

PNB HOUSING FINANCE LIMITED
BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE	RUPEES	As at March 31, 2007 RUPEES	As at March 31, 2006 RUPEES
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	300,000,000	300,000,000
Reserves & Surplus	2	<u>1,049,996,777</u>	<u>804,628,163</u>
		1,349,996,777	1,104,628,163
LOAN FUNDS			
Secured Loans	3	12,140,673,596	9,112,711,557
Unsecured Loans		<u>2,628,801,297</u>	<u>1,342,777,908</u>
		<u>14,769,474,893</u>	<u>10,455,489,465</u>
		<u>16,119,471,670</u>	<u>11,560,117,628</u>
 APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	70,302,996	67,668,820
Less: Depreciation		<u>43,935,703</u>	<u>39,691,433</u>
Net Block			26,367,293
			<u>27,977,387</u>
INVESTMENTS			
DEFERRED TAX ASSET (NET)	5		865,876,000
LOANS	6	15,303,248,362	8,359,717
CURRENT ASSETS, LOANS AND ADVANCES	7	<u>326,557,399</u>	<u>317,349,345</u>
		15,629,805,761	11,154,479,569
LESS: CURRENT LIABILITIES AND PROVISIONS			
NET CURRENT ASSETS	8	<u>440,170,950</u>	<u>496,575,045</u>
		<u>15,189,634,811</u>	<u>10,657,904,524</u>
		<u>16,119,471,670</u>	<u>11,560,117,628</u>

Significant Accounting Policies : Schedule '15'
Notes forming integral part of Accounts : Schedule '16'
Schedules '1' to '8' and '15' , '16' annexed hereto form part of the Balance Sheet.

(A K SINGHAL)
ASSTT. VICE PRESIDENT

(SANJAY JAIN)
EVP(F) & CO. SECRETARY

(V K KHANNA)
MANAGING DIRECTOR

(R S AWASTHI)
DIRECTOR

(B K RAIZADA)
DIRECTOR

(M M S REKHRAO)
DIRECTOR

(SUMANT CHADHA)
DIRECTOR

(U S BHARGAVA)
DIRECTOR

(K RAGHURAMAN)
DIRECTOR

(S C GUPTA)
CHAIRMAN

In terms of our report of even date
For GROVER, LALLA & MEHTA
Chartered Accountants

PLACE: NEW DELHI
DATED:

(ASHOK GROVER)
Partner

PNB HOUSING FINANCE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

SCHEDULE	For the year Ended March 31, 2007 <u>RUPEES</u>	For the year Ended March 31, 2006 <u>RUPEES</u>
INCOME	9	
Operating Income	1,479,225,882	1,020,482,144
Other Income	49,019,631	3,646,478
	<u>1,528,245,513</u>	<u>1,024,128,622</u>
EXPENDITURE		
Interest and Other Charges	10 1,037,688,523	643,467,303
Personnel Expenses	11 46,985,889	43,693,444
Administrative Expenses	12 28,140,468	21,257,948
Other Expenses	13 42,166,090	30,675,243
Depreciation		
- Fixed Assets	5,347,222	5,826,200
Provision for Doubtful Debts & Advances	-	8,576,958
Provision for Contingencies	4,300,000	20,000,000
Bad Debts Written Off/Business Loss	32,647,936	-
	<u>1,197,276,128</u>	<u>773,497,096</u>
PROFIT BEFORE TAX	330,969,385	250,631,526
Less: Prior period adjustments	14 5,203	-
	330,964,182	250,631,526
Less: Provision for Tax-Current	69,500,000	53,100,000
-Fringe Benefit	900,000	900,000
-Earlier years(Net)	10,221,917	844,282
-Deferred Tax(Net) (Including Rs 45,483,378/- in respect of earlier years. Previous Year Nil)	(29,233,849)	17,596,838
	279,576,114	178,190,406
Add- Balance brought forward from previous year	21,125,591	8,680,435
PROFIT AVAILABLE FOR APPROPRIATION	<u>300,701,705</u>	<u>186,870,841</u>
APPROPRIATIONS:		
Special Reserve - Under Section 36(1)(viii) of the Income Tax Act, 1961	76,400,000	71,800,000
General Reserve	150,000,000	70,000,000
Proposed Dividend	-	21,000,000
Interim Dividend	30,000,000	-
Dividend Distribution Tax	4,207,500	2,945,250
Balance carried to Balance Sheet	40,094,205	21,125,591
	<u>300,701,705</u>	<u>186,870,841</u>
Earning Per Share (Refer Note 9 of Schedule 16)		
-Basic & Diluted	9.32	5.94

Significant Accounting Policies : Schedule '15'
Notes forming integral part of Accounts : Schedule '16'
Schedules ' 9' to '16' annexed hereto form part of the Profit & Loss Account

(A K SINGHAL)
ASSTT. VICE PRESIDENT

(SANJAY JAIN)
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In terms of our report of even date
For **GROVER, LALLA & MEHTA**
Chartered Accountants

PLACE: NEW DELHI
DATED:

(ASHOK GROVER)
Partner

**SCHEDULE : 1
SHARE CAPITAL**

	As at March 31, 2007 RUPEES	As at March 31, 2006 RUPEES
AUTHORISED		
50,000,000 Equity Shares of Rs.10/- each	<u>500,000,000</u>	<u>500,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
30,000,000 Equity Shares of Rs.10/- each fully paid up (All the shares are held by Punjab National Bank and its nominees)	<u>300,000,000</u>	<u>300,000,000</u>

**SCHEDULE : 2
RESERVES AND SURPLUS**

	RUPEES	As at March 31, 2007 RUPEES	As at March 31, 2006 RUPEES
SPECIAL RESERVE			
(In terms of Section 36(1) (viii) of the Income Tax Act, 1961)			
As per last Balance Sheet	519,831,036		448,031,036
Add : Transfer from Profit & Loss Account	<u>76,400,000</u>		<u>71,800,000</u>
		596,231,036	519,831,036
GENERAL RESERVE			
As per last Balance Sheet	263,671,536		193,671,536
Add : Transfer from Profit & Loss Account	<u>150,000,000</u>		<u>70,000,000</u>
		413,671,536	263,671,536
BALANCE IN PROFIT AND LOSS ACCOUNT		<u>40,094,205</u>	<u>21,125,591</u>
		<u>1,049,996,777</u>	<u>804,628,163</u>

**SCHEDULE : 3
LOAN FUNDS**

	RUPEES	As at March 31, 2007 RUPEES	As at March 31, 2006 RUPEES
A. SECURED			
1. INR Loans			
i) Term Loan / Line of Credit from Punjab National Bank (Secured by hypothecation of book debts and negative lien on properties charged to/guarantees obtained by the company against Loans disbursed).		2,639,837,726	3,274,364,066
ii) Refinance from National Housing Bank (Secured by Hypothecation of Loans /book debts against which refinance has been availed).		2,580,029,208	2,380,859,753
iii) Term Loan from Oriental Bank of Commerce (Secured by negative lien on the properties charged to/ guarantees obtained by the Company against Loans disbursed)		312,350,393	362,365,671
iv) Term Loan from IndusInd Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)		-	750,000,000
v) Term Loan from State Bank of Travancore (Secured by Hypothecation of Loans /book debts against which loan has been availed)		162,494,865	212,494,974
vi) Term Loan from United Bank of India (Secured by Hypothecation of Loans /book debts against which loan has been availed)		1,999,991,083	-
vii) Term Loan from UTI Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)		1,000,000,002	-

viii) Term Loan from ING Vysya Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)	749,999,030	-
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2. Foreign Currency Loans

i) FCNR(B) Term Loan from State Bank of Travancore (Secured by Hypothecation of Loans against which loan has been availed)	471,653,607	655,544,344
ii) FCNR (B) Term Loan from South Indian Bank (Secured by Hypothecation of Loans against which loan has been availed)	474,317,682	-
iii) ECB from Standard Chartered Bank (Secured by negative lien on the properties charged to/ guarantees obtained by the Company against Loans disbursed)	-	227,082,749

3. Bonds

-9.75% Secured Redeemable Bonds 2008 (Redeemable at par between 2006 & 2008 with a put & call option exercisable on 1.12.2006)	-	500,000,000
-8.70% Secured Redeemable Bonds 2012 (Redeemable at par between 2010 & 2012 with a put & call option exercisable on 8.8.2009)	400,000,000	400,000,000
-8.50% Secured Redeemable Bonds 2009 (Redeemable at par between 2007 & 2009 with a put & call option exercisable on 8.8.2007)	350,000,000	350,000,000
-8.70% Secured Redeemable Bonds 2016 (Redeemable at par on 09.08.2016)	1,000,000,000	-

[All the above bonds are secured by
Hypothecation of book debts to the extent of 1.25
times of outstanding amount and mortgage of
buildings of Rs 7,723,100/-]

12,140,673,596	9,112,711,557
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B. UNSECURED

1. FIXED DEPOSITS

Non-cumulative	243,859,952	252,952,000
Cumulative	1,379,084,019	1,081,110,426
	1,622,943,971	1,334,062,426
Interest Accrued & Due on Deposits	5,857,326	8,715,482
	1,628,801,297	1,342,777,908

2. Tier II Subordinated Bonds

- 9.25% Unsecured Redeemable Bonds, 2016 (Redeemable at par on 22.03.2016)	1,000,000,000	-
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2,628,801,297	1,342,777,908
14,769,474,893	10,455,489,465

**SCHEDULE : 5
INVESTMENTS**

	As at March 31, 2007 RUPEES	As at March 31, 2006 RUPEES
LONG TERM INVESTMENT UNQUOTED - OTHER THAN TRADE (FULLY PAID)		
Bonds and Debentures		
i) 12.25% UP State Govt. Bond of Face Value of Rs. 423,676,000/- (Previous Year Rs. 423,676,000/-) received in satisfaction of loan of Ghaziabad Development Authority	423,676,000	423,676,000
QUOTED - OTHER THAN TRADE		
ii) 8.07% GOI Stock 2017 of Face Value of Rs.300,000,000/- (Previous Year Rs. 300,000,000/-)	316,650,000	316,650,000
iii) 10.25% GOI Stock 2021 of Face Value of Rs.100,000,000/- (Previous Year Rs.100,000,000/-)	125,550,000	125,550,000
	<u>865,876,000</u>	<u>865,876,000</u>
	Cost (RUPEES)	Market Value (RUPEES)
Aggregate value of quoted investments	442,200,000	419,480,000
Previous Year	442,200,000	434,500,000
Aggregate value of unquoted investments	423,676,000	N.A.
Previous Year	423,676,000	N.A.

**SCHEDULE : 6
LOANS - Secured, Considered Good
(See Note '2' Schedule '16')**

	As at March 31, 2007 RUPEES	As at March 31, 2006 RUPEES
Housing Loans	12,193,816,630	9,466,332,836
Non-Housing Loans	3,109,431,732	1,370,797,388
	<u>15,303,248,362</u>	<u>10,837,130,224</u>

SCHEDULE : 7
CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS	RUPEES	As at	As at
		March 31, 2007	March 31, 2006
		RUPEES	RUPEES
Interest Accrued on Investments/Swaps		8,372,603	8,384,824
Cash and Bank Balance			
Cash in Hand		2,535,224	1,871,954
With scheduled Bank			
-in Current Accounts		32,411,773	3,677,753
Stamps in hand		64,844	73,632
Remittance in Transit		264,193	-
Other Assets			
Assets acquired in extinguishment of loans (Held for sale or disposal)	151,172,758		130,763,267
Less:Provision for Doubtful Debts	<u>17,333,007</u>		<u>26,189,356</u>
		133,839,751	104,573,911
LOANS AND ADVANCES			
LOANS			
(Secured, Considered Good excepting provision made for doubtful advances)			
Instalments Due from Borrowers *		107,368,935	144,225,945
(Note 2 & 3 of Schedule 16)			
Demand Loan against Deposits		15,760,955	14,492,058
ADVANCES			
(Unsecured, Considered Good)			
Staff Loan		1,811,610	1,083,449
Advances recoverable in cash or in kind or for value to be received		2,398,260	2,054,853
TDS and Advance Income Tax (Net of provision Rs.196,339,870/- Previous Year Rs.173,544,536/-)		20,017,170	35,198,885
Advance Fringe Benefit Tax (Net of Provision Rs.1,800,000/- Previous Year Rs.900,000/-)		-	-
Advance Interest Tax (Net of provision Nil. Previous Year Nil)		1,712,081	1,712,081
		<u>326,557,399</u>	<u>317,349,345</u>

* Net of interest de-recognised Rs.10,320,121/- (Previous Year Rs.35,479,927/-)

SCHEDULE : 8
CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES	RUPEES	As at	As at
		March 31, 2007	March 31, 2006
		RUPEES	RUPEES
Interest Accrued But Not Due- Deposits	187,842,019		222,171,541
- Bonds/Loans/Swaps	64,672,875		39,277,646
- ECB	-		901,622
Unclaimed Deposits (Including unclaimed interest accrued and due Rs.23,826,802/- Previous Year Rs. 24,695,584/-)	92,227,475		93,584,170
Sundry Creditors	1,628,892		534,769
Other Liabilities	<u>4,251,707</u>		<u>7,223,502</u>
		350,622,968	363,693,250
PROVISIONS			
Provision for			
- Doubtful Debts & Advances	61,763,333		85,906,212
- Leave Encashment	3,484,649		3,030,333
-Contingencies	24,300,000		20,000,000
- Proposed Dividend (including tax thereon)	-		23,945,250
		<u>89,547,982</u>	<u>132,881,795</u>
		<u>440,170,950</u>	<u>496,575,045</u>

**SCHEDULE : 9
OPERATING INCOME**

	RUPEES	For the year Ended March 31, 2007 RUPEES	For the year Ended March 31, 2006 RUPEES
INTEREST INCOME			
i) on Loans			
- Housing Loans	1,109,713,900		846,670,012
- Non-Housing Loans (TDS Rs 7,138,890/- Previous Year Nil)	<u>223,875,265</u>		<u>74,819,321</u>
	1,333,589,165		921,489,333
ii) on Demand loans	<u>1,692,607</u>		<u>1,503,600</u>
	1,335,281,772		922,992,933
iii) on Deposits (TDS Rs 331,682/- Previous Year Rs.161,906/-)	1,478,082		769,475
iv) on Investments (TDS Nil. Previous Year Nil)			
- Long Term	86,347,078		57,342,981
- Current	<u>-</u>		<u>254,444</u>
		1,423,106,932	981,359,833
FEES & OTHER CHARGES		56,118,950	38,717,311
PROFIT/(LOSS) ON SALE OF INVESTMENTS			
- CURRENT	<u>-</u>	<u>-</u>	<u>405,000</u>
		1,479,225,882	1,020,482,144
OTHER INCOME			
Interest on Income / Interest Tax Refund	11,567,185		(180,913)
Provision for Doubtful Debts & Advances			
Written Back	32,999,228		-
Miscellaneous Income (TDS Rs 44,880/- Previous Year Nil)	4,635,259		3,982,084
Profit/(loss) on sale of fixed assets	<u>(182,041)</u>		<u>(154,693)</u>
		49,019,631	3,646,478
		<u>1,528,245,513</u>	<u>1,024,128,622</u>

**SCHEDULE : 10
INTEREST AND OTHER CHARGES**

	RUPEES	For the year Ended March 31, 2007 RUPEES	For the year Ended March 31, 2006 RUPEES
Interest on loans (Net of income from Swaps)		883,624,903	517,559,482
Interest on deposits		147,295,559	122,910,557
Bank Charges		4,974,658	2,109,724
Brokerage on deposits		<u>1,793,403</u>	<u>887,540</u>
		<u>1,037,688,523</u>	<u>643,467,303</u>

**SCHEDULE : 11
PERSONNEL EXPENSES**

	For the year Ended March 31, 2007 RUPEES	For the year Ended March 31, 2006 RUPEES
Salaries and Allowances	40,416,359	36,715,338
Contribution to Provident Fund	3,577,974	3,377,220
Staff Welfare Expenses	2,991,556	3,600,886
	<u>46,985,889</u>	<u>43,693,444</u>

**SCHEDULE : 12
ADMINISTRATIVE EXPENSES**

	For the year Ended March 31, 2007 RUPEES	For the year Ended March 31, 2006 RUPEES
Rent	10,223,351	9,471,809
Repairs & Maintenance - building	142,224	104,054
Repairs & Maintenance - others	3,622,515	3,930,942
Rates & Taxes	22,082	39,877
Registration and Filing Fees	5,482,654	313,855
Electricity and Water Charges	3,643,118	3,348,119
General Office Expenses	4,678,656	3,774,790
Insurance	325,868	274,502
	<u>28,140,468</u>	<u>21,257,948</u>

**SCHEDULE : 13
OTHER EXPENSES**

	For the year Ended March 31, 2007 RUPEES	For the year Ended March 31, 2006 RUPEES
Travelling*	3,370,458	2,257,970
Conveyance	3,072,328	2,867,544
Printing & Stationery	2,216,798	1,802,535
Postage & Telephone	4,429,926	4,203,382
Director's Sitting Fee	100,000	78,000
Legal Expenses	1,838,571	913,436
Professional Charges	7,820,059	4,163,684
Auditors Remuneration		
- Audit Fee	213,256	202,032
- Tax Audit Fee	61,732	56,120
- Out of Pocket Expenses	218,976	112,913
- Other Certifications	145,912	143,260
Publicity	7,535,194	7,390,322
DMA Commission	9,994,412	5,640,412
Miscellaneous	1,148,468	843,633
	<u>42,166,090</u>	<u>30,675,243</u>

* Includes expenditure incurred in foreign currency Nil (Previous Year Nil)

**SCHEDULE : 14
PRIOR PERIOD ADJUSTMENT**

	For the year Ended March 31, 2007 RUPEES	For the year Ended March 31, 2006 RUPEES
EXPENDITURE		
Professional Charges	5,203	-
	<u>5,203</u>	<u>-</u>