution of the Stakeholders' Relationship Committee dated March 29, 2023 approving this Letter of Offer.

11. Resolution of the Board dated March 28, 2023 in relation to the terms of the Issue including the Record Date, Issue Price and Rights Entitlement Ratio.

12. Statement of possible special tax benefits dated November 29, 2022 from the Statutory Auditors included in this Letter of Offer.

13. Annual Reports of our Company for the Financial Years 2022, 2021, 2020, 2019 and 2018.

14. Prospectus dated November 1, 2016 filed with the RoC and other regulatory authorities during the initial public offering of Equity Shares of our Company.

15. Report entitled "*Housing Finance Report*" dated October 2022 as amended by the report titled "*Indian Economy – An Overview*" dated March 2023 prepared by CRISIL and consent letter dated March 15, 2023 issued by CRISIL in respect of such report.

16. Engagement letter dated May 19, 2022 entered into between the Company and CRISIL for appointment of CRISIL.

17. Due diligence certificate dated November 29, 2022 addressed to SEBI from the Lead Managers.

18. Exemption application dated July 13, 2022 filed by our Company with SEBI pursuant to which Exemption letter from SEBI bearing reference number SEBI/HO/CFD/DIL-2/P/OW/2022/39690/1 dated August 10, 2022 was received by our Company.

19. In-principle listing approvals dated December 8, 2022 and December 9, 2022 issued by NSE and BSE, respectively.

20. Tripartite agreement dated July 30, 2016 amongst our Company, NSDL and the Registrar to the Issue.

21. Tripartite agreement dated May 31, 2016 amongst our Company, CDSL and the Registrar to the Issue.

22. SEBI observation letter number SEBI/HO/CFD/RAC-DIL1/P/OW/2023/9753/1 dated March 6, 2023.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Girish Kousgi

Managing Director and Chief Executive Officer

Date: March 29, 2023

Place: New Delhi

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Atul Kumar Goel

Non-Executive Nominee Director

Date: March 29, 2023

Place: New Delhi

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Sunil Kaul

Non-Executive Nominee Director

Date: March 29, 2023

Place: Mumbai

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Chandrasekaran Ramakrishnan

Independent Director

Date: March 29, 2023

Place: Chennai

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Nilesh Shivji Vikamsey

Independent Director

Date: March 29, 2023

Place: Kochi

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Tejendra Mohan Bhasin

Independent Director

Date: March 29, 2023

Place: New Delhi

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Sudarshan Sen

Independent Director

Date: March 29, 2023

Place: Mumbai

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Gita Nayyar

Independent Director

Date: March 29, 2023

Place: London

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Pavan Kaushal

Independent Director

Date: March 29, 2023

Place: Mumbai

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Neeraj Vyas

Non-Executive Non-Independent Director

Date: March 29, 2023

Place: Indore

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Kapil Modi

Non-Executive Nominee Director

Date: March 29, 2023

Place: Bangalore

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Dilip Kumar Jain

Non-Executive Nominee Director

Date: March 29, 2023

Place: New Delhi

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines or regulations issued by the Government of India, or the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the SEBI Act, or rules made or guidelines or regulations issued there under, as the case may be.

I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

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Vinay Gupta

Chief Financial Officer

Date: March 29, 2023

Place: New Delhi