

PNB HOUSING FINANCE LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE	RUPEES	As at March 31, 2010 RUPEES	As at March 31, 2009 RUPEES
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	30,00,00,000	30,00,00,000
Reserves & Surplus	2	<u>2,44,73,19,048</u>	<u>1,84,96,72,820</u>
		2,74,73,19,048	2,14,96,72,820
LOAN FUNDS			
Secured Loans	3	22,83,32,15,344	19,99,10,63,787
Unsecured Loans		<u>3,72,34,57,744</u>	<u>3,40,44,82,786</u>
		26,55,66,73,088	23,39,55,46,573
		<u>29,30,39,92,136</u>	<u>25,54,52,19,393</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	5,78,62,971	6,31,22,640
Less: Depreciation		<u>3,60,65,255</u>	<u>4,09,02,910</u>
Net Block		2,17,97,716	2,22,19,730
INVESTMENTS			
DEFERRED TAX ASSET (NET)	5	4,29,58,66,000	3,66,69,84,549
LOANS	6	24,76,48,77,940	7,68,53,030
CURRENT ASSETS, LOANS AND ADVANCES	7	<u>78,18,79,999</u>	<u>21,74,87,46,407</u>
		25,54,67,57,939	51,28,75,894
LESS: CURRENT LIABILITIES AND PROVISIONS	8	<u>63,97,15,388</u>	<u>48,24,60,217</u>
NET CURRENT ASSETS		24,90,70,42,551	21,77,91,62,084
		<u>29,30,39,92,136</u>	<u>25,54,52,19,393</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

(SUKHVINDER KAUR)
SR EXE VICE PRESIDENT

(V K SOOD)
MANAGING DIRECTOR

(VIVEK VIG)
DIRECTOR

(ANAND DORAI RAJ)
DIRECTOR

(P K GUPTA)
DIRECTOR

(G N BAJPAI)
DIRECTOR

(TEJINDER SINGH LASCHAR)
DIRECTOR

(NAGESH PYDAH)
DIRECTOR

(K R KAMATH)
CHAIRMAN

In terms of our report of even date
For S K Kapoor & Co.
Chartered Accountants

PLACE: NEW DELHI
DATED:

(V B Singh)
Partner
M NO: 73124

PNB HOUSING FINANCE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE	For the year Ended March 31, 2010 RUPEES	For the year Ended March 31, 2009 RUPEES
INCOME	9	
Operating Income	3,07,57,49,586	2,75,74,24,035
Other Income	8,76,33,315	1,47,25,522
	3,16,33,82,901	2,77,21,49,557
EXPENDITURE		
Interest and Other Charges	1,99,49,27,017	1,81,67,38,671
Personnel Expenses	6,56,22,962	6,46,49,053
Administrative Expenses	3,29,66,074	3,23,48,961
Other Expenses	6,05,15,813	4,02,82,542
Depreciation		
- Fixed Assets	37,57,779	44,51,403
Provision for Doubtful Debts & Advances	3,43,61,675	1,73,74,813
Provision for Contingencies	2,94,00,000	3,62,00,000
Bad Debts Written Off/Business Loss	10,02,241	36,77,491
	2,22,25,53,561	2,01,57,22,934
PROFIT BEFORE TAX	94,08,29,340	75,64,26,623
Add: Prior period adjustments	14	-
	94,08,58,414	75,64,26,623
Less: Provision for Tax-Current	27,56,00,000	24,03,00,000
-Fringe Benefit	-	11,75,000
-Earlier years(Net)	79,625	-
-Deferred Tax(Net)	(24,32,839)	(1,91,71,538)
	66,76,11,628	53,41,23,161
PROFIT AFTER TAX	66,76,11,628	53,41,23,161
Add- Balance brought forward from previous year	5,68,20,248	4,43,94,087
PROFIT AVAILABLE FOR APPROPRIATION	72,44,31,876	57,85,17,248
APPROPRIATIONS:		
Special Reserve - Under Section 36(1)(viii) of the Income Tax Act, 1961	11,00,00,000	10,15,00,000
Special Reserve - Under Section 29C of NHB Act, 1987	2,36,00,000	-
General Reserve	45,00,00,000	35,00,00,000
Proposed Dividend	6,00,00,000	6,00,00,000
Dividend Distribution Tax	99,65,400	1,01,97,000
Balance carried to Balance Sheet	7,08,66,476	5,68,20,248
	72,44,31,876	57,85,17,248

Earning Per Share (Refer Note 9 of Schedule 16)
 -Basic & Diluted

	22.25	17.80
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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)
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(SANJAY JAIN)
EVP(F)&CO. SECRETARY

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In terms of our report of even date
For S K Kapoor & Co.
Chartered Accountants

PLACE: NEW DELHI
 DATED:

(V B Singh)
Partner
 M NO: 73124

**SCHEDULE : 1
SHARE CAPITAL**

	As at March 31, 2010 RUPEES	As at March 31, 2009 RUPEES
AUTHORISED		
50,000,000 Equity Shares of Rs.10/- each	50,00,00,000	50,00,00,000
ISSUED, SUBSCRIBED AND PAID UP		
30,000,000 Equity Shares of Rs.10/- each fully paid up (74% Shares are held by PNB, its nominees and 26% shares are held by Destimoney Enterprises Pvt Ltd)	30,00,00,000	30,00,00,000

**SCHEDULE : 2
RESERVES AND SURPLUS**

	RUPEES	As at March 31, 2010 RUPEES	As at March 31, 2009 RUPEES
SPECIAL RESERVE			
-(In terms of Section 36(1) (viii) of the Income Tax Act, 1961)			
As per last Balance Sheet	77,91,81,036		67,76,81,036
Add : Transfer from Profit & Loss Account	11,00,00,000		10,15,00,000
		88,91,81,036	77,91,81,036
-(In terms of Section 29 C of NHB Act, 1987)			
As per last Balance Sheet	-		-
Add : Transfer from Profit & Loss Account (Refer Note 18 of Schedule 16)	2,36,00,000		-
		2,36,00,000	-
GENERAL RESERVE			
As per last Balance Sheet	1,01,36,71,536		66,36,71,536
Add : Transfer from Profit & Loss Account	45,00,00,000		35,00,00,000
		1,46,36,71,536	1,01,36,71,536
BALANCE IN PROFIT AND LOSS ACCOUNT		7,08,66,476	5,68,20,248
		2,44,73,19,048	1,84,96,72,820

**SCHEDULE : 3
LOAN FUNDS**

	RUPEES	As at March 31, 2010 RUPEES	As at March 31, 2009 RUPEES
A. SECURED			
1. INR Loans			
i) Term Loan / Overdraft 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).		5,64,31,45,199	3,13,30,35,568
ii) Refinance from National Housing Bank (Secured by Hypothecation of Loans /book debts against which refinance has been availed).		3,93,06,53,000	4,50,74,99,563
iii) Term Loan from Punjab & Sind Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)		33,00,01,037	66,50,00,000
iv) Term Loan from United Bank of India (Secured by Hypothecation of Loans /book debts against which loan has been availed)		66,65,41,598	1,34,41,08,474
v) Term Loan from South Indian Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)		21,59,88,516	32,39,90,395
vi) Term Loan from HDFC Bank (Secured by Hypothecation of Loans /book debts against which loan has been availed)		2,33,33,00,000	2,00,02,68,493

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)	13,08,60,490	24,33,28,760
ii) FCNR (B) Term Loan from South Indian Bank (Secured by Hypothecation of Loans against which loan has been availed)	18,27,25,504	24,56,32,534
Add: Provision for Contingencies	-	6,48,00,000
	18,27,25,504	31,04,32,534

3. Bonds

-8.70% Secured Redeemable Bonds 2012 (Redeemable at par between 2010 & 2012. Put & Call option exercisable on 08.08.2009 was not exercised by anyone)	40,00,00,000	40,00,00,000
-8.50% Secured Redeemable Bonds 2009 (Fully redeemed on 08.08.2009)	-	6,34,00,000
-8.70% Secured Redeemable Bonds 2016 (Redeemable at par on 09.08.2016)	1,00,00,00,000	1,00,00,00,000
-9.25% Secured Redeemable Bonds 2017 (Redeemable at par on 30.03.2017 with a put & call option exercisable on 30.07.2014)	1,00,00,00,000	1,00,00,00,000
-9.50% Secured Redeemable Bonds 2012 (Redeemable at par on 10.10.2012)	1,00,00,00,000	1,00,00,00,000
-9.30% Secured Redeemable Bonds 2012 (Redeemable at par on 29.12.2012)	1,00,00,00,000	1,00,00,00,000
-9.20% Secured Redeemable Bonds 2023 (Redeemable at par in five equal annual installments from 16.01.2019 to 16.01.2023)	1,50,00,00,000	1,50,00,00,000
-10.79% Secured Redeemable Bonds 2013 (Redeemable at par on 30.09.2013)	1,50,00,00,000	1,50,00,00,000
-8.55% Secured Redeemable Bonds 2014 (Redeemable at par on 09.11.2014)	75,00,00,000	-
-8.85% Secured Redeemable Bonds 2019 (Redeemable at par on 09.11.2019)	1,25,00,00,000	-

[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/-]

22,83,32,15,344 19,99,10,63,787

B. UNSECURED

1. FIXED DEPOSITS

Non-cumulative	69,69,84,214	39,25,07,499
Cumulative	1,99,71,92,084	1,99,21,20,999
	2,69,41,76,298	2,38,46,28,498
Interest Accrued & Due on Deposits (Floating charge has been created on SLR securities of Rs 44.22 Crores (Previous Year Rs 86.59 Crores) as per NHB Directions)	2,92,81,446	1,98,54,288
	2,72,34,57,744	2,40,44,82,786

2. Tier II Subordinated Bonds

- 9.25% Unsecured Redeemable Bonds, 2016 (Redeemable at par on 22.03.2016)	1,00,00,00,000	1,00,00,00,000
	3,72,34,57,744	3,40,44,82,786
	26,55,66,73,088	23,39,55,46,573

SCHEDULE : 4**FIXED ASSETS**

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2009	Additions	Deductions	As at March 31, 2010	As at April 1, 2009	For the Year	Deduction during the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Furniture & Fixture	2,34,17,202	8,76,526	5,800	2,42,87,928	1,66,22,951	13,15,610	2,827	1,79,35,734	63,52,194	67,94,251
Office Equipment & Electrical Equipment	1,04,53,627	11,62,479	7,05,831	1,09,10,275	54,16,762	7,69,855	5,63,888	56,22,729	52,87,546	50,36,865
Vehicles	11,55,944	9,07,472	-	20,63,416	4,58,385	3,05,844	-	7,64,229	12,99,187	6,97,559
Computers	1,31,69,502	7,79,740	53,18,575	86,30,667	1,10,43,474	9,08,679	52,18,000	67,34,153	18,96,514	21,26,028
Building	1,08,88,608	-	-	1,08,88,608 *	36,26,337	3,63,114	-	39,89,451	68,99,157	72,62,271
Intangible Assets (Computer Software)	40,37,757	-	29,55,680	10,82,077	37,35,001	94,677	28,10,719	10,18,959	63,118	3,02,756
Total Assets	6,31,22,640	37,26,217	89,85,886	5,78,62,971	4,09,02,910	37,57,779	85,95,434	3,60,65,255	2,17,97,716	2,22,19,730
Previous Year *	6,79,32,630	22,81,849	70,91,839	6,31,22,640	4,30,20,998	44,51,403	65,69,491	4,09,02,910	2,22,19,730	2,49,11,632

*Includes Buildings of Rs.7,723,100/-(PreviousYear Rs.7,723,100/-) mortgaged for securing secured redeemable bonds (see schedule 3).

**SCHEDULE : 5
INVESTMENTS**

	As at March 31, 2010 RUPEES	As at March 31, 2009 RUPEES
LONG TERM INVESTMENT		
UNQUOTED - OTHER THAN TRADE (FULLY PAID)		
Bonds and Debentures		
i) 12.25% UP State Govt. Bond 2010 of Face Value of Rs. Nil (Previous Year Rs. 423,676,000/-) received in satisfaction of loan of Ghaziabad Development Authority	-	42,36,76,000
QUOTED - OTHER THAN TRADE (FULLY PAID)		
ii) 8.07% GOI Stock 2017 of Face Value of Rs.300,000,000/- (Previous Year Rs. 300,000,000/-)	31,66,50,000	31,66,50,000
iii) 10.25% GOI Stock 2021 of Face Value of Rs.100,000,000/- (Previous Year Rs.100,000,000/-)	12,55,50,000	12,55,50,000
CURRENT INVESTMENT		
UNQUOTED - OTHER THAN TRADE (FULLY PAID)		
Others		
i) Certificate of Deposit of Oriental Bank of Commerce of Face Value of Rs Nil (Previous Year Rs 1,000,000,000/-)	-	94,43,34,714
ii) Certificate of Deposit of Allahabad Bank of Face Value of Rs Nil (Previous Year Rs 1,000,000,000/-)	-	96,83,68,286
iii) Certificate of Deposit of Exim Bank of Face Value of Rs Nil (Previous Year Rs 940,000,000/-)	-	88,84,05,549
iv) Certificate of Deposit of UCO Bank of Face Value of Rs 2,000,000,000/- (Previous Year Nil)	1,95,30,76,000	-
QUOTED - OTHER THAN TRADE (FULLY PAID)		
Bonds and Debentures		
v) 9.75% IFCI Bonds 2025 of Face Value of Rs 809,000,000/- (Previous Year Rs Nil)	81,70,90,000	-
vi) 9.55% IFCI Bonds 2025 of Face Value of Rs 550,000,000/- (Previous Year Rs Nil)	52,82,75,000	-
vii) 8.70% P&SB Bonds of Face Value of Rs 90,000,000/- (Previous Year Rs Nil)	9,02,25,000	-
viii) 8.95% PFC Bonds 2025 of Face Value of Rs 465,000,000/- (Previous Year Rs Nil)	46,50,00,000	-
	<u>4,29,58,66,000</u>	<u>3,66,69,84,549</u>
	Cost (RUPEES)	Market Value (RUPEES)
Aggregate value of quoted investments	2,34,27,90,000	2,32,37,40,000
Previous Year	44,22,00,000	43,85,70,000
Aggregate value of unquoted investments	1,95,30,76,000	N.A.
Previous Year	3,22,47,84,549	N.A.

Note: 1. Since current investments have been sold after 31.03.2010 at fixed return, the cost has been taken as market value.

2. The particulars of securities purchased and sold during the year are:

Particulars	Face Value (RUPEES)	Purchase (RUPEES)	Sales (RUPEES)
1. 9.15% Bank of Baroda Perpetual Tier I Bonds	1,00,00,00,000	1,00,00,00,000	1,00,12,97,600
2. 8.60% PFC Bonds 2024	3,50,00,000	3,49,79,000	3,49,88,520
3. 9.24% IOB Bonds 2021	4,40,00,000	4,54,03,600	4,54,91,600
4. 8.19% IRFC Bonds 2019	10,00,00,000	9,88,10,000	9,88,39,300
5. 8.80% REC Bonds 2019	10,00,00,000	10,16,00,000	10,16,24,300
6. 8.80% PGC Bonds 2023	23,75,00,000	24,18,93,750	24,19,59,300
7. 8.55% IIFCL Bonds 2024	26,80,00,000	26,93,40,000	26,95,87,534
8. 7.75% REC Bonds 2012	20,00,00,000	20,08,00,000	20,08,75,800
9. 8.50% NPCIL Bonds 2019	74,30,00,000	75,04,30,000	75,10,22,819
10. 8.65% IRFC Bonds 2024	3,50,00,000	3,57,70,000	3,57,74,900
11. 8.50% SAIL Bonds 2019	30,00,00,000	30,00,00,000	30,02,70,000
12. 8.53% IDBI Bonds 2019	58,00,00,000	58,25,00,000	58,28,54,000
13. 9.20% Bank of Baroda Perpetual Tier I Bonds	49,50,00,000	49,49,68,815	49,53,95,745
14. 9% Bank of India Perpetual Bonds	20,20,00,000	20,10,39,490	20,10,89,902
15. 9.75% IFCI Bonds 2025	20,00,00,000	20,20,00,000	20,20,80,000
16. 8.70% PSB Perpetual Bonds	11,00,00,000	11,02,75,000	11,03,41,000

SCHEDULE : 6

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

	As at March 31, 2010 RUPEES	As at March 31, 2009 RUPEES
Housing Loans	19,55,26,43,191	17,05,61,84,555
Non-Housing Loans	5,21,22,34,749	4,69,25,61,852
	<u>24,76,48,77,940</u>	<u>21,74,87,46,407</u>

SCHEDULE : 7
CURRENT ASSETS, LOANS AND ADVANCES

CURRENT ASSETS	RUPEES	As at	As at
		March 31, 2010	March 31, 2009
		RUPEES	RUPEES
Interest Accrued on Investments/Swaps		2,85,59,414	84,67,013
Cash and Bank Balance			
Cash in Hand		66,82,130	35,99,317
With scheduled Bank			
-in Current Accounts		6,25,87,736	10,50,08,519
-in Fixed Deposits		-	10,00,75,342
Stamps in hand		47,648	44,881
Other Assets			
Assets acquired in extinguishment of loans (Held for sale or disposal)	36,44,81,546		16,62,62,100
Less:Provision for Doubtful Debts	<u>1,33,83,499</u>		<u>99,21,824</u>
		35,10,98,047	15,63,40,276
LOANS AND ADVANCES			
LOANS			
(Secured, Considered Good excepting provision made for doubtful advances)			
Instalments Due from Borrowers *		30,99,78,547	10,88,80,940
(Note 2 & 3 of Schedule 16)			
Demand Loan against Deposits		95,10,559	1,10,17,131
ADVANCES			
(Unsecured, Considered Good)			
Staff Loan		28,32,254	22,48,050
Advances recoverable in cash or in kind or for value to be received		16,98,808	18,26,669
TDS and Advance Income Tax (Net of provision Rs.703,700,000/- Previous Year Rs.497,600,000/-)		87,94,305	1,52,77,205
Advance Fringe Benefit Tax (Net of Provision Rs.2,142,000/- Previous Year Rs.3,042,000/-)		-	-
Advance Interest Tax (Net of provision Nil. Previous Year Nil)		90,551	90,551
		<u>78,18,79,999</u>	<u>51,28,75,894</u>

* Net of interest de-recognised Rs.25,502,442/- (Previous Year Rs.11,532,511/-)

SCHEDULE : 8
CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES	RUPEES	As at	As at
		March 31, 2010	March 31, 2009
		RUPEES	RUPEES
Interest Accrued But Not Due- Deposits	21,22,33,639		15,18,81,738
- Bonds/Loans	2,02,12,603		2,33,42,652
Unclaimed Deposits (Including unclaimed interest accrued and due Rs.23,647,528/- Previous Year Rs. 14,487,073/-)	10,91,37,130		8,21,02,072
Sundry Creditors	37,27,265		3,80,739
Other Liabilities	<u>2,20,75,595</u>		<u>1,32,51,993</u>
		36,73,86,232	27,09,59,194
PROVISIONS			
Provision for			
- Doubtful Debts & Advances	9,39,00,000		6,30,00,000
- Leave Encashment	93,63,756		86,04,023
-Contingencies	9,91,00,000		6,97,00,000
- Proposed Dividend (including tax thereon)	<u>6,99,65,400</u>		<u>7,01,97,000</u>
		<u>27,23,29,156</u>	<u>21,15,01,023</u>
		<u>63,97,15,388</u>	<u>48,24,60,217</u>

**SCHEDULE : 9
OPERATING INCOME**

	RUPEES	For the year Ended March 31, 2010 RUPEES	For the year Ended March 31, 2009 RUPEES
INTEREST INCOME			
i) on Loans			
- Housing Loans	2,11,54,69,792		1,94,46,36,671
- Non-Housing Loans (TDS Rs 11,736,832/- Previous Year Rs 11,815,865/-)	<u>70,16,87,101</u> 2,81,71,56,893		<u>61,93,18,226</u> 2,56,39,54,897
ii) on Demand loans	<u>10,60,419</u> 2,81,82,17,312		<u>14,83,118</u> 2,56,54,38,015
iii) on Deposits (TDS Rs 67,418/- Previous Year Rs.1,592,484/-)	89,38,007		98,73,885
iv) on Investments (TDS Rs 182,353/- Previous Year Nil)			
- Long Term	8,63,58,986		8,62,64,550
- Current	<u>4,27,69,728</u>		<u>81,31,800</u>
		2,95,62,84,033	<u>2,66,97,08,250</u>
DIVIDEND		3,26,71,297	67,46,308
FEES & OTHER CHARGES		8,31,11,591	7,89,80,804
PROFIT/(LOSS) ON SALE OF INVESTMENTS			
- LONG TERM	-		-
- CURRENT	36,82,665.00	<u>36,82,665</u>	<u>19,88,673</u>
		3,07,57,49,586	<u>2,75,74,24,035</u>
OTHER INCOME			
Interest on Income / Interest Tax Refund	1,53,791		14,57,664
Provision for Contingencies			
Written Back	6,48,00,000		27,74,445
Miscellaneous Income (TDS Rs 916,112/- Previous Year Rs 762,687/-)	2,30,51,061		1,06,90,068
Profit/(loss) on sale of fixed assets	<u>(3,71,537)</u>		<u>(1,96,655)</u>
		<u>8,76,33,315</u>	<u>1,47,25,522</u>
		<u>3,16,33,82,901</u>	<u>2,77,21,49,557</u>

**SCHEDULE : 10
INTEREST AND OTHER CHARGES**

	For the year Ended March 31, 2010 RUPEES	For the year Ended March 31, 2009 RUPEES
Interest on loans (Net of income from Swaps)	1,72,91,78,544	1,58,07,68,773
Interest on deposits	25,99,65,782	22,61,17,319
Bank Charges	18,41,317	16,89,807
Brokerage on deposits	39,41,374	81,62,772
	<u>1,99,49,27,017</u>	<u>1,81,67,38,671</u>

**SCHEDULE : 11
PERSONNEL EXPENSES**

	For the year Ended March 31, 2010 RUPEES	For the year Ended March 31, 2009 RUPEES
Salaries and Allowances	5,64,19,881	5,37,26,193
Contribution to Provident Fund	44,96,480	40,12,425
Staff Welfare & Training Expenses	47,06,601	69,10,435
	<u>6,56,22,962</u>	<u>6,46,49,053</u>

**SCHEDULE : 12
ADMINISTRATIVE EXPENSES**

	For the year Ended March 31, 2010 RUPEES	For the year Ended March 31, 2009 RUPEES
Rent	1,29,27,012	1,18,66,532
Repairs & Maintenance - building	3,22,138	1,60,289
Repairs & Maintenance - others	43,64,408	34,94,069
Rates & Taxes	75,178	39,020
Registration and Filing Fees	17,04,607	16,81,615
Electricity and Water Charges	44,29,404	46,71,594
General Office Expenses	90,45,747	1,03,09,767
Insurance	97,580	1,26,075
	<u>3,29,66,074</u>	<u>3,23,48,961</u>

**SCHEDULE : 13
OTHER EXPENSES**

	For the year Ended March 31, 2010 RUPEES	For the year Ended March 31, 2009 RUPEES
Travelling*	41,27,152	28,79,749
Conveyance	39,74,432	39,72,116
Printing & Stationery	20,57,715	20,37,298
Postage & Telephone	49,49,174	44,11,057
Director's Sitting Fee	1,64,000	1,60,000
Legal Expenses	8,34,612	5,45,503
Professional Charges	1,89,15,087	95,16,049
Auditors Remuneration		
- Audit Fee	4,41,200	3,30,900
- Tax Audit Fee	1,65,450	1,10,300
- Out of Pocket Expenses	3,57,133	-
- Other Certifications	2,20,600	1,57,304
Publicity	31,67,585	35,78,936
DMA Commission	1,97,33,680	1,17,33,535
Miscellaneous	14,07,993	8,49,795
	<u>6,05,15,813</u>	<u>4,02,82,542</u>

* Includes expenditure incurred in foreign currency Rs Nil (Previous Year Rs 73,164/-)

**SCHEDULE : 14
PRIOR PERIOD ADJUSTMENT**

	For the year Ended March 31, 2010 RUPEES	For the year Ended March 31, 2009 RUPEES
INCOME		
Fees & Other Charges	34,130	-
	<u>34,130</u>	<u>-</u>
EXPENDITURE		
Repairs & Maintenance - others	5,056	-
	<u>5,056</u>	<u>-</u>
	<u>29,074</u>	<u>-</u>

SCHEDULE: 15
SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL METHOD AND SYSTEM OF ACCOUNTING

The accounts of the company are prepared under the Historical Cost convention on accrual method of accounting on the principle of going concern and in accordance with the Companies Act, 1956, the applicable accounting standards issued by The Institute of Chartered Accountants of India, National Housing Bank Act, 1987 and The Housing Finance Companies (NHB) Directions, 2001 issued by National Housing Bank.

2. REVENUE RECOGNITION

(a) FEE AND OTHER CHARGES

Income from fee and other charges viz. Administrative Fee, Processing Fee, Penal Interest on Overdue/Additional Interest on Defaults, Pre-payment charges etc. is recognised on receipt basis.

(b) DIVIDEND INCOME

Dividend is accounted for in the year in which the same is received.

(c) OTHER INCOME

Interest on tax refunds and other incomes are accounted for on receipt basis.

(d) INTEREST ON LOANS

Interest Income is recognised on accrual basis except in case of non-performing assets where interest is accounted on realisation. In loans, the repayment is received by way of Equated Monthly Instalments (EMIs) comprising principal and interest. Interest is calculated on the outstanding balance at the beginning of the month. EMIs generally commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is charged every month.

3. FIXED ASSETS

Fixed Assets used in the business are capitalised at cost inclusive of all related expenses.

4. DEPRECIATION

(i) Depreciation on Fixed Assets is provided on the Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 on prorata basis. Wherever the depreciation rates are not prescribed, the rates prescribed by Income Tax Act & Rules are used.

(ii) Assets costing upto Rs. 5000/- are charged to revenue.

5. INVESTMENTS

Investments are capitalised at cost inclusive of brokerage and stamp charges excluding interest/dividend accruing till the date of purchase. The difference between the carrying amount and disposal proceeds of investments, net of expenses, is recognised in the Profit & Loss Account. Investments are classified as long term investments and current investments and are valued in accordance with guidelines of National Housing Bank and Accounting Standard on Accounting for Investments (AS-13), issued by The Institute of Chartered Accountants of India. Long term investments are valued at cost. However, when there is a decline, other than temporary, in the value of long term investment, the carrying amount is

reduced to recognise the decline. Current investments are valued at lower of cost or market value determined on individual investment basis.

6. EMPLOYEE BENEFITS

- (i) The company has taken LIC Policy to cover the accumulated gratuity liability till 31.03.2010 of its employees. LIC has made actuarial valuation on renewal date i.e. 1-1-2010. The premium on this policy has been accounted for on accrual basis in line with the Accounting Standard on Accounting for Employee Benefits (AS-15), issued by the Institute of Chartered Accountants of India.
- (ii) Provision for leave encashment is made on the basis of actuarial valuation as on 31.3.2010.
- (iii) Retirement benefits of employees on deputation from Punjab National Bank are borne by PNB and hence no provision is considered necessary by the company.

7. TRANSACTION INVOLVING FOREIGN EXCHANGE

- (i) Foreign currency monetary liabilities are translated at the rate which reflects the liability of the company in Indian Rupee which is likely to be repaid at the balance sheet date.
- (ii) Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction.
- (iii) Generally Exchange differences arising on Foreign Currency transactions are recognised as income or expense as the case may be in the period in which they arise. However, in case of forward exchange contracts, the Exchange difference between the forward rate and the exchange rate at the date of transaction is recognised as an income or expense over the life of the forward contract in line with Accounting Standard on Accounting for the Effects of Changes in Foreign Exchange Rates (AS-11).

8. TAXES ON INCOME

Taxes on Income are accounted for in accordance with Accounting Standard (AS) –22– “Accounting for taxes on income”, issued by the Institute of Chartered Accountants of India. Income tax comprises both current and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

The tax effect of timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is virtual certainty of its realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation.

Provision for Fringe Benefit Tax (FBT) has been discontinued w.e.f. 01.04.2009 in view of deletion of provisions of FBT effective from financial year 2009-10 in Income Tax Act, 1961.

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (AS 29)

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent Assets are neither recognised nor disclosed.

10. DERIVATIVE TRANSACTIONS

- (i) The derivative transactions entered for hedging interest bearing liabilities are accounted for on accrual basis.
- (ii) Gains or losses on swaps are accounted for on the date of unwinding and are adjusted in the Interest Expenditure account.

11. POSSESSION OF SECURED ASSETS

- (i) As per the National Housing Bank Directions 2001, the land and buildings, including Assets/ Properties acquired from NPA Advances in settlement of Loans, are held as 'Other Current Assets' till their disposal. These assets are required to be disposed off within 3 years from the date of acquisition (if it exceeds 10% of net owned funds of the company) unless and until extended by the NHB. All the expenses incurred on the upkeep of the property including safeguarding, insurance, rates & taxes etc are charged to Profit & Loss Account in the year of incurrence.
- (ii) Where the possession of the secured assets has been taken by the Company under SARFAESI Act, 2002 such assets are classified in 'Current Assets' at cost or market price (as per valuation report), whichever is less till its final disposal. The diminution in value is provided as 'Provision for Doubtful Debts'. The loss, if any, is ascertained and accounted for in the year of its disposal.

12. INSTALMENTS - ACCOUNTING OF LOANS

- (i) Loans to the extent, the instalments have not become due as at the year end are being shown under "Loans."
- (ii) Loans to the extent the instalments have become due on or before 31st March, 2010 are being shown under "Loans and Advances".

13. PRUDENTIAL NORMS

Income recognition and Provisions on Loans & Advances are being made on the basis of prudential norms laid down by National Housing Bank (NHB).

14. UNCLAIMED DEPOSITS

Deposits, which have become due but have not been presented for payment or renewal are transferred to unclaimed deposits. Interest for the period from last maturity date till the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

15. SHARE/ BOND ISSUE EXPENDITURE

Expenditure incurred on issue of shares/bonds is charged to Profit & Loss Account in the year it is incurred.

16. BROKERAGE/DMA COMMISSION

Brokerage on Deposits/ DMA Commission on loans is charged to Profit & Loss Account in the year it is incurred.

17. INCENTIVE PAID TO EMPLOYEES

Cash Incentive paid to employees in terms of performance linked incentive scheme is charged to Profit & Loss Account in the year it is incurred.

SCHEDULE: 16
NOTES ON ACCOUNTS

1. The age-wise analysis of loans in respect of which the instalments (including interest) have become due are as under: -

	For the year Ended March 31, 2010 RUPEES	For the year Ended March 31, 2009 RUPEES
Outstanding for over six months	29,116,027	7,115,508
Outstanding for six months or less	280,862,520	101,765,432
	309,978,547	108,880,940

2. Loans and instalments due from borrowers shown under Loans and Advances are secured wholly or partly by:

- Equitable Mortgage of Property
- Pledge of shares, units, NSCs, other securities, assignment of life insurance policies.
- Bank guarantees corporate guarantees, government guarantee or personal guarantees.
- Undertaking to create a security.

3. Advances are classified as performing and non-performing assets and provisions are made in accordance with guidelines on prudential norms issued by National Housing Bank (NHB). Detail is given hereunder:

(Rs. in lac)

Loans	Standard	Sub Standard	Doubtful	Loss	Total
Housing Loans (including instalments due from borrowers) (Previous Year)	195207.08 (170404.90)	1790.04 (378.48)	731.17 (279.66)	305.97 (301.16)	198034.26 (171364.20)
Provisions made (Previous Year)	976.00 (682.00) See Note 4(a)	179.00 (37.85)	196.34 (79.43)	305.97 (301.16)	1657.31 (1100.44)
Non-Housing Loans (including instalments due from borrowers) (Previous Year)	52402.89 (47077.70)	230.60 (104.15)	73.11 (22.52)	7.71 (7.71)	52714.31 (47212.08)
Provisions made (Previous Year)	209.88 (188.94)	23.06 (10.41)	17.04 (4.50)	7.71 (7.71)	257.69 (211.56)
Total Loans (Previous Year)	247609.97 (217482.60)	2020.64 (482.63)	804.28 (302.18)	313.68 (308.87)	250748.57 (218576.28)
Provisions made (as per NHB guidelines) (Previous Year)	209.88 (188.94)	202.06 (48.26)	213.38 (83.93)	313.68 (308.87)	939.00 (630.00)
Total Provisions (Previous Year)	1185.88 (870.94)	202.06 (48.26)	213.38 (83.93)	313.68 (308.87)	1915.00 (1312.00)

4. a) In view of prevailing industry scenario, uncertainties about recoveries and increasing incidence of frauds it has been considered prudent to keep a Provision of Rs 9.76 crore

equivalent to 0.50% (Previous Year Rs 6.82 crore @ 0.40%) of standard housing loans to meet any such future eventuality.

b) The company has retained a Provision for Contingencies of Rs 0.15 crore made in March 08 in respect of fraudulent encashment of a cheque pending completion of investigation.

5. Interest on non-performing assets is recognised on realisation basis as per the NHB Guidelines. Accordingly the total interest de-recognised as at the Balance Sheet date is summarised as under:-

	RUPEES
Cumulative interest B/F from last Balance Sheet	11,532,511
Less: Recovered/ written back/ written off during the year	3,703,671
Add: Interest de-recognised for the year on	
- Sub Standard Assets (Net)	16,230,708
- Doubtful/ Loss Assets	1,442,894
Total interest de-recognised as on 31.03.2010	25,502,442

6. Managerial remuneration (paid in accordance with the regulations of Punjab National Bank):-

	For the year Ended March 31, 2010 RUPEES	For the year Ended March 31, 2009 RUPEES
Salaries and Allowances	688,634	604,624
Contribution to Provident Fund	39,480	41,081
Total	728,114	645,705
Value of perquisites (Car, Accommodation etc)	36,600	53,010
Travelling Expenses (Including LFC of Rs 139,848/- Previous Year Rs Nil)	1,53,078	80,654

7. Related Party Transactions:

In view of the exemption available to the company under para 9 of Accounting Standard on Related Party Disclosures (AS-18), related party relationships with other state controlled enterprises and transactions with such enterprises are not being disclosed. However, the company has identified all other related parties having transactions during the year as given below:

- a) Key Management Personnel

		(Rs. in Lac)	
S.No	Name of transacting related party		Amount
1.	Sh V K Sood & Relatives Managing Director	Salary & Allowances	6.89
		Cont. to PF	0.39
		Value of perquisites	0.37
		Travelling exp. (including LFC)	1.53
		Housing Loan	7.55

b) Only the independent directors are paid sitting fees for the Board / Audit Committee meetings at the rate of Rs.5,000/- per meeting and for Other Committee meetings Rs 3,000/- per meeting besides out of pocket expenses. During the year the Company has paid a sum of Rs. 1.64 lac towards sitting fees.

8. Deferred Taxes

a) The break up of net deferred tax asset as at 31.03.2010 is as under:

Particulars	(RUPEES)	
	As at March 31, 2010 <u>RUPEES</u>	As at March 31, 2009 <u>RUPEES</u>
Deferred Tax Asset:		
De-recognised Interest	6,193,042	2,079,127
Provision for Leave Encashment	3,110,406	2,924,507
Provision for Doubtful Debts & Advances and Contingencies	68,555,439	70,502,678
Depreciation on Fixed Assets	1,426,982	1,346,718
Net deferred tax asset	79,285,869	76,853,030

b) As per the opinion of the Expert Advisory Committee of the ICAI, the Company is required to create provision of deferred tax liability on Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act,1961. As per prevalent practice amongst Housing Finance Companies, the company has not made such provision.

9. Earning per share (EPS) calculation (basic and diluted)

	Unit	2009-10	2008-09
a. Amount used as the numerator Profit after tax	Rupees	667,611,628	534,123,161
b. Weighted average number of equity shares used as the denominator	Number	30,000,000	30,000,000
c. Nominal value of shares	Rupees	300,000,000	300,000,000
d. Earning per share (EPS)	Rupees	22.25	17.80

10. Segment Reporting: Company's prime business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/Commercial Properties etc. There are no business operations located "Outside India". Hence all the activities are considered as a "Single business/ Geographical Segment" for the purposes of Accounting Standard on Segment Reporting (AS-17), issued by The Institute of Chartered Accountants of India.

11. Impairment of Assets (AS 28): The management feels that the Accounting Standard (AS 28) would not apply to investment, inventories and financial assets such as loans and advances. However as regard to financial assets such as loans and advances the same has been covered by provision in accordance with guidelines on prudential norms issued by National Housing Bank (NHB).

Further, the management assesses that there is no indication of impairment of Company's fixed assets.

12. Details of movement in provisions (AS-29)

Provision for	Rs in lac			
	Opening as on 01.04.09	Addition	Reversal/Adjustment	Closing as on 31.03.2010
Doubtful Debts & Advances	729.22	343.61	0	1072.83
Contingencies	1345.00	294.00	648.00	991.00

Outflow in respect of above provisions would depend on developments/outcome of these events.

13. The provision for Income Tax has been made on the basis of the accounting practices consistently followed by the Company after allowing benefits under section 36(1)(viii) of the Income Tax Act, 1961. The method of bifurcation of income & expenses for long term housing finance is the same as that of last years'.
14. As per the information available with the company, there are no amounts payable to Micro, Small and Medium Enterprises.
15. With respect to company's borrowing in FCNR (B) - Term Loan Account, the company has paid/ incurred interest amounting to Rs.51,479,472/- (Previous year Rs. 66,266,901/-) in foreign currency net of swaps expenditure of Rs Nil. (Previous Year Income Rs 25,044,630/-) Further the company has taken foreign currency fluctuation cover by way of Forward Exchange Contract from reputed approved dealers. A sum of Rs.4,899,739/- being the liability (Previous year Rs. 4,151,482/-) of company with respect to exchange difference for the Forward Exchange Contract and Rs 15,851,000/- being the liability (Previous Year Rs 13,836,038/-) towards exchange difference for uncovered borrowing has been paid and accounted for as per the guidelines laid down by the Accounting Standard on accounting for the effects of changes in Foreign Exchange rates (AS-11) issued by The Institute of Chartered Accountants of India.
16. All Computer Software purchased from outsiders are being amortised as per Accounting Standard 26 (AS-26) as laid down by The Institute of Chartered Accountants of India. Considering the technological risks and issues of technological obsolescence, the Depreciation at the rate of 60% p.a. is being provided.
- All subsequent expenditure on software after its purchase and /or installation are recognised as expenditure whenever incurred.
17. As per NHB refinance guidelines, the Company is required to submit half-yearly certificate as on 30th September and 31st March disclosing therein the difference between hypothecated book debts and NHB refinance outstanding. The adverse balance, if any, is being paid back to NHB as per their guidelines (Adverse Balance as on 31.03.10 is Nil Previous Year Rs.Nil).
18. As per Section 29 C of 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 Income Tax Act, 1961 is considered to be an eligible transfer. Accordingly, the Company has transferred Rs 11.00 crore to Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 and Rs 2.36 crore to Additional Reserve (u/s 29C of NHB Act) during the year.

19. Government Notification about Cess payable u/s 441-A of the Companies Act, 1956, being not available, necessary provision has not yet been made.
20. Amount due from principal officers as at 31.03.2010 was Rs 764,881/- (Previous year Rs 5,000/-). Maximum amount due from such officers at any time during the year was Rs 764,881/- (Previous year Rs 10,000/-).
21. Contingent liabilities not provided for

	As at March 31, 2010 RUPEES	As at March 31, 2009 RUPEES
- Estimated amount of contracts remaining unexecuted (net of advance)	98,000	79,690
- Claims against the Company not acknowledged as debt	0	0
- Income tax matters under dispute	17,123,453	14,885,460
- Interest tax matters under dispute	0	0

22. Previous year figures have been rearranged/regrouped wherever necessary.

23. Figures have been rounded off to the nearest rupee.

24. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	55-33856	State Code	55
Balance Sheet Date	31.03.2010		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	NIL	Rights issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	29,943,707	Total Assets	29,943,707
SOURCES OF FUNDS			
Paid up Capital	300,000	Reserves & Surplus	2,447,319
Secured Loans	22,833,215	Unsecured Loans	3,723,458
APPLICATION OF FUNDS			
Net Fixed Assets	21,798	Investments	4,295,866
Net Current Assets	24,986,328	Miscellaneous Expenditure	0
Accumulated Losses	0		

**IV. PERFORMANCE OF COMPANY
(Amount in Rs. Thousands)**

Turnover and other income	3,163,383	Total Expenditure	2,222,554
Profit before tax	940,829	Profit After Tax	667,612
Earning per share (Rupees)	22.25	Dividend Rate (%)	20

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY
(As per Monetary terms) : Company is a single product company as per details
given below :**

Item code No.	N.A.
Product Description	Loans for or against properties

(A K SINGHAL)
ASSTT. VICE PRESIDENT

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

(SUKHVINDER KAUR)
SR EX. VICE PRESIDENT

(V K SOOD)
MANAGING DIRECTOR

(VIVEK VIG)
DIRECTOR

(ANAND DORAIRAJ)
DIRECTOR

(P K GUPTA)
DIRECTOR

(G N BAJPAI)
DIRECTOR

(TEJINDER SINGH LASCHAR)
DIRECTOR

(NAGESH PYDAH)
DIRECTOR

(K R KAMATH)
CHAIRMAN

In terms of our report of even date

S K Kapoor & Co.

Chartered Accountants

PLACE: NEW DELHI

DATED:

(V B Singh)

Partner

M NO: 73124

PNB HOUSING FINANCE LTD.

CASH FLOW STATEMENT

		Y E A R E N D E D O N	
		March 31, 2010	March 31, 2009
	RUPEES	RUPEES	RUPEES
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		94,08,58,414	75,64,26,623
Adjustment for non-cash item/items, to be disclosed separately			
Add: Depreciation	37,57,779		44,51,403
Loss/(Profit) on sale of fixed assets	3,71,537		1,96,655
Provision for Doubtful Debts & Advances	3,43,61,675		1,46,00,368
Provision for Contingencies	2,94,00,000		3,62,00,000
Bad debts written off/ Business Loss	10,02,241		36,77,491
		6,88,93,232	5,91,25,917
		1,00,97,51,646	81,55,52,540
Less : Interest income	12,91,28,714		9,43,96,350
Dividend	3,26,71,297		67,46,308
Profit/ (loss) on sale of Investment	36,82,665		19,88,673
Interest on Income/ Interest Tax Refund	1,53,791		14,57,664
		16,56,36,467	10,45,88,995
Operating Profits before Changes in Working Capital		84,41,15,179	71,09,63,545
Adjustment for Changes in working capital and provisions			
Loans	(3,01,61,31,533)		(2,68,38,28,717)
Trade and other receivables	(41,93,61,466)		(5,99,92,702)
Trade payables	9,64,27,038		1,73,12,218
Provisions	7,59,733		21,53,668
		(3,33,83,06,228)	(2,72,43,55,533)
Cash Generated from Operations		(2,49,41,91,049)	(2,01,33,91,988)
Income/Interest Tax Paid/ (Refunds) during the year (Net)	(26,91,96,725)		(23,56,16,832)
Dividend paid during the year	(7,01,97,000)		(3,50,98,500)
		(33,93,93,725)	(27,07,15,332)
A. NET CASH FROM OPERATING ACTIVITIES		(2,83,35,84,774)	(2,28,41,07,320)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Assets :			
Purchase	37,26,217		22,81,849
Sale	18,915		3,25,693
	<u>(37,07,302)</u>		<u>(19,56,156)</u>
Interest received	12,91,28,714		9,43,96,350
Dividend received	3,26,71,297		67,46,308
Investments :			
Purchase	(8,52,34,75,655)		(3,46,90,09,342)
Sale	7,89,82,76,869		1,16,02,74,466
Interest on Income / Interest Tax refund	1,53,791		14,57,664
B NET CASH USED IN INVESTING ACTIVITIES		(46,69,52,286)	(2,20,80,90,710)

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from borrowings	Bonds	1,93,66,00,000	1,45,24,50,000
Proceeds from borrowings	Unsecured Loans	31,89,74,958	37,04,75,588
Increase / (Decrease) in loans from Banks		90,55,51,557	2,67,42,29,144

C. NET CASH USED IN FINANCING ACTIVITIES**3,16,11,26,515** **4,49,71,54,732****NET CHANGES IN CASH & CASH EQUIVALENTS**

A+B+C

(13,94,10,545)**49,56,702**

Cash or Cash equivalents (Opening Balance)

20,87,28,059

20,37,71,357

Cash or Cash equivalents (Closing Balance)

6,93,17,514

20,87,28,059

NET INCREASE OF CASH OR CASH EQUIVALENTS DURING THE YEAR**(13,94,10,545)****49,56,702**

NOTE : Minus (-) denotes application of cash

(A K SINGHAL)
ASSTT. VICE PRESIDENT**(SANJAY JAIN)**
EVP(F) & CO. SECRETARY**(SUKHVINDER KAUR)**
SR EXE VICE PRESIDENT**(V K SOOD)**
MANAGING DIRECTOR**(VIVEK VIG)**
DIRECTOR**(ANAND DORAIRAJ)**
DIRECTOR**(P K GUPTA)**
DIRECTOR**(G N BAJPAI)**
DIRECTOR**(TEJINDER SINGH LASCHAR)**
DIRECTOR**(NAGESH PYDAH)**
DIRECTOR**(K R KAMATH)**
CHAIRMAN

In terms of our report of even date

For S K Kapoor & Co.*Chartered Accountants*PLACE: NEW DELHI
DATED:**(V B Singh)**
Partner
M NO: 73124

PNB HOUSING FINANCE LTD.

CORPORATE OFFICE, NEW DELHI

DETAILS OF TAX PAID AND REFUND RECEIVED DURING THE FINANCIAL YEAR 2009-10

S No	Particulars	Fin Year	TDS	Tax Paid	Tax Paid	Received	Refund Received
1	Income Tax	2009-10	12902715	254950000			
		2008-09	1190219	0			
		2007-08	0	0	0		0
		2006-07	0	0	0	1098474	0
		2005-06		0		119220	0
		2004-05	0	0			
		1999-00	1371485	0			
	Total		15464419	254950000	0	1217694	0
2	Interest Tax	1993-94				0	
							0
			0	0	0	0	0
	Total		0	0	0	0	0
	Grand Total		15464419	254950000	0	1217694	0

Paid 270414419
 Received 1217694
 Net Paid 269196725

S.K.KAPOOR & CO CHARTERED ACCOUNTANTS

16/98 LIC BUILDING ;THE MALL ;KANPUR;Ph* (0512) 2372244 ,3261222 Email:skkco@sancharnet.in

The Members of,
PNB HOUSING FINANCE Ltd.,
NEW DELHI – 110 001

AUDITORS' REPORT

We have audited the attached Balance Sheet of **PNB HOUSING FINANCE LIMITED** as at 31st March, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We have conducted the audit in accordance with the auditing standards generally accepted in India, which require us to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as under :

1. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) Order, 2004 (collectively the order) issued by the Central Government, in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such test checks of the books and reports of the company as were considered appropriate and on the basis of information and explanations given to us by the management during the course of the audit, we enclose in the 'Annexure', a statement on the matters specified in paragraphs (4) & (5) of the said Order to the extent applicable to the company.
2. Subject to the above and further to our comments in the 'Annexure' referred to in paragraph 1 above, we report that: -
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of the books of accounts and unaudited returns, adequate for the purposes of our audit, have been received from the branches of the company, not visited by us;

- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this Report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the requirements of Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable *except regarding non-provision of deferred tax liability on the Special Reserve of Rs 88.92 crores, created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961 as required by Accounting Standard-22, which has resulted in understatement of Provision for Deferred Tax Liability by Rs 29.54 crore and overstatement of Profit after Tax by Rs 3.65 crore (Note 8(b) of Schedule 16)*;
- e) On the basis of written representations received from the directors of the company as at 31st March, 2010 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) Subject to 3(d) above, in our opinion and to the best of our information and according to the explanation given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement read with the Notes on Accounts in Schedule 16 and Significant Accounting Policies in Schedule 15, give the information required by the Companies Act, 1956, in the manner so required and give **a true and fair view** in conformity with the accounting principles generally accepted in India:
- i) In the case of the Balance Sheet, of the **STATE OF AFFAIRS** of the Company as at 31st March, 2010;
 - ii) In the case of the Profit & Loss Account, of the **PROFIT** of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the **CASH FLOWS** for the year ended on that date.

For S K Kapoor & Co
Chartered Accountants

(V B Singh)
Partner
M No :73124

Place : New Delhi
Dated:

Annexure

Annexure referred to in paragraph (1) of our Audit Report of even date on the accounts of **PNB HOUSING FINANCE LIMITED**, for the year ended 31st March 2010.

- I. (a) The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and as per the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) As insignificant part of the fixed assets has been sold or disposed during the year the Company continues to be a going concern.
- II. (a) During the year, the company has granted a housing loans of Rs 15.00 lac to a party, listed in the Register maintained under Section 301 of the Companies Act, 1956.

(b) The rate of interest and other terms & conditions of loan are prima facie not prejudicial to the interest of the Company.

(c) Repayment of loan and interest is regular.

(d) No amount is overdue as on 31.03.2010.

(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties, listed in the Register maintained under Section 301 of the Companies Act, 1956. Therefore the clauses (f) & (g) of the para (iii) of CARO-2004 (as Amended) are not applicable.
- III. On the basis of selective checks carried out during the course of our audit, in our opinion and according to the information and explanations given to us, the internal control system that are presently installed are generally adequate and commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for the sanction, disbursement and recovery of loans given by the company. We have not observed any continuing failure to correct major weaknesses in such internal controls.
- IV. a) According to the information and explanation given to us and on the basis of representation by the management, we are of the opinion that particulars of contract or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 are being so entered.

b) During the year, there is one transaction in pursuance of such contracts or arrangements which have been made at the terms and conditions, both as to repayment and rate of interest, which are reasonable having regard to the prevailing market prices at the relevant time.

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- V. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 to the extent applicable and The Housing Finance Companies (NHB) Directions, 2001 with regard to acceptance of deposits from the public.
- VI. There was no internal audit system at Corporate Office of the Company during the year. However, there is system of annual management audit of Corporate Office by PNB, the parent bank. In our opinion, the scope of Internal Audit System presently comprising of quarterly audit of transactions at branch level, by internal auditors, needs to be enlarged to include proprietary aspects and areas related to data processing.
- VII. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, investor education & protection fund, income tax, service tax, wealth tax etc. have generally been regularly deposited with the appropriate authorities during the year. We have been informed that Government Notification about Cess payable is still awaited and considering the business of the Company, in the management's view ESI, Excise Laws, Sales Tax etc. are not applicable to the Company at present.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, and Service Tax which is outstanding for a period of more than six months as at 31st March, 2010 from the date they became payable.

- (b) We have been informed that there are no dues in respect of Service Tax, Wealth Tax and Cess which have not been deposited on account of any dispute, however, Income Tax demand as given hereunder has not been deposited as the same is disputed.

Assessment year	Nature of Demand	Amount(Rs)
2007-08	Allocation of Common Expenses	8,640,119

- VIII. According to the information & explanations given & records examined by us, in our opinion, the Company has not defaulted in repayment of dues to Financial Institutions, Banks or Debenture Holders.
- IX. (a) The company grants loans and advances for housing interalia on the Main security of equitable mortgage of properties, its own deposits, other securities besides other collateral securities/guarantees as stated in Note No. 2 in Schedule 16. Adequate documents and records have been maintained.
- (b) The Company does not give any Loan & Advance against pledge of shares, debentures or other securities as primary security
- (c) The Demand Loan granted by the Company under Public Deposit Scheme complies with requirements of the NHB Guidelines & that of Section 58A & Section 58AA of the Companies Act, 1956.

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- X. As per the information and explanations given to us, the provisions of Special Statutes/Laws applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the company.
- XI. In respect of company's transactions for sale / purchase of securities and other investments, held as Investments, proper records of the transactions have been maintained and timely entries have been made therein. We confirm that company's investments are held in its own name.
- XII. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others / third parties from Banks or Financial Institutions.
- XIII. According to the information and explanations given to us, and based upon the test verification of the books & records of the Company, the term loans raised / applied during the year have been used for business purposes.
- XIV. According to the information and explanations given to us, with a view to bring down the overall cost of funds, we observe that funds raised from Overdraft/Term Loan from Banks etc. have been used to finance Housing/Non-Housing Loans, the average repayment of which ranges from 3 to 10 years. Further we have been explained that generally the Short-term funds are not used for Long-Term investments.
- XV. The Company has issued secured redeemable bonds. As per terms of issue securities/charge has been created.
- XVI. According to the information and explanations given to us, the company has not raised any money by public issue during the year under audit.
- XVII. According to the information and explanations given to us, during the year ended on 31.03.2010, One (1) Suspected Fraud case involving a sum of Rs 3.68 lac has been noticed / reported to the Board of Directors / Audit Committee. Investigation & recovery action including taking possession of the underlying property is in progress and this account has been classified as NPA as per the NHB Provisioning Norms.
- XVIII. Other requirements of sub-para (ii), (viii), (x) and (xviii) of para 4 of the order are not applicable.

For S K Kapoor & Co
Chartered Accountants

(V B Singh)
Partner
M No: 73124

Place: New Delhi
Dated: