PROSPECTUS
Dated November 1, 2016
Please read Sections 26 and 32 of the Companies Act, 2013
Book Built Issue

PNB HOUSING FINANCE LIMITED

Our Company was incorporated as "PNB Housing Finance Private Limited" on November 11, 1988, as a private limited company under the Companies Act, 1956, with a certificate of incorporation granted by the Registrar of Companies, National Capital Territory of Delhi and Haryana (the "**RoC**"). Pursuant to the conversion of our Company to a public limited company, our name 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 change in name and registered office of our Company, see "***History and Certain Corporate Matters***" on page 164.

Corporate Identity Number: U65922DL1988PLC033856
Registered and Corporate Office: 9th Floor, Antriksh Bhavan, 22 Kasturba Gandhi Marg, New Delhi 110 001, India **Tel**: +91 11 23357171 **Fax**: +91 11 23357173
Contact Person: Mr. Sanjay Jain, Company Secretary and Compliance Officer **Tel:** +91 11 23354206 **Fax**: +91 11 23357173
E-mail: investor.services@pnbhousing.com **Website**: www.pnbhousing.com

OUR PROMOTER: PUNJAB NATIONAL BANK

INITIAL PUBLIC OFFERING OF 38,733,870* EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF PNB HOUSING FINANCE LIMITED ("PNBHF" OR OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 775 PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF ₹ 765 PER EQUITY SHARE) (THE "ISSUE PRICE") AGGREGATING UP TO ₹ 30,000 MILLION* (THE "ISSUE"). THE ISSUE INCLUDES A RESERVATION OF 250,000 EQUITY SHARES AGGREGATING TO ₹ 175 MILLION# FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES, (AS DEFINED HEREIN) NOT EXCEEDING 5% OF OUR POST-ISSUE PAID UP EQUITY SHARE CAPITAL ("EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE NET ISSUE CONSTITUTES 23.23% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS ₹ 775 PER EQUITY SHARE, WHICH IS 77.50 TIMES THE FACE VALUE OF THE EQUITY SHARES

** Subject to finalisation of the basis of allotment*
*#Discount of Rs 75 per Equity Share to the Issue Price has been offered to Eligible Employees (the "**Employee Discount**"). All amounts have been included taking into consideration the Employee Discount.*

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"), the Net Issue is made for at least 10% of the post-Issue paid-up equity share capital of our Company. The Issue is made through the Book Building Process and in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI ICDR Regulations**"), wherein not more than 50% of the Net Issue is available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Category**"), provided that the Company, in consultation with the Global Co-ordinator and Book Running Lead Managers ("**GCBRLMs**") allocated up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (the "**Anchor Investor Portion**"), of which one-third was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) is available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Category is available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue is available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Issue is available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Further, 250,000 Equity Shares are available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Issue Price. All Investors (except Anchor Investors) were required to mandatorily participate in the Issue only through the Application Supported by Blocked Amount ("**ASBA**") process, providing details of their respective bank account which were blocked by the Self Certified Syndicate Banks ("**SCSBs**") *. For details, see "***Issue Procedure***" on page 322.
**** Anchor Investors were not permitted to participate in the Anchor Investor Portion through the ASBA process.***

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of our Equity Shares is ₹ 10 and the Issue Price is 77.50 times of the face value of our Equity Shares. The Issue Price (as determined and justified by our Company in consultation with the GCBRLMs and as stated in "***Basis for Issue Price***" on page 88 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments 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 Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does the SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page 16.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus 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 Prospectus 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

LISTING

The Equity Shares issued though the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from the BSE Limited and the National Stock Exchange of India Limited ("**NSE**" and together with the BSE the "**Stock Exchanges**") for the listing of the Equity Shares pursuant to letters dated July 25, 2016 and July 26, 2016, respectively. For the purposes of the Issue, NSE is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus has been and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents made available for inspection from the date of the Red Herring Prospectus up to the Bid/Issue Closing Date, see "***Material Contracts and Documents for Inspection***" on page 435.

GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS					REGISTRAR TO THE ISSUE
kotak Investment Banking	BofA Merrill Lynch	JM FINANCIAL	J.P.Morgan	Morgan Stanley	LINKIntime
Kotak Mahindra Capital Company Limited 27 BKC, C-27, "G" Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India **Tel**: +91 22 4336 0000 **Fax:** +91 22 6713 2447 **E-mail:** pnbhf.ipo@kotak.com **Website:** www.investmentbank.kotak.com **Investor Grievance E-mail:** kmccredressal@kotak.com **Contact Person:** Ganesh Rane **SEBI Registration No.:** INM000008704	**DSP Merrill Lynch Limited** Ground Floor, "A" Wing, One BKC, "G" Block Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Maharashtra, India **Tel**: +91 22 6632 8000 **Fax**: +91 22 2204 8518 **E-mail**: dg.pnbhousingfinance_ipo@baml.com **Website**:www.dspml.com **Investor Grievance E-mail**: dg.india_merchantbanking@baml.com **Contact Person**: Chirag Jain **SEBI Registration No.**: INM000011625	**JM Financial Institutional Securities Limited** 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 **Tel:** +91 22 66303030 **Fax:** +91 2266303330 **E-mail:** pnbhf.ipo@jmfl.com **Website:** www.jmfl.com **Investor Grievance E-mail:** grievance.ibd@jmfl.com **Contact Person:** Lakshmi Lakshmanan **SEBI Registration No.:** INM000010361	**J.P. Morgan India Private Limited** J.P. Morgan Tower Off C.S.T. Road Kalina, Santa Cruz - East Mumbai 400 098 Maharashtra, India **Tel**: +91 22 6157 3000 **Fax**: +91 22 6157 3911 **E-mail**: pnbhousing_ipo@jpmorgan.com **Website**: www.jpmipl.com **Investor Grievance E-mail**: investorsmb.jpmipl@jpmorgan.com **Contact Person**: Prateeksha Runwal **SEBI Registration No.**: INM000002970	**Morgan Stanley India Company Private Limited** 18F, Tower 2 One Indiabulls Centre 841, Senapati Bapat Marg Mumbai 400 013 Maharashtra, India **Tel**: +91 22 6118 1770 **Fax**: +91 22 6118 1031 **E-mail**: project_shakti@morganstanley.com **Website**: www.morganstanley.com/about-us/global-offices/india **Investor Grievance E-mail**: investors_india@morganstanley.com **Contact Person**: Rahul Jain **SEBI Registration No.**: INM000011203	**Link Intime India Private Limited** C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai 400 078 Maharashtra, India **Tel**: +91 22 6171 5400 **Fax**: +91 22 2596 0329 **E-mail**: pnbhfl.ipo@linkintime.co.in **Investor Grievance Email**: pnbhfl.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**: Shanti Gopal-Krishnan **SEBI Registration No.**: INR0000004058

BID/ISSUE PERIOD*			
BID/ISSUE OPENED ON*	**October 25, 2016**	**BID/ISSUE CLOSED ON**	**October 27, 2016**

** The Anchor Investor Bidding Date was one Working Day prior to the Bid/Issue Opening Date, i.e., October 24, 2016.*

TABLE OF CONTENTS

SECTION I - GENERAL
DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this Prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

*Unless the context otherwise indicates, all references to "**PNBHF**", "**the Company**", "**our Company**", "**the Issuer**", "**we**", "**us**" and "**our**" are references to PNB Housing Finance Limited, a company incorporated in India under the Companies Act 1956 with its Registered and Corporate Office at 9th Floor, Antriksh Bhavan, 22 Kasturba Gandhi Marg, New Delhi 110 001, India.*

Company Related Terms

Term	Description
ALCO	The asset liability management committee of our Board
AoA/Articles of Association or Articles	The articles of association of our Company, as amended
Audit Committee	The audit committee of our Board
Auditors	The statutory auditor of our Company, being B.R. Maheswari & Co., Chartered Accountants
Board/ Board of Directors	The board of directors of our Company, or a duly constituted committee thereof
BPR Program	The Business Process Transformation and Re-Engineering program of our Company
CCDs	Compulsorily convertible debentures issued by our Company pursuant to the SSA
COPS	Centralized operations of our Company
CPC	Central processing center of our Company
CSO	Central support office of our Company
CSR Committee	The corporate social responsibility committee of our Board
DC	Disaster recovery center of our Company
DEL/ Destimoney	Destimoney Enterprises Limited, which is an entity held by QIH
Director(s)	The director(s) on our Board
DR	Data recovery center
DST	The in-house direct sales team of our Company
Equity Shares	The equity shares of our Company of face value of ₹ 10 each
Equity Shareholders	The holders of the Equity Shares
FCE	Fraud control expert
Group Companies	The Group Companies of our Company, as identified and described in "***Our Promoter, Promoter Group and Group Companies***" on page 185
IPO Committee	The IPO Committee of our Board constituted to facilitate the process of the Issue
KMP/ Key Managerial Personnel	Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act 2013
License Agreement	License Agreement dated December 7, 2009 between our Company and our Promoter, PNB
MoA/Memorandum of Association	The memorandum of association of our Company, as amended
PNBHF ESOS	PNBHF ESOS 2016, the employee stock option scheme established by our Company with effect from April 22, 2016
PNBHFLR	Our reference rate as determined by us from time to time based on market conditions
Promoter or PNB	The promoter of our Company, namely Punjab National Bank
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations, as identified and described in "***Our Promoter, Promoter Group and Group Companies***" on page 185
QIH	Quality Investments Holdings, which is a company incorporated in Mauritius owned and controlled by CAP IV AIV Mauritius Limited, and CAP IV Coinvest AIV Mauritius Limited, which are entities incorporated in Mauritius and QIH's nominees. These entities have investment advisory arrangements with affiliates of the Carlyle Group, LP (NASDAQ-CG)

Term	Description
Registered and Corporate Office	The registered and corporate office of our Company, at 9th Floor, Antriksh Bhavan, 22 Kasturba Gandhi Marg, New Delhi 110 001, India
Restated Financial Statements	Restated audited financial statements of assets and liabilities as at June 30, 2016 and March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 and Restated audited financial statements of profits and losses and cash flows for the three months ended June 30, 2016 and each of the Fiscals ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 for the Company
SH Amendment and Termination Agreement	Agreement dated June 30, 2016 amending and terminating the SHA
SHA	Shareholders' Agreement dated December 7, 2009 between our Company, DEL and PNB, as amended by the SH Amendment and Termination Agreement
SPA	Share Purchase Agreement dated December 7, 2009 between our Company, DEL and PNB
SSA	Share Subscription Agreement dated December 9, 2009 between our Company and DEL
Stakeholders' Relationship Committee	The Stakeholders Relationship Committee of our Board
TSG	The technical service group of our Company

Issue Related Terms

Term	Description
Acknowledgment Slip	The slip or document issued by the Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
Allotted/Allotment/Allot	The issue and allotment of the Equity Shares to successful Bidders pursuant to the Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Anchor Escrow Account	Account opened with Anchor Escrow and Refund Bank for the Issue and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS in respect of the Bid Amount when submitting a Bid
Anchor Escrow Agreement	Agreement dated October 19, 2016 entered into amongst our Company, the Registrar to the Issue, the GCBRLMs and the Anchor Escrow and Refund Bank for collection of the Bid Amounts and where applicable remitting refunds, if any, to the Anchor Investors, on the terms and conditions thereof
Anchor Investor	A QIB, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations
Anchor Investor Bidding Date	October 24, 2016
Anchor Investor Issue Price	₹ 775 per Equity Share
Anchor Investor Portion	Up to 60% of the QIB Category, consisting of 11,537,902 Equity Shares which was allocated by our Company in consultation with the GCBRLMs, to Anchor Investors, on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by a Bidder (other than Anchor Investors) to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	A bank account maintained with an SCSB and specified in the Bid cum Application Form which has been blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by a Bidder (other than a Bid by an Anchor Investor)
Bankers to the Issue /Anchor Escrow and Refund Bank	The bank(s) which is/are clearing members and are registered with the SEBI as an escrow bank, with whom the Anchor Escrow Accounts in relation to the Issue for Bids by Anchor Investors has been opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being HDFC Bank Limited
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Issue, described in "***Issue Procedure***" on page 322

Term	Description
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Issue, less Employee Discount
Bid cum Application Form	The form in terms of which the Bidder has made a Bid and was considered as the application for the Allotment pursuant to the terms of the Red Herring Prospectus and this Prospectus
Bid Lot	19 Equity Shares and in multiples of 19 Equity Shares thereafter
Bid/Issue Closing Date	October 27, 2016
Bid/Issue Opening Date	October 25, 2016
Bid/Issue Period	October 25, 2016 to October 27, 2016
Bidder	Any prospective investor who made a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries accepted the Bid cum Application Forms, being the Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made
Broker Centres	Broker centres of the Registered Brokers, where Bidders submitted the Bid cum Application Forms. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges
Cap Price	₹ 775 per Equity Share
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Issue Period
Client ID	Client identification number of the Bidder's beneficiary account
Collecting Depository Participants/CDPs	A depository participant registered under Section 12 (1A) of the SEBI Act and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	The Issue Price, finalized by our Company in consultation with the GCBRLMs. Only Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion were entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors were not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidders' address, names of the Bidders' father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Form used by Bidders (other than Anchor Investors), a list of which is available at the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time
Designated CDP Locations	Such centres of the Collecting Depository Participants where Bidders can submit the Bid cum Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time
Designated Date	The date on which the Anchor Escrow and Refund Bank transfer the funds from the Anchor Escrow Accounts to the Public Issue Account(s) or the Refund Account(s), as appropriate, and the amounts blocked by the SCSBs are transferred to the ASBA Accounts, as the case may be, to the Public Issue Account(s) or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and this Prospectus, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Issue
Designated Intermediaries	Members of the Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, Brokers, CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Issue

Term	Description
Designated RTA Locations	Such centres of the RTAs where Bidders can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time
Designated Stock Exchange	NSE
Draft Red Herring Prospectus/DRHP	The draft red herring prospectus dated July 4, 2016, filed with the SEBI and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be Allotted and the size of the Issue, including any addenda or corrigenda thereto
DSP Merrill Lynch	DSP Merrill Lynch Limited
Eligible Employee	All or any of the following: (a) a permanent and full time employee of our Company (excluding such employees not eligible to invest in the Issue under applicable laws, rules, regulations and guidelines) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be an employee of our Company until the submission of the Bid cum Application Form, and is based, working and present in India as on the date of submission of the Bid cum Application Form; and (b) a Director of our Company, whether a whole time Director, part time Director or otherwise, (excluding such Directors not eligible to invest in the Issue under applicable laws, rules, regulations and guidelines and any Promoter) as of the date of filing the Red Herring Prospectus with the RoC and who continues to be a Director of our Company until the submission of the Bid cum Application Form and is based and present in India as on the date of submission of the Bid cum Application Form. An employee of our Company, who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed a 'permanent and a full time employee'. The maximum Bid Amount under the Employees Reservation Portion by an Eligible Employee cannot exceed ₹ 200,000 in accordance with the SEBI ICDR Regulations
Employee Reservation Portion	The portion of the Issue, being 250,000 Equity Shares, available for allocation to Eligible Employees, on a proportionate basis
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constituted an invitation to subscribe for the Equity Shares
Employee Discount	A discount of ₹ 75 offered to the Eligible Employees bidding in the Employee Reservation Portion
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bidders, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	₹ 750 per Equity Share
Global Coordinators and Book Running Lead Managers/GCBRLMs	The global coordinators and book running lead managers to the Issue, in this case being Kotak Mahindra Capital Company Limited, DSP Merrill Lynch Limited, JM Financial Institutional Securities Limited, J.P. Morgan India Private Limited and Morgan Stanley India Company Private Limited
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by SEBI and included in "***Issue Procedure***" on page 322
Issue	Public issue of 38,733,870* Equity Shares for cash at a price of ₹ 775 per Equity Share, aggregating up to ₹ 30,000 million. The Issue comprises a Net Issue and Employee Reservation Portion** * *Subject to finalisation of Basis of Allotment.*

Term	Description
	***Discount of Rs 75 per Equity Share to the Issue Price has been offered to Eligible Employees (the "**Employee Discount**"). All amounts have been included taking into consideration the Employee Discount.*
Issue Agreement	The agreement dated July 4, 2016 entered into amongst our Company and the GCBRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	₹ 775 per Equity Share, which was decided by our Company in consultation with the GCBRLMs. Equity Shares to the Anchor Investors will be Allotted at the Anchor Investor Issue Price in terms of the Red Herring Prospectus
JM Financial	JM Financial Institutional Securities Limited
J.P. Morgan	J.P. Morgan India Private Limited
Kotak	Kotak Mahindra Capital Company Limited
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
Monitoring Agency	HDFC Bank Limited
Morgan Stanley	Morgan Stanley India Company Private Limited
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) or 385,202 Equity Shares available for allocation to Mutual Funds only, on a proportionate basis
Net Proceeds	Proceeds of the Issue that will be available to our Company, less Issue Expenses
Non-Institutional Category	The portion of the Issue, being not less than 15% of the Net Issue or 5,772,581 Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Issue Price
Non-Institutional Investors/NIIs	All Bidders, including Category III FPIs that are not QIBs (including Anchor Investors) or Retail Individual Investors or Eligible Employees bidding in the Employee Reservation Portion, who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Price Band	Price band of the Floor Price of ₹ 750 and a Cap Price of ₹ 775, per Equity Share, inclusive of both
Pricing Date	The date on which our Company in consultation with the GCBRLMs finalized the Issue Price, being November 1, 2016
Prospectus	This Prospectus dated November 1, 2016 filed with the RoC for this Issue on the Pricing Date in accordance with the provisions of Section 26 and 32 of the Companies Act 2013 and the SEBI ICDR Regulations, containing the Issue Price, the size of the Issue and certain other information, including any addenda or corrigenda thereto
Public Issue Account	The account opened with the Banker to the Issue to receive monies from the Anchor Escrow Account and the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue, being 50% of the Net Issue or 19,241,934 Equity Shares available for allocation to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation was made on a discretionary basis, as determined by our Company in consultation with the GCBRLMs), subject to valid Bids being received at or above the Issue Price
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The red herring prospectus dated October 15, 2016, issued in accordance with Section 32 of the Companies Act 2013 and the SEBI ICDR Regulations, which did not have complete particulars of the price at which the Equity Shares shall be Allotted and which was filed with the RoC, including any addenda or corrigenda thereto
Refund Account(s)	Account(s) opened with the Anchor Escrow and Refund Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate
Registrar Agreement	The agreement dated June 27, 2016, entered into among 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 and Share Transfer Agents or RTA	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar to the Issue	Link Intime India Private Limited

Term	Description
Retail Category	The portion of the Issue, being not less than 35% of the Net Issue or 13,469,355 Equity Shares, available for allocation to Retail Individual Investors, which shall not be less than the minimum Bid lot, subject to availability in the Retail Category and the remaining Equity Shares to be Allotted on a proportionate basis
Retail Individual Investors/ RIIs	Bidders (including HUFs and Eligible NRIs), other than Eligible Employees bidding in the Employee Reservation Portion, whose Bid Amount for Equity Shares in the Issue was not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs bidding in the QIB category and Non-Institutional Investors bidding in the Non-Institutional category are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI which offer the facility of ASBA and the list of which is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	The BSE Limited and the National Stock Exchange of India Limited
Syndicate Agreement	The agreement dated October 24, 2016 entered into amongst the members of the Syndicate, our Company, and the Registrar to the Issue in relation to the collection of Bid cum Application Forms by the Syndicate
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being Kotak Securities Limited and JM Financial Services Limited
Syndicate or members of the Syndicate	Collectively, the GCBRLMs and the Syndicate Members
Underwriters	The members of the Syndicate
Underwriting Agreement	The agreement dated November 1, 2016 among our Company and the Underwriters
U.S. QIB	A qualified institutional buyer, as defined under Rule 144A
Working Day(s)	Any day, other than Saturdays, Sundays and public holidays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Bid/Issue Opening Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all trading days excluding Sundays and bank holidays in India in accordance with the SEBI circular no SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

Conventional and General Terms and Abbreviations

Term	Description
AIF(s)	Alternative Investment Funds
Authorised Dealers	Authorised Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000
Banking Regulation Act	Banking Regulation Act, 1949
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis and Research Limited
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CDSL	Central Depository Services (India) Limited

Term	Description
Central Sales Tax Act	Central Sales Tax Act, 1956
CERSAI	Central Registry of Securitization Assets Reconstruction and Security Interest of India
CIBIL	Credit Information Bureau (India) Limited
CIN	Corporate Identity Number
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970
Companies Act	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act 2013, read with the rules, regulations, clarifications and modifications thereunder
Companies Act 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The consolidated FDI Policy, effective from June 7, 2016, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CRISIL	CRISIL Limited
CSR	Corporate Social Responsibility
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP ID	Depository Participant's identity number
DRT Act	The Recovery of Debt due to Banks and Financial Institutions Act, 1993
DRT	Debt Recovery Tribunal
DTC	Direct Tax Code, 2013
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
ECB	External Commercial Borrowings
ECB Master Circular	RBI master circular on external commercial borrowings and trade credits dated July 1, 2015
EPF Act	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ERP	Enterprise Resource Planning
ESI Act	Employees' State Insurance Act, 1948
Euro	Euro, the official single currency of the participating member states of the European Economic and Monetary Union of the Treaty establishing the European Community
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FIFO	First-in, first-out
FII(s)	Foreign Institutional Investors as defined under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2000, registered with the SEBI under applicable laws in India and deemed as FPIs under the SEBI FPI Regulations
Financial Year/Fiscal/ Fiscal Year	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GAAR	General Anti-Avoidance Rules
GDP	Gross Domestic Product

Term	Description
GoI	The Government of India
GST	Goods and service tax
HUF(s)	Hindu Undivided Family(ies)
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015
ICAI	Institute of Chartered Accountants of India
ICRA	ICRA Limited
IFSC	Indian Financial System Code
IFRS	International Financial Reporting Standards
Income Tax Act	Income Tax Act, 1961
Ind(AS)	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
India Ratings (Fitch)	India Ratings and Research Private Limited
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
IMaCS	ICRA Management Consulting Services Limited
IRDA	Insurance Regulatory and Development Authority of India
ISDA	International Swaps and Derivatives Association
KYC	Know your customer
LIBOR	London Interbank Offered Rate
MCA	The Ministry of Corporate Affairs, GoI
MCI	Ministry of Commerce and Industry, GoI
Minimum Wages Act	Minimum Wages Act, 1948
Mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NAV	Net asset value
NBFC	Non-banking financial company
NCDs	Non convertible debentures
NIA	Negotiable Instruments Act, 1881
No-action letters	No-action letters issued by the SEC
Notified Sections	The sections of the Companies Act 2013 that have been notified by the MCA and are currently in effect
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes an NRI
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRI	Non-Resident Indian
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
Opex	Operating expenses
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
PDC	Post-dated cheques
PMLA	Prevention of Money Laundering Act, 2002
PPP	Public private partnership
RBI	The Reserve Bank of India
RBI ECB Master Direction	Master Direction on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorized Dealers and Persons other than Authorized Dealers
ROI	Return on Equity
Regulation S	Regulation S under the U.S. Securities Act
RoC or Registrar of Companies	The Registrar of Companies, National Capital Territory of Delhi and Haryana

Term	Description
Rule 144A	Rule 144A under the U.S. Securities Act
SCRR	The 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 ESOP Regulations	The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEC	The United States Securities and Exchange Commission
STT	Securities Transaction Tax
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
US$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
USA/ U.S./ US	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act, 1933
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
World Factbook	The World Factbook, available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html

Industry Related Terms

Term	Description
AFS	Available for sale
AML	Anti money laundering
ATS	Average ticket size
AUM	Assets under management
Average cost of borrowings	The finance cost for the period divided by the average interest-bearing liabilities, expressed as a percentage
Cost to income ratio	The ratio of total operating expenses to our gross income (revenue from operations less finance cost on loan origination cost)
CRAR	Capital to risk (weighted) assets ratio or capital adequacy ratio
CREDAI	Confederation of Real Estate Developer's Association of India
CRISIL Report	Retail Finance – Housing Annual Review, 2016 prepared by CRISIL Research
CTL	Corporate term loan
DMA	Direct Marketing Associates
DTA	Deferred tax asset
DTL	Deferred tax liability
ECB	External Commercial Borrowings
EMI	Equated monthly instalment
ESS	Enterprise System Solution
FCU	Fraud control unit
Federal Bank	The Federal Bank Limited
FOIR	Fixed obligation to income ratio
Fair Practices Code	The guidelines on fair practices code for HFCs issued by the NHB on September 9, 2015

Term	Description
GNPAs	Gross non-performing assets
GVA	Gross value added at basic prices
HFC	Housing Finance Company
HFT	Held for trading
HTM	Held to maturity
IMaCS Report	Housing Finance Industry in India: 2015 Report prepared by IMaCS
Investment Company Act	The United States Investment Company Act of 1940, as amended
LAP	Loan against property
LRD	Lease rental discounting
LTV ratio	Loan-to-value ratio
NHB	The National Housing Bank
NHB Act	The National Housing Bank Act, 1987
NHB ALM Guidelines	Asset – liability management guidelines prescribed by the NHB
NHB Directions	The Housing Finance Companies (National Housing Bank) Directions, 2010
NHB Report	Report on Trend and Progress of Housing in India, 2014 prepared by the NHB
NII	Net interest income
NIM	Net interest margin
NOF	Net owned funds
NPA	Non-performing assets
NRPL	Non-residential premises loans
Provision Coverage Ratio	The ratio of provisions created for NPAs to gross NPAs
PTP	Promised-to-pay
Real Estate Act	The Real Estate (Regulation and Development) Act, 2016
Recovery Agents Guidelines	The guidelines for recovery agents engaged by HFIs issued by the NHB on July 14, 2008
ROA	Return on assets
RoE	Return on equity
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SENP	Self-employed non-professional
SEP	Self-employed professional
SLR	Statutory liquidity ratio
Spread	The difference between average yield and average cost of borrowings
TAT	Turn around time
Technical Group Report	Report of the Technical Group on Urban Housing Storage (T-12) (2012-17) prepared by the Ministry of Housing and Urban Poverty Alleviation
WPI	Wholesale Price Index

The words and expressions used but not defined in this Prospectus will have the same meaning as assigned to such terms under the Companies Act 1956, as superseded and substituted by notified provisions of the Companies Act 2013 (together the "**Companies Act**"), the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"), the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "***Main Provisions of the Articles of Association***", "***Statement of Tax Benefits***", "***Industry Overview***", "***Regulations and Policies in India***", "***Financial Statements***", "***Outstanding Litigation and Other Material Developments***" and "***Part B***" of "***Issue Procedure***", will have the meaning ascribed to such terms in these respective sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Prospectus to "India" are to the Republic of India.

Financial Data

Unless indicated otherwise, the financial data in this Prospectus is derived from our Restated Financial Statements, prepared in accordance with the Generally Accepted Accounting Principles in India (the "**Indian GAAP**") and the Companies Act 2013 and restated in accordance with the SEBI ICDR Regulations.

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

There are significant differences between the Indian GAAP, the International Financial Reporting Standards (the "**IFRS**") and the Generally Accepted Accounting Principles in the United States of America (the "**U.S. GAAP**"). Accordingly, the degree to which the financial statements included in this Prospectus 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, the Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to quantify the impact of the IFRS or the U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those under the U.S. GAAP or the IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

On February 16, 2015, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Rules, 2015 ("**IAS Rules**") for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The IAS Rules provide that the financial statements of the companies to which they apply shall be prepared and audited in accordance with the Indian Accounting Standard ("**IND (AS)**"), although any company may voluntarily implement Ind (AS) for the accounting period beginning from April 1, 2015. NBFCs having a net worth of more than ₹ 5,000.00 million are required to mandatorily adopt IND (AS) for the accounting period beginning from April 1, 2018 with comparatives for the period ending on March 31, 2017.

We have not made any attempt to quantify or identify the impact of the differences between Indian GAAP and IND (AS) as applied to our financial statements and it is urged that you consult your own advisors regarding the impact of difference, if any, on financial data included in this Prospectus. See "***Risk Factors – Significant differences exist between Indian GAAP used to prepare our financial statements and other accounting principles, such as U.S. GAAP and IFRS, with which investors may be more familiar. Further, we will be subject to a number of new accounting standards as part of our transition to IND(AS) that may significantly impact our financial statements***" on page 41.

We use a variety of financial indicators and ratios to measure and analyze our financial performance and financial condition from period to period and to manage our business. These financial indicators and ratios are defined by our management and are presented, along with a brief explanation, in "***Selected Statistical Information***" on page 111. While these financial indicators and ratios are widely used in our industry, they may not be comparable to similar financial indicators and ratios used by other housing finance companies or companies engaged in the financial services industry in India. Other companies may use different financial indicators and ratios or calculate these ratios differently, and similarly titled measures published by them may therefore not be comparable to ours. Several of these financial indicators and ratios are not defined under the Indian GAAP and therefore should not be viewed as substitutes for measures derived to calculate operational performance or profitability under Indian GAAP. Further, these financial measures and ratios have limitations as analytical tools, and should not be considered in isolation from, or as a substitute for, analysis of our historical performance, as reported and presented in our Restated Financial Statements included in this Prospectus.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been derived from publicly available sources, government publications such as the NHB Report, and certain industry sources such as the CRISIL Report and the IMaCS Report. Industry publications generally state that the information contained in such publications has been obtained from sources generally believed to be reliable, but their accuracy, adequacy or completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that the industry and market data used in this Prospectus is reliable, it has not been independently verified by us, the GCBRLMs, or any of our or their respective affiliates or advisors, and none of these parties makes any representation as to the accuracy of this information. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors***" on page 16.

Certain information in the sections titled "***Summary of Industry***", "***Summary of Business***", "***Industry Overview***" and "***Our Business***" of this Prospectus have been obtained from CRISIL and IMaCS which have issued the following disclaimers:

"*CRISIL Limited has taken due care and caution in preparing this Report. Information has been obtained by CRISIL from sources, which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CRISIL Limited has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this Report. The Centre for Economic Research, CRISIL (C-CER) operates independently of and does not have access to information obtained by CRISIL's Ratings Division, which may in its regular operations obtain information of a confidential nature that is not available to C-CER. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval.*"

"*All information contained in this document has been obtained by IMaCS from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and IMaCS in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and IMaCS shall not be liable for any losses incurred by users from any use of this document or its contents in any manner. Opinions expressed in this document are not the opinions of our holding company, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.*"

Currency and Units of Presentation

All references to "**Rupees**" or "**₹**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**US$**", "**U.S. Dollar**", "**USD**" or "**U.S. Dollars**" are to United States Dollars, the official currency of the United States of America.

All figures have been expressed in millions. One million represents '10 lakhs' or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Prospectus expressed in such denominations as provided in such respective sources.

Exchange Rates

This Prospectus contains conversions of U.S. Dollars into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all.

The exchange rates of the U.S. Dollar into Indian Rupees as on June 30, 2016, March 31, 2016, March 31, 2015, March 28, 2014, March 28, 2013 and March 30, 2012 are provided below.

(in ₹)

Currency	Exchange rate as on June 30, 2016	Exchange rate as on March 31, 2016	Exchange rate as on March 31, 2015	Exchange rate as on March 28, 2014*	Exchange rate as on March 28, 2013**	Exchange rate as on March 30, 2012***
1 USD	67.62	66.33	62.59	60.10*	54.39**	51.16***

Source: RBI Reference Rate, unless otherwise specified

** Exchange rate as on March 28, 2014, as RBI Reference Rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.*

*** Exchange rate as on March 28, 2013, as RBI Reference Rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013 being a Sunday, Saturday and a public holiday, respectively.*

**** Exchange rate as on March 30, 2012, as RBI Reference Rate is not available for March 31, 2012 being a Saturday.*

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. These forward looking statements generally can be identified by words or phrases such as "***aim***", "***anticipate***", "***believe***", "***expect***", "***estimate***", "***intend***", "***likely to***" "***objective***", "***plan***", "***project***", "***will continue***", "***seek to***", "***will pursue***" or other words or phrases of similar import. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations and business strategies, plans and prospects are forward-looking statements.

These forward-looking statements contained in this Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or projections. Important factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to:

- Our ability to manage the growth of our business and loan portfolio or continue to grow our business and loan portfolio at a rate similar to what we have experienced in the past;
- Our business and financial performance being adversely affected by the volatility in interest rates;
- The risk of default and non-payment by our customers;
- An increasing proportion of our loans being classified as non-performing and our current level of provisions not being adequate to cover such increases;
- Our ability to obtain adequate funding on acceptable terms or increase in the average cost of borrowings; and
- The increased competition in the Indian housing finance industry which may lead to a decline in average yields and spreads.

For a further discussion of factors that could cause our actual results to differ, see "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 16, 124 and 243, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact could materially differ from those that have been estimated, expressed or implied by such forward looking statements.The forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus or the respective dates indicated in this Prospectus and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statement based on them could prove to be inaccurate.

Neither our Company, nor the Syndicate, nor any of their respective affiliates will have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, whether as a result of new information, future events or otherwise. Our Company and the GCBRLMs will ensure that investors in India are informed of material developments as required under applicable Law or relevant within the context of the Issue, until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Issue.

SECTION II - RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Prospectus, including the risks and uncertainties described below, before making an investment decision in the Equity Shares. The risks described below are not the only ones relevant to us or the Equity Shares, the housing finance industry or India. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business, financial condition, results of operations and prospects. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and the risks involved. If any of the risks described below or other risks that are currently not known actually occur, our business, financial condition, results of operations and prospects could be adversely affected, the trading price of the Equity Shares could decline, and prospective investors may lose all or part of their investment. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares. Prospective investors should read this section in conjunction with the other sections of this Prospectus, in particular the sections titled "**Our Business**", "**Industry Overview**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Selected Statistical Information**" on pages 124, 94, 243 and 111, respectively, as well as the Restated Financial Statements included in the section titled "**Financial Statements**". This Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. For further details, see "**Forward-Looking Statements**" on page 15.*

A. INTERNAL RISKS AND RISKS ASSOCIATED WITH OUR BUSINESS

1. We may not be able to manage the growth of our business and loan portfolio effectively or continue to grow our business and loan portfolio at a rate similar to what we have experienced in the past.

Our business and loan portfolio have grown significantly in the last few years to become the fifth largest HFC in India by loan portfolio as of September 30, 2015 according to the IMaCS Report. Our total loan portfolio grew at a CAGR of 61.76% from ₹39,696.63 million as of March 31, 2012 to ₹271,772.68 million as of March 31, 2016, and was ₹309,006.44 million as of June 30, 2016. Our outstanding deposits (net of maturities) grew at a CAGR of 110.41% from ₹3,630.66 million as of March 31, 2012 to ₹71,158.51 million as of March 31, 2016, and were ₹74,358.98 million as of June 30, 2016. Similarly, our revenue from operations grew at a CAGR of 55.56% from ₹4,610.00 million in Fiscal Year 2012 to ₹26,995.43 million in Fiscal Year 2016, and was ₹8,634.36 million in the three months ended June 30, 2016. Our network has also expanded from 32 branches and 14 processing hubs as of March 31, 2014 to 47 branches and 16 processing hubs as of June 30, 2016.

Our growth has placed and continues to place significant demands on our managerial, technical and operational capabilities, our credit, financial and other internal risk controls, as well as our collections and recoveries. Our ability to manage our growth depends on the timely and cost-effective allocation of our employees and other resources, as well as our ability to consistently manage and improve our operations and information systems, and maintain strict risk management standards to minimise credit risks. For example, if due to our growth we fail to properly allocate employees and other resources and, as a result, fail to make proper assessments of credit risks associated with new customers or new business segments, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition. There can be no assurance that our current policies, frameworks and systems will adequately address these and other risks that we face, or that new risks will not arise as a result of our growth which we have not anticipated.

Furthermore, a number of external factors beyond our control could also impact our ability to continue to grow our business and loan portfolio, such as demand for housing loans in India, domestic economic growth, the RBI's monetary and regulatory policies, National Housing Bank (the "**NHB**") regulations, inflation, competition and availability of cost-effective debt and equity capital. For example, the RBI has placed a restriction on our Promoter, PNB, from providing access to its customer accounts and related information systems. Similar restrictions could be imposed on PNB or us in the future which could potentially limit our ability to expand our business. In addition, our ability to grow is also dependent on the PNB brand and will be impacted if we are no longer able to use the PNB brand and could be impacted if there is adverse publicity with respect to the PNB brand. If one or a combination of the above-mentioned factors were to arise, we may not be able to continue to grow our business and loan portfolio, which could have a material adverse effect on our business, financial condition and results of operations.

As part of our business strategy, we intend to continue to grow our business and loan portfolio by, among other things, consolidating our position in key geographies in which we are currently active or selectively expanding into geographies where we see potential growth for the loan products we offer and expanding into specific target markets such as the affordable housing segment. Our ability to execute on our growth strategies will depend, among other things, on our ability to identify key target markets correctly, diversify and differentiate our product offering and pricing to compete effectively, and scale up and grow our network effectively. Our ability to expand our product offering will also be limited by restrictions imposed by applicable laws. We will also need to manage relationships with a greater numbers of customers, third-party marketing associates and service providers, lenders and other parties as we expand. If we fail to consolidate our position in the geographies where we are currently active, fail to identify new target markets with sufficient growth potential or the target markets that we have identified do not provide for the growth that we had anticipated, there can be no assurance that our current rate of growth will continue at a rate similar to what we have experienced in the past, which could have a material adverse effect on our business, financial condition and results of operations.

2. Our business and financial performance may be adversely affected by volatility in interest rates.

As of June 30, 2016, our loans and investments constituted 93.84% and 6.16%, respectively, of our interest-earning assets. As of that date, our borrowings constituted 86.63% of our total liabilities. One of the measures through which we analyse our financial performance is net interest income, or "**NII**", which represents our total interest income less total interest expense (including brokerage on deposits, but excluding loan origination costs). Our NII was 217.86% of our profit after tax in the three months ended June 30, 2016. Another measure of our financial performance is our net interest margin, or "**NIM**", which for any given period represents the ratio of NII to the average of interest-earning assets.

We are particularly vulnerable to volatility and mismatch in generally prevailing interest rates, especially if the changes are sudden or sharp. 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 NII and NIM. While any reduction in interest rates at which we borrow may be passed on to our customers, 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 June 30, 2016, 12.63% and 87.37% of our loan portfolio were fixed and variable interest rate loans, respectively. Competition pressures may also require us to reduce 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 less expensive loans are available from other sources. Further, we are prohibited from charging pre-payment penalties on loans with variable interest rates. 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.

The interest rates we pay on our borrowings and the interest rates we 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, the applicable regulations prescribed by the NHB and competition in the housing finance industry. 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 growth. In a declining interest rate environment, especially if the decline is sudden or sharp, we could be adversely affected by the decline in the market value of our fixed income securities and reduce our earnings from treasury operations. 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. There can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our NII and NIM, which could in turn have a material adverse effect on our business, financial condition and results of operations.

3. We face liquidity risks as a result of maturity and interest rate mismatches between our assets and liabilities.

We meet a significant portion of our funding requirements through short and medium-term borrowings from sources such as deposits, term loans or overdraft facilities from bank and financial institutions, issuance of non-convertible debentures ("**NCDs**") and other debt instruments and commercial paper. However, a significant portion of our assets (such as loans to our customers) have maturities with longer terms than our borrowings. We may face potential liquidity risks as a result of maturity and interest rate mismatches between our assets and liabilities. As of June 30, 2016, we had negative liquidity gaps for certain short-term maturity periods up to one year and for maturity periods between three and five years. For further details, see "***Selected Statistical Information—Asset-Liability Gap Management***" on page 120. As of June 30, 2016, a substantial portion of our loans had an average tenure exceeding one year. 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. In addition, our ability to borrow is dependent on our credit ratings, which may be impacted in the event that we are no longer a subsidiary of PNB or otherwise, as we will no longer be a "Government Company" and this may adversely affect our business and operations. 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 have a material adverse effect on our business, financial condition and results of operations.

4. We face the risk of default and non-payment by our customers, in particular self-employed customers.

We are exposed to the risk of default and non-payment by our customers, and a number of external factors which are not within our control could result in non-payment 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 June 30, 2016, housing loans to self-employed customers constituted 23.38% 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 *(Source: CRISIL Report).* 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.

We classify non-performing assets ("**NPAs**") in accordance with the Housing Finance Companies (National Housing Bank) Directions, 2010, as amended (the "**NHB Directions**"). Defaults by our customers for a period of 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 and the related deterioration in the credit quality of our loan portfolio, the proportion of NPAs in our loan portfolio could increase, which may, in turn, have a material adverse effect on our business, financial condition and results of operations. See also "– ***We are exposed to risks associated with the refinancing of variable interest rate loans, as well as risks that may arise if refinancing is not available for customers with variable interest rate loans****.*" on page 26.

5. As our loan portfolio grows, an increasing proportion of our loans could be classified as non-performing and the current level of our provisions may not adequately cover any such increases.

Our total loan portfolio has grown rapidly in the last few years, and we anticipate that the size of our loan portfolio will continue to grow in the future as we pursue our expansion strategy. As our loan portfolio has grown, our gross NPAs have also increased and were ₹835.78 million, ₹598.08 million, ₹341.40 million and ₹337.20 million as of June 30, 2016 and as of March 31, 2016, 2015 and 2014, respectively, but were 0.27%, 0.22%, 0.20% and 0.32%, respectively, as a percentage of our total loan portfolio as of those dates. One of the effects of our recent growth is that a significant portion of our loan portfolio is relatively new. As of June 30, 2016, approximately 76.00% of our total loan portfolio had a tenure of less than 24 months since the first disbursement. We believe that the risk of delinquency in housing loans typically emerges 24 to 36 months from disbursement. As a result, there can be no assurance that there will not be a significant increase in the proportion of our loans that are classified as NPAs as our loan portfolio matures. Further, negative trends or financial difficulties could unexpectedly increase delinquency rates and we could also reach a point in the future where we may not be able to expand our portfolio at high growth rates without allowing the overall credit quality of our loans to deteriorate.

We make provisions for standard assets as well as NPAs in accordance with the prudential norms prescribed by the NHB under the NHB Directions. However, these provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to banks and financial institutions in other countries. The provisioning requirements may also require the exercise of subjective judgment of management, which could also change over time. Further, more stringent provisioning norms for HFCs may be introduced by the NHB in the future. As of June 30, 2016 and as of March 31, 2016, 2015 and 2014, our provisioning coverage ratio (i.e., the proportion of gross NPAs for which provisions had been made), was 30.77%, 36.25%, 66.82% and 51.47%, respectively, and our net NPAs, as a percentage of our total loan portfolio, were 0.19%, 0.14%, 0.07% and 0.15%, respectively. For further details, see "***Selected Statistical Information—Credit Quality***" on page 121. There can be no assurance that our NPAs will continue to stay at their current level, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. If there is any decrease in the value of the underlying collateral or deterioration in the quality of our security or further ageing of our NPAs, the resultant deterioration in our provisioning coverage ratio may require us to increase our provisions, which could result in a material adverse effect on our financial performance as well as our ability to raise additional capital and debt funds on favourable terms.

6. We and our Promoter are involved in certain legal proceedings and any adverse outcome in these or other proceedings may have a material adverse effect on our reputation, business, financial condition and results of operations.

We and our Promoter are involved in various legal proceedings in the ordinary course of our business such as consumer disputes, criminal proceedings, debt-recovery proceedings, proceedings under the SARFAESI Act, income tax proceedings and civil disputes. In addition, the Chairman of our Board has been named in two criminal proceedings.

These proceedings are pending at different stages of adjudication before various courts, tribunals and appellate tribunals. 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 the 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 tables below summarise the legal proceedings we are involved in. The amounts involved in these proceedings have been summarised to the extent ascertainable and quantifiable and include amounts claimed jointly and severally from us and other parties.

Summary of Outstanding Litigation

Litigation against our Company

S. No.	Nature of litigation	No. of cases outstanding	Aggregate/approximate amount involved *(₹ in million)*
1.	Direct tax	15	432.66
2.	Indirect tax	Nil	Nil
3	Criminal proceedings	95	Nil
5.	Action by regulatory/statutory authorities	Nil	Nil
6.	Other litigation*	7	336.60

**Other litigation involving our Company would mean such pending matter (except litigations which are criminal in nature, direct and indirect tax cases and/or by actions by regulatory or statutory authority) is in excess of 1.00% of our Company's profit after tax for Fiscal Year 2016, amounting to ₹32.75 million.*

Litigation by our Company

S. No.	Nature of litigation	No. of cases outstanding	Aggregate/approximate amount involved (*₹ in million)*
1.	Direct tax	Nil	Nil
2.	Indirect tax	Nil	Nil
3	Criminal proceedings	217	136.30
4.	Other litigation*	5	280.48

** Other litigation involving our Company would mean such pending matter (except litigations which are criminal in nature, direct and indirect tax cases and/or by actions by regulatory or statutory authority) is in excess of 1.00% of our Company's profit after tax for Fiscal Year 2016, amounting to ₹32.75 million.*

Litigation against our Directors

S. No.	Nature of litigation	No. of cases outstanding	Aggregate/approximate amount involved (*₹ in million)*
1.	Direct tax	Nil	Nil
2.	Indirect tax	Nil	Nil
3	Criminal proceedings	4	Nil
4.	Action by regulatory/statutory authorities	Nil	Nil
5.	Other litigation*	Nil	Nil

** Other litigation involving our Director would mean an such pending matter (except litigations which are criminal in nature, direct and indirect tax cases and/or by actions by regulatory or statutory authority) is in excess of 1.00% of our Company's profit after tax for Fiscal Year 2016, amounting to ₹32.75 million.*

Litigation by our Directors

S. No.	Nature of litigation	No. of cases outstanding	Aggregate/approximate amount involved (*₹ in million)*
1.	Direct tax	Nil	Nil
2.	Indirect tax	Nil	Nil
3	Criminal proceedings	Nil	Nil
4.	Other litigation*	Nil	Nil

** Other litigation involving our Directors would mean an such pending matter (except litigations which are criminal in nature, direct and indirect tax cases and/or by actions by regulatory or statutory authority) is in excess of 1.00% of our Company's profit after tax for Fiscal Year 2016, amounting to ₹32.75 million.*

Litigation by our Promoter

S. No.	Nature of litigation	No. of cases outstanding	Aggregate/approximate amount involved (*₹ in million)*
1.	Direct tax	Nil	Nil
2.	Indirect tax	Nil	Nil
3	Criminal proceedings	1	Nil
4.	Other litigation*	Nil	Nil

**Other Litigation involving our Promoter (except litigations which are criminal in nature, direct and indirect tax cases and/or by actions by regulatory or statutory authority) is considered 'material' if it is material as per the materiality policy approved by the board of directors of our Promoter.*

Litigation against our Promoter

S. No.	Nature of litigation	No. of cases outstanding	Aggregate/approximate amount involved (*₹ in million)*
1.	Direct tax	6	10,863.50
2.	Indirect tax	Nil	Nil
3	Criminal proceedings	Nil	Nil
4.	Action by regulatory/statutory authorities (Action taken by SEBI)	13	Nil
5.	Other litigation*	Nil	Nil

** Other Litigation involving our Promoter (except litigations which are criminal in nature, direct and indirect tax cases and/or by actions by regulatory or statutory authority) is considered 'material' if it is material as per the materiality policy approved by the board of directors of our Promoter.*

Litigation against our Group Companies

S. No.	Nature of litigation	No. of cases outstanding	Aggregate/approximate amount involved *(₹ in million)*
1.	Direct tax	11	927.33
2.	Indirect tax	1	3.03
3	Criminal proceedings	1	Nil
5.	Action by regulatory/statutory authorities	Nil	Nil
6.	Other litigation*,@	1	74.94

**Other litigation involving our Group Companies (other than PNB Gilts) (except litigations which are criminal in nature, direct and indirect tax cases and/or by actions by regulatory or statutory authority) is considered 'material' if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of 10.00% of the respective Group Company (other than PNB Gilts)'s profit after tax for Fiscal 2016.*

@ Other litigation involving PNB Gilts, (except litigations which are criminal in nature, direct and indirect tax cases and/or by actions by regulatory or statutory authority) is considered 'material' if it is material as per the materiality policy approved by the board of directors of PNB Gilts.

Litigation by our Group Companies

S. No.	Nature of litigation	No. of cases outstanding	Aggregate/approximate amount involved *(₹ in million)*
1.	Direct tax	Nil	Nil
2.	Indirect tax	Nil	Nil
3	Criminal proceedings	Nil	Nil
5.	Action by regulatory/statutory authorities	Nil	Nil
6.	Other litigation*,@	Nil	Nil

**Other litigation involving our Group Companies (other than PNB Gilts) (except litigations which are criminal in nature, direct and indirect tax cases and/or by actions by regulatory or statutory authority) is considered 'material' if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of 10.00% of the respective Group Company (other than PNB Gilts)'s profit after tax for Fiscal 2016.*

@ Other litigation involving PNB Gilts, (except criminal proceedings, statutory or regulatory actions and taxation matters) is considered 'material' if it is material as per the materiality policy approved by the board of directors of PNB Gilts.

Although we intend to defend or appeal these proceedings, we will be required to devote management and financial resources in their defence or prosecution. There can be no assurance that a significant portion of these disputes will not be determined against us or that we will not be required to pay all or a portion of the disputed amounts or that we will be able to recover amounts for which we have filed recovery proceedings. In addition, even if we are successful in defending such cases, we will be subject to legal and other costs relating to defending such litigation, and such costs may be substantial. Further, we cannot assure you that similar proceedings will not be initiated in the future. If any of these adverse consequences occur, it could result in a material adverse effect on our reputation, business, financial condition and results of operations. For further details, see "***Outstanding Litigation and Other Material Developments***" on page 284.

7. We have not disclosed details of all actions initiated and penalties imposed on our Promoter, PNB, by the relevant statutory and regulatory authorities, which may have been initiated or imposed in the ordinary course of business.

Our Promoter, PNB is a nationalised bank which has a large operational network which includes approximately 6,759 branches, as of March 31, 2016 (as per its annual report for the Fiscal Year 2016), across India. In the normal course of business certain statutory and regulatory authorities have initiated actions and imposed penalties on PNB and its various branches situated across India. Certain of these actions initiated by the statutory or regulatory authorities, relating to certain branch offices of PNB are typically dealt with in a decentralised manner at the branch level, which PNB believes does not have a material impact on its financial condition. Therefore, in this Prospectus, we have disclosed the following details with respect to the cumulative amount of penalties imposed on PNB by the RBI, the banking ombudsman and the various tax authorities for Fiscal Years 2014, 2015 and 2016.

(a) The cumulative amount of penalties imposed on PNB by the RBI for the Fiscal Years 2014, 2015 and 2016 is ₹ 3.43 million.

(b) The cumulative amount of penalties imposed on PNB by the banking ombudsman for Fiscal Years 2014, 2015 and 2016 is ₹ 1.09 million.

(c) The cumulative amount of penalties imposed on PNB by the various tax authorities for Fiscal Years 2014, 2015 and 2016 is ₹ 4.97 million.

For further details, please refer to "***Outstanding Litigation and Other Material Developments***" on page 284.

While we have made the aforementioned disclosures, we cannot assure you that we have disclosed all actions initiated or penalties imposed by the relevant statutory and regulatory authorities relating to PNB, which may have been initiated or imposed in the normal course of its business.

8. Our inability to obtain adequate funding on acceptable terms or increases in our average cost of borrowings could result in a material adverse effect on our liquidity, business growth and financial performance.

Our continued business growth, liquidity and profitability will depend on our ability to obtain adequate funding on acceptable terms from relatively stable and cost-effective sources of funds, which in turn depends on our financial performance, capital adequacy levels, credit ratings and relationships with lenders. Our cost of borrowings is particularly sensitive to interest rate fluctuations which exposes us to the risk of reduction in spreads, which is the difference between the interest income that we earn on our loans as well as our investments and our finance cost, on account of volatility in interest rates. In addition, spreads for secured lending business segments, such as mortgages, are higher compared to unsecured lending segments, or even certain other secured lending segments. See "***—Our business and financial performance may be adversely affected by volatility in interest rates***." on page 17. We are also frequently required to renew our financing arrangements. There can be no assurance that we will be able to refinance any of our debt on commercially reasonable terms, or at all.

Our ability to raise debt to meet our funding requirements is also restricted by the limits prescribed under applicable regulations. The NHB Directions currently permit HFCs to borrow up to 16 times their net owned funds ("**NOF**"). As of June 30, 2016, we had total borrowings of ₹300,459.47 million, or approximately 15.38 times our NOF (₹19,535.81 million).

As of June 30, 2016, our sources of funds comprised term loans from banks and financial institutions, NCDs, deposits, external commercial borrowings ("**ECBs**"), commercial paper, NHB refinancing and unsecured, subordinated debt. Lower cost of borrowings enables us to competitively price our loan products. We plan to continue to meet our requirement for diverse and cost-effective funding sources by continuing to rely on borrowings from less costly sources such as deposits, issuance of NCDs and other debt instruments, ECBs, refinance from the NHB and commercial paper and by reducing our dependence on more costly term loans from banks and financial institutions. Our access to such low-cost sources of funds is subject to certain risks. For further details, see "***—We may not be able to sustain the growth in our deposits or access other lower-cost sources of funds as frequently as we expect***." on page 30.

There can be no assurance that our business will generate sufficient cash to enable us to service our existing debt or to fund our other liquidity needs. Our ability to borrow funds and refinance existing debt may also be affected by a variety of factors, including liquidity in the credit markets, the strength of the lenders from which we borrow, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our financing agreements. An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions that constricts the availability of credit may increase our cost of borrowings and make it difficult for us to access financing in a cost-effective manner. If we are unable to obtain adequate funding from these sources on acceptable terms as and when we require or renew or replace existing financings as they expire for any of the foregoing reasons, it could limit our growth, liquidity and profitability, which could result in a material adverse effect on our liquidity, business, financial condition and results of operations. Also see "***—Any further 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 31.

9. The Indian housing finance industry is highly competitive and increased competition may lead to a relative decline in average yields and spreads.

As a provider of housing finance in India, we face increasing competition from other HFCs, non-banking finance companies ("**NBFCs**") and commercial banks, which have focused on growing their retail housing loan portfolios in recent years, particularly with the decline in lending to corporates that occurred in India over the last few years. *(Source: CRISIL Report and IMaCS Report.)* Competition in this market segment has also increased as a result of interest rate deregulation and other liberalisation measures affecting the housing finance industry in India. In addition, there has been increased demand for housing finance as a result of the increased affordability of interest rates, higher incomes and increased financial incentives for customers. Customers also have increased accessibility to housing finance products and services due to technological advances and heightened e-commerce activities, which has also facilitated increases in demand for housing loans and competition to meet that demand. Furthermore, certain NBFCs and commercial banks may have access to a much wider branch and distribution network than us, enabling them to market their products and services to more customers. This competition is likely to intensify further as a result of regulatory changes and liberalisation. For instance, in an effort to increase the provision of housing finance in India, the NHB recently granted licenses to six entities to act as an HFC in India, increasing the number of HFCs registered with the NHB to 78 as of September 30, 2016. The NHB is likely to continue to grant further HFC registration licenses in the near future.

As a result of this increased competition in the housing finance industry, housing loans are becoming increasingly standardised and terms such as variable (or floating) rate interest options, lower processing fees and monthly reset periods are becoming increasingly common in the Indian housing finance industry. Furthermore, the spread between the lowest and the highest rate of interest on housing loans offered by various lenders continues to reduce. In addition, several of our competitors are increasingly relying on teaser loans (i.e., loans with a low fixed interest rate for the first two or three years after disbursement, after which higher fixed or floating interest rates apply), balance transfer loans (i.e., refinancing of a loan by transferring it to a new lender) and flexipay schemes (i.e., loans which allow a moratorium on EMIs for a fixed period from disbursement) to attract new customers. There can be no assurance 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. Further, certain of our competitors are much larger than us in terms of their loan portfolio and their physical infrastructure, such as their branch network. This may make it easier for these competitors to expand and to achieve economies of scale to a greater extent. In addition, these competitors are able to rely on the reach of the retail presence of their affiliated group companies and banks, whereas the RBI has restricted us and our Promoter from sharing online access to customer accounts maintained by our Promoter and has directed us and our Promoter to maintain an "arm's length" distance in relation to business parameters and transactions.

We generally compete with our competitors on the basis of range of product offerings, interest rates and fees as well as customer service. We may find it difficult to compete with our competitors, such as banks, who may have access to lower cost funds and who may be better equipped to protect themselves against any sudden or unfavourable fluctuations in interest rates. In particular, our ability to compete effectively with commercial banks and others in the housing finance market will also depend in part on our ability to raise low-cost funding in the future. The RBI has reduced the policy repo rate by 125 basis points since January 16, 2015, which has further lowered the cost of borrowings for commercial banks and NBFCs. In order to compete with these banks and NBFCs, we may need to reduce the price at which we lend to our customers, which may result in a relative decline in average yields and spreads for us. In addition, the NIMs on housing loans are generally lower for us in comparison to banks and NBFCs. Our inability to compete effectively with other participants in the housing finance industry, as a result of any or a combination of the aforementioned factors, could have a material adverse effect on our business, financial condition and results of operations.

10. We have had high cost to income ratios and we may not be able to successfully grow our loan portfolio to derive economies of scale.

We use a variety of financial indicators and ratios to measure and analyze our performance. 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 (including employee expenses, office operating expenses, other expenses (excluding loan origination costs), depreciation and amortisation expense) to our gross income (revenue from operations less finance cost and loan origination cost). 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 process transformation and re-engineering ("**BPR**") programme, which has included investments in the development of a scalable operating model, an integrated information technology platform, our centralised and standardised back-end processes, the hiring of experienced personnel and subject matter experts, increases in salaries and other benefits for our employees, the refurbishment of all our offices, and the repositioning of our "PNB Housing" brand. We believe that these investments resulted in an increase in our cost to income ratio in Fiscal Years 2014 and 2015 to 30.14% and 31.39%, respectively, which in turn resulted in a decrease in our return on average assets from 1.35% in Fiscal Year 2014 to 1.27% in Fiscal Year 2015. In Fiscal Year 2016 and in the three months ended June 30, 2016, our cost to income ratio was 25.69% and 25.03%, respectively, and our return on average assets was 1.35% and 1.19% (on an annualised basis), respectively. As we continue to expand our business and operations consistent with our growth strategy, our operating expenses could increase again in the future, primarily on account of increased expenditure on advertising (which are included within other expenses in our financial statements) and other activities related to marketing and distribution of our loan products. In addition, our strategy of growing our business entails the decentralisation of certain functions, which could result in a higher cost structure compared to models which have complete centralisation of those functions or activities.

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. We intend to continue to implement our strategies for the growth of our business in order to become more competitive and reduce the ratio of operating expenses to our loan portfolio. We may also be required to update or improve our operational systems and procedures and strengthen our internal controls in order to continue to grow our business. However, there can be no assurance that we will be do so successfully or in a manner beneficial to our future operations. Our business could also be adversely affected by factors outside of our control such as decline in GDP 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 increase our operating expenses and adversely affect our ability to grow our business. The growth in our loan portfolio and implementation of our growth strategies required in order to reduce the ratio of operating expenses to our loan portfolio may also place significant demands on our management, financial and other resources. Our inability to successfully grow our loan portfolio and implement our growth strategies could therefore 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 have a material adverse effect on our business, prospects, financial condition and results of operations.

11. Our business and operations significantly depend on our parent and Promoter, PNB. Following the Issue, we will cease to be a subsidiary of PNB and we may not be able to enjoy the benefits we received from being a subsidiary of PNB that we have enjoyed in the past.

As of the date of this Prospectus, we are a subsidiary of Punjab National Bank ("**PNB**"), which is one of the largest nationalised banks in India and owns 51.00% of our issued share capital. Since PNB is currently an entity controlled by the Government of India, we are also controlled by the Government and considered a "Government Company" under the Companies Act. We also rely on PNB, our Promoter, for the following:

- debt capital in the form of long-term loan facilities and an overdraft facility that we utilise as part of our efforts to maintain sufficient liquidity in order to meet any short-term or immediate funding requirements;
- as counterparty to a transaction pursuant to which we assigned certain loans amounting to ₹5,000.00 million to PNB;
- the right to use the name, brand and trademark "PNB" and the associated logo; and
- lease rights to certain premises.

We believe that the support we received from PNB in the past has contributed to us raising debt capital on favourable terms. Our relationship with PNB has also assisted us in the branding and marketing of our products and customer retention. See "—***We use the brand "PNB" of our Promoter, Punjab National Bank 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 falls below 30.00%***." on page 25. However, our parent and Promoter, PNB, has recently been adversely impacted by rising NPAs, which has resulted in a downgrade of certain of our credit ratings and could have a negative impact on the PNB brand, and in turn on our business and operations, in the future. See "—***Any further 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 31.

Following the Issue, it is expected that PNB's shareholding will reduce to approximately 38.00-39.00% of our issued share capital, and we will cease being a subsidiary of PNB, and therefore, a Government Company.

In this regard, the Ministry of Finance, Department of Financial Services has issued a notification dated June 14, 2016 (the "**Exemption Notification**") relating to the applicability of Section 19(2) of the Banking Regulation Act to our Promoter's shareholding in our Company upon completion of the Issue. Further, by a corrigendum dated September 1, 2016 with respect to the Exemption Notification, the Ministry of Finance, Department of Financial Services has clarified that provision of Section 19(2) of the Banking Regulation Act shall not apply to our Promoter, PNB in so far as it relates to PNB's shareholding exceeding 30% of the equity share capital of our Company.

As a result of PNB's reduced shareholding in us, we may not be able to enjoy the benefits we received from being a subsidiary of PNB that we have enjoyed in the past. For example, the terms of our various financing agreements require PNB to be our single largest shareholder and, subject to certain conditions and depending on the lender, own at least 26.00% or 33.00% of our post-Issue equity share capital until the relevant loan remains outstanding. We have in the past securitised certain loans in favour of PNB. However, there can be no assurance that PNB will enter into similar transactions with us in the future. Further, our ability to borrow from banks and financial institutions on favourable terms or access certain other sources of funding such as NCDs may be limited if PNB ceases to be our single largest shareholder. There can be no assurance that PNB and other PNB Group Companies will continue to provide us with the same degree of support in the future. Any further dilution in PNB's shareholding in our Company or other reduction in our relationship with PNB could result in a material adverse effect on our reputation, operations, business, financial condition and results of operations.

12. 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 falls below 30.00%.

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 (the "**License Agreement**"), PNB granted us the royalty-free, non-exclusive right to use the name, brand and trademark "PNB" and the associated logo in the ordinary course of our business and in our corporate name. Since August 2014, we adopted our own logo; however, 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-recognised brand in India due to its long presence in the Indian market and the financial services businesses in which PNB and its subsidiaries operate, 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.

Furthermore, under the terms of the License Agreement, PNB will have the right to terminate the license if its shareholding in our Company falls below 30.00% of our outstanding Equity Share capital. There can be no assurance that PNB will not exercise its right to terminate the license under the terms of the License Agreement in the event its shareholding falls below 30.00%. 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 result in a material adverse effect on our reputation, business, financial condition and results of operations.

13. We may face conflicts of interest relating to our Promoter and key shareholder, PNB.

Our Promoter and key shareholder, PNB, is one of the leading commercial banks in India and is engaged in several financial services, including housing and non-housing loans and deposit products. PNB has access to a wider customer network than us, along with better access to low cost funding. We also use the name, brand and trademark of PNB and we rely on PNB for leasing rights to certain premises, including our Registered and Corporate Office. Certain other PNB Group Companies are also largely engaged in a range of financial services, including asset management, life and other insurance and mutual funds. We have no agreements with PNB or any other PNB Group Companies that restrict us or them from offering similar products and services. 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 as well as for the services of third party service providers, including for direct marketing associates ("**DMAs**") and deposit brokers. There can be no assurance that we will be able to successfully compete with PNB. Further, our relationship with PNB may effectively prevent us from taking advantage of certain business opportunities, such as by selecting itself or another PNB Group Company to pursue certain business opportunities or strategies instead of us. If PNB continues to offer and distribute its products in the businesses that we are currently engaged in or if we forego certain business opportunities because of our relationship with PNB, it could result in a material adverse effect on our reputation, business, financial condition and results of operations.

14. We are exposed to risks associated with the refinancing of variable interest rate loans, as well as risks that may arise if refinancing is not available for customers with variable interest rate loans.

We offer our customers the option to choose between a fixed interest rate, a variable interest rate, or a combination of fixed and variable interest rates in order to give them the flexibility to hedge against unexpected interest rate movements. Variable interest rate loans are linked to our reference rate, PNBHFLR, which as of June 30, 2016, was 14.35%. 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, inflation, competition and the prevailing domestic and international economic conditions. As of June 30, 2016, 49.84% of our liabilities were variable rate borrowings and variable interest rate loans constituted 87.37% of our total loan portfolio.

Customers with variable interest rates or teaser rates on their loans are exposed to 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 refinancing loans to avoid increased EMIs that may result from an upwards adjustment of the loans' interest rate. 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 the 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 refinancing loans, which results in a high turnover of loan assets between lenders, causing lenders to incur increased origination costs. For further details, see "***Key Regulations and Policies in India—Guidelines for pre-payment levies and pre-closure penalties***" on page 160. Our loan origination costs, including any commission paid to our third party distribution channel partners, are amortised over the tenure of the loans. Failure to recover pre-payment charges due to the short lifespan of the loan may lead to higher expenses on account of the unrecoverable cost of loan acquisition, which in turn could have an adverse effect on our financial performance and profitability. In addition, increased difficulties for customers in refinancing an existing housing loan 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 refinancing loans at comparably lower interest rates or other financing alternatives. As a result, they may be exposed to the risks associated with significant increases in EMIs, which may lead to increased delinquency or default rates in an increased operating expenses and interest expenses for us. Increased delinquency rates may also result in deterioration in credit quality of our loan portfolio. Occurrence of any of these risks could result in a material adverse effect on our business, financial condition and results of operations.

15. Our inability to maintain our capital adequacy ratio or statutory liquidity ratio could restrict the growth of our business, and there can be no assurance that we will be able to access the capital markets when necessary in order to maintain these ratios.

The NHB Directions currently require HFCs to comply with a capital to risk (weighted) assets ratio, or capital adequacy ratio ("**CRAR**"), consisting of Tier I and Tier II capital. Under these requirements, an HFC's Tier I and Tier II capital may not be less than 12.00% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable. At a minimum, Tier I capital may not be less than 6.00% of risk weighted assets. Further, the NHB Directions require that the Tier II capital may not exceed the Tier I capital. CRAR is used to measure an HFC's capital strength and to promote the stability and efficiency of the housing finance system. For further details, see "***Key Regulations and Policies in India—The Housing Finance Companies (National Housing Bank) Directions, 2010—Capital Adequacy***" on page 159. As of June 30, 2016, our CRAR was 13.04%, with Tier I and Tier II capital comprising 8.40% and 4.64%, respectively, of risk weighted assets as of that date. If we continue to grow our loan portfolio, we may be required to raise additional Tier I and Tier II capital in order to continue to meet the applicable CRAR requirements. We compete with other HFCs to attract capital and there can be no assurance that we will be able to raise adequate additional capital in the future on favourable terms, in a timely manner, or at all. Our ability to support and grow our business could be limited by a declining CRAR if we are unable to or have difficulty in accessing the capital markets to raise adequate additional capital.

Similarly, pursuant to the NHB Directions, HFCs accepting deposits are currently required to comply with a statutory liquidity ratio ("**SLR**"), or a minimum percentage of their deposits that they are required to maintain in the form of approved investments, of 12.50%. Under these requirements, 6.50% of their deposits must be held in approved unencumbered securities and the additional 6.00% of their deposits may be held in either approved unencumbered securities or fixed deposits. As of June 30, 2016, we had invested ₹8,943.75 million in approved securities comprising, among others, government securities and government guaranteed bonds, which represented all of our SLR investments as of that date. However, there can be no assurance that we will be able to maintain our SLR within these limits in the future. There can be no assurance that the NHB will not increase its current CRAR or SLR requirements, 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.

16. We are exposed to risks related to concentration of loans to certain real estate developers and risks associated with construction finance loans.

We calculate customer exposure as required under the NHB Directions and monitor the concentration of our exposure levels to customers. As of June 30, 2016, our 20 largest performing loans accounted for ₹31,963.21 million, representing 10.34% of our total loan portfolio as of that date. Several of these loans had been provided to real estate developers primarily to finance their residential housing projects or for on-going projects or business needs. Our construction finance loans typically have higher average loan sizes in comparison to our other loan products and in certain market scenarios may have higher credit risk in the current real estate scenario. *(Source: IMaCS Report.)* For example, in Fiscal Year 2015, real estate developers experienced frequent delays in completion of projects, decline in demand increases in unsold inventory and rationalisation in real estate prices, and as a result, have had "stressed balance sheets". *(Source: CRISIL Report.)* Furthermore, construction finance loans may be exposed to risks related to time and cost overruns and related increases. Factors such as third party performance risks, delays in obtaining the requisite approvals, environmental risks, changes in market conditions, changes in government or regulatory policies, permits, licenses or certifications from the relevant authorities as well as shortages of, or material increases in prices of, construction materials, equipment, technical skills and labor, or other unforeseeable problems and circumstances may lead to delays in, or prevent the completion of, real estate development projects and result in costs substantially exceeding those originally budgeted, which may affect real estate developers' ability to repay their loans. The demand for LAP is also highly correlated to property prices and any slowdown in the real estate market may also impact demand for LAP. *(Source: CRISIL Report)*

In addition, real estate developers may be impacted by the passing of the Real Estate (Regulation and Development) Act, 2016, which is in effect from March 26, 2016 ("**Real Estate Act**"). For instance, the Real Estate Act mandates that developers will disclose details of registered projects including with respect to the land status, approvals and other such details. Further, the Real Estate Act also makes it mandatory for real estate developers to put 70.00% of the amount collected from buyers for a real estate project into a separate bank account, which amount may only be used for land costs and costs for construction of such real estate projects.

Construction finance loans to real estate developers had experienced industry average gross NPAs of approximately 2.50-3.00% as of March 31, 2015. *(Source: IMaCS Report)* If the loans to any of our 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. Also see "—***We are exposed to fluctuations in real estate prices and any negative events affecting the real estate sector***." on page 34.

17. We are exposed to risks related to geographic concentration of our loan portfolio in the northern states of India.

Our business is heavily dependent on economic conditions and real estate values in the northern states of India and particularly, the states of Delhi, Punjab, Haryana, Rajasthan and Uttar Pradesh and the Union Territory of Chandigarh, our operations in which constituted 39.67% of our total loan portfolio as of June 30, 2016. While we have expanded our operations to other states such as Maharashtra, Madhya Pradesh, Gujarat, Karnataka, West Bengal, Tamil Nadu, Uttar Pradesh and Kerala, our branches and processing hubs continue to be concentrated in the northern states of India. As of June 30, 2016, out of our 47 branches and 16 processing hubs, 21 branches and seven processing hubs were located in the northern region of India. Further, our central support office ("**CSO**") and our centralised back-end processes operations are carried out of our offices in New Delhi and our data centre ("**DC**") is located in Noida (Uttar Pradesh). As of June 30, 2016 and as of March 31, 2016, 2015 and 2014, approximately 39.67%, 40.40%, 46.43% and 52.16%, respectively, of our total loan portfolio was attributable to our operations in the northern region of India. Although our geographic concentration in northern India has decreased in recent years, we remain relatively more exposed to any adverse geological, ecological, economic, social or political circumstances in this region as compared to other HFCs with a more diversified national presence. The real estate and housing finance markets in the northern states in India may perform differently from, and may be subject to market conditions that are different from, the housing finance markets in other parts of India. Further, to the extent the cities in the northern region of India experience weaker economic conditions or increased rates of decline in real estate prices than cities in other regions in India generally, the concentration of our loans in these regions may increase the impact of these risks, which could in turn have an adverse effect on our business, financial condition and results of operations.

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

We plan to utilise our scalable operating model to significantly expand our operations and grow our distribution network. As part of this strategy, we plan to selectively expand into geographies where we see potential growth for the loan products we offer and typically consider geographies where urbanisation, income and the demand for housing and development of housing projects are growing. Factors such as the demographic distribution of target income groups, realty market activity and local legal and regulatory regimes, among others, may differ in these geographies from those where we are currently active, and we may not be able to apply our current market knowledge and experience in these new geographies. In addition, as we enter new locations, we are likely to compete not only with commercial banks and NBFCs but also the local unorganised or semi-organised private financiers, who are more familiar with local regulations, business practices and customs, and have stronger relationships with potential customers. As we continue to deepen and expand our geographic footprint, our present or future business may be exposed to various additional challenges, including:

- identifying and collaborating with local business and partners with whom we may have no previous business relationships;
- successfully marketing our products in locations with which we are not familiar and where our brand or the "PNB" brand may not be as well-known as it is in geographies where we are currently active;
- attracting potential customers in a market in which we do not have significant experience or visibility;
- exposure to additional local tax jurisdictions;
- attracting and retaining new local employees;
- expanding our technological infrastructure;
- maintaining our standardised systems and procedures and adapting them to local market requirements; and
- adapting our marketing strategies and operations to different regions in India, especially those which follow different business practices and customs and speak different languages.

To address these challenges, we may have to make significant investments in people and resources that may not yield desired results or incur costs that we may not be able to recover. For instance, certain of our newly added branches are currently operating at lower efficiencies in comparison with our established branches. The sub-optimal performance of the newly added branches, if continued over an extended period of time, could have a material adverse effect on our business and profitability. Our inability to successfully expand our current operations or pursue new business opportunities may have a material adverse effect on our business, financial condition and results of operations.

19. Our new loan products and services such as loans for affordable housing may expose us to certain risks.

From time-to-time, we introduce new products and services which may expose us to certain risks that we may not have faced before. For example, we currently expect that our geographic expansion into tier II and tier III cities, particularly in the southern and western regions of India, will provide us with increased access to the significant demand for affordable housing in these cities as well as related demand for housing finance. We believe that the favourable government policies and initiatives in the affordable housing segment in India provide significant potential for growth and provide us access to additional low-cost funding, which we believe will help drive profitable growth. For further details, see "***Our Business—Our Strategies—Consolidate our position and selectively expand into specific target geographies and markets***", "***Industry Overview—Housing Finance Market in India—Government implemented schemes***" and "***Key Regulations and Policies in India—ECB for Low Cost Affordable Housing***" on pages 131, 99 and 160, respectively. However, in order to be successful, we will be required to adopt a cautious credit underwriting approach with respect to this segment which is marked by low loan sizes, delays in collection of payments and higher delinquencies in comparison with other segments. There can be no assurance that our risk management, credit appraisal, fraud control and loan portfolio management 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. 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, financial condition and results of operations.

20. 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, financial condition and results of operations.

The Government of India currently provides support to encourage the availability of credit to the housing industry and has implemented various policies and initiatives, particularly in relation to affordable housing, which are 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 reduced rates to certain qualifying HFCs through its schemes. In addition, the RBI has provided certain incentives to the housing finance industry by extending priority sector status to housing loans. Certain key measures taken by the RBI to assist in fulfilling the Government's objectives include the reduction in risk weights applicable for affordable housing loans for the purpose of calculation of CRAR and allowing HFCs to raise long-term ECBs for on-lending towards affordable housing, which the RBI defines as housing loans with a size of up to ₹2.50 million. For further details in relation to these Government affordable housing schemes and initiatives, see "***Industry Overview—Housing Finance Market in India—Government implemented schemes***" and "***Key Regulations and Policies in India—ECB for Low Cost Affordable Housing***" on pages 99 and 160, respectively. There can be no assurance that the RBI and the NHB will continue to provide incentives to the housing finance industry in the future.

Further, the Indian tax laws currently allow HFCs to claim a tax deduction up to 20.00% of profits from the provision of long-term finance for the construction or purchase of houses in India. Pursuant to Section 36(1)(viii) of the (Indian) Income Tax Act, 1961 (the "**Income Tax Act**"), up to 20.00% of profits from housing finance activities may be carried to a special reserve and will not be subject to income tax. We utilised the maximum amount of this allowance in Fiscal Years 2016, 2015 and 2014 by transferring ₹584.00 million, ₹311.00 million and ₹187.50 million, respectively to a special reserve. As of the beginning of Fiscal Year 2016 (i.e., April 1, 2015), the balance in our special reserve was ₹1,813.58 million. However, there can be no assurance that the Government will continue to make this fiscal benefit available to HFCs and we might be subject to increased taxes if such benefit ceases to become available, which may in turn have an adverse effect on our business, financial condition and results of operations. In Fiscal Year 2015, the NHB issued a circular requiring all HFCs to create a provision for deferred tax liability ("**DTL**") on the total amounts transferred to special reserves pursuant to this tax provision, including those transferred in the previous years, irrespective of whether the HFC intended to withdraw such amounts from the special reserves. The NHB has advised HFCs to create DTL in respect of the accumulated balance of special reserves as at April 1, 2014 from free reserves in a phased manner in the ratio of 25:25:50 over a period of three years, starting with Fiscal Year 2015. Accordingly, we created 25.00% of DTL on the opening balance in our special reserve of ₹1,502.58 million as at April 1, 2014, which was equal to ₹127.68 million at the end of Fiscal Year 2015 and ₹132.33 million at the end of Fiscal Year 2016, respectively. We will create the remaining 50.00% of DTL in Fiscal Year 2017. Separately, the DTL on the amount in special reserve appropriated out of our profits for Fiscal Years 2015 and 2016 and in the three months ended June 30, 2016 was ₹105.71 million, ₹204.03 million and ₹61.60 million, respectively, which was also taken into account to determine the effective tax rate for those periods. The effective tax rates for the three months ended June 30, 2016 and for Fiscal Years 2016, 2015 and 2014 were 34.84%, 35.04%, 34.09% and 27.54%, respectively, after taking into account the effect of DTL, in turn adversely affecting our profit after tax and return on average equity. For further details, see "***Management's Discussion and Analysis of Condition and Results of Operations—Significant Factors Affecting Our Financial Performance and Financial Condition—Tax benefits and tax incentives***" on page 250.

Any significant change by the Government in its various policy initiatives 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, financial condition and results of operations. Further, creation of a provision for DTL in the future will likely have an adverse effect on our profit after tax and return on average equity.

21. The Indian housing finance industry is extensively regulated and any changes in laws and regulations applicable to HFCs could have a material and adverse effect on our business.

We are subject to the corporate, taxation and other laws in effect in India and the states and cities in which we operate, which require continued monitoring and compliance. These regulations, apart from regulating the manner in which a company carries out its business and internal operation, prescribe various periodical compliances and filings, including but not limited to filing of forms and declarations with the relevant registrar of companies and the NHB. Pursuant to the NHB Act and various regulations, circulars and guidelines issued by the NHB, deposit taking HFCs are currently required to comply with, among others, limits on borrowings, investments, interest rates and tenure on deposits, prudential norms for income recognition, asset classification and provisioning for standard and non-standard assets, norms for creation of special reserves and provision for DTL as well as minimum capital adequacy and liquidity requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. For further details, see "***Management's Discussion and Analysis of Condition and Results of Operations—Significant Factors Affecting Our Financial Performance and Financial Condition—Regulatory framework and Government policies***" and "***Key Regulations and Policies in India***" on pages 249 and 156, respectively.

The introduction of additional government controls or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, financial condition and results of operations as well as our future expansion plans in India. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests could adversely affect our results of operations. In addition, we are subject to periodic inspections by the NHB with respect to such controls and laws and regulations and any irregularities found during such investigations could expose us to penalties. There can be no assurance that we will be able to timely adapt to new laws, regulations or policies that may come into effect from time to time with respect to the financing of housing and urban infrastructure sector in general. Moreover, new regulations may be introduced that restrict our ability to do business. There can be no assurance 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. The requirement for compliance with such applicable regulations presents a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, if the interpretations of the regulators and authorities with respect to these regulations differs from our interpretation, we may be subject to penalties. There can be no assurance that we will be able to comply with the various regulatory and legal requirements in a timely manner, or at all. Occurrence of any of these risks could result in a material adverse effect on our business and results of operations.

22. We may not be able to sustain the growth in our deposits or access lower-cost sources of funds as frequently as we expect.

We believe that certain funding sources, such as deposits, which are relatively more stable, and NHB refinance and ECBs, which generally have lower cost of borrowings, provide advantages to us when compared to the other sources available to us, in particular term loans from banks and financial institutions.

Our outstanding deposits (net of maturities) grew at a CAGR of 110.41% from ₹3,630.66 million as of March 31, 2012 to ₹71,158.51 million as of March 31, 2016, and were ₹74,358.98 million as of June 30, 2016. As of June 30, 2016, our outstanding deposits from 81,207 deposit accounts constituted 24.75% of our total outstanding borrowings as of that date. Our strategy is to continue to raise deposits, which we believe can be achieved through introducing new deposit products, improving the quality and efficiency of our customer services, expanding our distribution network and adding more deposit brokers. However, we face strong competition in attracting new deposits in the Indian market and there can be no assurance that we will be successful in growing the number of our depositors or the amount of deposits at the same rate as we have in the past. For example, in October 2011, the RBI deregulated interest rates on demand deposits and savings bank deposits, which resulted in certain banks increasing their interest rates, leading to increased competition for such deposits. The interest rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. As policy interest rates continue to decline in India, there can be no assurance that we will be able to continue to offer attractive interest rates on our deposits, which could lead to limit our ability to attract deposits. In addition, acceptance of deposits requires compliance with a number of restrictions under the applicable regulations in India. For instance, under the NHB Directions, we are only allowed to mobilise deposits up to five times of our NOF. As of June 30, 2016, our deposits amounted to

3.81 times our NOF (₹19,535.81 million). Further, we are not allowed to accept or renew any deposit which is repayable on demand or on notice, or which is for a tenure of less than one year or more than 10 years or which pays interest at a rate exceeding 12.50% per annum. There can be no assurance that we will be able to satisfy our deposit funding needs while these restrictions continue to apply.

The NHB provides refinance for certain qualifying loans at significantly reduced rates to certain qualifying HFCs pursuant to various rural and affordable housing schemes of the Government. In order to access NHB refinance, we are required to lend to certain select customers in the low and middle income segments in rural and urban parts of India. As of June 30, 2016, our outstanding refinancing from the NHB was ₹30,157.35 million. In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014, we were disbursed ₹10,000.00 million, ₹9,000.00 million, ₹10,100.00 million and ₹4,084.00 million, respectively, under various refinancing schemes of the NHB. 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.

In Fiscal Years 2015 and 2017, we raised US$100.00 million and US$150.00 million as ECBs for durations of five years and seven years, respectively, on terms which are consolidated under the RBI's master directions dated January 1, 2016 in relation to external commercial borrowings (the "**RBI ECB Master Direction**") for funding low-cost affordable housing projects, which are defined as units where the property cost is up to ₹3.00 million, the carpet area of the unit does not exceed 60 square meters and the loan amount is capped at ₹2.50 million. However, there can be no assurance that we will continue to find suitable projects in order to derive maximum benefit from the RBI ECB Master Direction.

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. Any further 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.

We have received high credit ratings for our deposits and our long-term loan facilities as well as for our NCDs (secured and unsecured) and commercial paper programme from rating agencies such as CRISIL Limited ("**CRISIL**"), ICRA Limited, Credit Analysis and Research Limited ("**CARE**") and India Ratings and Research Private Limited ("**India Ratings (Fitch)**"). For further details, see "***Selected Statistical Information—Sources of Funding—Credit Ratings***" on page 119. However, our parent and Promoter, PNB, has recently been adversely impacted by rising NPAs, which has resulted in a downgrade of the credit rating by ICRA of our NCDs (secured and unsecured) from "[ICRA]AAA/Stable" to "[ICRA]AA+/Stable" and a change in the credit outlook of our NCDs by CRISIL from "CRISIL AA+/Stable" to "CRISIL AA+/Negative". In addition, the credit outlook of our deposits by CRISIL changed from "FAAA/Stable" to "FAAA/Negative" and the credit outlook of our long-term loan facilities by CRISIL changed from "CRISIL AA+/Stable" to "CRISIL AA+/Negative". Any further 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.

24. We may be required to comply with certain onerous conditions and restrictions imposed by our financing arrangements.

Our outstanding borrowings were ₹300,459.47 million, ₹261,588.67 million and ₹167,515.72 million as of June 30, 2016 and as of March 31, 2016 and 2015. We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Certain of these agreements require us to take the consent from our lenders for undertaking various actions, including, for:

- effecting any change in our ownership or control;
- any material change in our management or business;
- our Promoter, PNB, ceasing to be our single-largest shareholder;
- effecting any change in our capital structure;
- any amendments to our Memorandum or Articles of Association or agreements entered into with or among our shareholders;
- entering into any schemes of mergers, amalgamations, compromise or reconstruction;

- undertaking guarantee obligations on behalf of any third party;
- declaring any dividends to our shareholders unless amounts owed to the lenders have been paid or satisfactory provisions made thereof; and
- creating any security over any of our secured assets.

Additionally, certain of our loan agreements also require us to maintain certain periodic financial ratios. In the event we breach any financial or other covenants included in any of our financing arrangements or in the event we had breached any terms in the past which is brought to our notice 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 certain or all of the assets in our portfolio if we do not have sufficient cash or credit facilities to make repayments. Furthermore, certain of our financing arrangements include cross-default provisions which could automatically trigger defaults under other financing arrangements. Our inability to satisfy the conditions and restrictions imposed by our financing arrangements could have an adverse effect on our ability to conduct our business and operations, which could in turn have a material adverse effect on our business, financial condition and results of operations.

25. Our business and operations significantly depend on our senior management and other key employees and may be adversely affected if we are unable to retain them.

Our senior management has contributed significantly in the implementation of our BPR programme and our business and operations 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. 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. Our business is also dependent on certain key branch personnel who directly manage customer relationships. While no single branch manager or operating group of managers contributes a meaningful percentage to our business, our business may suffer if a substantial number of branch managers or key branch personnel leave us. 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. As we continue to expand our business and operations, recruiting and retaining qualified and skilled managers 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 employees 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.

26. We have in the past entered into a number of related party transactions and may continue to enter into related party transactions in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.

In the ordinary course of our business, we have entered into transactions with related parties that include our Promoter, PNB, certain PNB Group Companies and our other key shareholder, DEL. These transactions include, among others, an agreement with DEL for distribution of our loan products, term loans and other lending facilities with PNB, assignment of certain loans to PNB and agreements with PNB for lease of certain office premises. For Fiscal Years 2016, 2015 and 2014, our transactions with related parties amounted to ₹4,773.96 million, ₹7,575.74 million and ₹3,471.06 million, respectively, and as a percentage of our revenue from operations, amounted to 17.68%, 42.55% and 30.98%, respectively, during the same periods. For further details, please refer to the statement of related party transactions included as Note 25 to our Restated Financial Statements in the section titled "***Financial Information***" on page 192 and "***Our Promoter, Promoter Group and Group Companies***" on page 185. While we believe that all related party transactions that we have entered into are legitimate business transactions conducted on an arms' length basis, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. For instance, the NHB in its inspection report dated July 20, 2011 highlighted that the commission paid by us to DEL for distribution of our loan products was at a rate higher than that paid to other DMAs. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance to you that these or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition and results of operations. Further, the transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour.

27. Following the Issue, our Promoter, PNB, will continue to hold a significant percentage of our share capital and can exercise significant influence over certain matters that could directly or indirectly favor its interests.

As of the date of this Prospectus, our Promoter, PNB, owned 51.00% of our Company's issued and paid-up share capital and on completion of this Issue, will continue to hold approximately 38.00-39.00% of our Company's issued and paid-up share capital. In accordance with the terms of a shareholders' agreement dated December 7, 2009 among PNB, DEL and our Company, as amended, together with the articles of association of our Company, so long as any shareholder holds at least a 26.00% equity stake in us, it will be entitled to nominate two directors to our 10 member board of directors, as well as one director as a member on each committee of the board of directors (excluding the Audit Committee). Our Articles of Association provide that following the Issue, the relevant shareholders may only exercise the foregoing rights after seeking shareholder approval. Accordingly, two of our directors, Dr. Ram S. Sangapure and Ms. Usha Ananthasubramanian, are the directors nominated by PNB, and Ms. Usha Ananthasubramanian holds the position of Chairperson in our Company. PNB has nominated Ms. Usha Ananthasubramanian to serve on our IPO committee and Dr. Ram S. Sangapure to serve on our Nomination and Remuneration committee, Corporate Social Responsibility committee and Stakeholders Relationship committee. Dr. Ram S. Sangapure and Ms. Usha Ananthasubramanian both also serve on the boards of various other companies.

While we are professionally managed and overseen by an independent board of directors, following the Issue, PNB will continue to be the single largest shareholder of our Company and as a result, can exercise influence over our board, our business policies and affairs and all matters requiring approval of our shareholders, including, among other things, the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, acquisitions or joint ventures, and the lending to, or giving any guarantee for obligations of, any person (other than in the ordinary course of business). This significant influence by PNB could result in decisions that favor PNB.

Further, PNB may in certain circumstances determine to have itself or other PNB Group Companies, instead of us, pursue business opportunities or cause such companies or us to undertake corporate strategies, the effect of which would be to benefit such companies instead of us and which could be detrimental to our interests. It could also result in a delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company. Such decisions may restrict our growth or adversely affect our business, financial condition and results of operations.

28. We depend on the accuracy and completeness of information provided by our potential customers. Our reliance on any misleading or misrepresented information provided by potential customers may affect our judgment of their credit worthiness, as well as the value of and title to the collateral.

In deciding whether to extend credit or to enter into other transactions with potential customers, we may rely on information furnished to us by potential customers, as well as the credit worthiness analysis undertaken by our underwriting, technical, legal and fraud control expert teams which in turn rely on the information provided by public officials, independent valuers and other third party agencies. To further verify the information provided by potential customers, we conduct searches on Credit Information Bureau (India) Limited ("**CIBIL**") and other credit bureaus for creditworthiness of our customers. We also verify information with the registrar and the sub-registrar of assurances for encumbrances on collateral. We follow the Know Your Customer ("**KYC**") guidelines prescribed by the NHB ("**NHB KYC Guidelines**") for potential customers, verify their place of business or employment as applicable and also verify details with the NHB's caution list. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential customers, and independent valuation reports and title reports with respect to the property secured. Additionally, once a prospective customer has submitted a completed loan application, our in-house legal and fraud control teams, along with certain empanelled third-party agencies, conduct various on-site checks to verify the prospective customer's details. We have framed our policies to prevent frauds in accordance with the key elements prescribed under the NHB KYC Guidelines, including, among others, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Further, we have a well-established and streamlined credit appraisal process, more details in relation to which are available in "***Our Business—Lending Policies and Procedures—Loan Underwriting Process***" on page 142. However, there can be no assurance that information furnished to us by potential customers and any analysis of such information by our underwriting, technical, legal and fraud control teams or the independent checks and searches conducted by us will return accurate results, and our reliance on such information may affect our judgment of the potential customers' credit worthiness, as well as the value of and title to the collateral, which may result in us having to bear the risk of loss associated with such misrepresentations. For instance, in the years 2012 and 2015, we filed criminal complaints against certain customers for allegedly cheating and fraudulently obtaining housing loans against collateral over which they had no valid title. Notwithstanding the outcome of these legal proceedings, we may incur certain losses as a result of these misrepresentations. If any of our potential customers provide inaccurate or misleading information or rely on misrepresentations to obtain loans, the loan losses arising as a result could have a material adverse effect on our business, financial condition and results of operations.

29. We are exposed to fluctuations in real estate prices and any negative events affecting the real estate sector.

The demand for our housing loans, which include construction finance for real estate developers and our non-housing loans, which include LAP and NRPL, is generally affected by developments in the real estate sector. The demand for our housing loans, in particular, is affected by movement in real estate prices. Further, as the underlying security on our loans is primarily mortgages or other form of security over the customers' other real residential or commercial property, a substantial portion of our loan portfolio is exposed to events affecting the real estate sector. The value of real estate properties secured under our loans is largely dependent on prevalent real estate market conditions, as well the quality of the construction and the pedigree of the relevant developer. 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. In recent times, real estate has been adversely impacted by frequent project delays, which has resulted in inventory overhang. See "***—The value of our collateral is dependent on a number of factors, and we may not be able to recover the full value of collateral or any amounts sufficient to cover the outstanding amounts due under defaulted loans on a timely basis, or at all***" and "***—We are exposed to risks related to concentration of loans to certain real estate developers and risks associated with construction finance loans***" on pages 34 and 27, respectively.

Further, any developments or events that adversely affect the real estate sector, including without limitation, the introduction of any stringent norms regarding construction, floor space index or other compliances, may result in diminishing the value of our collaterals which may in turn have a material adverse effect on our business, financial condition and results of operations if any of our customers default in repayment of their loans. 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. There can be no assurance that we will be able to foreclose on collateral on a timely basis, or at all, and if we are able to foreclose on the collateral, that the value will be sufficient to cover the outstanding amounts owed to us which may result in a material adverse effect on our business, results of operations and financial condition.

30. The value of our collateral is dependent on a number of factors, and we may not be able to recover the full value of collateral or any amounts sufficient to cover the outstanding amounts due under defaulted loans on a timely basis, or at all.

The primary collateral for all our housing and non-housing loans is the customer's real estate, although in certain cases we may also require customers to provide additional security or obtain a guarantee from a person of good financial standing acceptable to us. The value of the collateral is largely dependent on conditions prevalent in the real estate sector, which may decline due to adverse market conditions including an economic downturn or a downward movement in real estate prices. A decline in the value of the secured assets could impair our ability to realise the secured assets upon any foreclosure, which would likely require us to increase our provisions for loan losses. In the event of a default with respect to any of our loans, the amounts we receive upon sale of the secured assets may be insufficient to recover the outstanding principal and interest on the loan. 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.

In India, 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. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**") and the Recovery of Debt due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") have strengthened the ability of HFCs to recover NPAs by granting them greater rights to enforce such security and recover amounts owed from customers. For example, we may now foreclose on collateral after a 60 days' notice to a customer whose loan has been classified as "non-performing". However, in a case before the Supreme Court of India in 2004, while the constitutional validity of the SARFAESI Act was affirmed, the right of a defaulting customer to appeal to the Debt Recovery Tribunal (the "**DRT**") was also affirmed. The DRT has the power to issue a stay order prohibiting the lender from selling the assets of a defaulting customer. There can be no assurance that any foreclosure proceedings would not be stayed by the DRT. A failure to recover the expected value of collateral could expose us to a potential loss. Any such losses could result in a material adverse effect on our business, financial condition and results of operations. Although the SARFAESI Act and the DRT Act strengthened the rights of lenders, which may lead to faster realisation of collateral in the event of default, there can be no assurance that these laws will have a favourable impact on our efforts to reduce our levels of NPAs. We may 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. Our inability to realise the full value of collateral on a timely basis or at all could result in a material adverse effect on the credit quality of loan portfolio as well as our business, cash flows, financial condition and results of operations.

31. We depend on certain third party DMAs, deposit brokers and certain aggregators for referral of our customers and management of our relationship with certain customers.

In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014, we sourced 56.49%, 55.00%, 53.07% and 46.80%, respectively, of new loans from our in-house channels. However, we depend on certain third party DMAs and deposit brokers, who are typically proprietorships or professionals, as well as certain aggregators or referral entities, to source our customers for our loans and deposits. DMAs, deposit brokers and aggregators also assist us with document collection and credit appraisal processes as well as management of our relationship with certain customers. Our agreements with such DMAs, deposit brokers and national aggregators typically do not provide for any exclusivity, and accordingly, they can work with other lenders, including our competitors. There can be no assurance that our DMAs, deposit brokers and aggregators will continue to provide a significant number of leads for loans or deposits to us in comparison with our competitors, or at all. In addition, if we fail to supervise and control the sales and marketing activities of such third parties, the quality of marketing initiatives and services they provide may deteriorate, which could adversely affect our brand value. Further, we would have limited recourse to remedies under our agreements with these third parties if any of them decide to cease providing their services. If any of these third parties unilaterally decide to withdraw their services, our ability to serve our clients could be affected until we find a suitable replacement, which could in turn have a material adverse effect on our business, financial condition and results of operations.

32. 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 operational services including, among others, cash pick-up, delivery and disposal services for cash management, back-office support services, security services, records management, software application management services, technology and telecom infrastructure services and database administration for the data centres. We also rely on professional call centres for the management of customer feedback for the improvement of our products and services. For example, during Fiscal Year 2016 and the three months ended June 30, 2016, the Company procured 1,078 and 305 contract employees, or 52.80% and 25.33%, respectively, of its total personnel, from Teamlease Services Limited ("**Teamlease**"). Our fraud control and collection teams at processing hubs work regularly with third party customer verification agencies, income-tax return and bank statement verification agencies and fraud control 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 engages external auditors to assist with the periodic audits for all our functions, offices and branches. The internal audit team is also responsible for conducting a review and assessment of the financial and operational conditions of our service providers, in part to determine their ability to continue to meet their obligations. In reviewing our service providers, our internal audit team covers areas such as performance standards, confidentiality and security and business continuity preparedness. 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. 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, the agreements entered into with Teamlease provide that we are indemnified for payment of all statutory dues, levies, penalties, interests imposed by any statutory authority and employee benefits of the personnel provided by Teamlease, however we are not indemnified for any loss or damage that we may suffer as a result of the act or omission of such Teamlease 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.

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

We have established internal control systems and processes for our internal audit team to scrutinise, and periodically test and update, all facets of our operations, as necessary. We believe that our risk management, compliance, audit and operational risk management functions are commensurate with the size and complexity of our operations and equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an on-going basis to ensure that our business units adhere to compliance requirements and internal guidelines. However, 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, tampering or manipulation 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. Further, the Companies Act, 2013 requires that for Fiscal Year 2016, the annual report of a company must state the adequacy of the internal financial controls system and its operating effectiveness.

34. 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 authorisations;
- 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;
- unauthorised transactions by employees; and
- inadequate training and operational errors, including record keeping errors or errors resulting from faulty computer or communications systems.

For further details, see "***Our Business−Risk Management−Operational Risk Management***" on page 149.

We have in the past been subject to the fraudulent acts committed by our employees or third parties. In Fiscal Year 2012, we detected two suspected cases of fraud which involved in aggregate an amount of ₹13.70 million and which involved depositing amounts in improper accounts and discrepancies between the receipts issued to customers and receipts accounted for in the Company's database.

We undertake several measures with the assistance of our fraud control team and external fraud control, credit verification and investigation service providers to verify documents provided to us as part of loan applications, to obtain information on the credit worthiness of our prospective customers and to detect any potential fraud. We also educate our customer relationship managers and other personnel to identify various types of frauds in the industry. We are registered with the Central Registry of Securitization Asset Reconstruction and Security Interest of India ("**CERSAI**") set up under section 20 of the SARFAESI Act and submit relevant data to it from time to time. For further details, see "***Our Business—Lending Policies and Procedures***" on page 142. However, there can be no assurance that these measures 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. A regulatory proceeding initiated by a report filed against us in connection with an unauthorised 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.

35. We may not be able to identify, monitor and manage risks and effectively implement our risk management policies.

The effectiveness of our risk management is limited by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed, which include our asset-liability management policy, credit policy, investment policy, collections policy and KYC and AML policy and which articulate our approach to the identification, measurement, monitoring, controlling and mitigation of various risks associated with our operations in addition to providing certain important guidelines for strict adherence. Our Board of Directors and the Audit Committee review our risk management policies from time to time. For details, see "***Our Business—Risk Management***" on page 148. However, our policies and procedures to identify, monitor and manage risks may not be fully effective. Certain of our risk management processes are not automated and are subject to human error. Certain of our methods of managing risks are based on the use of observed historical market behaviour and may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. In addition, as we seek to expand the scope of our operations, we also face the risk of inability to develop commensurate risk management policies and procedures.

To the extent any of the instruments and strategies we use or develop to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risk. Further, a portion of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding the markets we operate in, the customers we service and certain other matters, which may not be accurate, complete, up-to-date or properly evaluated in all cases. Management of operational, legal or regulatory risks requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. 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. If we fail to effectively implement our risk management policies, it could have a material and adverse effect on our business, financial condition, cash flows and results of operations.

36. We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability.

We are required to comply with applicable anti-money-laundering ("**AML**") and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the NHB and other relevant governmental authorities to whom we report. For instance, the NHB made certain observations in Fiscal Years 2010 and 2012 with respect to our failure to comply with certain KYC and AML requirements. If any party uses or attempts to use us for money-laundering or any other illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable legal requirements, our reputation could suffer and could result in a material adverse effect on our business, financial condition and results of operations.

37. Non-compliance with the NHB's observations made during its periodic inspections could expose us to certain penalties and restrictions.

We are subject to periodic inspection by the NHB under the NHB Act, 1987 (the "**NHB Act**"), pursuant to which the NHB inspects 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 being called upon to do so. Inspection by the NHB is a regular exercise and is carried out periodically by the NHB for all HFCs under the NHB Act. In its past inspection reports, the NHB has identified certain deficiencies in our operations. For instance, in relation to its inspection for Fiscal Year 2013, the NHB observed, among other things, that our NOF and CRAR as of March 31, 2013 was overstated on account of deferred revenue expenditure, short provisioning due to negative amortisation and incorrect application of discount on subordinate debts. We made the necessary rectifications, and accordingly, our CRAR as of March 31, 2014 and 2013 was restated. Similarly, in respect of its inspections for Fiscal Years 2010 and 2012, the NHB made certain observations, including with respect to our failure to comply with certain KYC and AML requirements, absence of a risk management policy, internal audit procedures, certain conflicts of interest and basis for certain investment decisions, which we replied to and in respect of which we have taken certain corrective measures. The NHB had also issued a show-cause notice to us in December 2014 in relation to our delay in submitting asset-liability management returns.

Further, in its inspection report for Fiscal Year 2015, the NHB identified certain deficiencies including (i) overstatement of NOF on account of (a) short deduction of deferred revenue expenditure of ₹591. 40 million, (b) non-computation of intangible assets and capital work in progress of ₹ 149.90 million, and (c) non-provisioning for loan against deposits and interest accrued but not due on loans of ₹ 0.60 million, (ii) failure to maintain required liquid assets in terms of provisioning, (iii) shortfall in creation of floating charge of ₹ 2,744.50 Million, (iv) issues in maintenance of deposit control account, (v) LTV for certain loans being beyond NHB norms, (vi) non-compliance with credit concentration norms, (vii) non-classification of certain loans as NPA, (viii) non-compliance with policy circulars issued by the NHB, (ix) non-assignment of risk weightage on derivative transactions of ₹ 6,107.00 million; and (x) non-maintenance of an end-to-end system for income recognition, asset classification, assignment of risk weight, etc.

The financial impact arising out of the abovementioned deficiencies has been accounted for in the Restated Financial Statements of our Company as follows:

Capital Risk Assets Ratio	June 30, 2016	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Reported in the Annual Reports	13.07%	12.70%	13.34%	12.95%	13.81%	17.77%
Reported in the restated financials	13.04%	12.68%	13.29%	12.55%	13.65%	17.19%

In addition, in its inspection report for Fiscal Year 2015, the NHB has identified additional compliances to be undertaken by us, which we believe do not have a financial impact, including (i) ensuring correct position in public deposits in all public disclosure/ documents by separately stating out the ICDs and other deposits (not coming under public deposits), (ii) provision of a timeline for phasing out the deposit control account, (iii) timeline for formulation and implementation of a risk management policy, (iv) confirmation of compliance with provisions of Paragraph 10(2) of the Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014; (v) migration of loan accounts including partly disbursed cases to the new software adopted by our Company, (vi) clarification on the contradictory statements made by us to NHB regarding treatment of the insurance component funded by us, (vii) providing a timeline for carrying out an information security audit, (viii) submission of a progress report on data updation/ validation of property value in system with regard to the observation on non-compliance with the LTV norms prescribed by the NHB, (ix) providing status on resolution of certain cases of negative amortisation observed during the course of its inspections, (x) obtaining fresh KYC document in case of a specific depositor and (xi) confirmation that the migrated balances of loan accounts (from erstwhile Bancmate System to Kastle) are in order and there are no instances of capitalisation of interest.

With respect to loan provisions, the NHB has identified short/non-provisioning of loans against deposit and interest accrued but not due on loans by our Company. While we will going forward make provisions on loan against deposit and interest accrued but not due on loans, our short provisioning of standard assets on loan against deposits and interest accrued but not due on loans as of March 31, 2016 was ₹ 4.57 million. Accordingly, there will be no financial impact on the Restated Financial Statements as we are already carrying a surplus provision of ₹ 245.00 million as of March 31, 2016 and of ₹ 285.00 million as of June 30, 2016 in our Restated Financial Statements.

We have noted the above matters and are in the process of taking corrective actions, as appropriate. In the event we are unable to resolve these deficiencies to the NHB's satisfaction, it may result in a restriction of our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the NHB, we could be subject to penalties and restrictions which may be imposed by the NHB. Imposition of any penalty or adverse finding by the NHB during the ongoing or any future inspection may have a material adverse effect on our reputation, business, financial condition and results of operations.

38. We may not be able to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business. Further, we have not obtained registration of trademark over our branding message "Ghar Ki Baat".

We are required to maintain certain licenses, approvals, permits and registrations in order to undertake our business activities. We are also required to maintain licenses under various applicable national and state labour laws in force in India for certain of our offices and with regard to certain of our employees. For instance, we have applied for certain permissions under the Shops and Establishments statutes applicable to us in certain locations where we operate, which are currently pending. In addition, in the ordinary course of our business, we may apply for renewal of the relevant licenses, approvals, permits and registrations that may have expired. There can be no assurance that the relevant authorities will grant the required permissions or renew the expired licenses and approvals in the anticipated time-frame, or at all. Additionally, our failure to comply with the terms and conditions to which such licenses, approvals, permits or registrations are subject or to renew, obtain or maintain the required licenses, approvals, permits or registrations may result in an interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. For details in relation to the approvals we have received or those which we have applied for, see "***Government and Other Approvals***" on page 297.

Further, while we have applied for registration of trademark over our branding message "*Ghar Ki Baat*", we have not obtained registration of trademark in this regard. As a result, we may not be able to prevent infringement of this trademark by any third party and may, in the future, face claims and legal actions by third parties that may use, or dispute our right to use, our branding message and any associated logos and brand names. We may be required to resort to legal action to protect this brand name and any associated logos and a passing off action may not provide sufficient protection. Any adverse outcome in such legal proceedings may impact our ability to use this brand name and any associated logos in the manner in which it is currently used or at all, which could have a material adverse effect on our business, reputation, goodwill and our results of operations. For further details, see "***Our Business—Intellectual Property***" on page 152.

39. Our previous auditors made certain adverse remarks in their reports with respect to our financial statements for Fiscal Years 2012 and 2013.

Our auditors made certain adverse remarks in their reports with respect to our financial statements for Fiscal Years 2012 and 2013:

- *Fiscal Year 2012*. Our previous auditors drew attention to two suspected cases of fraud involving an amount of ₹13.70 million.

- *Fiscal Year 2013*. Our previous auditors reported that we failed to pay certain undisputed statutory dues amounting to ₹1.97 million.

In addition, our auditors and previous auditors also made certain qualifications that do not require any corrective adjustments in their reports with respect to our financial statements for Fiscal Years 2016, 2015, 2014, 2013 and 2012. See Note 38.6 to our Restated Financial Statements in the section titled "***Financial Information***" on page 192.

40. *Some of our corporate records relating to forms filed with the Registrar of Companies are not traceable.*

We are unable to trace copies of the prescribed regulatory filings made with the RoC by our Company in relation to an allotment of Equity Shares on March 31, 1999. Further, we have not been able to obtain copies of these documents and accordingly, our Company has relied on other records for the purposes of the details of the said allotment. We cannot assure you that such disclosures do not have any inadvertent errors or omissions.

41. *We may be required to adopt and implement technological changes in order to realise the expected benefits of our investments in our ESS technology platform.*

We have made, and expect to continue to make, investments in personnel and our technology platform to allow us to expand our loan portfolio. In particular, we have invested ₹226.56 million in developing, acquiring and implementing our new integrated technology platform, "enterprise system solution" ("**ESS**") as well as in recruiting and training our personnel, as well as in the related back-up systems. The new ESS platform was launched recently and is expected to be useful for improving our technology in areas such as lead management, loan origination, loan management, collections and collateral management, deposits, customer service and integrated accounting. One of the consequences of implementation of our ESS is that our loan originations process has become increasingly dependent on our ability to adopt technological changes, such as our ability to process applications over the internet, accept electronic signatures, provide process status updates instantly and provide other customer-expected conveniences. Maintaining and improving this new technology and becoming proficient with it may also require significant capital expenditure as well as training our existing personnel and hiring new skilled personnel. As these requirements increase in the future, we will have to fully develop these technological capabilities to remain competitive and any failure to do so could adversely affect our business, financial condition and results of operations. While our ESS technology platform is expected to be flexible, configurable and scalable for our evolving business needs, there can be no assurance it would be able to manage the growth and expansion in our operations or that our personnel will adopt and implement the required technological changes within the required time, or at all, which could result in a material adverse effect on our business, financial condition and results of operations.

42. *Two of our Group Companies have incurred losses during the last three Fiscal Years, which may have an adverse impact on our reputation and business.*

Two of our Group Companies have incurred losses in the last three Fiscal Years, as set forth below:

S. No.	Name of the Entity	Profit/ (Loss) (Amount in ₹ million)		
		For the Fiscal Year		
		2016	2015	2014
1.	Punjab National Bank (International) Limited, UK	(1,803.67)	-	-
2.	Destimoney Enterprises Limited	-	(526.28)	(163.53)

For further details, see "***Our Promoter, Promoter Group and Group Companies***" on page 185. There can be no assurance that our Group Companies will not incur losses in the future, or that there will not be an adverse effect on our reputation or our business as a result of such losses.

43. *Our technology platform and telecommunication systems may experience failures or security breaches.*

Our ability to operate and remain competitive depends in part on our ability to maintain and upgrade our technology platform, ESS, 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. The financial services industry as a whole is characterised by rapidly changing technologies, and system disruptions and failures caused by fire, power loss, telecommunications failures, unauthorised intrusion, computer viruses and disabling devices, natural disasters and other similar events may interrupt or delay our ability to provide services to our customers. Security breaches, acts of vandalism and developments in computer capabilities could result in a compromise or breach of the technology that we use to protect our customers' personal information and transaction data that we receive and store. Additionally, we are dependent on certain external vendors or service providers for the implementation and maintenance of our ESS and certain other elements of our operations, including implementing IT infrastructure and hardware, industry standard commercial off-the-shelf products, establishment of new branches, networking, managing our data-centre and back-up support for disaster recovery. We are exposed to the risk that these external vendors or 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. Any defaults or lapses by these external vendors or service providers could result in a material adverse effect on our business, reputation, financial condition and results of operations.

If an unauthorised party were to compromise or breach our security measures or those of our external vendors or service providers, through electronic, physical or other means, and misappropriate such information, it could cause interruptions in our operations and expose us to significant liabilities, reporting obligations, remediation costs and damage to our reputation. Despite our efforts to ensure the integrity of our systems, it is possible that we and our external vendors and service providers may not be able to anticipate or implement preventive measures against all security breaches, especially because the techniques used change frequently or are not recognised until launched, and because security attacks can originate from a wide variety of sources. Third parties may also attempt to fraudulently induce our employees, customers or other users of our systems to disclose sensitive information in order to gain access to our data or that of our customers. These risks may increase in the future as we continue to increase our reliance on the internet and use of web-based product offerings and on the use of cyber-security. A successful penetration or circumvention of the security of our systems or a defect in the integrity of our systems or cyber-security could cause serious negative consequences for our business, including significant disruption of our business and operations, misappropriation of our confidential information or that of our customers, or damage to our computers or operating systems and to those of our customers and counterparties.

Any of the foregoing events could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure and harm to our reputation, all of which could result in a material adverse effect on our business, financial condition and results of operations.

44. Significant differences exist between Indian GAAP used to prepare our financial statements and other accounting principles, such as U.S. GAAP and IFRS, with which investors may be more familiar. Further, we will be subject to a number of new accounting standards as part of our transition to IND(AS) that may significantly impact our financial statements.

Our financial statements included in this Prospectus are prepared in conformity with Indian GAAP as applicable to HFCs. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and standards. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. If we were to prepare our financial statements in accordance with such other accounting principles, our results of operations, cash flows and financial condition may be substantially different. The significant accounting policies applied in the preparation of our Indian GAAP financial statements are set forth in the notes to our Restated Financial Statements included in this Prospectus. Prospective investors should review the accounting policies applied in the preparation of our financial statements summarised in the section "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 243, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Accordingly, the degree to which the financial statements included in this Prospectus will provide meaningful information is entirely dependent on the investor'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 Prospectus should accordingly be limited.

The Companies (Indian Accounting Standards) Rules, 2015 ("**IAS Rules**"), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The IAS Rules provide that the financial statements of the companies to which they apply shall be prepared and audited in accordance with IND (AS), although any company may voluntarily implement IND (AS) for the accounting period beginning from April 1, 2015. All NBFCs and HFCs having a net worth of more than ₹5,000.00 million are required to mandatorily adopt IND (AS) for the accounting period beginning from April 1, 2018 with comparatives for the period ending on March 31, 2017. As there is not yet a significant body of established practice, such as interpretations of the new accounting standards, on which to draw in forming judgments regarding the new system's implementation and application, we have not determined with any degree of certainty the impact such adoption will have on our financial reporting. However, the IND (AS) accounting standards will change our methodology for estimating allowances for doubtful debt losses. They may require us to value our NPAs by reference to their market value (if a ready market for such loans exists) or to calculate the present value of the expected future cash flows realisable from our loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate) in estimating allowances for doubtful debt losses. This may result in us recognising higher allowances for doubtful debt losses in the future which will adversely affect the results of our operations. As a result, there can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND (AS) than under Indian GAAP. In our transition to IND (AS) reporting, we may encounter difficulties in the on-going process of implementing and enhancing our management information systems. Our management may also have to divert significant time and additional resources in order to implement IND (AS) on a timely and successful basis. Moreover, there is increasing competition for the small number of IND (AS) experienced accounting personnel available as more Indian companies begin to prepare IND (AS) financial statements. There can be no assurance that our adoption of IND (AS) will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IND (AS) could adversely affect our business, financial condition and results of operations.

45. Grants of stock options under our employee stock option schemes will result in a change to our profit and loss and will, to that extent, reduce our profits.

The Board approved our employee stock option scheme, the PNBHFL Employees Stock Option Scheme 2016 ("**PNBHF ESOS**") by its resolution dated March 19, 2016 and approved the grant of 4,188,459 options (3,807,690 to existing eligible employees and 380,769 to new joinees and promotions), with each option representing one equity share of the Company at face value (i.e., ₹10.00 per share). The shareholders approved PNBHF ESOS in the Extra Ordinary General meeting held on April 22, 2016. As of June 30, 2016, out of the 4,188,459 stock options, we have granted 3,807,690 stock options under the PNBHF ESOS, none of which have vested or been exercised. For further details on the grants under PNBHF ESOS, see "***Capital Structure***" on page 74. In accordance with the "Guidance Note on Accounting for Employee Share-based Payments" as issued by the Institute of Chartered Accountants of India, we have recognised the cost of equity settled stock options using the intrinsic value method. The intrinsic value of stock options granted under employee stock option schemes is determined at the grant date using valuation techniques consistent with the generally accepted valuation methodologies for pricing financial instruments. Under Indian GAAP, the grant of stock options under employee stock option schemes will result in a charge to our profit and loss over the vesting period, based on the intrinsic value of options determined on the date of grant. In addition, as part of our transition to IND (AS), we expect to incur additional charges to our profit and loss in connection with the granting of options over the period Fiscal Year 2017 to Fiscal Year 2020.

46. A significant number of our offices, including our Registered and Corporate Office, are located on leased premises. There can be no assurance that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.

A significant number of our offices, including our Registered and Corporate Office, are located on leased premises, and we do not own any of these premises. Any of these lease agreements can be terminated, and any such termination could result in any of these offices being shifted or shut down. There can be no assurance that we will, in the future, be able to retain and renew the leases for the existing locations on same or similar terms, or will be able to find alternate locations for the existing branches on similar terms favourable to us, or at all. In the event we fail to find suitable premises for relocation of existing branches or offices, if required, or in relation to new or proposed branches, in time or at all this may cause a disruption of our operations in these premises and result in a material adverse affect on our business, financial condition and result of operation. Further, certain of these properties may have one or more irregularities of title, such as non-registration of lease deeds and there can be no assurance that we would be able to enforce our rights under the relevant lease agreements, and any inability to do so could impair our operations.

47. Our insurance coverage may not adequately protect us against certain losses or claims that exceed the limits of our available insurance coverage.

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our operations. As of March 31, 2016, our fixed assets, prior to charging depreciation, amounted to ₹855.51 million and, after charging depreciation, amounted to ₹581.12 million, against which we had taken insurance coverage amounting to ₹1,390.83 million. We have insured our various properties and facilities against the risk of fire, theft and other perils. We have obtained a future money policy to cover money in safe and until counter as well as money in transit for our branches and various offices. We have also obtained insurance for certain of our vehicles. For further details on our insurance coverage, see "***Our Business—Insurance***" on page 152. However, 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. There can be no assurance that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be subject to certain deductibles, exclusions and limits on coverage. The occurrence of a serious uninsured loss or 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 and results of operations.

48. We have contingent liabilities as of June 30, 2016 and if any of our contingent liabilities materialise, it could result in a material adverse effect on our liquidity, business, financial condition, cash flows and results of operations.

The table below sets forth our contingent liabilities as of June 30, 2016 in accordance with the provisions of Accounting Standard-29, "Provisions, Contingent Liabilities and Contingent Assets".

Particulars	**Amount** *(in ₹ million)*
Income-tax and interest-tax demand	50.32[1]
Contracts remaining to be executed on capital account and not provided for (net of advances)	171.08[2]

[1] We have disputed this demand and the matter is currently under appeal before the relevant authorities. We expect to succeed before the appellate authority, and hence, we have not created any additional provision for these demands. Against the demands from the income tax authorities, ₹81.41 million has been paid and will be received as refund if the matters are decided in our favor.
[2] Estimated value.

In the event that any of these contingent liabilities materialise, it could result in a material adverse effect on our liquidity, business, financial condition, cash flows and results of operations. For further details, see "***Management's Discussion and Analysis of Condition and Results of Operations—Contractual Obligations and Commercial Commitments***" and Note 29 to our restated financial statements in the section titled "***Financial Information***"on pages 277 and 192, respectively.

49. Our investments are subject to market risk and our exposure to capital markets is subject to certain regulatory limits.

As part of our treasury management, we invest a portion of our deposits in certain long-term fixed income securities in order to meet our SLR obligations. We also invest surplus funds out of our borrowings and operations in such securities. As of June 30, 2016 the book value of our short-term investments was ₹1,955.73 million, which accounted for 8.73% of our total net worth as of that date. These securities include government securities, bonds carrying sovereign guarantee, bonds issued by state governments or public sector enterprises, debt mutual funds, fixed deposits with banks 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. Further, pursuant to the NHB Directions, we are not permitted to have an aggregate exposure to capital markets (both fund and non-fund based) in excess of 40.00% of our net worth as of the end of the previous financial year. Within the overall ceiling, direct investments in shares, convertible bonds or debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20.00% of our net worth. Such restrictions may limit our investments or access to capital, which may have an adverse effect on our business, financial condition and results of operations.

50. We have had negative cash flows from operations in recent periods and there can be no assurance that such negative cash flows from operations will not recur in future fiscal periods.

Our cash outflows relating to loans and advances we disburse (net of any repayments we receive) are reflected in our cash flow from operating activities whereas the cash inflows from funds we procure (net of any repayments of such funds) to disburse these loans and advances are reflected in our cash flows from financing activities. Consequently, we had negative net cash flow from operating activities of ₹(27,895.56) million, ₹(96,644.70) million, ₹(67,909.80) million and ₹(36,271.51) million in the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014, respectively, as a result of increases in our lending operations and there can be no assurance that such negative cash flows from operations will not recur in future fiscal periods. For further details on our cash flows, see "***Management's Discussion and Analysis of Financial Condition and Result of Operations– Liquidity and Capital Resources– Summary of Cash Flows***" on page 270.

51. 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 June 30, 2016, we had foreign currency borrowings amounting to US$250.00 million (₹16,124.95 million, based on an average exchange rate of US$1.00 = ₹64.50), representing 5.37% of our total borrowings. We have entered into various hedging arrangements to hedge the entire balance sheet risk on our exposure to foreign exchange fluctuations. We also enter into interest rate swaps to reduce our risk of exposure to interest rate fluctuations. However, there can be no assurance that our existing hedging arrangements will adequately reduce 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, the relevant counterparty may fail to perform its obligations under the hedging arrangement. If we are 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.

52. We and our Promoter, PNB, have availed certain unsecured borrowings which may be recalled by our lenders at any time.

As of June 30, 2016, we had availed certain unsecured borrowings aggregating to ₹142,358.98 million, of which ₹57,786.87 million was long-term and ₹84,572.11 million was short-term, which may be recalled by these lenders at any time, with or without the existence of an event of default. Our Promoter, PNB, in its ordinary course of business also avails certain unsecured borrowings. For further details in relation to our unsecured borrowings, see "***Financial Indebtedness***" on page 281. Any demand by a lender for accelerated repayment may adversely affect our financial condition.

53. Our management will have significant flexibility in applying proceeds of the Issue. The funding requirement and deployment mentioned in "Use of Proceeds" have not been appraised by any bank or financial institution.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds in the manner set out in "***Objects of the Issue***" on page 85. Our funding requirements and the deployment of the proceeds of the Issue are based on internal management estimates and have not been appraised by any bank or financial institution. Accordingly, our management will have significant flexibility in applying the proceeds of this Issue.

54. Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions, any contractual restrictions and other factors. There can be no assurance that we will pay dividends on the Equity Shares. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, we may not declare dividends on the Equity Shares. Additionally, our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time and may be subject to other requirements prescribed by the NHB. There can be no assurance that we will be able to pay dividends in the future.

55. Third party industry and statistical information in this Prospectus may be incomplete or unreliable.

Neither we, nor any of the GCBRLMs, nor any other person connected with the Issue, have independently verified data obtained from industry publications and other sources referred to in this Prospectus such as the CRISIL Report and the IMaCS Report, and therefore, while we believe them to be true, there can be no assurance that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the housing finance industry are subject to the caveat that the third party and statistical data upon which such discussions are based may be incomplete or unreliable. In addition, internal company reports may be based on a number of variables and have not been verified by independent sources and may be incomplete or unreliable. Prospective investors are advised not to unduly rely on the data derived from the CRISIL Report and the IMaCS Report when making their investment decision. For further details, see "***Industry Overview***" on page 94.

56. Negative public opinion could damage our reputation and adversely affect our earnings.

Reputation risk, or the risk to our business, earnings and capital from negative public opinion, is inherent in our business. Negative public opinion can result from our actual or alleged conduct in any number of activities, including lending and debt collection practices, corporate governance, and actions taken by government regulators and community organisations in response to those activities. Negative public opinion can also result from media coverage, whether accurate or not. Negative public opinion can adversely affect our ability to attract and retain customers, trading counterparties and employees and can expose us to litigation and regulatory action. Although we take steps to minimise reputation risk in dealing with our customers and communities, this risk will always be present in our organisation.

B. EXTERNAL RISKS

1. A slowdown in economic growth in India or global economic instability 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. In its Monetary Policy Report for April 2016, the RBI announced that GDP growth was 7.60% in Fiscal Year 2016. India's GDP is expected to decline marginally to 7.40% in Fiscal Year 2017, according to the IMF's World Economic Outlook as of July 2016. In addition, according to the Monthly Economic Report for July 2016 prepared by the Department of Economic Affairs, Ministry of Finance, Government of India, the Wholesale Price Index ("**WPI**") headline inflation rate for the month of July 2016 was 3.50% as compared to negative 4.10% in July 2015. In periods prior to Fiscal Year 2016, India has experienced a slowdown in economic growth due to a variety of factors, including unsustainably high current account deficit, capital outflows and consequent exchange rate pressures. Despite the recent signs of an economic turnaround in the Indian economy, there is no assurance that growth will not slow down again or that inflation will not increase further in the future. 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.

2. If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers and our profits might decline.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. According to the Monthly Economic Report for July 2016 prepared by the Department of Economic Affairs, Ministry of Finance, Government of India, the year-on-year inflation in terms of the WPI was 3.50% for the month of July 2016 as compared to negative 4.10% in July 2015 and 5.19% in July 2014. In August 2016, in its third bi-monthly policy statement 2016-17 and accompanying teleconference, the RBI noted that retail inflation continued to increase, primarily as a result of an increase in food inflation. These developments impacted household inflation expectations. The outlook for food inflation is positive, owing to a decrease in vegetable prices and strengthened supply management measures. Fuel inflation remained subdued, primarily due to deflation in the price of liquefied petroleum gas. The prospects for inflation excluding food and fuel are more uncertain. The RBI expects, on balance, inflation to rise further until March 2017.

There can be no assurance that Indian inflation levels will not worsen in the future. Further, the Government has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. Higher rates of inflation in the Indian economy could lead to a lower demand for our housing and non-housing loans and may require us to increase the interest rate we pay to our customers on our deposits. High inflation rates may also adversely affect growth in the Indian economy, our operating expenses and our ability to increase the prices of our products at a proportional rate in order to pass costs on to our customers.In the event of increasing inflation in India, our costs such as operating expenses may increase. Further, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers and as a result, our profits might decline. Higher inflation rates may result in an increase in overall interest rates which may adversely affect our NII.

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

We expect the housing finance industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income and demographic changes. In addition, the Government of India is pursuing various social welfare schemes and initiatives to create an enabling and supportive environment to both 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 affordable housing through partnerships with private sector entities. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital markets and the on-going reform will affect India's housing finance industry. In addition, there can be no assurance that the Government policies and initiatives for the housing finance industry will continue at the same or expected pace in the future. Consequently, there can be no assurance that the growth and development of India's housing finance industry will be sustainable.

4. Borrowing for the purchase or construction of property may not continue to offer customers the same fiscal benefits it currently offers, which may have an adverse effect on the housing and housing finance markets.

The rapid growth in the housing finance industry in India in the last decade is in part due to the introduction of fiscal benefits for purchase or construction of property by the Government from time to time. Since the early 1990s, interest and principal repayments on capital borrowed for the purchase or construction of housing have been tax deductible up to certain limits and tax rebates of such capital up to certain specified income levels have been available for customers. For further details, see "***Industry Overview—Housing Finance Market in India—Tax Benefits***" on page 98, respectively. There can be no assurance that the Government will continue to implement such schemes or offer such tax benefits to customers at the current levels, or at all. In addition, there can be no assurance that the Government will not introduce tax efficient investment options which are more attractive to customers than property investment. Further, any changes in tax laws and reduction in tax concessions for housing loans may have an adverse effect on the housing and housing finance markets in general. In the event any of these changes occur, the demand for housing and housing finance may reduce, which in turn may result in a material adverse effect on our business, financial condition and results of operations.

5. *Political instability or a significant change in the Government's economic liberalisation and deregulation policies could adversely affect our business and the price of our Equity Shares.*

Our business and customers are located in India and we currently derive all of our revenues from operations in India and all of our assets are located in India. Consequently, our performance, market price and liquidity of our Equity Shares may be affected by changes in control, government policies, taxation, social and ethnic instability, social/civil unrest and other political and economic developments affecting India. The Indian government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Government policies could adversely affect business and economic conditions in India, as well as our ability to implement our strategy and our future financial performance. Our business is also impacted by regulations and conditions in the various states in India where we operate.

Since 1991, successive Indian governments have pursued policies of economic liberalisation. The current Government has announced that its general intention is to continue India's current economic and financial sector liberalisation and deregulation policies, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. However, there can be no assurance that such policies will be continued. A significant change in the Government's policies, in particular, those relating to the housing finance sector in India, could result in an adverse effect on our business, financial condition and results of operations. The rate of economic liberalisation could change and specific laws and policies affecting finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. For instance, if the Government or any state government were to enact legislation or policies requiring the waiver or restructuring of loans to specific persons or industries, such waived and/or restructured loans could have an adverse effect on our financial condition and results of operations; moreover, such legislation and policies may also cause a significant behavioral change in the future with respect to borrowers in such industries or otherwise. Any significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

6. *Natural or man-made disasters, acts of terrorism, other similar threats to security and events outside our control, and the ineffective management of the effects of such events, may affect our business.*

Certain of our offices and branches as well as the properties provided as collateral in relation to our loans may be located in areas that may be impacted by natural disasters such as earthquakes, water shortage, droughts and floods. All such properties and offices are subject to other natural or manmade disasters such as fires, acts of terrorism and community disturbances and riots. All of our operations and employees are located in India and there can be no assurance that we will not be affected by natural disasters in India in the future. If any such event were to occur, our business could be affected due to the event itself or due to our inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure, the loss of collateral or the loss of business continuity and relevant customer information and could have an adverse effect on the financial markets and economics of India and other countries. If our operations at a location is disrupted due to the occurrence of any such event, it may be impractical or impossible to transfer such work to another location. Thus, any disruption in operations at any of our existing locations could result in a material adverse effect on our ability to serve our customers, and in turn, our business, financial condition and results of operations.

The threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several regions in which we operate, strained relations arising from these conflicts and the related decline in customer confidence may hinder our ability to do business. Any escalation in these events or similar future events may disrupt our operations or those of our customers and could also affect the real estate market at the locations where we have provided loans resulting in a decline in value of collateral provided by our customers to secure our loans. These events have had and may continue to have an adverse impact on the Indian economy and customer confidence and spending in particular, which could in turn adversely affect our business, financial condition and results of operations. The impact of these events on the volatility of the market price of our securities and may limit the capital resources available to us.

C. RISKS RELATING TO THE EQUITY SHARES AND THE ISSUE

1. *In the event we lose our exemption under the United States Investment Company Act of 1940, it would have a material adverse effect on our ability to make this Issue.*

We seek to conduct our operations in a manner that we are not required to register as an "investment company" under the provisions of the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). We believe that we will be able to rely on Section 3(c)(5)(C) of the Investment Company Act for an exception from the definition of an "investment company".

As reflected in the no-action letters (the "**no-action letters**") issued by the United States Securities and Exchange Commission (the "**SEC**"), the SEC staff's position on Section 3(c)(5)(C) generally requires that an issuer maintain:

- at least 55.00% of its assets in "mortgages and other liens on and interests in real estate", or qualifying assets;
- at least 80.00% of its assets in qualifying assets plus real estate-related assets; and
- no more than 20.00% of the value of its assets in other than qualifying assets and real estate-related assets, which we refer to as other assets.

To constitute a qualifying asset under the 55.00% requirement, a real estate interest must meet various criteria based on the no-action letters. We expect to be able to rely on guidance published by the SEC staff or on our analyses of guidance published with respect to types of assets to determine which assets are qualifying real estate assets and real estate-related assets.

In order to maintain compliance with the Investment Company Act, we may be unable to sell assets we would otherwise want to sell and may need to sell assets we would otherwise wish to retain. In addition, we may have to acquire additional assets that we might not otherwise have acquired or may have to forego opportunities to make investments that we would otherwise want to make and would be important to our investment strategy.

Moreover, the SEC or its staff may issue interpretations with respect to various types of assets that are contrary to our views and current SEC staff interpretations are subject to change, which increases the risk of non-compliance and the risk that we may be forced to make adverse changes to our portfolio. In this regard, we note that in 2011, the SEC issued a concept release indicating that the SEC and its staff were reviewing interpretive issues relating to Section 3(c)(5)(C) and soliciting views on the application of Section 3(c)(5)(C) to companies engaged in the business of providing housing finance based on mortgages and mortgage-related instruments as collateral. If we were required to register as an investment company but failed to do so, we would be subject to certain adverse consequences under various provisions of the securities laws in the United States.

2. Any issuance of additional Equity Shares by us in the future or the sale, pledge or encumbrance of their Equity Shares by either of our key shareholders, PNB or DEL, in the future may affect holdings of our shareholders and the market price of our Equity Shares.

Our growth is dependent on having adequate capital to support our activities. In addition to the Issue Proceeds and our internally generated cash flows, we may need other sources of financing to meet our capital needs, which may include raising additional equity capital from time to time, based on our business requirements and market conditions. Certain other factors that would require us to raise additional capital could be business growth beyond what our capital adequacy ratio can sustain, additional capital requirements imposed due to changes in applicable regulations or a significant depletion in our existing capital base due to unusual operating losses. Future issuances of our Equity Shares or convertible securities could result in dilution of our shareholders and may adversely affect the market price of our Equity Shares. In addition, any perception by investors that such issuances might occur could also affect the trading price of our Equity Shares. Further, as of the date of filing this Prospectus, 3,807,690 stock options were outstanding but not vested under the PNBHF ESOS 2016. Any exercise of the stock options and sale of the underlying Equity Shares could dilute the holdings of our shareholders and could adversely affect the market price of our Equity Shares. In addition, the sale, pledge or encumbrance of Equity Shares by either of our key shareholders, PNB and DEL, or the perception that such transactions may occur, may also adversely affect the trading price of the Equity Shares. There can be no assurance that we will not issue additional Equity Shares, or that PNB or DEL will not sell, pledge or encumber their Equity Shares in the future.

3. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue.

The Equity Shares will be listed on the Stock Exchanges. Pursuant to the applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or "demat" accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately six Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

4. Investors bear the risk of fluctuation in the price of the Equity Shares.

There has been no public market for the Equity Shares prior to the Issue and the trading price of the Equity Shares may fluctuate after the Issue. The Issue Price of the Equity Shares in this Issue will be determined by us in consultation with the GCBRLMs pursuant to the Book Building Process, and it may not necessarily be indicative of the market price of the Equity Shares after the Issue is complete. You may be unable to resell your Equity Shares at or above the Issue Price and, as a result, you may lose all or part of your investment. Following the Issue, the Equity Shares are expected to trade on the NSE and the BSE; however, there can be no assurance that active trading in the Equity Shares will develop after the Issue or, if such trading develops, that it will continue. Investors may not be able to rapidly sell the Equity Shares at the quoted price if there is no active trading in the Equity Shares.

In addition, the price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial condition and financial performance;
- the history of, and the prospects for, our business and the housing finance industry;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

Further, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market and may be more volatile than the securities markets in other countries.

Prominent Notes:

- Initial public offering of 38,733,870 Equity Shares of face value ₹ 10 each of our Company, for cash at a price of ₹ 775 per Equity Share aggregating up to ₹30,000 million (subject to finalisation of the basis of allotment). The Issue includes an Employee Reservation Portion of 250,000 Equity Shares aggregating to ₹175 million, for subscription by Eligible Employees, not exceeding 5.00% of our Post Issue paid up equity share capital. The Net Issue shall constitute 23.23% of the post-Issue paid up Equity Share capital of our Company.

- The net asset value per Equity Share as on June 30, 2016 is ₹176.52. See "***Financial Information***" on page 192.

- The net worth of our Company as on June 30, 2016 is ₹22,404.78 million. See "***Financial Information***" on page 192.

- Details of the average cost of acquisition per Equity Share by our Promoter as on the date of this Prospectus are set forth hereunder:

Promoter	Number of Equity Shares Held	Average Cost of Acquisition (₹)#
PNB	64,730,700	71.19

- There has been no change of name of our Company during the three years immediately preceding the date of the Red Herring Prospectus and until the date of this Prospectus.

- There has been no financing arrangement whereby the Promoter Group, the directors of our Promoter, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the ordinary course of the business of the financing entity during the six months preceding the date of filing of the Red Herring Prospectus.

- For information on transactions between our Company and our Group Companies, during the last Fiscal Year, including the nature and cumulative value of the transactions, see "***Financial Statements***" on page 192.

- For information regarding the business or other interests of our Group Companies in our Company, see "***Our Promoter, Promoter Group and Group Companies***" and "***Financial Statements***" on pages 185 and 192, respectively.

- Investors may contact the GCBRLMs or the Registrar to the Issue, for any complaints pertaining to the Issue.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

*The information in this section has been derived from publicly available sources, government publications such as the Report on Trend and Progress of Housing in India, 2014 ("**NHB Report**") prepared by the National Housing Bank (the "**NHB**"), and certain industry sources such as the Retail Finance – Housing Annual Review, 2016 ("**CRISIL Report**") prepared by CRISIL Limited ("**CRISIL**") and the Housing Finance Industry in India: 2015 Report ("**IMaCS Report**"), prepared by ICRA Management Consulting Services Limited ("**IMaCS**"), and has not been independently verified by us, the GCBRLMs, or any of our or their respective affiliates or advisors, and none of these parties makes any representation as to the accuracy of this information. The information in this section may not be consistent with other information compiled by third parties within or outside India. Industry and government sources and publications referred to in this section generally state that the information contained in such sources and publications has been obtained from sources generally believed to be reliable, but their accuracy, adequacy or completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government sources and publications are also prepared on the basis of information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investors should not place undue reliance on the information contained in this section. Figures used in this section are as presented in the original sources and have not been adjusted, restated or rounded off for presentation. Statements in this section that are not statements of historical fact constitute "forward-looking statements", which are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to differ materially. For further details, see "**Forward-Looking Statements**" on page 15. The information in this section should be read in conjunction with the sections "**Industry Overview**", "**Risk Factors**" and "**Our Business**" on pages 94, 16 and 124, respectively.*

OVERVIEW OF THE INDIAN ECONOMY

The Indian economy is one of the largest economies in the world, with a GDP on purchasing power parity basis of an estimated US$7.97 trillion in 2015. Per capita gross domestic product ("**GDP**") in India has grown from an estimated US$5,500.00 in 2013 to an estimated US$6,200.00 in 2015. (*Source: World Factbook, available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html, as of September 6, 2016 ("**World Factbook**")*).

Investors' perceptions of India improved in early 2014, due to a reduction of the current account deficit and expectations of post-election economic reform, resulting in an increase in inbound capital flows and stabilisation of the Indian Rupee. (*Source: World Factbook*). The RBI has stated that India's GDP was 7.60% in Fiscal Year 2016 against 7.20% in Fiscal Year 2015. (*Source: Reserve Bank of India Monetary Policy Report – April 2016*). The outlook for India's long-term growth is moderately positive due to increasing disposable incomes, interest rate subventions, fiscal incentives on housing loans and a young population. *(Source: CRISIL Report)*

As of July 2015, India was home to more than 1.25 billion people and the median age of its population was below 28 years of age. (*Source: World Factbook*). The housing market has been growing on account of factors such as population migration to urban centres, income growth and demographic composition. (*Source: NHB Report, available on http://www.nhb.org.in/Publications/T&P_English_FINAL.pdf, as of April 22, 2015*)

HOUSING FINANCE MARKET IN INDIA

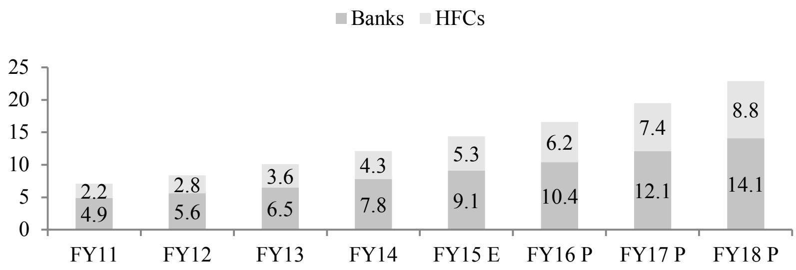
In India, the housing industry is recognised as having an important impact on the country's development, civic life and human capital formation. India's economic growth, coupled with favourable structural factors, such as under-penetration of the mortgage market, the large gap between housing demand and supply, improved affordability as a result of tax incentives, the encouraging regulatory environment and positive demographic trends, is expected to fuel continued growth in the housing finance market.

Participants in India's housing finance market mainly comprise commercial banks, including national banks, private sector banks, regional rural banks, agriculture and rural development banks and state-level apex co-operative housing finance societies, and specialised lending institutions for housing, such as the Company, known as housing finance companies ("**HFCs**"). It also includes some smaller institutions, such as microfinance institutions, community-based organisations and self-help groups, as well as other non-banking financial companies ("**NBFCs**").

Total outstanding housing loans as at September 30, 2015 was estimated to be ₹11,300.00 billion, a 17.70% increase since Fiscal Year 2011. IMaCS forecasts that the housing finance market in India will grow 20.00-22.00% from Fiscal Year 2015 to Fiscal Year 2020. *(Source: IMaCS Report)* In particular, the government's push for affordable housing projects, reductions in interest rates and rising income levels are expected to contribute towards increased housing demand and improved house buyers' debt-servicing capabilities, thereby increasing outstanding housing loans in terms of both the number of disbursements and the quantum borrowed under each loan. *(Source: CRISIL Report)*

The following graph shows the growth of total outstanding housing loans for banks and HFCs from Fiscal Year 2011 to Fiscal Year 2018:

Trend in Total Outstanding Housing Loans *(₹ in trillions)*

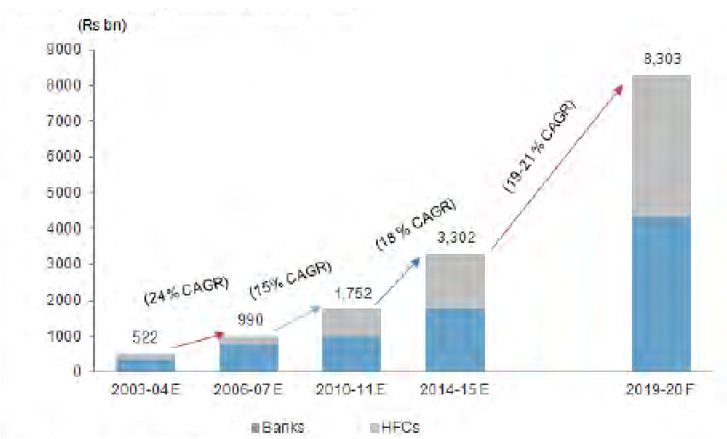


Note: "E" means estimated data and "P" means projected data.

Source: CRISIL Report

CRISIL expects housing loan disbursements to have grown at a five-year CAGR of 19.00-21.00% to reach ₹8.30 trillion by Fiscal Year 2020, aided by mortgage penetration, higher average ticket sizes and demand for affordable housing. (*Source: CRISIL Report*).

Growth in Total Housing Finance Disbursements



Note: "E" means estimated data and "F" means forecasted data.

Source: CRISIL Report

Key Growth Drivers

The key growth drivers in the housing finance industry in India include:

- Low mortgage penetration and housing shortage;
- Urbanisation;

- Slowing average ticket size growth;
- Tax benefits;
- Government implemented schemes (including Smart Cities and Housing for All by 2020); and
- Population growth and changes in demographics.

Key Market Participants

Banks held an estimated 63.00% share of the housing finance market as of Fiscal Year 2015, based on loan assets. (*Source: CRISIL Report*). The higher market share of banks, as compared to HFCs can be attributed to extensive networks, broad customer bases and access to stable low-cost funds.

HFCs have steadily gained housing finance market share from banks, having increased their share from 31.00% in Fiscal Year 2012 to 37.00% in Fiscal Year 2015. Despite banks showing continuing growth in their lending portfolio, HFCs are able to gain market share due to, among other things, better access to customers in non-metro cities, their strong origination skills, focused approach and customer service orientation. (*Source: CRISIL Report*)

The recent slowdown in corporate credit has led to commercial banks aggressively focusing on the housing finance market and competing with HFCs. Despite this, HFCs' market share is expected to remain steady going forward. CRISIL predicts mid-size HFCs (those with total outstanding retail housing loans of less than ₹300.00 billion as of March 2015) will record a CAGR of 27.00-29.00% from Fiscal Year 2016 to Fiscal Year 2017. However, large HFCs will grow at a slower CAGR of 17.00-19.00% during the same period. Mid-size HFCs are expected to grow at a higher rate because of their focus on affordable housing projects and their relatively higher concentration in tier-II and smaller cities, where growth has been higher over Fiscal Year 2015. (*Source: CRISIL Report*)

SUMMARY OF BUSINESS

*The following information should be read together with the information contained in the sections titled "**Risk Factors**", "**Industry Overview**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**", "**Selected Statistical Information**" and "**Financial Information**" on pages 16, 94, 243, 111 and 192, respectively. Unless otherwise stated, the financial information used in this section is derived from the Restated Financial Statements.*

OVERVIEW

We are the fifth largest HFC in India by loan portfolio as of September 30, 2015 with the second largest amount of deposits in an HFC in India as of March 31, 2015, according to the IMaCS Report. Our parent and Promoter is Punjab National Bank ("**PNB**"), one of the largest nationalised banks in India. Over the previous five years, we have implemented a business process transformation and re-engineering ("**BPR**") programme, which has contributed to us becoming the fastest growing HFC among the leading HFCs in India as of March 31, 2015, according to the IMaCS Report. Our loan portfolio grew at a CAGR of 61.76% from ₹39,696.63 million as of March 31, 2012 to ₹271,772.68 million as of March 31, 2016. As of June 30, 2016, our loan portfolio had further increased to ₹309,006.44 million.

We offer our customers "housing loans" for the purchase, construction, extension or improvement of residential properties or for the purchase of residential plots, and "non-housing loans" in the form of loans against property ("**LAP**") to property-owning customers through mortgages over their existing property and any additional security, if required; non-residential premises loans ("**NRPL**") for the purchase or construction of non-residential premises; lease rental discounting ("**LRD**") loans offered against rental receipts derived from lease contracts with commercial tenants; and corporate term loans ("**CTL**"), which are general purpose loans to developers and/or corporates for purposes of on-going projects or business needs. Our target customers for our housing loans are 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. We also offer housing loans in the form of construction finance loans to real estate developers of residential housing. As of June 30, 2016, our housing loans constituted 70.31% of our total loan portfolio and our retail housing loans constituted 86.52% of our total housing loan portfolio. The average loan size (at origination) of our retail housing loans as of June 30, 2016 was ₹3.18 million, with a weighted average loan-to-value ratio ("**LTV ratio**") (at origination) of 66.10%. As of June 30, 2016, our non-housing loans constituted 29.69% of our total loan portfolio and our retail non-housing loans accounted for 78.27% of our total non-housing loan portfolio. The average loan size (at origination) of our retail non-housing loans as of June 30, 2016 was ₹5.68 million, with an weighted average LTV ratio (at origination) of 46.49%.

We conduct our operations through an operating model which, as of June 30, 2016, included 47 branches across the northern, western and southern regions of India and 16 processing hubs (which include three co-located zonal offices) and our central support office ("**CSO**") in New Delhi. Our branches act as the primary point of sale and assist with the origination of loans, various collection processes, sourcing deposits and enhancing customer service, while our processing hubs and zonal offices provide support functions, such as loan processing, credit appraisal and monitoring, and our CSO supervises our operations nationally. Our enterprise system solution ("**ESS**") integrates all activities and functions within our organisation under a single technology and data platform, bringing efficiencies to our back-end processes and enabling us to focus our resources on delivering quality services to our customers. Our branches, processing hubs, zonal offices and CSO are supported by our centralised operations ("**COPS**") and central processing centre ("**CPC**"), which provide centralised and standardised back-end and administrative activities, payments and processing for our business, relying in turn on our ESS. Our distribution network included over 7,110 channel partners across different locations in India as of June 30, 2016, including our in-house sales team as well as external direct marketing associates (the "**DMAs**"), deposit brokers and national aggregator relationships with reputed brands.

As of and for the three months ended June 30, 2016, our total borrowings were ₹300,459.47 million and our average cost of borrowings on an annualised basis was 8.65%. We have access to diverse sources of liquidity, such as term loans from banks and financial institutions, non-convertible debentures ("**NCDs**") and other debt instruments, deposits, external commercial borrowings ("**ECBs**"), commercial paper, refinancing from the NHB and unsecured, subordinated debt, to facilitate flexibility in meeting our funding requirements. As of June 30, 2016, our operations were principally funded by borrowings from banks and financial institutions, domestic debt markets, deposits and the NHB, which accounted for 12.40%, 52.82%, 24.75% and 10.04%, respectively, of our outstanding borrowings. In addition, due to our short-term and long-term credit ratings, we have access to certain fundraising opportunities in the capital markets. We also offer a broad range of deposit products of different tenures with various interest rate options. Our outstanding deposits (net of maturities) grew at a CAGR of 110.41%

from ₹3,630.66 million as of March 31, 2012 to ₹71,158.51 million as of March 31, 2016. As of June 30, 2016, our outstanding deposits (net of maturities) had grown to ₹74,358.98 million.

Our gross NPAs, as a percentage of our total loan portfolio, were 0.20% as of March 31, 2015, which was the lowest among the leading HFCs in India, according to the IMaCS Report, and 0.27% as of June 30, 2016. As of June 30, 2016 and as of March 31, 2016, 2015 and 2014, our provisioning coverage ratio (i.e., the proportion of gross NPAs for which provisions had been made) was 30.77%, 36.25%, 66.82% and 51.47%, respectively. Our provisioning coverage ratio decreased in Fiscal Year 2016 and in the three months ended June 30, 2016, primarily because we decreased our provisions for NPAs to the minimum requirement under the NHB Directions. As of June 30, 2016, our overall Capital to Risk (Weighted) Assets Ratio ("**CRAR**") and Tier I Capital CRAR were 13.04% and 8.40%, respectively, which provides protection to withstand business risks and exceeds the minimum requirements stipulated by the NHB. The table set forth below summarises certain of our other key operating and financial information as of and for the periods indicated below.

Operational and financial parameters	As of and for the three months ended June 30, 2016*	As of and for the Fiscal Years ended March 31,		
		2016	2015	2014
Revenue from operations *(in ₹ million)*	8,634.36	26,995.43	17,803.83	11,203.22
Profit after tax (*in ₹ million*)	960.28	3,275.66	1,940.70	1,296.97
Net interest income (*in ₹ million*)[1]	2,092.12	7,079.80	4,415.72	2,753.45
Net interest margin[2]	2.71%	2.98%	2.94%	2.93%
Average yield[3]	10.58%	10.80%	11.37%	11.45%
Average cost of borrowings[4]	8.65%	8.67%	9.26%	9.30%
Spread[5]	1.93%	2.13%	2.11%	2.15%
Cost to income ratio[6]	25.03%	25.69%	31.39%	30.14%
Return on Average Assets[7]	1.19%	1.35%	1.27%	1.35%
Return on Equity[8]	17.52%	17.60%	15.45%	16.71%
Gross NPAs to total loan portfolio	0.27%	0.22%	0.20%	0.32%
Provisioning Coverage Ratio[9]	30.77%	36.25%	66.82%	51.47%

** Wherever relevant, percentages and ratios as of and for the three months ended June 30, 2016 are presented on an annualised basis.*

1. *Net interest income, or "**NII**", represents total interest income less total interest expense (including brokerage on deposits, other ancillary cost and forward premium cost on ECBs).*
2. *Net interest margin, or "**NIM**", for any given period represents the ratio of NII to the average of interest-earning assets, expressed as a percentage.*
3. *Average yield refers to interest income for the period divided by average interest earning assets, expressed as a percentage.*
4. *Average cost of borrowings refers to finance cost for the period divided by average interest-bearing liabilities, expressed as a percentage.*
5. *Spread refers to difference between yield and cost of borrowings.*
6. *Cost to income ratio refers to the ratio of total operating expenses (including employee expenses, office operating expenses, other expenses (excluding loan origination costs), depreciation and amortisation expense) to our gross income (revenue from operations less finance cost and loan origination cost).*
7. *Return on average asset (after tax) is calculated by dividing the profit after tax for the period by the average total assets for the period.*
8. *Return on equity is calculated by dividing the profit after tax for the period by average shareholder's equity for the period, expressed as a percentage.*
9. *Provisioning Coverage Ratio reflects the ratio of provisions created for NPAs to gross NPAs.*

OUR BUSINESS PROCESS TRANSFORMATION AND RE-ENGINEERING

Our Company was incorporated as "PNB Housing Finance Private Limited" on November 11, 1988, as a wholly-owned subsidiary of PNB. We registered as an HFC with the NHB on July 31, 2001. In December 2009, we entered into an agreement with PNB and Destimoney Enterprises Limited ("**DEL**"), pursuant to which DEL acquired 26.00% of the Equity Share capital of our Company. Subsequently, through a series of transactions, DEL subscribed to additional Equity Shares in our Company and increased its stake to 49.00% of the Equity Share capital of our Company. In February 2015, DEL was sold to Quality Investments Holding, a company incorporated in Mauritius, owned and controlled by CAP IV AIV Mauritius Ltd and CAP IV Coinvest AIV Mauritius Ltd, which have an investment advisory arrangement with affiliates of the Carlyle Group, L.P. For further details, see "***History and Certain Corporate Matters***" and "***Capital Structure***" on pages 164 and 74, respectively.

In Fiscal Year 2011, we initiated "*Project Kshitij*", our BPR programme, with the aim of combining the stability of the traditional public sector company with the responsiveness and dynamism that is typically associated with private sector companies. The implementation of the BPR programme recently concluded in Fiscal Year 2016 and included the improvement, centralisation and standardisation of our business processes, payments and credit policies, changes in our origination and sourcing strategy, as well as in our product composition and target customer segments. We also made changes to our organisational structure, which involved significant changes in our credit underwriting and monitoring functions and the hiring of in-house sales teams, fraud prevention specialists, collection experts and in-house legal, technical and property valuation experts. A key component of our BPR programme was the creation and implementation of our new operating model. As part of our new operating model, our branches were positioned to act as the primary point of sale and assist with the origination of loans, various collection processes and enhancing customer service, while our processing hubs were positioned to provide support functions, such as loan processing, credit appraisal and monitoring. We also developed a new integrated information technology platform for all of our activities and functions and automated several processes, which improved the efficiency and quality of our operations, and made changes to our service delivery model, including through the addition of channels of marketing and distribution, such as our customer service portal and customer contact centre, making our services more accessible.

Under our BPR programme, we also repositioned the "PNB Housing" brand, which required all our offices to be revamped, creation of our new logo and its tagline, "*Ghar Ki Baat*", the re-launch of our refreshed, mobile-friendly website, an increased online presence and new marketing communication to enhance our brand image. We also undertook human resource initiatives, such as implementation of a new performance management system with revised salary scales commensurate with industry standards, a rewards and recognition programme and an increased focus on employee training programmes. We believe that as a result of these and other changes, the BPR programme has helped us in making significant improvements in our competitive position and scale of operations, which, among others, have helped us achieve continued growth in our loan portfolio during the period between Fiscal Years 2012 and 2016.

OUR COMPETITIVE STRENGTHS

Our key competitive strengths are as follows:

- Fifth largest HFC in India and the fastest growing HFC among the leading HFCs in India;
- Strong distribution network with deep penetration of key Indian urban centers;
- Scalable operating model and centralized and streamlined operational structure;
- Access to diversified and cost-effective funding sources;
- Diversified product offering with specific focus on self-employed customers;
- Customer-centric approach resulting in strong brand recognition;
- Prudent credit underwriting, monitoring and collection processes;
- Managed by experienced and qualified professionals with strong industry expertise; and
- Support from our parent and Promoter.

OUR STRATEGIES

The key elements of our business strategy are as follows:

- Consolidate our position and selectively expand into specific target geographies and markets;
- Continue to reduce our cost of borrowings and raise deposits;
- Continue to maintain the credit quality of our loan portfolio; and
- Continue to enhance customer delivery by leveraging digital media and continue to develop and strengthen our technology platforms.

.

SUMMARY FINANCIAL INFORMATION

*The following tables set forth the summary financial statements derived from our restated audited financial statements as of and for the period ended June 30, 2016 and Fiscals 2016, 2015, 2014, 2013 and 2012. These financial statements have been prepared in accordance with the Indian GAAP and the Companies Act and restated in accordance with the Indian GAAP and Accounting Standards notified under Section 133 of the Companies Act 2013 read with the corresponding rules and the SEBI ICDR Regulations and are presented in "**Financial Statements**" on page 192. The summary financial statements may differ in certain significant respects from generally accepted accounting principles in other countries, including IFRS and U.S. GAAP. The summary financial statements presented below should be read in conjunction with such restated financial statements, the notes and annexures thereto and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on page 243.*

PNB HOUSING FINANCE LIMITED

STATEMENT OF RESTATED ASSETS AND LIABILITIES

Particulars	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
EQUITY AND LIABILITIES						
Shareholder's Funds						
Share Capital	1,269.23	1,269.23	1,038.46	656.92	500.00	300.00
Reserves and Surplus	21,135.55	20,175.27	14,748.81	8,684.46	5,680.36	3,698.98
	22,404.78	21,444.50	15,787.27	9,341.38	6,180.36	3,998.98
Non-Current Liabilities						
Long-Term Borrowings	194,298.12	166,462.16	111,051.38	79,443.84	53,280.25	27,365.75
Deferred Tax Liabilities (Net)	303.40	301.65	62.15	-	-	-
Other Long-Term Liabilities	1,360.89	1,018.18	2,627.41	1,419.06	760.59	400.80
Long-Term Provisions	1,841.81	1,609.35	815.80	486.71	294.34	178.17
	197,804.22	169,391.34	114,556.74	81,349.61	54,335.18	27,944.72
Current Liabilities						
Short-Term Borrowings	83,084.10	74,484.10	34,472.65	4,520.80	2,073.30	567.20
Short-Term Provisions	751.52	711.18	525.74	355.93	286.57	241.86
Trade Payables	924.70	747.76	566.56	216.13	65.99	31.62
Other Current Liabilities	41,847.17	29,946.11	24,443.41	19,611.91	13,609.34	11,578.18
	126,607.49	105,889.15	60,008.36	24,704.77	16,035.20	12,418.86
TOTAL	346,816.49	296,724.99	190,352.37	115,395.76	76,550.74	44,362.56
ASSETS						
Non-Current Assets						
Fixed Assets						
Tangible Assets	507.18	481.50	383.00	248.59	140.64	46.11
Intangible Assets	94.98	99.62	12.76	9.61	0.86	-
Capital Work-in-Progress	38.19	40.54	181.03	30.21	35.91	5.33
Non-Current Investments	8,943.75	8,139.62	2,191.26	1,187.37	580.72	536.00
Deferred Tax Assets (Net)	-	-	-	154.68	140.74	150.81
Long-term Loans and Advances	291,397.45	256,235.61	143,821.72	86,406.45	53,879.49	37,737.11
Other Non-Current Assets	2,213.31	1,889.60	1,256.28	653.60	346.50	93.77
	303,194.86	266,886.49	147,846.05	88,690.51	55,124.86	38,569.13
Current Assets						
Current Investments	1,955.74	8,083.13	13,668.54	5,267.40	7,188.23	3,246.89
Cash and Bank Balances	19,754.72	2,485.36	2,931.42	1,384.22	1,280.39	114.23
Short-Term Loans and Advances	269.51	171.25	179.78	84.61	113.15	75.94
Other Current Assets	21,641.66	19,098.76	25,726.58	19,969.02	12,844.11	2,356.37
	43,621.63	29,838.50	42,506.32	26,705.25	21,425.88	5,793.43
TOTAL	346,816.49	296,724.99	190,352.37	115,395.76	76,550.74	44,362.56

PNB HOUSING FINANCE LIMITED

STATEMENT OF RESTATED PROFIT AND LOSS

Particulars	For the Period Ended 30-June-16 Rs. in Mn	For the Year ended 31-Mar-16 Rs. in Mn	For the Year ended 31-Mar-15 Rs. in Mn	For the Year ended 31-Mar-14 Rs. in Mn	For the Year ended 31-Mar-13 Rs. in Mn	For the Year ended 31-Mar-12 Rs. in Mn
INCOME						
Revenue from Operations	8,634.36	26,995.43	17,803.83	11,203.22	6,663.02	4,610.00
TOTAL REVENUE	8,634.36	26,995.43	17,803.83	11,203.22	6,663.02	4,610.00
EXPENSES						
Interest Expenses and Other Charges	6,079.88	18,602.85	12,648.43	8,015.99	4,619.50	3,143.98
Employee Benefit Expense	221.15	752.83	670.63	404.01	254.20	154.20
Office Operating Expenses	160.47	564.32	448.07	254.69	173.80	103.04
Other Expenses	374.56	1,070.96	628.31	401.28	193.67	87.61
Depreciation & Amortisation	44.67	150.40	82.82	33.10	9.74	2.24
Provision for Doubtful Debts & Contingencies	272.81	785.76	370.84	224.44	99.17	35.01
Bad Debts Written Off/Business Loss	7.00	25.51	10.23	79.87	25.50	27.74
TOTAL EXPENSES	7,160.54	21,952.63	14,859.33	9,413.38	5,375.58	3,553.82
PROFIT BEFORE TAX FOR THE PERIOD	**1,473.82**	**5,042.80**	**2,944.50**	**1,789.84**	**1,287.44**	**1,056.18**
Less: Provision for Taxation						
-Current Tax	511.80	1,659.96	914.66	506.82	349.17	291.72
-Deferred Tax (Net)	1.74	107.18	89.14	(13.95)	10.07	(10.00)
PROFIT AFTER TAX FOR THE PERIOD	960.28	3,275.66	1,940.70	1,296.97	928.20	774.46
Earnings Per Share:						
-Basic (in ₹) (Face value of ₹ 10 each)	7.57	27.58	24.15	25.87	19.55	21.24
-Diluted (in ₹) (Face value of ₹ 10 each)	7.57	27.58	24.15	25.87	18.81	16.83

PNB HOUSING FINANCE LIMITED

RESTATED CASH FLOW STATEMENT

(Indirect Method)

	For the Period ended 30-June-16 Rs. in Mn	For the Year ended 31-Mar-16 Rs. in Mn	For the Year ended 31-Mar-15 Rs. in Mn	For the Year ended 31-Mar-14 Rs. in Mn	For the Year ended 31-Mar-13 Rs. in Mn	For the Year ended 31-Mar-12 Rs. in Mn
CASH FLOW FROM OPERATING ACTIVITIES						
Profit before tax	1,473.82	5,042.80	2,944.50	1,789.84	1,287.44	1,056.18
Adjustment for non-cash item/items, to be disclosed seperately						
Add: Depreciation	44.67	150.40	82.82	33.10	9.74	2.24
Loss/(Profit) on sale of fixed assets	-	1.18	2.20	2.55	0.60	0.31
Provision for Doubtful Debts & Contingencies	272.81	785.76	370.84	224.83	99.17	35.01
Bad debts written off/ Business Loss	7.00	25.51	10.23	79.87	25.50	27.74
	324.48	962.85	466.09	340.35	135.01	65.30
Operating Profits before Changes in Working Capital	1,798.30	6,005.65	3,410.59	2,130.19	1,422.45	1,121.48
Adjustment for Changes in working capital and provisions						
Increase/ (Decrease) in Trade Payables	176.95	181.20	350.42	150.15	34.37	15.30
Increase/ (Decrease) in Long-Term Provision	(0.02)	23.91	16.85	4.19	0.63	2.76
Increase/ (Decrease) in Short-Term Provision	0.00	0.79	1.07	(23.19)	11.02	17.27
Increase/ (Decrease) in Other Current Liabilities	9,716.98	4,993.36	2,292.89	327.47	982.67	288.67
Increase/ (Decrease) in Other Long-Term Liabilities	116.19	(1,006.76)	1,575.39	821.70	472.27	80.77
(Increase)/ Decrease in Long-Term Loans & advances	(35,168.84)	(112,439.37)	(57,425.47)	(32,606.83)	(16,167.89)	(8,774.36)
(Increase)/ Decrease in Short-Term Loans & advances	(76.11)	2.99	(116.10)	9.29	(15.31)	0.02
(Increase)/ Decrease in Other Non-Current Assets	(323.71)	(633.32)	(602.68)	(307.10)	(252.73)	(43.55)
(Increase)/ Decrease in Other Current Assets	(2,542.93)	6,600.74	(5,761.59)	(7,124.90)	(10,481.00)	605.90
Investments (Net)	5,323.27	(363.35)	(9,405.03)	1,314.18	(3,986.07)	(675.30)
(Increase)/ Decrease in Other Bank Balances	(6,381.71)	1,643.89	(1,325.46)	(479.10)	(657.62)	401.26
	(29,159.92)	(100,995.92)	(70,399.71)	(37,914.14)	(30,059.66)	(8,081.26)
Cash Generated from Operations	**(27,361.62)**	**(94,990.27)**	**(66,989.12)**	**(35,783.95)**	**(28,637.21)**	**(6,959.78)**
Taxes Paid (net of refunds)	(533.94)	(1,654.43)	(893.72)	(487.56)	(371.08)	(322.88)
CSR expenses	-	-	(26.96)	-	-	-
A. NET CASH USED IN OPERATING ACTIVITIES	**(27,895.56)**	**(96,644.70)**	**(67,909.80)**	**(36,271.51)**	**(29,008.29)**	**(7,282.66)**
CASH FLOW USED IN INVESTING ACTIVITIES						
Purchase of Fixed Assets	(63.35)	(197.15)	(374.77)	(147.66)	(137.30)	(28.47)
Sale of Fixed Assets	-	0.70	1.37	1.01	0.99	0.68
	(63.35)	(196.45)	(373.40)	(146.65)	(136.31)	(27.79)
B NET CASH USED IN INVESTING ACTIVITIES	**(63.35)**	**(196.45)**	**(373.40)**	**(146.65)**	**(136.31)**	**(27.79)**
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from borrowings -Bonds	5,900.00	50,150.00	11,000.00	15,000.00	9,000.00	4,000.00
-Banks	21,220.33	6,900.00	30,706.95	26,424.00	23,316.90	7,668.50
-Unsecured Loans (net)	11,926.23	57,690.39	46,471.17	5,926.78	6,535.33	1,372.33
Repayment of borrowings -Bonds		(1,000.00)	(850.00)	(1,500.00)	(2,160.00)	(120.00)
-Banks	(200.00)	(18,411.29)	(23,597.17)	(11,727.83)	(6,962.38)	(5,689.85)
Proceeds from issue of Share Capital	-	230.77	381.54	156.92	-	-
Share Premium Received	-	2,769.23	4,578.46	1,883.07	-	-
Share Premium Utilised	-	-	(10.06)	-	-	-
Dividend paid (including dividend distrubution tax)	-	(290.11)	(175.95)	(120.05)	(76.71)	(76.71)
C. NET CASH FROM FINANCING ACTIVITIES	**38,846.56**	**98,038.99**	**68,504.94**	**36,042.89**	**29,653.14**	**7,154.27**
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**10,887.65**	**1,197.84**	**221.74**	**(375.27)**	**508.54**	**(156.18)**
Cash or Cash equivalents (Opening Balance)	1,667.07	469.24	247.50	622.77	114.23	270.41
Cash or Cash equivalents (Closing Balance)	12,554.72	1,667.07	469.24	247.50	622.77	114.23
NET INCREASE OF CASH OR CASH EQUIVALENTS DURING THE PERIOD	**10,887.65**	**1,197.84**	**221.74**	**(375.27)**	**508.54**	**(156.18)**

NOTE : Minus (-) denotes application of cash

THE ISSUE

The following table summarizes the Issue details[#]:

Issue[(1)]	**38,733,870 Equity Shares aggregating to ₹ 30,000 million**
The Issue consists of:	
Fresh Issue	38,733,870 Equity Shares aggregating to ₹ 30,000 million
Of which: Employee Reservation Portion[#(2)]	250,000 Equity Shares
Accordingly,	
The Net Issue	38,483,870 Equity Shares
Of which:	
A. QIB Category[(3)] *Of which:*	19,241,934 Equity Shares
Anchor Investor Portion[(4)] *Of which:*	11,537,902 Equity Shares
Mutual Fund Portion	385,202 Equity Shares
Balance for all QIBs including Mutual Funds	7,318,830 Equity Shares
B. Non-Institutional Category[(3)]	Not less than 5,772,581 Equity Shares
C. Retail Category[(2)(3)]	Not less than 13,469,355 Equity Shares
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	126,923,000 Equity Shares
Equity Shares outstanding after the Issue	165,656,870 Equity Shares
Use of proceeds of this Issue	For details, see "***Objects of the Issue***" on page 85.

[#] *Subject to finalisation of basis of allotment.*

(1) *The Issue has been authorised by our Board pursuant to its resolution dated March 19, 2016, and by our shareholders pursuant to their resolution dated April 22, 2016. Our Promoter, PNB, had, by its letter dated December 2, 2015 to the RBI in relation to the Issue, communicated to the RBI that, upon completion of the Issue, our Promoter's holding in our Company would be greater than 30% of the equity share capital of our Company. Pursuant to this, the RBI had recommended the Ministry of Finance, Department of Financial Services to grant our Promoter an exemption from the provisions of Section 19 (2) of the Banking Regulation Act in relation to the Issue and subsequently, the Ministry of Finance, Department of Financial Services, Government of India, on the recommendation of the Reserve Bank of India, and in exercise of its powers under Section 53 (1) of the Banking Regulation Act, has issued a notification dated June 14, 2016 (the "**Exemption Notification**") relating to the applicability of Section 19(2) of the Banking Regulation Act to our Promoter's shareholding in our Company upon completion of the Issue. Further, by a corrigendum dated September 1, 2016 with respect to the Exemption Notification, the Ministry of Finance, Department of Financial Services has clarified that provision of Section 19(2) of the Banking Regulation Act shall not apply to our Promoter, PNB in so far as it relates to PNB's shareholding exceeding 30% of the equity share capital of our Company.*

(2) *Employee Discount of ₹ 75 per Equity Share to the Issue Price has been offered to the Eligible Employees bidding in the Employee Reservation Portion.*

(3) *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Category or the Retail Category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the GCBRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Category will not be allowed to be met with spill-over from other categories or a combination of categories. The Net Issue shall constitute at least 10% of the fully diluted post-Issue paid up equity share capital of our Company.*

(4) *Our Company, in consultation with the GCBRLMs, allocated up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion would be added back to the QIB Category. For further details, see the "**Issue Procedure**" on page 322.*

Note: Pursuant to Rule 19 (2) (b) of the SCRR, the Net Issue is being made for at least 10% of the post-Issue paid-up equity share capital of our Company. Retail Individual Bidders had to ensure that the Bid Amount did not exceed ₹ 200,000. Retail Individual Bidders had to mention the Bid Amount while filling the "SCSB/Payment Details" block in the Bid cum Application Form.

GENERAL INFORMATION

Our Company was incorporated as "PNB Housing Finance Private Limited" on November 11, 1988, 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, our name 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. For details of change in name and Registered and Corporate Office of our Company, see "***History and Certain Corporate Matters***" on page 164.

Registration Number: 55-33856

Corporate Identity Number: U65922DL1988PLC033856

Registered and Corporate Office
Address: 9th Floor, Antriksh Bhavan,
22, Kasturba Gandhi Marg,
New Delhi, 110001
India
Telephone: +91 11 23357171/172
Facsimile: +91 11 23357173
Website: www.pnbhousing.com

Address of the Registrar of Companies
Our Company is registered with the Registrar of Companies, National Capital Territory of Delhi and Haryana, located at the following address:

Registrar of Companies, National Capital Territory of Delhi and Haryana
Address: 4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi - 110019

Board of Directors

The following table sets out the details regarding our Board as on the date of filing of this Prospectus:

Name, Designation and Occupation	Age (years)	DIN	Address
Ms. Usha Ananthasubramanian *Designation:* Chairperson	57	02784580	20, Rajdoot Marg, Chanakya Puri, New Delhi, 110021, India
Mr. Sanjaya Gupta *Designation:* Managing Director	53	02939128	K-74 A, Second Floor, Hauz Khas Enclave New Delhi-110016,India
Dr. Ram S. Sangapure *Designation:* Non- Executive Director	58	003297417	A-265, Ganpat Andalkar Block, Asiad Village Complex, New Delhi, 110049, India
Mr. Sunil Kaul *Designation:* Non –Executive Director	56	05102910	2A, Lincoln Road 29-09 Park Infinia, Singapore -308364
Mr. Devinjit Singh *Designation:* Non –Executive Director	49	02275778	101-A, 10th Floor, Mehar Apartment, Anstey Road, Off Altamount Road, Mumbai, 400026, Maharashtra, India

Name, Designation and Occupation	Age (years)	DIN	Address
Mr. Tejinder Singh Laschar *Designation:* Independent Director	69	00226860	C-287, 1st Floor, Defence Colony, New Delhi, 110024, India
Mr. Shital Kumar Jain *Designation:* Independent Director	77	00047474	5/10, 2nd Floor, Shanti Niketan New Delhi, 110021, India
Mr. Chandrasekaran Ramakrishnan *Designation:* Independent Director	58	00580842	Sruthi, 1-C, 4th Street, Dr. Radhakrishnan Salai, Mylapore, Chennai, 600004, Tamil Nadu, India
Dr. Gourav Vallabh *Designation:* Independent Director	39	02972748	Adarsh Nagar, Near Government Hospital, Pipar City, District Jodhpur, 342601, Rajasthan, India
Mr. Nilesh S. Vikamsey *Designation:* Independent Director	52	00031213	184, Tower A, Kalapataru Habitat, Tower-A, Dr. SS Rao, Road, Parel, Mumbai, 400012, Maharashtra, India

For brief profiles and further details of our Directors, see "***Our Management***" on page 169.

Chief Financial Officer

Mr. Jayesh Jain is the Chief Financial Officer of our Company. His contact details are as follows:

Mr. Jayesh Jain
9th Floor, Antriksh Bhavan
22 Kasturba Gandhi Marg, New Delhi 110 001, India
Telephone: +91 11 23354205
Facsimile: +91 11 23357173
E-mail: jayesh.jain@pnbhousing.com

Company Secretary and Compliance Officer

Mr. Sanjay Jain is the Company Secretary and Compliance Officer. His contact details are as follows:

Mr. Sanjay Jain
9th Floor, Antriksh Bhavan
22 Kasturba Gandhi Marg, New Delhi 110 001, India
Telephone: +91 11 23354206
Facsimile: +91 11 23357173
E-mail: sanjay.jain@pnbhousing.com

Investors can contact the Company Secretary and Compliance Officer, the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode etc. For all Issue related queries and for redressal of complaints, investors may also write to the Global Coordinators and Book Running Lead Managers.

All grievances, other than of Anchor Investors may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary(ies) with whom the ASBA Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid

Amount was blocked, date of Bid cum Application Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the Global Coordinators and Book Running Lead Managers where the Bid cum Application Form was submitted by the Anchor Investor.

Global Coordinators and Book Running Lead Managers

Kotak Mahindra Capital Company Limited 27 BKC, 1st Floor, Plot No. C - 27 "G" Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 **Telephone:** +91 22 43360000 **Facsimile:** +91 22 67132447 **E-mail:** pnbhf.ipo@kotak.com **Investor Grievance E-mail:** kmccredressal@kotak.com **Website:** www.investmentbank.kotak.com **Contact Person:** Ganesh Rane **SEBI Registration No.:** INM000008704	**DSP Merrill Lynch Limited** Ground Floor, "A" Wing, One BKC, "G" Block Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Maharashtra, India **Tel**: 91 22 6632 8000 **Fax**: +91 22 2204 8518 **E-mail**: dg.pnbhousingfinance_ipo@baml.com **Website**: www.dspml.com **Investor Grievance E-mail**: dg.india_merchantbanking@baml.com **Contact Person**: Chirag Jain **SEBI Registration No**.: INM000011625
JM Financial Institutional Securities Limited 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 **Telephone:** +91 22 66303030 **Facsimile:** +91 2266303330 **E-mail:** pnbhf.ipo@jmfl.com **Investor Grievance E-mail:** grievance.ibd@jmfl.com **Website:** www.jmfl.com **Contact Person:** Lakshmi Lakshmanan **SEBI Registration No.:** INM000010361	**J.P. Morgan India Private Limited** J.P. Morgan Tower, Off C.S.T. Road Kalina Santacruz (East) Mumbai 400 098 **Telephone:** +91 22 6157 3000 **Facsimile:** +91 22 6157 3911 **E-mail:** pnbhousing_ipo@jpmorgan.com **Investor Grievance E-mail:** investorsmb.jpmipl@jpmorgan.com **Website:** www.jpmipl.com **Contact Person:** Prateeksha Runwal **SEBI Registration No.:** INM000002970
Morgan Stanley India Company Private Limited 18F, Tower 2, One Indiabulls Centre 841, Senapati Bapat Marg Mumbai 400 013 **Telephone:** +91-22-6118-1770 **Facsimile:** +91-22-6118-1031 **E-mail:** project_shakti@morganstanley.com **Investor Grievance E-mail:** investors_india@morganstanley.com **Website: http://www.morganstanley.com/about-us/global-offices/india** **Contact Person:** Rahul Jain **SEBI Registration No.:** INM000011203	

Statement of inter-se allocation of responsibilities among the Global Coordinators and Book Running Lead Managers

The responsibilities and coordination by the GCBRLMs for various activities in the Issue are as follows:

S. No	Activity	Responsibility	Co-ordinator
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/ management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The GCBRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	Kotak
2.	Drafting and approval of all statutory advertisement and application form.	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	Morgan Stanley
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc.	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	J.P. Morgan
4.	Appointment of Intermediaries – Registrar to the Issue, Advertising Agency, Printers, Bankers to the Issue and Monitoring Agency (including coordinating all agreements to be entered with such parties)	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	DSP Merrill Lynch
5.	Non-Institutional and retail marketing of the Issue, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy; • Finalising centres for holding conferences for brokers, etc; • Follow-up on distribution of publicity and Issue material including form, the Prospectus and deciding on the quantum of the Issue material; and • Finalising collection centres	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	JM Financial
6.	Domestic Institutional marketing of the Issue, which will cover, *inter alia*: • Institutional marketing strategy • Finalizing the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show and investor meeting schedule	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	Kotak
7.	International Institutional marketing: (a) finalising the list and division of international investors for one-to-one meetings; and (b) finalizing international road show and investor meeting schedule	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	J.P. Morgan
8.	Preparation of the road show presentation, road show script and FAQs	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	Morgan Stanley
9.	Coordination with Stock Exchanges for book building software, anchor investor portion, bidding terminals, mock trading, payment of 1% security deposit	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	J.P. Morgan
10.	Managing the book.	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	DSP Merrill Lynch
11.	Post issue activities, which shall involve: • essential follow up steps, advising the Issuer about the closure of the Issue based on the bid file, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, demat credit etc, including coordination with various agencies connected with the intermediaries such as registrars to the issue; • responsibility for underwriting agreements, as applicable	Kotak, DSP Merrill Lynch, JM Financial, J.P. Morgan, Morgan Stanley	JM Financial

S. No	Activity	Responsibility	Co-ordinator
	• coordinating with Stock Exchanges and SEBI for releasing 1% security deposit post closure of the Issue.		

Syndicate Members

Kotak Securities Limited
Address: 12-BKC, Plot no. C-12
G Block, Bandra Kurla Complex
Bandra (E), Mumbai – 400 051
Maharashtra, India
Telephone: +91 022 6218 5470
Facsimile: +91 022 6661 7041
Website: www.kotak.com
Contact Person: Mr. Umesh Gupta
SEBI Registration Number: INB230808130/INB010808153

JM Financial Services Limited
Address: 2, 3 and 4 Kamanwala Chambers
Sir P M Road, Fort
Mumbai – 400 001
Maharashtra, India
Telephone: +91 022 6136 3400
Facsimile: +91 022 2266 5902
Website: www.jmfinancialservices.in
Contact Person: Mr. Surajit Misra/ Mr. Deepak Vaidya
SEBI Registration Number: INB 231054835/INB 011054831

Legal Counsel to the Company as to Indian Law

Shardul Amarchand Mangaldas & Co
Address: Amarchand Towers
216 Okhla Industrial Estate Phase – III
New Delhi 110 020, India
Telephone: +91 11 4159 0700
Facsimile: +91 11 2692 4900

Legal Counsel to the GCBRLMs as to Indian Law

Cyril Amarchand Mangaldas
Address: 4th Floor, GYS Platinum
D-3, District Centre, Saket
New Delhi, 110 017, India
Telephone: +91 11 66229000
Facsimile: +91 11 66229009

International Legal Counsel to the GCBRLMs

Ashurst Hong Kong
Address: 11/F Jardine House
1 Connaught Place
Central, Hong Kong
Telephone: +852 2846 8989
Facsimile: + 852 2868 0898

Registrar to the Issue

Link Intime India Private Limited
Address: C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West) Mumbai 400 078

Maharashtra, India
Telephone: +91 22 61715400
Facsimile: +91 22 2596 0329
Investor Grievance E-mail: pnbhfl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Advisor to the Issue

PNB Investment Services Limited
Address: 10, Rakesh Deep Building
Yusuf Sarai Commercial Complex
Gulmohar Enclave
New Delhi, India
Telephone: + 91 11 41032929
Fascimile: + 91 11 41035057

Anchor Escrow and Refund Bank

HDFC Bank Limited
Address: FIG – OPS Department
Lodha I – Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East), Mumbai – 400 042
India
Telephone: +91 22 30752927/2928/2914
Fascimile: +91 22 25799801
Email:siddharth.jadhav@hdfcbank.com/ figdelhi@hdfcbank.com/ sameer.chowdhry@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Siddharth Jadhav/ Vincent D'Souza
SEBI Registration No.: INBI00000063

Self Certified Syndicate Banks

The list of SCSBs is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries on the SEBI website, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs with which a Bidder (other than an Anchor Investor), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, may submit the Bid cum Application Forms is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries on the SEBI website, and at such other websites as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Auditors to our Company

B.R. Maheswari & Co., Chartered Accountants
Address: M -118, Connaught Circus, New Delhi 110001
Telephone: + 91 11 4340 2222
Facsimile: +91 11 2341 5796
E-mail: akshay@brmco.com
ICAI Firm Registration Number: 001035N
Peer Review Number: 008381

Our Statutory Auditors, by a certificate dated October 14, 2016 have confirmed that they hold a valid peer review certificated dated July 20, 2015, issued by the Peer Review Board of the Institute of Chartered Accountants of India, New Delhi.

Bankers to our Company

Punjab National Bank, **Address:** 74, Janpath, New Delhi -110001 **Telephone:** +91 011 49309114, 49309120 **Facsimile:** +91 011 49309114 **E-mail:** bo0131@pnb.co.in **Website:** https://www.pnbindia.in **Contact Person:** Mr. D.S. Arora and Ms. Sakshi Aggarwal	ICICI Bank Limited, **Address:** 9A, Phelps Building, Connaught Place, New Delhi - 110001 **Telephone:** +91 11 66310389 **Facsimile:** +91 11 66310410 **E-mail:** vibhor.mamgain@icicibank.com **Website:** http://www.icicibank.com **Contact Person:** Mr. Vibhor Mamgain
Vijaya Bank, **Address:** B/14, Ground Floor, Chirag Enclave, Near Nehru Place, New Delhi - 110048 **Telephone:** +91 11 26220127 **Facsimile:** +91 11 26215436 **E-mail:** vb6035@vijayabank.co.in **Website:** https://www.vijayabank.com **Contact Person:** Mr. Atul Krishan Aggarwal	United Bank of India, **Address:** Connaught Circus Branch, New Delhi **Telephone:** +91 011 23360660, 23360661 **Facsimile:** +91 11 23347012 **E-mail:** bmcon@unitedbank.co.in **Website:** http://www.unitedbankofindia.com **Contact Person:** Mr. Biswajit Mohanti
State Bank of India, **Address:** Overseas Branch, 7th -9th Floor, Jawahar Vyapar Bhawan,-1 Tolstoy Marg, New Delhi -110001 **Telephone:** +91 11 23374916 **Facsimile:** +91 11 23755180 **E-mail:** sbi.04803@sbi.co.in **Website:** https://www.onlinesbi.com **Contact Person:** Mr. Bhagwat S. Rana	HDFC Bank Limited, **Address:** Second Floor, Indian Express Building, Bahadur Shah Zafar Marg, New Delhi -110002 **Telephone:** +91 011 30261901 **Facsimile:** +91 011 30261901 **E-mail:** kanika.jaswal@hdfcbank.com **Website:** http://www.hdfcbank.com/ **Contact Person:** Mrs. Kanika Jaswal
Barclays Bank PLC, **Address:** 8F, Ceejay House, Dr. AB Road, Worli, Mumbai 400027 **Telephone:** +91 22 67196100 **Facsimile:** +91 22 67196185 **E-mail:** hardik.dalal@barclays.com **Website:** https://www.barclaysindia.com **Contact Person:** Mr Hardik Dalal	Yes Bank, **Address:** 48-Nyaya Marg Chanakyapuri, New Delhi - 110021 **Telephone:** +91 66569000 **Facsimile:** +91 41680144 **E-mail:** rishi.batish@yesbank.in **Website:** https://www.yesbank.in **Contact Person:** Mr. Rishi Batish
Australia and New Zealand Banking Group, **Address:** Cnergy, Unit A Sixth Floor Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025 **Telephone:** +91 22 33620040 **Facsimile:** +91 22 3362007 **E-mail:** arshad.khan@anz.com **Website:** http://www.anz.com/personal/ **Contact Person:** Mr. Arshad Khan	Kotak Mahindra Bank, **Address:** Kotak Aerocity, Asset Area 9, Second Floor, Ibis Commercial Block, Hospitality District, Near IGI Airport, New Delhi 110037 **Telephone:** +91 11 66176001 **Facsimile:** +91 11 66084595 **E-mail:** Akshay.s@kotak.com **Website:** https://www.kotak.com **Contact Person:** Mr. Akshay Saxena

Axis Bank Limited, **Address:** Statesman House, 148, Barakhamba Road, Connaught Place, New Delhi -110001 **Telephone:** +91 9582800072 **Facsimile:** +91 11 23311054 **E-mail:** newdelhi.operationshead@axisbank.com **Website:** https://www.axisbank.com **Contact Person:** Mr. Anil Sharma	Bank of Maharashtra, **Address:** 17/45A, Wea, Karol Bagh, Delhi -110005 **Telephone:** +91 011 28753622, 28758621 **Facsimile:** +91 011 28758629 **E-mail:**brmgr140@mahabank.co.in, bom140@mahabank.co.in **Website:** http://www.bankofmaharashtra.in **Contact Person:** Mr. Suryakant Sawant

Grading of the Issue

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Issue.

Monitoring Agency

Our Company is raising capital to meet future capital adequacy related requirements and not for any specified project(s). Our Board and Monitoring Agency will monitor the utilisation of the proceeds of the Issue. 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 investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant Fiscal.

Our Company has appointed HDFC Bank Limited, as the Monitoring Agency, in accordance with Regulation 16 of the SEBI ICDR Regulations.

Address: HDFC Bank Limited
FIG – OPS Department
Lodha I – Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East), Mumbai – 400 042
India
Telephone: +91 22 30752927/2928/2914
Fascimile: +91 22 25799801
Email:siddharth.jadhav@hdfcbank.com/ figdelhi@hdfcbank.com/ sameer.chowdhry@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Siddharth Jadhav/ Vincent D'Souza

Expert

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received consent from the Auditors namely, M/s B.R. Maheswari & Co, to include their name as required under Section 26 (1) (a) (v) of the Companies Act 2013 and as "experts" as defined under Section 2 (38) of the Companies Act 2013 to the extent and in their capacity as an auditor and in respect of their examination report dated October 4, 2016 on our restated financial statements and their report dated October 14, 2016 on the '***Statement of Tax Benefits'*** included in this Prospectus, and such consent has not been withdrawn as of the date of this Prospectus.

Our Company has received written consent from (a) ICRA Management Consulting Services Limited dated June 27, 2016, in relation to the report titled "Housing Finance Industry in India" and (b) CRISIL Research dated June 28, 2016, in relation to the report titled "Retail – Finance Housing Annual Review, 2016", to include their names in this Prospectus.

Credit Rating

As the issue is of Equity Shares, credit rating is not required.

Trustees

As the issue is of Equity Shares, the appointment of trustees is not required.

Book Building Process

"Book building" refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the ASBA Forms within the Price Band. The Price Band and minimum Bid lot was decided by our Company in consultation with the GCBRLMs, and advertised in all editions of Financial Express (a widely circulated English national newspaper) and all editions of Jansatta (a widely circulated Hindi national newspaper, Hindi also being the regional language in the place where our Registered and Corporate Office is located), at least five Working Days prior to the Bid Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their respective website. The Issue Price has been determined by our Company in consultation with the GCBRLMs, after the Bid Closing Date. The principal parties involved in the Book Building Process are:

(1) our Company;
(2) the GCBRLMs;
(3) the Syndicate Members;
(4) the Registrar to the Issue;
(5) the Registrar and Share Transfer Agents/ RTAs
(6) the SCSBs and Registered Brokers;
(7) the Collecting Depository Participants; and
(8) the Anchor Escrow and Refund Bank.

Such number of Equity Shares representing 5% of the QIB Category (other than Anchor Investor Category) is available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Category (other than Anchor Investor Category) is available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue is available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue is available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. Further, 250,000 Equity Shares are available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Issue Price.

Any unsubscribed Equity Shares in the Employee Reservation Portion shall be added to the Net Issue. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Category or the Retail Category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the GCBRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Category will not be allowed to be met with spill-over from other categories or a combination of categories. The Issue constitutes at least 10% of the fully diluted post-Issue paid up equity share capital of our Company.

All investors, other than Anchor Investors, shall participate in this Issue only through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs.

QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the price) at any stage. Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion can revise their Bid(s) during the Bid/Issue Period and withdraw their Bid(s) until Bid/Issue Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date. Except Allocation to Retail Individual Investors and the Anchor Investors, Allocation in the Issue will be on a proportionate basis. For further details, see "***Issue Structure***" on page 314.

Our Company will comply with the SEBI ICDR Regulations and any other directions issued by SEBI for this Issue.

The Book Building Process and the ASBA process under the SEBI ICDR Regulations is subject to change. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Investors should note the Issue is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

Steps to be taken by the Bidders for Bidding:

- Check eligibility for making a Bid. For further details, see "***Issue Procedure – Who can Bid****?*" on page 323.
- Ensure that you have an active dematerialized account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective form;
- Except for bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, for Bids of all values ensure that you have mentioned your PAN allotted under the IT Act in the Bid cum Application Form (see "***Issue Procedure***" on page 322). The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims;
- Ensure the correctness of your PAN, DP ID and Client ID given in the Bid cum Application Form. Based on these parameters, the Registrar will obtain the Demographic Details of the Bidders from the Depositories. Ensure the correctness of your Demographic Details given in the Bid cum Application Form, with the details recorded with your Depository Participant;
- Bidders (other than Anchor Investor) may submit their Bid cum Application Forms to the Bidding Centers of the relevant Designated Intermediaries. It needs to be ensured that the SCSB where the ASBA Account (as specified in the Bid cum Application Form) is maintained has named at least one branch at the Specified Location for the members of the Syndicate, the Broker Centre, the Designated RTA Location or the Designated CDP Locations, respectively, to deposit Bid cum Application Forms. Bids by Anchor Investors may be submitted only to the Syndicate in physical mode;
- Bidders (other than Anchor Investor) may submit their Bid cum Application Forms in physical mode to the Syndicate at the Specified Locations, to the Registered Brokers at the Broker Centres, to the RTAs at the Designated RTA Locations or to the CDPs at the Designated CDP Locations and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. Bidders (other than Anchor Investor) should ensure that the ASBA Accounts have adequate credit balance at the time of submission to the Designated Intermediaries to ensure that the Bid cum Application Form is not rejected;
- Except in respect of Anchor Investors, bids must be submitted through the ASBA process only;
- Bids by QIBs (except Anchor Investors) and Non-Institutional Investors shall be submitted only through the ASBA process.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue, and does not illustrate bidding by Anchor Investors)

Bidders can Bid at any price within the Price Band. For instance, assuming a price band of ₹ 20 to ₹ 24 per share, an issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the Bidding Centres during the bid period. The illustrative book as shown below indicates the demand for the shares of the issuer company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. Our Company, in consultation with Global Coordinators and Book Running Lead Managers, will finalise the Issue Price at or below such cut-off, i.e., at or below ₹ 22. All bids at or above the Issue Price and cut-off price are valid bids and are considered for allocation in the respective categories.

Underwriting Agreement

After the determination of the Issue Price and allocation of Equity Shares, but prior to filing of the Prospectus with the RoC, our Company has entered into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Global Coordinators and Book Running Lead Managers shall be responsible for bringing in the amount devolved in the event the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI ICDR Regulations. As per the Underwriting Agreement, the Anchor Investor Portion will not be underwritten by the Underwriters. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated November 1, 2016. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Details of the Underwriters	Indicative Number of Equity Shares to be Underwritten*	Amount Underwritten (In ₹ million)
Kotak Mahindra Capital Company Limited 27 BKC, 1st Floor, Plot No. C - 27 "G" Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 **Telephone:** +91 22 43360000 **Facsimile:** +91 22 67132447 **E-mail:** pnbhf.ipo@kotak.com	7,746,674	5999.92
DSP Merrill Lynch Limited Ground Floor, “A” Wing, One BKC, “G” Block Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Maharashtra, India **Tel**: 91 22 6632 8000 **Fax**: +91 22 2204 8518 **E-mail**: dg.pnbhousingfinance_ipo@baml.com	7,746,774	6000.00
JM Financial Institutional Securities Limited 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 **Telephone:** +91 22 66303030 **Facsimile:** +91 2266303330 **E-mail:** pnbhf.ipo@jmfl.com	7,746,674	5999.92
J.P. Morgan India Private Limited J.P. Morgan Tower, Off C.S.T. Road Kalina Santacruz (East) Mumbai 400 098 **Telephone:** +91 22 6157 3000 **Facsimile:** +91 22 6157 3911 **E-mail:** pnbhousing_ipo@jpmorgan.com	7,746,774	6000.00
Morgan Stanley India Company Private Limited	7,746,774	6000.00

18F, Tower 2, One Indiabulls Centre 841, Senapati Bapat Marg Mumbai 400 013 **Telephone:** +91-22-6118-1770 **Facsimile:** +91-22-6118-1031 **E-mail:** project_shakti@morganstanley.com		
Kotak Securities Limited **Address:** 12-BKC, Plot no. C-12 G Block, Bandra Kurla Complex Bandra (E), Mumbai – 400 051 Maharashtra, India **Telephone**: +91 022 6218 5470 **Facsimile**: +91 022 6661 7041 **E-mail**: umesh.gupta@kotak.com	100	0.08
JM Financial Services Limited **Address:** 2, 3 and 4 Kamanwala Chambers Sir P M Road, Fort Mumbai – 400 001 Maharashtra, India **Telephone**: +91 022 6136 3400 **Facsimile**: +91 022 2266 5902 **E-mail**: Surajit.misra@jmfl.com/deepak.vaidya@jmfl.com	100	0.08

**Based on the subscription received and pursuant to the Underwriting Agreement, the number of Equity Shares offered pursuant to the Issue is 38,733,870 Equity Shares.*

The above-mentioned amount is indicative and will be finalised after actual allocation and is subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or are registered as brokers with the Stock Exchanges.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement.

In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Prospectus, is set forth below.

(In ₹)

		Aggregate nominal value	Aggregate value at Issue Price
A)	**AUTHORISED SHARE CAPITAL**		
	500,000,000 Equity Shares of ₹ 10 each	5,000,000,000	
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE***		
	126,923,000 Equity Shares	1,269,230,000	
C)	**ISSUE**[**#]		
	Issue of 38,733,870 Equity Shares aggregating to ₹ 30,000 million**	387,338,700	3,000,000,000
	Of which		
	Employee Reservation Portion of 250,000 Equity Shares	2,500,000	175,000,000
	Accordingly, the Net Issue		
	Of which		
	QIB Category of 19,241,934 Equity Shares***	192,419,340	14,912,498,850
	Of which:		
	- 385,202 Equity Shares is available for allocation to Mutual Funds only	3,852,020	298,531,550
	- 7,318,830 Equity Shares is available for all QIBs including Mutual Funds	73,188,300	5,672,093,250
	Non-Institutional Category of not less than 5,772,581 Equity Shares	57,725,810	4,473,750,275
	Retail Category of not less than 13,469,355 Equity Shares	134,693,550	10,438,750,125
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**		
	165,656,870 Equity Shares of ₹ 10 each	1,656,568,700	
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue		10,458,636,407
	After the Issue		40,071,296,957

[#] *Subject to finalisation of basis of allotment.*

* *For details of the changes in the authorized share capital of our Company, see "**History and Certain Corporate Matters**" on page* 164

** *The Issue has been authorised by our Board pursuant to its resolution dated March 19, 2016, and by our shareholders pursuant to their resolution dated April 22, 2016. Our Promoter, PNB, had, by its letter dated December 2, 2015 to the RBI in relation to the Issue, communicated to the RBI that, upon completion of the Issue, our Promoter's holding in our Company would be greater than 30% of the equity share capital of our Company. Pursuant to this, the RBI had recommended the Ministry of Finance, Department of Financial Services to grant our Promoter an exemption from the provisions of Section 19 (2) of the Banking Regulation Act in relation to the Issue and subsequently, the Ministry of Finance, Department of Financial Services, Government of India, on the recommendation of the Reserve Bank of India, and in exercise of its powers under Section 53 (1) of the Banking Regulation Act, has issued a notification dated June 14, 2016 (the "**Exemption Notification**") relating to the applicability of Section 19(2) of the Banking Regulation Act to our Promoter's shareholding in our Company upon completion of the Issue. Further, by a corrigendum dated September 1, 2016 with respect to the Exemption Notification, the Ministry of Finance, Department of Financial Services has clarified that provision of Section 19(2) of the Banking Regulation Act shall not apply to our Promoter, PNB in so far as it relates to PNB's shareholding exceeding 30% of the equity share capital of our Company.*

*** *Our Company, in consultation with the GCBRLMs, allocated up to 60% of the QIB Category, consisting of 11,537,902 Equity Shares, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In case of under-subscription in the Anchor Investor Portion, the remaining Equity Shares will be added to the QIB Category. For more information, see "**Issue Procedure**" on page 322.*

Changes in our Authorised Share Capital

See "***History and Certain Corporate Matters***" on page 164 for details of the changes in the authorised share capital of our Company.

Notes to Capital Structure

1. Share Capital History

(a) History of equity share capital of our Company

The following table sets forth the history of the equity share capital of our Company.

Date of allotment*/ buy-back	Number of equity shares	Face value (₹)	Issue price/ buy-back price (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
November 11, 1988	20	10	10	Cash	Subscription to the MoA(1)	20	200
December 28, 1988	9,999,980	10	10	Cash	Further Issue(2)	10,000,000	100,000,000
March 31, 1999	20,000,000	10	10	Cash	Rights Issue(3)	30,000,000	300,000,000
June 8, 2012	13,529,411	10	101.50	Cash	Conversion of compulsorily convertible debentures ("**CCDs**")(4)	43,529,411	435,294,110
March 30, 2013	6,470,589	10	N.A.	Bonus	Bonus Issue(5)	50,000,000	500,000,000
March 29, 2014	39,230,700	10	130*	Cash	Rights Issue(6)	89,230,700	892,307,000
August 8, 2014	37,692,300	10	130**	Cash	Rights Issue(7)	126,923,000	1,269,230,000

* *The allotment was made in pursuance of letter of offer dated October 28, 2013. The issue price towards the aggregate of 39,230,700 Equity Shares allotted to PNB was received in three installments, i.e., (a) first installment at the time of application for ₹ 4 per Equity Share along with a proportionate premium of ₹ 48 per Equity Share aggregating to ₹ 2,039,996,400; (b) second installment pursuant to a call which was made by the Board on August 8, 2014 for ₹ 3 per Equity Share along with a proportionate premium of ₹ 36 per Equity Share aggregating to ₹ 1,529,997,300; and(c) last installment pursuant to a call which was made by the Board on May 5, 2015 for ₹ 3 per Equity Share along with a proportionate premium of ₹ 36 per Equity Share aggregating to ₹ 1,529,997,300. As on the date of this Prospectus, the 39, 230,700 Equity Shares allotted to PNB are fully paid up.*

** *The allotment was made in pursuance of letter of offer dated October 28, 2013 (with last date of subscription extended up to July 20, 2014). The issue price towards 37,692,300 Equity Shares to DEL was received in three installments, i.e., (a) first installment at the time of application for ₹ 4 per equity share along with a proportionate premium of ₹ 48 aggregating to ₹ 1,959,999,600; (b) second installment pursuant to a call which was made by the Board on August 8, 2014 for ₹ 3 per Equity Share along with a proportionate premium of ₹ 36 per Equity Share aggregating to ₹ 1,469,999,700; and (c) last installment pursuant to a call which was made by the Board on May 5, 2015 for ₹ 3 per Equity Share along with proportionate premium of ₹ 36 per Equity Share aggregating to ₹ 1,469,999,700. As on date of this Prospectus, the 37,692,300 Equity Shares allotted to DEL are fully paid up.*

(1) *Initial subscription to the MoA by Mr. Rashid Jilani for 10 Equity Shares and Mr. R.K. Goswami for 10 Equity Shares as nominees of PNB.*
(2) *Allotment of 9,999,980 Equity Shares to PNB.*
(3) *Allotment of 20,000,000 Equity Shares to PNB.*
(4) *Allotment of 13,529,411 Equity Shares to DEL pursuant to the conversion of CCDs, in accordance with the terms of the SSA.*
(5) *Allotment of 3,300,000 Equity Shares to PNB and 3,170,589 Equity Shares to DEL.*
(6) *Allotment of 39,230,700 Equity Shares to PNB pursuant to a letter of offer dated October 28, 2013.*
(7) *Allotment of 37,692,300 Equity Shares to DEL pursuant to a letter of offer dated October 28, 2013.*

(b) Equity Shares issued for consideration other than cash

Details of Equity Shares issued for consideration other than cash or bonus issues are as follows:

Date of allotment	Number of equity shares	Face value (₹)	Issue price (₹)	Reasons for allotment	Allottees	Benefits accrued to the Company
March 30, 2013	6,470,589	10	N.A.	Bonus	PNB and DEL	-

2. History of Build up, Contribution and Lock-in of Promoters' Shareholding

a) Build up of Promoters' shareholding in our Company

Set forth below is the build-up of the equity shareholding of our Promoter, Punjab National Bank, since incorporation of our Company.

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Acquisition /Allotment/ Transfer	Percentage of Pre-Issue Equity Share Capital (%)	Percentage of Post-Issue Equity Share Capital (%)*
November 11, 1988	20	10	10	Cash	Subscription to the MoA*	Negligible	Negligible
December 28, 1988	9,999,980	10	10	Cash	Further Issue	7.88	6.04
March 31, 1999	20,000,000	10	10	Cash	Rights Issue	15.76	12.07
December 9, 2009	(7,800,000)	10	101.50	Cash	Transfer to DEL**	(6.14)	(4.71)
March 30, 2013	3,300,000	10	N.A.	Bonus	Bonus Issue	2.60	1.99
March 29, 2014	39,230,700	10	130***	Cash	Rights Issue	30.91	23.68
TOTAL	**64,730,700**					**51.00**	**39.08**

* *Such Equity Shares were allotted to Mr. Rashid Jilani and Mr. R.K. Goswami, as nominees of PNB, who transferred these Equity Shares to other nominees of PNB, on ceasing to be associated with PNB or due to relocation of the nominee. Currently these Equity Shares are held by the following members, as nominees of PNB: (a) Ms. Usha Ananthasubramanian holds 10 Equity Shares; (b) Mr. H K Parikh holds one Equity Share; (c) Mr. S.K. Mohanty holds one Equity Share; (d) Mr. B.S. Bassi holds five Equity Shares; (e) Mr. Rakesh Kumar holds one Equity Share; (f) Mr. N K Arora holds one Equity Share; and (g) Mr. Himanshu Joshi holds one Equity Share.*

** *Our Promoter transferred 7,800,000 Equity Shares held by it to DEL, pursuant to the SPA.*

*** *The issue price towards the aggregate of 39,230,700 Equity Shares allotted to PNB was received in three installments, i.e., (a) first installment at the time of application for ₹ 4 per Equity Share along with a proportionate premium of ₹ 48 per Equity Share aggregating to ₹ 2,039,996,400; (b) second installment pursuant to a call which was made by the Board on August 8, 2014 for ₹ 3 per Equity Share along with a proportionate premium of ₹ 36 per Equity Share aggregating to ₹ 1,529,997,300; and(c) last installment pursuant to a call which was made by the Board on May 5, 2015 for ₹ 3 per Equity Share along with a proportionate premium of ₹ 36 per Equity Share aggregating to ₹ 1,529,997,300. As on the date of this Prospectus, the 39, 230,700 Equity Shares allotted to PNB are fully paid up.*

Except as disclosed above, all the Equity Shares held by our Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares. As on the date of this Prospectus, none of the Equity Shares held by our Promoter are pledged.

b) Shareholding of our Promoter and Promoter Group

Our Promoter holds 51% of the total equity share capital of our Company (including 20 Equity Shares held by seven nominees of our Promoter, of which 10 Equity Shares are held by Ms. Usha Ananthasubramanian, who is the managing director and chief executive officer of our Promoter and the Chairperson of our Company). Our Promoter Group does not hold any Equity Shares in our Company.

c) Details of Promoters' contribution and lock-in for three years

Pursuant to Regulation 36(a) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Issue capital of our Company held by our Promoter shall be considered as minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("**Promoters' Contribution**").

The lock-in of the Promoters' Contribution would be created as per applicable laws and procedures and details of the same shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

As on the date of this Prospectus, our Promoter (directly and through its nominees) holds 64,730,700 Equity Shares constituting 51% of the issued, subscribed and paid-up equity share capital of our Company which are eligible for Promoters' Contribution.

Our Promoter has given consent to include such number of Equity Shares held by it as may constitute 20% of the fully diluted post-Issue equity share capital of our Company as Promoters' Contribution and has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution until the commencement of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations. Details of Promoters' Contribution are as provided below:

Name of the Promoter	No. of Equity Shares* locked-in	Date of allotment	Face value (₹)	Issue price (₹)	Nature of transaction	% of the fully diluted post- Issue Capital
PNB	9,999,980	December 28, 1988	10	10	Subscription to Initial Capital	6.03
	12,200,000*	March 31, 1999	10	10	Rights Issue	7.37
	3,300,000	March 30, 2013	10	NA	Bonus Issue	1.99
	7,631,394	March 29, 2014	10	130	Rights Issue	4.61

** After taking into consideration the shares which were transferred to DEL on December 9, 2009.*

Our Promoter has confirmed to the Company and the GCBRLMs that the acquisition of Equity Shares held by it has been financed from its internal accruals, and no loans or financial assistance from any banks or financial institution has been availed by it for this purpose.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoters' Contribution under Regulation 33 of the SEBI ICDR Regulations. In this computation, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not, and shall not, consist of:

(i) Equity Shares acquired during the three years preceding the date of this Prospectus for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares issued out of revaluations reserves or unrealised profits or bonus shares which are otherwise ineligible for computation of Promoters' Contribution;
(ii) Equity Shares acquired during the year preceding the date of this Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
(iii) Equity Shares issued to the Promoter upon conversion of a partnership firm; and
(iv) Equity Shares held by the Promoter that are subject to any pledge or any other form of encumbrance.

All the Equity Shares which are held by our Promoter are held in dematerialized form.

The Equity Shares held by our Promoter may be transferred to and between our Promoter and members of the Promoter Group, or to new promoters or persons in control of our Company, subject to continuation of the lock-in applicable to the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

3. Sale, purchase or subscription of our Company's securities by our Promoter, Promoter Group and our Directors, within three years immediately preceding the date of this Prospectus, which in aggregate is equal to or greater than 1% of the pre-Issue capital of our Company.

Except as provided below, there has been no sale, purchase or subscription of our Company's securities by our Promoter or our Directors, within the three years immediately preceding the date of the Draft Red Herring Prospectus and until the date of this Prospectus, which, in the aggregate, is equal to or greater than 1% of the pre-Issue capital of our Company.

Date	Name of shareholder	Promoter/ Promoter Group /Director	Number of equity shares subscribed/ acquired	Number of Equity Shares sold
March 29, 2014	Punjab National Bank	Promoter	39,230,700	Nil

4. Details of sales or purchases of securities of our Company by our Promoter, the members of our Promoter Group, our Directors or directors of our Promoter or their relatives during the six months preceding the date of the Draft Red Herring Prospectus

There has been no sale or purchase of securities of our Company by our Promoter, the members of our Promoter Group, our Directors or directors of our Promoter or their relatives during the six months preceding the date of the Draft Red Herring Prospectus.

5. Details of share capital locked-in for one year

In terms of Regulation 37 of the SEBI ICDR Regulations, except for (a) the Promoters' Contribution which shall be locked in as above; and (b) any Equity Shares held by the employees of our Company (who continue to be the employees of our Company as of the date of Allotment) which may be allotted to them under the PNBHF ESOS prior to the Issue, the entire pre-Issue equity share capital of our Company (including those Equity Shares held by our Promoter in excess of Promoters' Contribution), shall be locked in for a period of one year from the date of Allotment.

In terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by our Promoter may be transferred between our Promoter and the members of the Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in applicable to the transferee for the remaining period and compliance with provisions of the Takeover Regulations. The Equity Shares held by persons other than our Promoter prior to the Issue, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in applicable to the transferee and compliance with the provisions of the Takeover Regulations.

Lock-in of Equity Shares Allotted to Anchor Investors

Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

6. Our shareholding pattern

The table below represents the equity shareholding pattern of our Company:

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)				No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+(X) as a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized from (XIV)
								No. of Voting Rights			Total as a % of total voting rights			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: Y	Total								
(A)	Promoter & Promoter Group	1	64,730,700	Nil	Nil	64,730,700	51%	64,730,700	Nil	64,730,700	51%	Nil	Nil	Nil	Nil	Nil	Nil	64,730,680
(B)	Public	1	62,192,300	Nil	Nil	62,192,300	49%	62,192,300	Nil	62,192,300	49%	Nil	Nil	Nil	Nil	Nil	Nil	62,192,300
(C)	Non Promoter-Non Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(1)	Shares underlying Custodian/Depository Receipts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2)	Shares held by Employee Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (A)+(B)+(C)	2	126,923,000	Nil	Nil	126,923,000	100%	126,923,000	Nil	12,692,300	100%	Nil	Nil	Nil	Nil	Nil	Nil	126,922,980

7. **Shareholding of our Directors and Key Managerial Personnel in our Company**

Name	No. of Equity Shares	% of pre-Issue equity share capital
Ms. Usha Ananthasubramanian*	10	Negligible

* *Ms. Usha Ananthasubramanian holds these Equity Shares as a nominee of our Promoter.*

8. **Public shareholders holding more than 1% of the pre-Issue paid-up capital of our Company**

The details of the public shareholders holding more than 1% of the pre-Issue paid-up equity share capital of our Company and their pre-Issue and post-Issue shareholding are set forth in the table below.

Name of Shareholder	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
DEL	62,192,300	49.00%	62,192,300	37.54

9. As on the date of this Prospectus, our Company has nine Equity Shareholders, including seven individuals who hold Equity Shares as nominees of our Promoter.

10. **Top ten shareholders**

(a) Our top ten Equity Shareholders and the number of Equity Shares held by them as on the date ten days prior to the filing of this Prospectus and as on the date of this Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Percentage of equity holding
1.	PNB*	64,730,700	51.00%
2.	DEL**	62,192,300	49.00%
	Total	126,923,000	100.00%

* *Includes Equity Shares held by the nominees of PNB.*
** *It is proposed that DEL may undergo further corporate reorganization, including but not limited to a members' voluntary winding up, pursuant to which its assets (which primarily include Equity Shares of our Company) may, at some point in the future yet to be determined, be transferred in specie to QIH, such that QIH directly holds Equity Shares in our Company.*

(b) Our top ten Equity Shareholders as on the date two years prior to filing of this Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares	Percentage of equity holding
1.	PNB*	64,730,700	51.00%
2.	DEL	62,192,300	49.00%
	Total	126,923,000	100.00%

* *Includes Equity Shares held by the nominees of PNB.*

For details relating to the cost of acquisition of Equity Shares by our Promoter, see the "***Risk Factors – Prominent Notes***" on page 49.

11. **Employee Stock Option Scheme**

Pursuant to a resolution of our Board dated March 19, 2016, and shareholders' resolution dated April 22, 2016, our Company has adopted the PNB Housing Finance ESOS 2016 ("**PNBHF ESOS**"). In accordance with the PNBHF ESOS, the aggregate number of options granted shall not exceed 4,188,459 in number or 3.30% of the total equity share capital of our Company, as on March 31, 2016. The pool is categorized into (a) 3,807,690 Equity Shares constituting 3.00% of the total equity share capital of our Company, as on March 31, 2016, for the current employees as on the date of institution of the PNBHF ESOS; and (b) 380,769 Equity Shares constituting 0.30% of the total equity share capital of our Company, as on March 31, 2016, for the new hires, promotions and additional allocation for performance at the discretion of the Nomination and Remuneration Committee.

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options granted</td><td>38,07,690 options granted as on April 22, 2016</td></tr>
<tr><td>The pricing formula</td><td>Intrinsic value method</td></tr>
<tr><td>Exercise price of options
(as of the date of grant of options)</td><td>INR 338 per option</td></tr>
<tr><td>Total options vested</td><td>Nil</td></tr>
<tr><td>Options exercised</td><td>Nil</td></tr>
<tr><td>Total number of Equity Shares that would arise as a result of full exercise of options already granted (net of cancelled options)</td><td>38,07,690 equity shares</td></tr>
<tr><td>Options forfeited/lapsed/cancelled</td><td>Nil</td></tr>
<tr><td>Variation in terms of options</td><td>Nil</td></tr>
<tr><td>Money realised by exercise of options</td><td>NA, as options have not yet vested.</td></tr>
<tr><td>Options outstanding (in force)</td><td>38,07,690 as on October 7, 2016</td></tr>
<tr><td>Employee-wise details of options granted to:</td><td></td></tr>
<tr><td>(i) Senior managerial personnel, i.e., Directors and key management personnel</td><td><table>
<tr><th>Name of Senior Managerial Personnel</th><th>No. of options granted</th><th>No. of options exercised</th></tr>
<tr><td>Sanjaya Gupta</td><td>533,077</td><td>Nil</td></tr>
<tr><td>Sanjay Jain</td><td>61,685</td><td>Nil</td></tr>
<tr><td>Nitant Desai</td><td>143,931</td><td>Nil</td></tr>
<tr><td>Anshul Bhargav</td><td>143,931</td><td>Nil</td></tr>
<tr><td>Shaji Varghese</td><td>277,581</td><td>Nil</td></tr>
<tr><td>Ajay Gupta</td><td>215,896</td><td>Nil</td></tr>
<tr><td>Jayesh Jain</td><td>185,054</td><td>Nil</td></tr>
</table></td></tr>
<tr><td>(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td>Following employees have been granted options amounting to 5% or more:
1. Sanjaya Gupta - 5,33,077 (14.0%)
2. Shaji Varghese - 2,77,581(7.29%)
3. Ajay Gupta - 2,15,896 (5.67%)</td></tr>
<tr><td>(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant</td><td>Not Applicable</td></tr>
<tr><td>Fully-diluted EPS pursuant to issue of Equity Shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 ‘Earning Per Share’</td><td>Fully-diluted EPS for three months ended June 30, 2016 is ₹ 7.57 per share.</td></tr>
<tr><td>Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company for Fiscals 2013, 2014 and 2015</td><td>Not applicable, as the options under the ESOP-2016 were granted on April 22, 2016</td></tr>
<tr><td>Weighted-average exercise prices and weighted-average fair values of options will be disclosed separately for</td><td>Not Applicable, as the options under ESOP-2016 were granted on April 22, 2016</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>options whose exercise price either equals or exceeds or is less than the market price of the stock for Fiscals 2013, 2014 and 2015</td><td></td></tr>
<tr><td>Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option</td><td>Our Company has adopted the Black Scholes Model method to estimate the fair value of the options with the following assumptions:
<table>
<tr><td>Weighted average risk free interest rate</td><td>7.23%</td></tr>
<tr><td>Weighted average expected Options life</td><td>3 years</td></tr>
<tr><td>Weighted average expected volatility</td><td>0.4065</td></tr>
<tr><td>Weighted average expected dividends</td><td>1.24%</td></tr>
</table></td></tr>
<tr><td>Vesting schedule</td><td>
<table>
<tr><th>Time Period</th><th>Options Vested</th></tr>
<tr><td>1 year from the date of the Grant</td><td>25% of the options granted</td></tr>
<tr><td>Subject to termination clause, after completion of 2 year from the date of the Grant</td><td>25% of the options granted</td></tr>
<tr><td>Subject to termination clause, after completion of 3 years from the date of the Grant</td><td>25% of the options granted</td></tr>
<tr><td>Subject to termination clause, after completion of 4 years from the date of the Grant</td><td>25% of the options granted</td></tr>
<tr><td></td><td></td></tr>
</table></td></tr>
<tr><td>Lock-in</td><td>Nil</td></tr>
<tr><td>Impact on profits and EPS of the last three years if our Company had followed the accounting policies specified in Regulation 15 of the SEBI ESOP Regulations in respect of options granted in the last three years</td><td>Not applicable, as the options under ESOP-2016 were granted on April 22, 2016.</td></tr>
<tr><td>Aggregate number of Equity Shares intended to be sold by the holders of Equity Shares allotted on exercise of options granted under the PNBHF ESOP within three months after the listing of Equity Shares pursuant to the Issue</td><td>Nil, as options have been granted on April 22, 2016 and first vesting will be falling due on April 22, 2017.</td></tr>
<tr><td>Quantum of Equity Shares arising out of or allotted under the PNBHF ESOP intended to be sold within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under the PNBHF ESOS amounting to more than 1% of the issued capital of our Company</td><td>Nil, as options have been granted on April 22, 2016 and first vesting will be falling due on April 22, 2017.</td></tr>
</table>

12. Our Company has not issued any Equity Shares in the last one year preceding the date of filing of this Prospectus.

13. Our Company, our Directors and the GCBRLMs have not entered into any buy-back, standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Issue.

14. Neither the GCBRLMs nor their associates (in accordance with the definition of associate company under Section 2(6) of the Companies Act 2013) hold any Equity Shares as on the date of filing of this Prospectus. The GCBRLMs and their associates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company, for which they may in the future receive customary compensation.

15. No person connected with the Issue, including, but not limited to, the GCBRLMs, the members of the Syndicate, our Company, the Directors, our Promoter or the members of our Promoter Group, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.

16. Our Company has not issued any Equity Shares out of its revaluation reserves.

17. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Prospectus.

18. Other than the options granted under the PNBHF ESOS, there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Prospectus.

19. As on the date of this Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act 1956.

20. Except for the issue of Equity Shares pursuant to the exercise of options which have been granted pursuant to the PNBHF ESOS, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares, whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement.

21. Except for any exercise of options granted pursuant to PNBHF ESOS, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

22. None of the members of our Promoter Group hold any Equity Shares.

23. During the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus, no financing arrangements existed whereby our Promoter Group, the directors of our Promoter, our Directors and their relatives have financed the purchase of Equity Shares by any other person.

24. Our Promoter and Promoter Group will not participate in the Issue.

25. Pursuant to Rule 19(2)(b) of the SCRR, the Net Issue has been made for at least 10% of the post-Issue paid-up equity share capital of our Company. The Issue has been made through the Book Building Process, in compliance with Regulation 26(1) of the SEBI ICDR Regulations, where not more than 50% of the Net Issue is available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the GCBRLMs, allocated up to 60% of the QIB Category to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations, of which one-third was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) is available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Category is available for allocation on a proportionate basis to all QIBs (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue is available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Issue is available for allocation to Retail Individual Investors, in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All Investors (except Anchor Investors) shall participate in this Issue only

through the ASBA process, and shall provide details of their respective bank account which will be blocked by the SCSBs. For further details, see "***Issue Procedure***" on page 322.

26. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion on a competitive basis. Bids by Eligible Employees can also be made in the Net Issue and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 250,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. The Employee Reservation Portion will not exceed 5% of the post-Issue capital of our Company.

27. Any unsubscribed Equity Shares in the Employee Reservation Portion shall be added to the Net Issue. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Category and Retail Category would be allowed to be met with spill-over from other categories or a combination of categories (including the Employee Reservation Portion) at the discretion of our Company in consultation with the GCBRLMs and the Designated Stock Exchange. Such *inter-se* spill-over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines. Under-subscription, if any, in the QIB Category will not be allowed to be met with spill-over from any category or combination thereof.

28. The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which, no Allotment shall be made.

29. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

30. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

31. Our Company shall ensure that any transactions in the Equity Shares by our Promoter and the Promoter Group during the period between the date of registering this Prospectus with the RoC and the date of closure of the Issue shall be reported to the Stock Exchanges within 24 hours of the transactions.

32. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding-off to the nearest multiple of minimum Allotment lot.

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds towards the following:

(i) augment our capital base to meet our future capital requirements; and
(ii) general corporate purpose.

In addition, we believe that the listing of our Equity Shares will enhance our visibility and brand name among existing and potential customers.

Utilisation of the proceeds of the Issue

The details of the proposed utilisation of the proceeds of the Issue are summarised below:

Particulars	Amount (₹ million)
Gross proceeds of the Issue	30,000
(Less) Issue related expenses *	989.97
Net Proceeds	29,010.03

* *The issue expenses are estimates and are subject to change.*

After deducting the Issue related expenses, we estimate the proceeds of the Issue to be ₹ 29,010.03 million ("**Net Proceeds**").

The main objects and objects incidental and ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing business activities and the activities for which funds are being raised by us through the Issue.

Appraisal of the Objects

The objects of the Issue have not been appraised by any bank, financial institution or agency and we have not raised any bridge loans against the Net Proceeds.

Details of the Objects of the Issue

1. Augment our capital base

The objects of the Issue is to augment our Company's Tier-I capital base to meet our future capital requirements which are expected to arise out of growth of our business and assets, primarily our housing and non-housing loans, and to ensure compliance with the NHB Directions.

We are a housing finance company in India and are registered with the National Housing Bank and a notified financial institution under the SARFAESI Act. We offer a diverse and well-balanced loan portfolio of "housing loans" for the purchase, construction, extension or improvement of residential properties or the purchase of residential plots, and "non-housing loans" in the form of loans against property, non-residential premises loans and lease rental discounting loans. For further details see "***Our Business***" on page 124.

As per the NHB Directions we are required to maintain a minimum capital adequacy ratio, consisting of Tier I Capital and Tier II Capital. Regulation 30 of the NHB Directions currently requires all HFC's to comply with a CRAR, consisting of Tier I and Tier II capital, of not less than 12.00% of the sum of the HFC's aggregate risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable. At a minimum, Tier I capital of an HFC cannot be less than 6.00% of risk weighted assets. Further, we are required to ensure that the total Tier –II capital at any point of time, should not exceed one hundred percent of Tier – I capital. For further details see "***Key Regulations and Policies in India***" on page 156.

As of June 30, 2016, our Company's Tier I capital is 8.40% of the risk weighted assets. Accordingly, an amount aggregating to ₹ 26,510.03 million out of our Net Proceeds is proposed to be utilized for augmenting our capital base. We anticipate that the proceeds from the Issue will be sufficient to satisfy our Company's Tier-I capital requirements for the Fiscals 2017 and 2018.

Accordingly, the Net Proceeds are proposed to be utilized for augmenting our Company's capital base which will be utilized towards our Company's business and growth including towards onwards lending, payment of operating expenditure, purchase of assets and repayment of outstanding loans and interest thereon as part of our business activities.

2. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ 2,500 million towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations, including but not limited to meeting expenses incurred in ordinary course of business and any other purpose as maybe approved by the Board or a duly appointed committee from time to time, subject to compliance with necessary provisions of the Companies Act.

3. Issue related expenses

The expenses of this Issue include, among others, fees payable to the GCBRLMs, underwriting fees, selling commission, legal fees, fees to the Registrar to the Issues, Bankers to the Issue including processing fee to the SCSBs for processing ASBA forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationary expenses, issue related advertisement and publicity expenses and listing fees. The estimated Issue expenses are as follows:

(₹ in million)

Activity	Estimated expenses*	As a % of the total estimated Issue expenses(1)	As a % of the total Issue size(1)
GCBRLMs fees and commissions (including underwriting commission, brokerage and selling commission) and brokerage and selling commission for Registered Brokers(2), RTAs and CDPs(3)	438.48	44.29	1.46
Commission/processing fee for SCSBs(4)	14.19	1.43	0.05
Registrar to the Issue	0.29	0.03	0.00
Other advisors to the Issue	13.04	1.32	0.04
Others	523.98	52.93	1.75
- Listing fees, SEBI filing fees, book building software fees	74.41	7.52	0.25
- Printing and stationary	37.41	3.78	0.12
- Advertising and marketing expenses	337.82	34.12	1.13
- Fees paid to monitoring agency	7.77	0.79	0.03
- Miscellaneous	66.56	6.72	0.22
Total estimated Issue expenses	**989.97**	**100**	**3.30**

**Issue expenses are only estimates and are subject to change.*

(1) Amounts will be finalised on determination of Issue Price and other details.

(2) Registered Brokers will be entitled to a commission of ₹ 10 (plus applicable service tax) per every valid Bid cum Application Form submitted to them and uploaded on the electronic bidding system of the Stock Exchanges.

(3) RTAs and the CDPs will be entitled to a commission of 0.30% of the amount allotted (plus applicable service tax) for Bid cum Application Forms collected from Retail Individual Bidders and 0.15% of the amount allotted (plus applicable service tax) for Bid cum Application Forms collected from Non-Institutional Bidders.

(4) The SCSBs would be entitled to a processing fee of ₹ 10 (plus applicable service tax) per Bid cum Application Form, for processing the Bid cum Application Forms procured by the members of the Syndicate, Sub-Syndicate/ Agents, CDPs, RTAs or the Registered Brokers and submitted to the SCSBs.

Means of Finance

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. Accordingly, we confirm that there is no need for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the Net Proceeds in the aforesaid objects in the Fiscal 2017.

The fund deployment indicated above is based on current circumstances of our business and we may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws. For further details, see "***Risk Factors***" on page 16.

Interim Use of Net Proceeds

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, in compliance with the investment policies approved by the Board from time to time. In accordance with Section 27 of the Companies Act 2013, our Company confirms that it shall not use the Net Proceeds for any investment in the equity markets or for buying, trading or otherwise dealing in shares of any other listed company.

Monitoring of Utilization of Funds

Our Company has appointed HDFC Bank Limited as the Monitoring Agency in relation to the Issue under the requirements of Regulation 16 of the SEBI Regulations. Our Company is raising capital to meet future capital adequacy related requirements and not for any specified project(s).

Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company and the Monitoring Agency shall on a quarterly basis disclose to the Audit Committee the deviations and the category wise variations of the Net Proceeds and after such review, the statements shall be submitted to the Stock Exchanges. This information will also be advertised in newspapers simultaneously with the interim or annual financial results of our Company after placing the same before the Audit Committee. We will disclose the utilization of the Net Proceeds under a separate head in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a Fiscal, we will utilize such unutilized amount in the next Fiscal.

Other Confirmations

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoter, Directors, Key Management Personnel and the members of our Promoter Group or Group Companies. Further, as the Net Proceeds will be utilized to our Company's capital adequacy related requirements, no part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Directors, Key Management Personnel and the members of our Promoter Group or Group Companies, except in the ordinary course of business.

In accordance with Section 13(8) and Section 27 of the Companies Act 2013, our Company shall not vary the objects of this Issue without the prior authorization from the shareholders of our Company by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, the Promoter or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act 2013 and provisions of Chapter VI A of the SEBI ICDR Regulations.

BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the GCBRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is 77.50 times the face value of the Equity Shares. Bidders should also refer to the sections "***Our Business***", "***Risk Factors***" and "***Financial Statements***" on pages 124, 16 and 192, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry.

- Fifth largest HFC in India and the fastest growing HFC among the leading HFCs in India;
- Strong distribution network with deep penetration of key Indian urban centers;
- Scalable operating model and centralized and streamlined operational structure;
- Access to diversified and cost-effective funding sources;
- Diversified product offering with specific focus on self-employed customers;
- Customer-centric approach resulting in strong brand recognition;
- Prudent credit underwriting, monitoring and collection processes;
- Managed by experienced and qualified professionals with strong industry expertise; and
- Support from our parent and Promoter

For further details, see the section "***Our Business - Our Competitive Strengths***" on page 126.

Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements.

For details, see the section "***Financial Statements***" on page 192.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

A. Basic and Diluted Earnings Per Share ("EPS"), as adjusted for change in capital:

Fiscal Year ended / Period ended	Basic		Diluted	
	EPS (in ₹)	Weight	EPS (in ₹)	Weight
March 31, 2014	25.87	1	25.87	1
March 31, 2015	24.15	2	24.15	2
March 31, 2016	27.58	3	27.58	3
Weighted Average	**26.15**		**26.15**	

For the three months ended June 30, 2016, the basic EPS (not annualized) was 7.57 and the diluted EPS (not annualized) was 7.57.

NOTES:

1) EPS calculation is in accordance with Accounting Standard 20 "Earnings per share" issued by ICAI

(a) Basic Earnings per share (₹)

$$\frac{\text{Net profit after tax (as restated) attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/ year}}$$

(b) Diluted Earnings per share (₹)

$$\frac{\text{Net profit after tax (as restated)}}{\text{Weighted average number of diluted equity shares outstanding during the period/year}}$$

2) The face value of each Equity Share is ₹ 10.

3) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Summary Statements as appearing in the section "***Financial Statements***" on page 192.

4) The weighted average number of shares has not been adjusted for any primary issue of share capital post March 2016.

B. Price/Earning ("P/E") ratio in relation to Issue Price of ₹ 775 per Equity Share:

P/E based on basic and diluted EPS for the year ended March 31, 2016 at the Issue Price is 28.10.

Industry P/E ratio

	P/ E
Highest	48.85
Lowest	11.04
Average	25.98

Note: The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, see "– Comparison with Listed Industry Peers" on Page 90.

C. Return on Net Worth ("RoNW")

Fiscal Year ended / Period ended	RoNW (%)	Weight
March 31, 2014	16.71	1
March 31, 2015	15.45	2
March 31, 2016	17.60	3
Weighted Average	**16.74**	

For the three months ended June 30, 2016, the RONW (not annualized) was 4.38%.

Note: Return on Net Worth has been computed as Net Profit after tax (as restated) divided by average Net Worth for the period.

D. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2016

1) Based on Basic EPS:

At the Issue Price – 8.88% based on the Restated Financial Statements.

2) Based on Diluted EPS:

At the Issue Price – 8.88% based on the Restated Financial Statements.

E. Net Asset Value per Equity Share

Fiscal Year ended / Period ended	(₹)
March 31, 2014	142.20
March 31, 2015	152.03
March 31, 2016	168.96
Issue price	775.00
After the issue	316.35

As of June 30, 2016, the Net Asset Value per Equity Share (not annualized) was ₹ 176.52.

Note: Net Asset Value per Equity Share has been computed as net worth at the end of the period/ year divided by total number of equity shares outstanding at the end of the period/ year.

F. **Comparison with Listed Industry Peers**

Name of the company	Revenue from operations (₹ in million)	Face Value per Equity Share (₹)	P/E(1)	P/BV(2)	EPS (Basic)(3) (₹)	Return on Net Worth(4) (%)	Net Asset Value / Share(5) (₹)
Our Company	26,995.43	10	28.10	4.59	27.58	17.60	168.96
Peer Group(6) (7)							
Housing Development Finance Corporation Limited	310,079.70	2	31.35	6.46	44.43	21.81	215.65
LIC Housing Finance Limited	125,025.79	2	17.53	3.17	33.05	19.51	182.59
Indiabulls Housing Finance Limited	92,255.59	2	13.84	3.26	59.84	27.07	253.84
Gruh Finance Limited	12,754.00	2	48.85	14.25	6.70	31.49	22.97
Dewan Housing Finance Limited	78,566.50	10	11.04	1.57	25.69	14.63	180.43
Repco Home Finance Limited	8,818.50	10	33.25	5.33	24.68	17.36	154.02

1. *P/E is calculated as Price as on September 30, 2016/ EPS (Basic). Price source:BSE*

2. *P/BV is calculated as Price as on September 30, 2016/ Book Value Per Share. Price source:BSE*

3. *EPS - basic reported as in company filings*

4. *Return on Net Worth has been computed as Net Profit after tax (as restated) divided by average Net Worth for financial year ending March 2016*

5. *Net Asset Value per Equity Share has been computed as net worth divided by total number of equity shares outstanding at the end of March 2016*

6. *All financial information is based on consolidated financial statements for the financial year ending March 2016 except for Housing Development Finance Corporation Limited which is based on standalone financial statements*

7. *All financial information has been sourced from BSE website.*

The peer group above has been determined on the basis of public companies whose business profile is comparable to our business.

G. **The Issue price will be 77.50 times of the face value of the Equity Shares.**

The Issue Price of ₹ 775 has been determined by our Company, in consultation with the GCBRLMs, on the basis of demand from investors for Equity Shares through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters.

Bidders should read the above mentioned information along with "***Risk Factors***" and "***Financial Statements***" on pages 16 and 192, respectively, to have a more informed view.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Date: October 14, 2016

To,

The Board of Directors

PNB Housing Finance Limited,

9th Floor, Antriksh Bhawan,

22 Kasturba Gandhi Marg,

New Delhi – 110 001.

Dear
Sirs,

Subject: Statement of possible special tax benefits ('the statement') available to PNB Housing Finance Limited ("the Company") and its shareholders prepared in accordance with the requirement in SCHEDULE VIII – CLAUSE (VII) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ('the regulations')

We hereby report that the enclosed annexure prepared by the Company, states the possible special tax benefits available to Company and shareholders under the direct tax laws (as amended by the Finance Act, 2016 i.e. applicable for the Financial Year 2016-17 relevant to the assessment year 2017-18) presently in force in India as on the signing date. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or shareholders to derive the possible special tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future and accordingly, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure are not exhaustive and cover the possible special tax benefits available to the Company and shareholders. Further, the preparation of the Statement and its contents is the responsibility of the Management. We were informed that, 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 tax benefits, each investor is advised to consult its own tax consultant with respect to the specific tax implications arising out of its participation in the offer of sale.

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; or
- The conditions prescribed for availing the benefits have been/ would be met with; and
- The revenue authorities / courts will concur with the views expressed herein.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law 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. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from intentional misconduct. We will not be liable to any other person in respect of this statement.

The enclosed annexure is intended for your information and for inclusion in the offer document in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B. R. Maheswari & Co.**
Chartered Accountants
ICAI Firm Registration No. 001035N

Akshay Maheshwari
Partner
Membership No. 504704

Date:October 14, 2016
Place: New Delhi

ANEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

UNDER THE INCOME TAX ACT, 1961 ("THE ACT") A.

BENEFITS AVAILABLE TO THE COMPANY

- In accordance with section 36 (1) (viii), the Company is allowed deduction not exceeding 20% of the income from business of providing long term finance for construction or purchase of houses in India for residential purposes, credited and maintained to a 'Special Reserve' as provided under that section on fulfillment of conditions prescribed therein. Further, if the aggregate amount carried to the Special Reserve account from time to time exceeds twice the paid-up capital and general reserves, no deduction shall be allowed on the excess amount under the Section. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions for Section 41(4A) of the Act.

- In accordance with section 43D(b), the income of the Company, by way of interest in relation to such categories of bad or doubtful debts as specified in Rule 6EB of the Income Tax Rules, 1962, will be chargeable to tax in the previous year in which it is credited by the Company to its profit and loss account for that year or, as the case may be, in which it is actually received by the Company, whichever is earlier.

B. BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

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

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

*The information in this section has been derived from publicly available sources, government publications such as the Report on Trend and Progress of Housing in India, 2014 ("**NHB Report**") prepared by the National Housing Bank (the "**NHB**"), and certain industry sources such as the Retail Finance – Housing Annual Review, 2016 ("**CRISIL Report**") prepared by CRISIL Limited ("**CRISIL**") and the Housing Finance Industry in India: 2015 Report ("**IMaCS Report**"), prepared by ICRA Management Consulting Services Limited ("**IMaCS**"), and has not been independently verified by us, the GCBRLMs, or any of our or their respective affiliates or advisors, and none of these parties makes any representation as to the accuracy of this information. The information in this section may not be consistent with other information compiled by third parties within or outside India. Industry and government sources and publications referred to in this section generally state that the information contained in such sources and publications has been obtained from sources generally believed to be reliable, but their accuracy, adequacy or completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government sources and publications are also prepared on the basis of information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investors should not place undue reliance on the information contained in this section. Figures used in this section are as presented in the original sources and have not been adjusted, restated or rounded off for presentation. Statements in this section that are not statements of historical fact constitute "forward-looking statements", which are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to differ materially. For further details, see "**Forward-Looking Statements**" on page 15.*

OVERVIEW OF THE INDIAN ECONOMY

GDP and Disposable Income

The Indian economy is one of the largest economies in the world, with a GDP on purchasing power parity basis of an estimated US$7.97 trillion in 2015. Per capita gross domestic product ("**GDP**") in India has grown from an estimated US$5,500.00 in 2013 to an estimated US$6,200.00 in 2015. (*Source: World Factbook, available on https://www.cia.gov/library/publications/the-world-factbook/geos/in.html, as of September 6, 2016 ("**World Factbook**")*).

Investors' perceptions of India improved in early 2014, due to a reduction of the current account deficit and expectations of post-election economic reform, resulting in an increase in inbound capital flows and stabilisation of the Indian Rupee. (*Source: World Factbook*). The RBI has stated that India's GDP was 7.60% in Fiscal Year 2016 against 7.20% in Fiscal Year 2015. (*Source: Reserve Bank of India Monetary Policy Report - April 2016*). The outlook for India's long-term growth is moderately positive due to increasing disposable incomes, interest rate subventions, fiscal incentives on housing loans and a young population. *(Source: CRISIL Report)*

Demographics

As of July 2015, India was home to more than 1.25 billion people and the median age of its population was below 28 years of age. (*Source: World Factbook*). The housing market has been growing on account of factors such as population migration to urban centres, income growth and demographic composition. (*Source: NHB Report, available on http://www.nhb.org.in/Publications/T&P_English_FINAL.pdf, as of April 22, 2015*)

HOUSING FINANCE MARKET IN INDIA

Overview

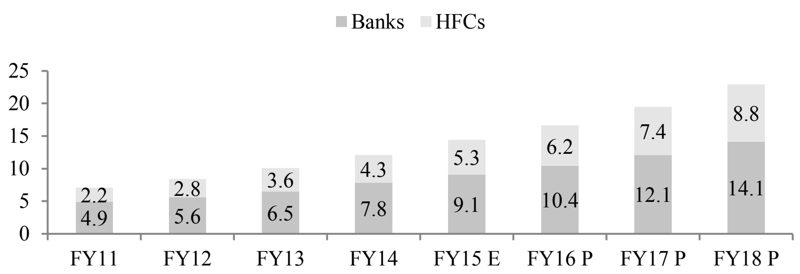
In India, the housing industry is recognised as having an important impact on the country's development, civic life and human capital formation. India's economic growth, coupled with favourable structural factors, such as under-penetration of the mortgage market, the large gap between housing demand and supply, improved affordability as a result of tax incentives, the encouraging regulatory environment and positive demographic trends, is expected to fuel continued growth in the housing finance market.

Participants in India's housing finance market mainly comprise commercial banks, including national banks, private sector banks, regional rural banks, agriculture and rural development banks and state-level apex co-operative housing finance societies, and specialised lending institutions for housing, such as the Company, known as housing finance companies ("**HFCs**"). It also includes some smaller institutions, such as microfinance institutions, community-based organisations and self-help groups, as well as other non-banking financial companies ("**NBFCs**").

Total outstanding housing loans as at September 30, 2015 was estimated to be ₹11,300.00 billion, a 17.70% increase since Fiscal Year 2011. IMaCS forecasts that the housing finance market in India will grow 20.00-22.00% from Fiscal Year 2015 to Fiscal Year 2020. *(Source: IMaCS Report)* In particular, the government's push for affordable housing projects, reductions in interest rates and rising income levels are expected to contribute towards increased housing demand and improved house buyers' debt-servicing capabilities, thereby increasing outstanding housing loans in terms of both the number of disbursements and the quantum borrowed under each loan. *(Source: CRISIL Report)*

The following graph shows the growth of total outstanding housing loans for banks and HFCs from Fiscal Year 2011 to Fiscal Year 2018:

Trend in Total Outstanding Housing Loans *(₹ in trillions)*

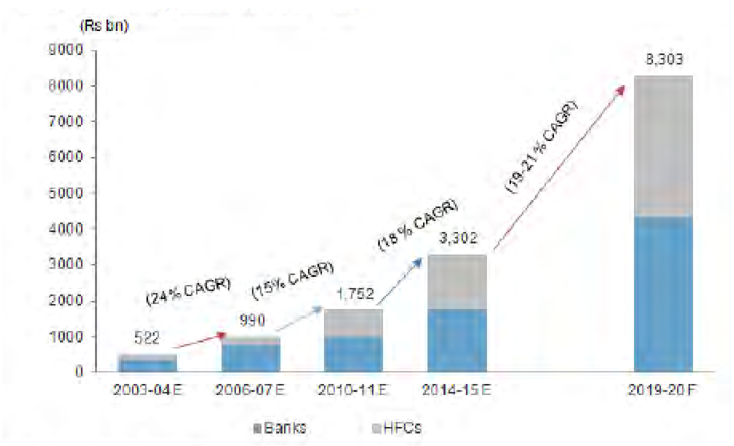


Note: "E" means estimated data and "P" means projected data.

Source: CRISIL Report

CRISIL expects housing loan disbursements to have grown at a five-year CAGR of 19.00-21.00% to reach ₹8.30 trillion by Fiscal Year 2020, aided by mortgage penetration, higher average ticket sizes and demand for affordable housing. (*Source: CRISIL Report*).

Growth in Total Housing Finance Disbursements



Note: "E" means estimated data and "F" means forecasted data.

Source: CRISIL Report

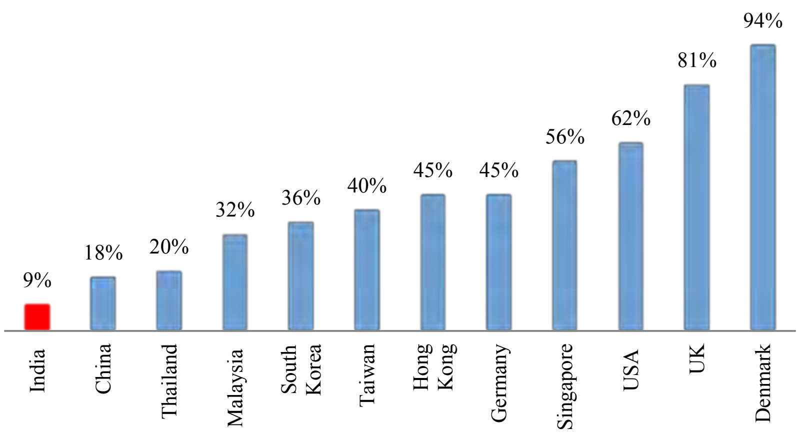
Key Growth Drivers

Low mortgage penetration and housing shortage

The Indian mortgage industry is expected to have grown by a CAGR of 19.00% from Fiscal Year 2012 to Fiscal Year 2015, reaching a size of ₹10.20 trillion. However, India's housing finance market still remains under penetrated in comparison to many advanced and emerging economies, evidenced by its low mortgage-to-GDP ratio. As of Fiscal Year 2015, India's mortgage-to-GDP ratio was 9.00%, whereas certain advanced economies (such as the Denmark and the United Kingdom) had a mortgage-to-GDP ratio of over 75.00%. In addition, emerging economies in Asia are continuing to maintain higher mortgage-to-GDP ratios than that of India, such as 32.00% in Malaysia, 18.00% in China and 20.00% in Thailand. (*Source: CRISIL Report*)

The following graph sets forth the mortgage-to-GDP ratio in various countries as of Fiscal Year 2015:

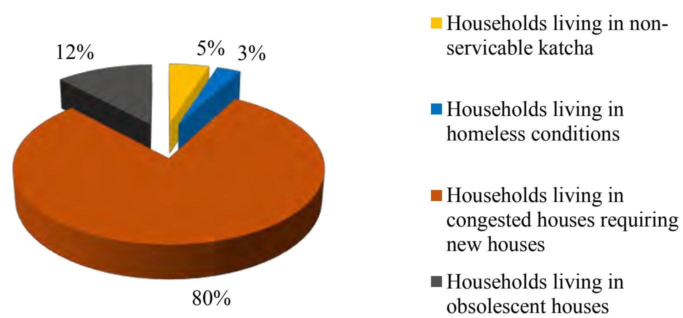
Mortgage Penetration (as a % of GDP)



Source: CRISIL Report

India's low mortgage-to-GDP ratio is a result of several factors, such as the shortage of housing supply, pre-existing regulatory restrictions, and the lack of borrowing power of the largely rural population. The Technical Group on the Housing Shortage estimated the housing shortage in urban India at 18.78 million units in 2012. (*Source: Ministry of Housing and Urban Poverty Alleviation, Report of the Technical Group on Urban Housing Shortage (TG-12) (2012-17), available on http://www.nbo.nic.in/Images/PDF/urban-housing-shortage.pdf, as of September 23, 2011 ("**Technical Group Report**")*). Additionally, India's urban population is expected to increase to approximately 590.00 million by 2030, from approximately 285.30 million in 2001, which may further increase demand for housing in urban regions. (*Source: NHB Report*)

Urban Housing Shortage in Fiscal Year 2012



Source: Technical Group Report

However, there have been structural changes in India in recent years which are expected to continue to benefit the housing finance market. As India's growing population of young workers has continue to migrate into urban areas and establish smaller households and stable incomes, demand for housing and, therefore, housing finance, has increased. India's urban population is expected to increase to approximately 590.00 million in 2030, from approximately 285.30 million in 2001. (*Source: NHB Report*). The government's affordable housing initiatives are providing a wider demographic of the population with access to both housing and finance. HFCs are well-placed to capitalise on these structural factors as they are able to service higher risk borrowers and offer more flexible products that cater to more varied customer segments.

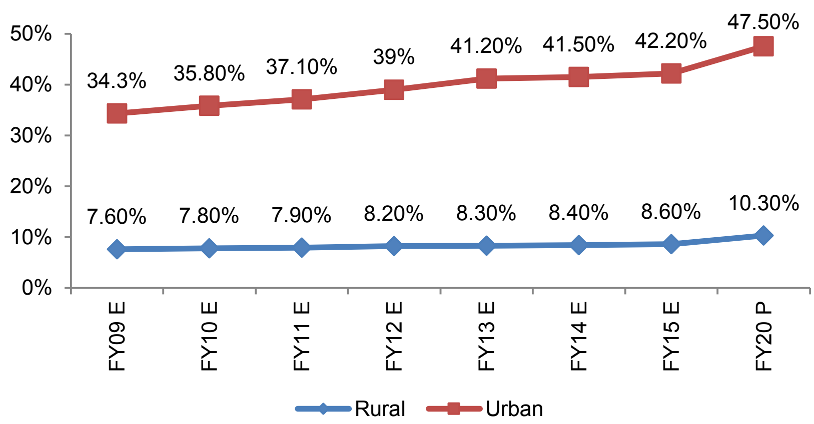
Therefore, the under penetration of the Indian mortgage industry represents a significant opportunity for the housing finance market to continue its trajectory of growth in the medium to long term. According to ICRA Limited, a leading credit rating agency, the Indian housing finance market can be expected to grow 20.00-22.00% from Fiscal Year 2015 to Fiscal Year 2022, with a mortgage-to-GDP ratio of approximately 16.00% attainable in Fiscal Year 2022. (*Source: IMaCS Report*)

Urbanisation

India's urban population grew at a CAGR of 2.80% from Fiscal Year 2001 to Fiscal Year 2011, and represented 31.80% of the total population in Fiscal Year 2014. Urbanisation is expected to accelerate with the urban population projected to grow at a CAGR of 2.00-2.50% from Fiscal Year 2015 to Fiscal Year 2021, as compared to projected overall population growth of 1.20% during the same period. (*Source: CRISIL Report*). India's urban population is expected to increase to approximately 590.00 million in 2030. (*Source: NHB Report*). This increase in urbanisation has affected housing demand by reducing the area per household while increasing the number of nuclear families and, therefore, the number of households seeking housing and housing finance. To meet this demand, the government has implemented its affordable housing initiatives, which provide for the construction of new houses and availability of home loans in cities.

Rising demand for housing in tier II and tier III cities has led to an increase in finance penetration in urban areas from an estimated 39.00% in Fiscal Year 2012 to an estimated 42.20% in Fiscal Year 2015. Finance penetration in rural areas is estimated to have risen only slightly to 8.60% in Fiscal Year 2015. CRISIL expects finance penetration to increase to 47.50% in urban areas and to 10.30% in rural areas by Fiscal Year 2020, primarily due to the affordable housing push and rising competition in higher ticket size loans. (*Source: CRISIL Report*) This increasing trend is reflected in the following graph:

Finance Penetration in Rural and Urban Areas

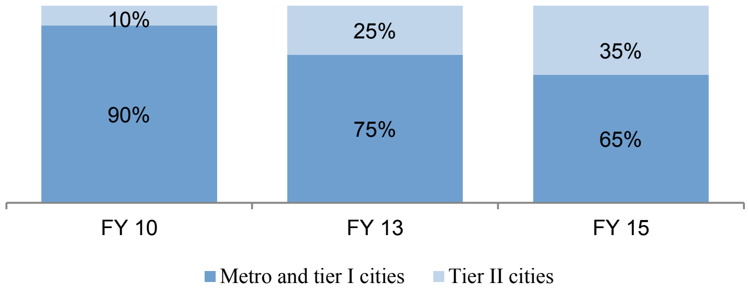


Note: "E" means estimated data and "P" means projected data.

Source: CRISIL Report

In addition, as the following graph illustrates, there was a significant increase in the urban population share of Tier II cities to 35.00% in March 2015 from 10.00% in Fiscal Year 2010, while the urban population share of Tier I cities decreased to 65.00% in March 2015 from 90.00% in Fiscal Year 2010.

Increased Growth in Loan Disbursements in Tier II Cities for HFCs/NBFCs



Source: CRISIL Report.

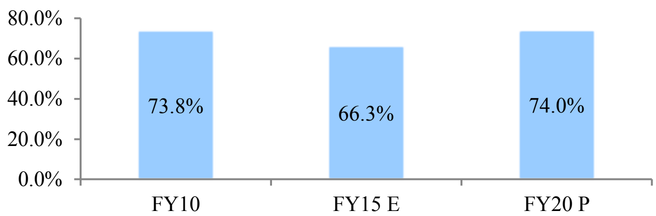
Slowing average ticket size growth

Amid rising gross income levels, the declining interest rates will lower the equated monthly instalments on home loans, which will render borrowers eligible for higher loan amounts. This will, in turn, enable the buyer to purchase a higher priced home or increase the loan-to-value ("**LTV**") on the loan, contributing to an increase in the average ticket size ("**ATS**") of loan disbursements.

However, as housing prices in tier I cities are expected to remain stable or decline slightly in Fiscal Year 2016 (and are considered to already be at elevated levels), an increasing number of buyers are looking at smaller homes or property in the outskirts of the city where prices are considerably lower. Consequently, despite the expected increase in LTVs, the ATS, which is a function of price per square foot, area per unit and LTV, is unlikely to increase considerably. (*Source: CRISIL Report*)

In Fiscal Years 2014 and 2015, the urban ATS rose by only 7.00-8.00%. However, in the longer term, CRISIL expects the ATS in urban areas to grow at a slightly faster pace on account of the expected increase in property prices and a marginal increase in the LTV ratio.

Average LTV Ratio of Top 13 Cities



Note: Note: "E" means estimated data and "P" means projected data.

Source: CRISIL Report

Tax benefits

Pursuant to Section 80C of the Income Tax Act, 1961 ("**Income Tax Act**"), an individual is eligible to claim the deduction of the payments made towards repayment of an amount borrowed for the purpose of purchasing or constructing a residential house from any public company formed and registered in India with the main object of carrying on the business of providing long-term finance for the purchase or construction of houses in India for residential purposes.

Pursuant to Section 24(b) of the Income Tax Act, one can claim a deduction for the amount of interest paid on the capital borrowed for the purpose of the acquisition, construction, repair and reconstruction of a property.

Government implemented schemes

Over the past few years, the Government of India has introduced various national policy pronouncements with the general aim of reinforcing the primacy of the housing sector and the need to provide housing to all. These include: the Interest Subsidy Scheme for Housing the Urban Poor; the 1.00% Interest Subvention Scheme; Rajiv Rinn Yojana; the Credit Risk Guarantee Fund Trust for Low Income Housing; the Golden Jubilee Rural Housing Finance Scheme; the Reverse Mortgage Loan and Reverse Mortgage Loan Annuity; the Jawaharlal Nehru National Urban Renewal Mission; Indira Awas Yojana; and the Rural Housing Fund. *(Source: NHB Report)*

Smart Cities

The Government of India has in place a development plan which will cover 100 cities between 2016 to 2020, which will include improvement (retrofitting), city renewal (redevelopment), city extension (greenfield development) and pan-city development involving smart solutions utilising technology, information and data to improve city infrastructure and services. (*Source: Ministry of Urban Development (Government of India) - Smart City Mission Transform-nation – Mission Statement & Guidelines*). The development plan has an expected budgeted expenditure of approximately ₹480.00 billion between 2016 and 2020. *(Source: CRISIL Report)*

Housing for all by 2022

The Indian Government launched the "Housing for all by 2022" programme in June 2015, with the aim of providing 20 million new housing units in 500 towns and cities over the next seven years. The programme was set up to promote affordable housing for the Indian population through partnerships with entities in the private sector.

Population growth and changes in demographics

As of July 2015, India was home to more than 1.25 billion people (an estimated 258.70 million households, as compared to 207.20 million households in 2004) and the median age of its population was below 28 years of age. (*Source: World Factbook*). Although the rate of India's population growth has continuously slowed over the past two decades (expected to decrease to a CAGR of 1.20% for the current decade), any increase in population directly increases demand for housing. (*Source: CRISIL Report*)

In particular, population growth and changing demographics, such as age mix, nuclearisation of households, continuous urbanisation, income growth and increasing penetration of finance, have contributed to the growth in the Indian housing market, especially in urban areas. (*Source: NHB Report*). Moreover, population growth is primarily occurring in younger age brackets, which will lead to a significant increase in the working population, and subsequently to a greater demand for housing.

The average age of an Indian home buyer was estimated at 33-35 years in Fiscal Years 2014 and 2015 and is expected to continue to decline as income levels increase. CRISIL projects that by Fiscal Year 2020, the average age of an Indian home buyer will be 32 years. (*Source: CRISIL Report*). Based on the 2011 Census of India, 48.00% of the population in India is aged 15-44 years. This represents a significant addressable market for housing finance providers, especially as it is largely young workers who are moving into urban areas and, therefore, in need of housing. A further 30.00% of the population is aged under 15, representing a significant longer term opportunity for housing finance providers. (*Source: IMaCS Report*)

Nuclearisation of the Indian population is primarily driven by employment-related migration, particularly to cities. Nuclearisation also reduces the area per household, but increases overall household formation, leading to an increased demand for housing units. Rising prices are also leading to buyers preferring smaller apartments in comparable income categories. (*Source: CRISIL Report*)

Income levels of households have been increasing steadily over the years. The 'less than ₹100,000' household income category represented an estimated 53.00% of the total population in Fiscal Year 2014 as compared to 63.00% in Fiscal Year 2009. The share of the ₹0.20-0.50 million income brackets, though constituting 15.00% of total households in Fiscal Year 2014, is increasing at a faster pace. More households are estimated to have entered the ₹0.20-0.50 million and greater than ₹0.50 million income brackets, growing at CAGRs of 9.00% and 8%, respectively, from Fiscal Year 2009 to Fiscal Year 2014. A rise in incomes generally leads to higher floor space requirements. (*Source: CRISIL Report*)

A large proportion of housing loan borrowers belong to the salaried class. Between Fiscal Year 2000 and Fiscal Year 2008, salaries are estimated to have increased at a higher rate than the rise in property prices, thereby increasing the affordability of new houses for individuals. Also, the growth rate in salaries has been higher for those in the younger age bracket than those who are close to retirement. This trend, coupled with tax incentives for interest and principal repayments, has prompted more young people to buy houses. (*Source: CRISIL Report*)

The NHB

The NHB was established pursuant to the NHB Act to operate as a principal agency and statutory body to promote housing finance institutions and to provide financial and other support to such institutions. The NHB is wholly-owned by the RBI. Under the provisions of the NHB Act, the NHB regulates how HFCs conduct business in India.

Through its refinance schemes, the NHB has made cumulative disbursements (from its inception until June 30, 2014) of ₹1,204.84 billion. In the last fifteen years, the total outstanding housing loans of HFCs and banks has increased at a CAGR of approximately 23.40% from ₹439.00 billion as of March 31, 2000 to ₹10,205.00 billion as of March 31, 2015. (*Source: Report on Trend and Progress of Housing in India, 2013; CRISIL Report*)

The following table sets out the refinance disbursements of the NHB, by breakdown of categories of recipient institutions, in Fiscal Years 2013, 2014 and 2015:

	Disbursements *(in ₹ millions)*		
Institution	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Housing finance companies	76,940.00	96,330.00	73,900.00
Scheduled commercial banks	94,590.00	79,430.00	141,140.00
Regional rural banks	3,890.00	2,800.00	2,530.00
Cooperative sector	0.00	0.00	900.00
Total	**175,420.00**	**178,560.00**	**218,470.00**

Source: National Housing Board Annual Report, 2014-15, available on http://www.nhb.org.in/Publications/Annual-Report-2014-15_ENG.pdf, as of October 30, 2015.

The refinance disbursements of the NHB to HFCs was ₹76,940.00 million, ₹96,330.00 million and ₹73,900.00 million in Fiscal Years 2013, 2014 and 2015, respectively.

Key Market Participants

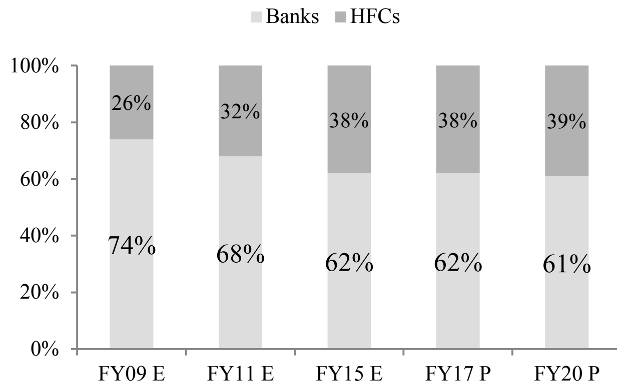
HFCs initially benefited from regulatory restrictions placed on banks, which prevented them from offering housing loans directly to borrowers and, therefore, effectively built the foundation of the Indian retail housing finance market. Since the RBI relaxed these restrictions in the late 1990s in order to develop the housing finance sector, HFCs have competed with banks for market share, focusing in particular on segments of the Indian population which historically been under-served by the banks.

Banks held an estimated 63.00% share of the housing finance market as of Fiscal Year 2015, based on loan assets. (*Source: CRISIL Report*). The higher market share of banks, as compared to HFCs can be attributed to extensive networks, broad customer bases and access to stable low-cost funds.

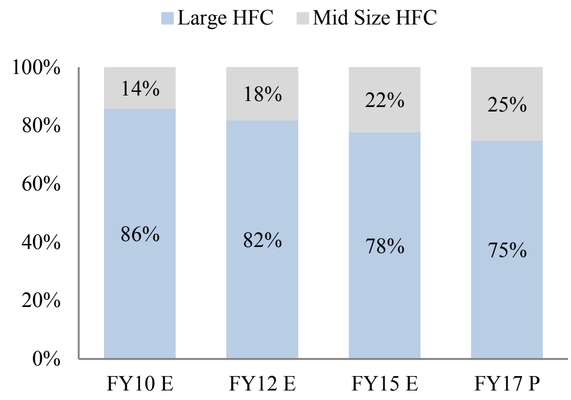
HFCs have steadily gained housing finance market share from banks, having increased their share from 31.00% in Fiscal Year 2012 to 37.00% in Fiscal Year 2015. Despite banks showing continuing growth in their lending portfolio, HFCs are able to gain market share due to, among other things, better access to customers in non-metro cities, their strong origination skills, focused approach and customer service orientation. (*Source: CRISIL Report*)

The recent slowdown in corporate credit has led to commercial banks aggressively focusing on the housing finance market and competing with HFCs. Despite this, HFCs' market share is expected to remain steady going forward. CRISIL predicts mid-size HFCs (those with total outstanding retail housing loans of less than ₹300.00 billion as of March 2015) will record a CAGR of 27.00-29.00% from Fiscal Year 2016 to Fiscal Year 2017. However, large HFCs will grow at a slower CAGR of 17.00-19.00% during the same period. Mid-size HFCs are expected to grow at a higher rate because of their focus on affordable housing projects and their relatively higher concentration in tier-II and smaller cities, where growth has been higher over Fiscal Year 2015. (*Source: CRISIL Report*)

Market Share of HFCs vs Banks



Share of Mid-sized HFCs to Increase



Note: "E" means estimated data and "P" means projected data.

Source: CRISIL Report

As of September 30, 2016, 78 companies had been granted certificates of registration by the NHB to act as HFCs under section 29A of the NHB Act. The following table illustrates a breakdown of this figure:

Conditions	No. of HFCs
HFCs having valid certificates of registration with permission to accept public deposits	12
HFCs having valid certificates of registration with permission to accept public deposits but which are required to obtain prior written permission from the NHB before accepting any public deposits	6
HFCs having valid certificates of registration but which are not permitted to accept public deposits	60
Total	**78**

*Source: NHB List of HFCs Registered under Section 2A of the NHB Act, available on http://www.nhb.org.in/Regulation/Registration.php ("**NHB HFC Registrations**")*

As of March 31, 2014, registered HFCs had a network of 2,510 branches and other offices across India. (*Source: NHB Report*).

The most prominent HFCs in India are widely recognised as Housing Development Finance Corporation Limited, LIC Housing Finance Limited, Indiabulls Housing Finance Ltd, Dewan Housing Finance Corporation Limited, PNB Housing Finance Limited, and Gruh Finance Limited.

PRODUCT SEGMENTS

Overview

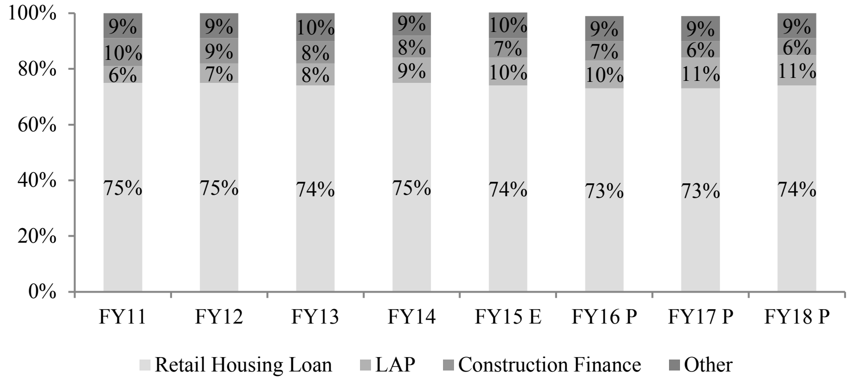
HFCs' housing loans can be categorised into two general segments: retail housing loans and non-retail housing loans. Retail housing loans represent housing loans to individuals, which is the focus of HFCs. Non-retail housing loans include construction finance, corporate loans, loan against property ("**LAP**") and construction finance.

In Fiscal Year 2015, HFCs' total outstanding loans increased by 22.60% year-on-year to ₹5.30 trillion. Demand for LAP rose, which was partially attributable to a significant increase in residential property prices during the year, as borrowers in these circumstances obtain more favourable absolute loan-to-value ratios. Rising disposable incomes, interest rate subventions and fiscal incentives on retail housing loans, along with more options in the affordable housing segment, aided the robust offtake. This trend is expected to continue and the share of retail housing loan and LAP to increase to 85.00% in Fiscal Year 2018 from 84.00% in Fiscal Year 2015. (*Source: CRISIL Report*)

In contrast from Fiscal Year 2011 to Fiscal Year 2015, owing to slowdown and rising delinquencies in the builders' portfolio, housing finance providers had become cautious in lending to this segment: the share of developers' loans decreased from 10.00% to 7.00%, as HFCs focussed mainly on extending retail housing loans and LAP to individuals. (*Source: CRISIL Report*)

The following graph shows the change in the composition of HFCs' housing loans from Fiscal Year 2011 to Fiscal Year 2018:

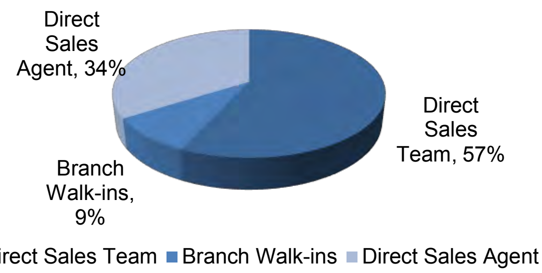
Loan Mix in HFCs' Outstanding Loans



Note: "E" means estimated data and "P" means projected data.

Source: CRISIL Report

In Fiscal Year 2014, the majority of housing loan origination occurred through direct sales teams, as opposed to direct sales agents or branch walk-ins:

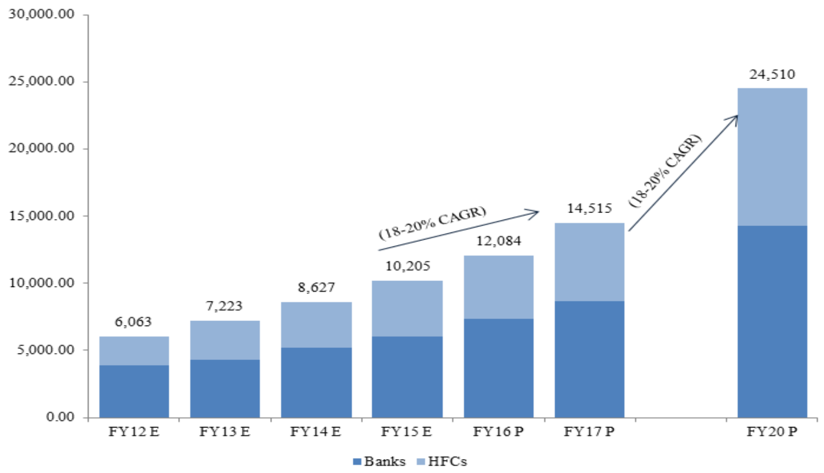


Source: CRISIL Report

Retail Housing Loans

The following graphs illustrate the historical and projected growth of India's outstanding retail housing loans and finance disbursements:

Growth in Outstanding Retail Housing Loans *(₹ in billions)*



*Notes: "E" means estimated data and "P" means projected data. This graph accounts for retail housing loans only. For a graph illustrating the growth of both retail and non-retail outstanding loans, see "**Industry Overview – Housing Finance Market in India**" on page 94.*

Source: CRISIL Report

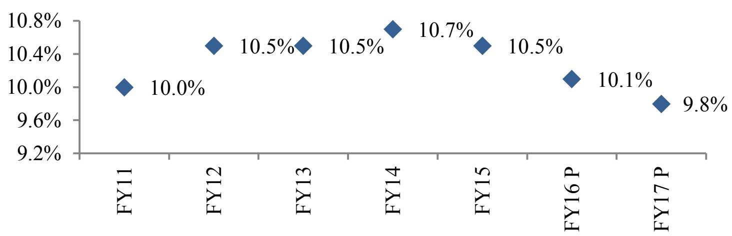
Demand for retail housing loans has risen in part due to rising disposable incomes, interest rate subventions and fiscal incentives on housing loans, along with more options in the affordable housing segment. Among lenders, HFCs have better capitalised on the demand in non- metropolitan cities, which was reflected by growth in their disbursements by 20.10% year-on-year. By contrast, banks' advances grew at a stable 14.00% year-on-year as a result of banks' increased focus on the retail segment, as corporate investments remained dormant. (*Source: CRISIL Report*)

Among the outstanding retail housing loans portfolio in Fiscal Year 2014, approximately 74.00% of the loans were for construction or buying new houses, 2.00% were for upgrades and repairs of existing houses, and the remaining 24.00% were for acquisition of old or existing houses (resale transactions). This data demonstrates that new asset creation was the primary activity financed by housing loans disbursed by HFCs. (*Source: NHB Report*)

Mid- and small-size HFCs have a larger proportion of self-employed borrowers, wherein interest rates charged are higher compared to interest charged to salaried borrowers. Yields for retail housing loans have a 75-150 bps range between the salaried and the self-employed borrowers. (*Source: CRISIL Report*)

Interest rates on retail housing loans averaged 10.50% in Fiscal Year 2015 in comparison to 10.70% in Fiscal Year 2014 due to high competition. The subsequent lowering of base rates by banks has led to lower retail housing loan rates in Fiscal Year 2016. CRISIL expects interest rates to continue moving downward in Fiscal Year 2017, as banks pass on the benefit of a re-pricing of their deposits.

The following chart illustrates the average housing loan rates from Fiscal Year 2011 to Fiscal Year 2017:



Note: "P" means projected data.

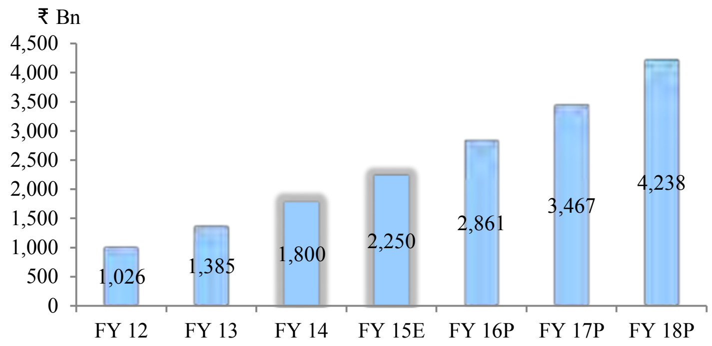
Source: CRISIL Report

Overall prepayment rates are likely to increase in the near term as interest rates decrease, resulting in an increase in cyclical prepayments. Structural prepayments are expected to stay flat in the near term. (*Source: CRISIL Report*)

LAP

The total outstanding on LAP for Fiscal Year 2015 was estimated to be ₹2,250.00 billion, reflecting a 30.00% CAGR since Fiscal Year 2012. This increase was due to better product awareness, small businesses' rising capital needs, and rapidly increasing property prices in key markets. CRISIL expects continued growth of outstanding on LAP in the mid-term at a CAGR of 23.00-25.00%. (*Source: CRISIL Report*)

Growth in Outstanding on LAP

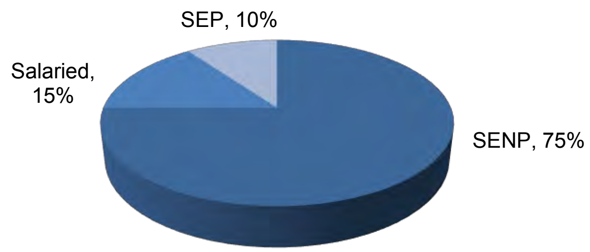


Note: "E" means estimated data and "P" means projected data.

Source: CRISIL Report

Self-employed borrowers account for almost 85.00% of LAP disbursements, of which 75.00% are self-employed non-professionals, while the rest are self-employed professionals. The salaried class accounts for the remaining 15.00%, primarily utilising LAP to meet personal expenses related to marriage, healthcare and repayment of previous loans. While HFCs target riskier self-employed customers, banks focus more on those salaried individuals and self-employed individuals with a relatively established credit profile. (*Source: CRISIL Report*)

The following pie chart illustrates the LAP borrower base for HFCs and NBFCs in Fiscal Year 2015:



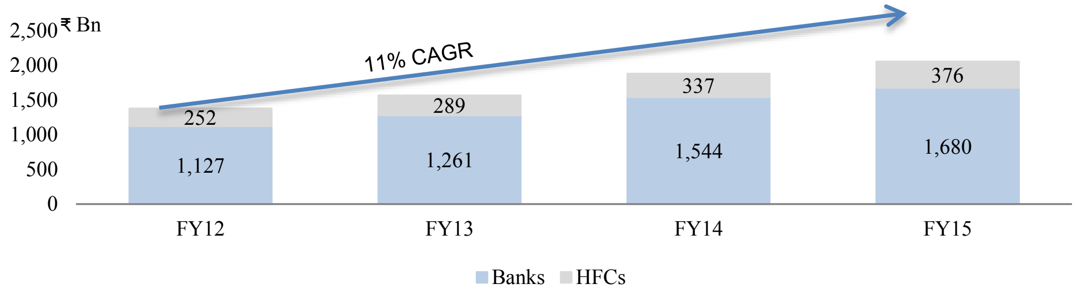
Note: "SENP" means self-employed non-professional and "SEP" means self-employed professional.

Source: CRISIL Report

Construction Finance

CRISIL estimates outstanding in the construction finance segment for HFCs and banks together to have risen to ₹2,056.00 billion in Fiscal Year 2015, reflecting a CAGR of 14.50% since Fiscal Year 2012. Growth has been slower compared with the housing loans and LAP markets, owing to weak demand and high gross non-performing assets ("**GNPAs**"). Loan growth significantly decreased to 9.30% year-on-year in Fiscal Year 2015 due to weak demand owing to lower affordability. However, HFCs' growth has been better than that of banks in this segment. During Fiscal Year 2015, HFCs' outstanding in the construction finance segment grew 11.60% compared with 8.90% for banks. (*Source: CRISIL Report*)

Market Size and Growth for the Construction Finance Segment



Source: CRISIL Report

As a result of the above factors, CRISIL expects overall outstanding in the construction finance segment to continue to grow at a CAGR of 9.00% over the next three years, reaching ₹2,645.00 billion by Fiscal Year 2018. Given developers' stressed balance sheets and the high GNPAs, lenders will be cautious. However, favourable regulatory changes and the government's focus on affordable housing should provide some support to meet demand. HFCs' construction finance loan portfolio is expected to grow at a CAGR of 12.00%, compared with banks' construction finance loan portfolio, which is expected to grow at a CAGR of 7.00-9.00%. (*Source: CRISIL Report*)

Key Financial Indicators

The following table sets forth key financial indicators for HFCs as of March 31, 2014 (in ₹ billions):

Particulars	2012	2013	Growth %	2014	Growth %
Paid up Capital	54.00	55.40	2.55	60.10	8.54
Free Reserves	346.60	480.20	38.55	551.80	14.91
Net Owned Fund	371.00	510.30	37.53	517.90	1.49
Public Deposits	354.80	441.80	24.53	519.80	17.66
Outstanding Housing Loans	2,222.30	2,904.30	30.69	3,478.60	19.77

Source: CRISIL Report

Besides their owned funds (i.e., paid up capital and net owned fund), HFCs are primarily dependent on loans and debentures from banks and financial institutions. Generally, HFCs have a well-diversified and stable resource base, comprising fixed deposits, bank borrowings, debentures, bonds and foreign currency borrowings. This flexibility allows HFCs to manage costs more effectively.

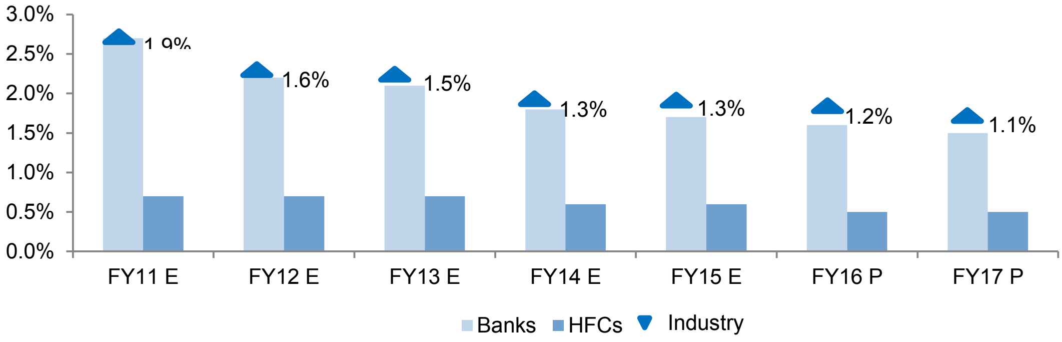
Quality of Assets

The distinguishing feature of the housing loan portfolio in India is the low NPA level, which is partially the result of financiers' adequate appraisal systems and effective recovery mechanisms, as well as greater information availability. In Fiscal Year 2015, the gross NPA level for HFCs in the housing loan sector was estimated at 0.50% while it was slightly higher for banks, at 1.60%. (*Source: CRISIL Report*).

NPAs are likely to decline marginally in Fiscal Years 2016 and 2017 owing to economic recovery, lower interest rates, better control, system checks, follow-ups, and the expected improvement of job security. Segmental analysis indicates that the GNPAs in the non-individual portfolio are higher than in the individual portfolio. The former is relatively volatile and is vulnerable to stress in the current economic environment. Higher delinquency and a lower level of asset quality is observed in the LAP portfolio, mainly on account of a riskier borrower profile. However, delinquencies are minimised through strong origination, valuation and collection mechanisms.

The following graph illustrates the downward trend of NPAs of HFCs from Fiscal Year 2011 to Fiscal Year 2017:

NPAs to Decline in the Next Two Years



Note: "E" means estimated data and "P" means projected data.

Source: CRISIL Report

Sources of Borrowing

Banks have traditionally been the dominant sources of funding for HFCs, as lending to HFCs qualifies for priority sector lending, subject to certain conditions. Recently, high base rates of banks resulting in higher costs of bank borrowings have driven HFCs to focus on market borrowings. The proportion of bank borrowings therefore declined from approximately 36.00% for Fiscal Year 2012 to approximately 30.00% for Fiscal Year 2014, while market borrowings in the form of bonds and debentures increased from approximately 35.00% to approximately 40.00% during the same period. (*Source: NHB Report*)

Through various Government rural and affordable housing schemes, the NHB offers refinance assistance to HFCs in respect of certain qualifying loans given to individuals for housing. LAP, or loans given against a housing property but for purposes other than construction, purchase, repairs, upgrades or extensions, are not eligible for refinance. NHB's affordable housing schemes are 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. In order to access NHB refinance, HFCs are required to lend to certain select customers in the low and middle income segments in rural and urban parts of India.

The following table sets forth the composition of HFC borrowings for financial years 2012 to 2014 (in ₹ billions):

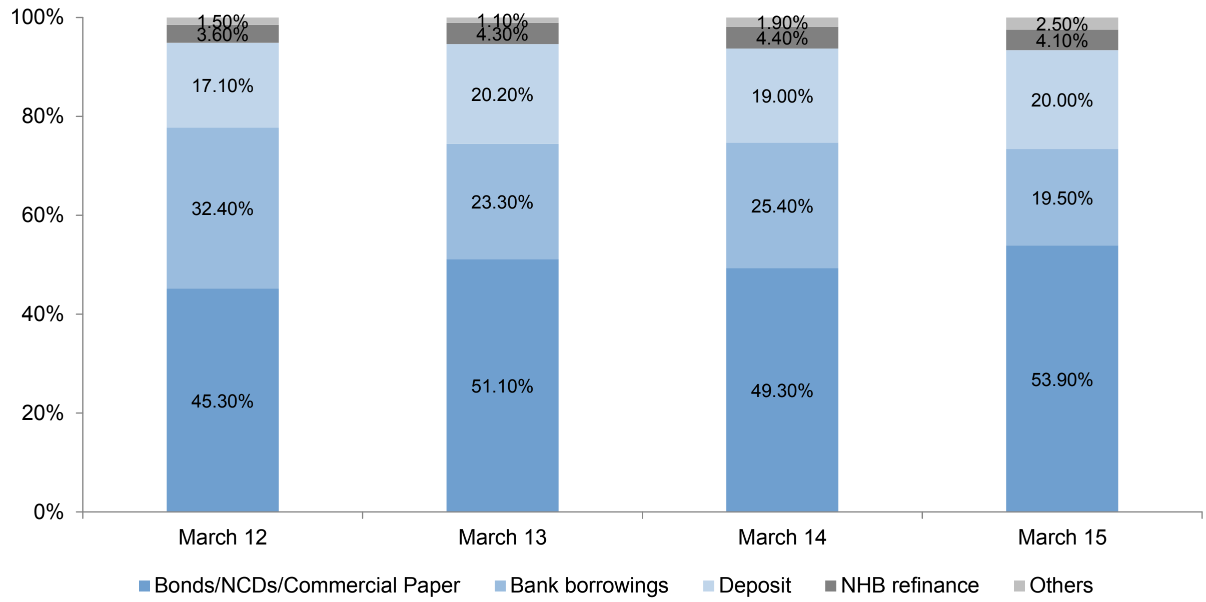
Particulars	Fiscal Year 2012	% of total	Fiscal Year 2013	% of total	Fiscal Year 2014	% of total
National Housing Bank	106.40	3.80%	158.60	4.50%	193.80	4.60%
Foreign Government, Foreign Citizen or Person	18.00	0.70%	10.60	0.30%	33.10	0.80%
Banks	1,006.60	36.40%	1,042.40	29.40%	1,284.10	30.50%
Debentures secured by mortgage of immovable properties or convertible debentures[1]	960.30	34.70%	1,412.60	39.90%	1,690.20	40.10%
Others	321.80	11.60%	475.50	13.40%	494.70	11.70%
Public Deposits	354.70	12.80%	441.80	12.50%	519.80	12.30%
Total	2,768.00	100.00%	3,541.50	100.00%	4,215.60	100.00%

Source: NHB Report

1 Of such debentures 23.80%, 25.10% and 24.10% were subscribed by banks and 76.70%, 74.90% and 75.90% were subscribed by others in Fiscal Years 2012, 2013 and 2014, respectively.

Deposit-taking HFCs have a well-diversified and stable resource base, comprising fixed deposits, bank borrowings, debentures, bonds and foreign currency borrowings. This lends flexibility to the companies' borrowings, allowing them to manage borrowing costs.

Deposit-taking HFCs Depend Less on Bank Funds



Note: This graph only accounts for deposit-taking HFCs.

Source: CRISIL Report

Profitability of HFCs

The RBI decreased the repo rate by 125 bps cumulatively in 2015, and further reduced it by 25 bps in April, 2016, which will lower banks' cost of funds. This is expected to be passed on to borrowers. Moreover, as market interest rates decline, HFCs are likely to be able to raise funds through non-convertible debentures, commercial papers and other instruments at a lower cost.

CRISIL expects the net profit margin for HFCs to be in the range of 1.80% to 2.00% in the near future, as the decline in the cost of funds will more than offset any fall in yields. The following table sets forth the overall profitability of HFCs (actual, expected and projected) from Fiscal Year 2014 to Fiscal Year 2017:

Overall Profitability of HFCs

Particulars	Fiscal Year 2014	2015	2016P	2017P
Yields on funds deployed	11.70%	11.70%	11.50%	11.10%
Cost of funds	9.50%	9.30%	9.00%	8.60%
Gross spread	2.20%	2.40%	2.50%	2.50%
Operating expenses	0.60%	0.60%	0.70%	0.70%
Fee income	0.30%	0.30%	0.30%	0.30%
Credit costs	0.10%	0.20%	0.20%	0.20%
Net spread	1.80%	1.90%	2.00%	2.00%

Note: "P" means projected data. Aggregate includes financials of HDFC, LIC Housing Finance, Can Fin Homes, IBHFL, DHFL, GIC Housing Finance, Gruh Finance, L&T Housing Finance, Mahindra Rural Housing Finance, Sundaram BNP Paribas Home Finance, PNB Housing Finance, REPCO Home Finance and TATA Capital Housing Finance.

Source: CRISIL Report

Additionally, for large HFCs in particular, the profitability (actual, expected and projected) for the period from Fiscal Year 2014 to Fiscal Year 2017 is as below:

Profitability Analysis of Large HFCs

Particulars	Fiscal Year 2014	2015	2016P	2017P
Yields on funds deployed	11.40%	11.30%	11.00%	10.70%
Cost of funds	9.50%	9.30%	9.00%	8.60%
Gross spread	1.90%	2.10%	2.10%	2.10%
Operating expenses	0.50%	0.50%	0.50%	0.50%
Fee income	0.30%	0.30%	0.30%	0.30%
Credit costs	0.10%	0.10%	0.10%	0.10%
Net spread	1.60%	1.80%	1.80%	1.80%

Note: "P" means projected data. Aggregate includes financials of HDFC, DHFL and LIC Housing Finance.

Source: CRISIL Report

Mid- and small-size HFCs (with a retail mortgage loan size of less than ₹300.00 billion) have been gaining market share, which has risen to 22.00% as of March 2015, from 14.00% in March 2010. CRISIL expects this figure to reach 25.00% by March 2017. This is primarily due to the variation of business dynamics between the mid- to small-size HFCs and the large HFCs.

Profitability Analysis of Mid- and Small-size HFCs

Particulars	Fiscal Year 2014	2015	2016P	2017P
Yields on funds deployed	13.00%	13.00%	12.70%	12.40%
Cost of funds	9.60%	9.40%	9.10%	8.70%
Gross spread	3.40%	3.50%	3.60%	3.70%
Operating expenses	1.10%	1.10%	1.10%	1.20%
Fee income	0.50%	0.60%	0.60%	0.60%
Credit costs	0.50%	0.50%	0.50%	0.50%
Net spread	2.40%	2.50%	2.60%	2.60%

Note: "P" means projected data. Aggregate includes financials of Can Fin Homes, IBHFL, GIC Housing Finance, Gruh Finance, L&T Housing Finance, Mahindra Rural Housing Finance, Sundaram BNP Paribas Home Finance, PNB Housing Finance, REPCO Home Finance and TATA Capital Housing Finance.

Source: CRISIL Report

HFC and Bank Customer Profiles

Large HFCs predominantly operate in the major cities and cater to salaried borrowers, who are charged a comparatively lower rate on account of their better credit profile. The increasing share of LAP in the mid- and small-size HFCs will also help limit the decline in yields.

The following graph shows the customer profile of large and mid-sized HFCs:

Source: CRISIL Report

REGULATORY FRAMEWORK

The Indian housing market is governed by a complex legislative framework, which pertains to property developments, the transfer of property, and the relationship between tenant and landlord. Along with relevant broader statutory requirements, HFCs and banks are concerned with specific regulations imposed by their respective regulators, being the NHB and the RBI. For further details on the relevant regulatory aspects of the Indian housing finance industry, see "***Key Regulations and Policies in India***" on page 156.

The following table sets out a high level overview of the various regulatory benchmarks applicable to banks and HFCs:

Sr. No.	Key Regulations	Banks	HFCs
1.	Regulator	Reserve Bank of India	National Housing Bank
2.	Capital adequacy ratio	9.00%	12.00%
3.	Risk weight on housing loan	50.00% for loans up to ₹2 million; LTV cap 90.00% 50.00% for loans between ₹2.00 – 7.50 million; LTV cap 80.00% 75.00% for loans above ₹7.50 million; LTV cap 75.00%	35.00% for loans up to ₹3.00 million; LTV cap 80.00% 50.00% for loans between ₹3.00 – 7.50 million; LTV cap 90.00% 75.00% for loans above ₹7.50 million; LTV cap 75.00%
4.	Risk weight in commercial real estate loan	100.00%	100.00%
5.	Risk weight on commercial real estate – Residential Housing loan	75.00%	75.00%
6.	Need to maintain Cash Reserve Ratio	Yes; 4.00% of net time and demand deposits	No
7.	Need to maintain statutory liquidity ratio	Yes 21.50% of net time and demand	Yes 12.50% of net time and demand deposits

Source: CRISIL Report and NHB

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 Information**" on page 192 and the sections titled "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Our Business**" on pages 243 and 124, 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 Financial Statements included in the section titled "**Financial Information**" on page 192. Footnotes appear at the end of each related section of tables where applicable. Where relevant, information and ratios for the three month period ended June 30, 2016 are presented on an annualised basis.*

AVERAGE BALANCE SHEET

The table below sets forth the average balances for income-earning assets and interest-bearing liabilities together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost for each period indicated.

Average Balance. The average balance is the average of opening and closing balances outstanding for the year or period.

Average Yield on Average Interest-Earning Assets. The average yield on average interest-earning assets is the ratio of interest income on interest earning assets to average interest-earning assets for the year or period.

Average Cost on Average Interest-Bearing Liabilities. The average cost on average interest-bearing liabilities is the ratio of interest expense and other charges (including brokerage on deposits) to average interest-bearing liabilities for the year or period.

Average Balance of Advances. The average balances of loans include gross NPAs.

The average balance sheet numbers for the Fiscal Years 2016, 2015 and 2014 are based on the average of the opening and closing balances outstanding during those years and the average balance sheet numbers for the three months ended June 30, 2016 have been calculated on an annualised basis.

[Space intentionally left blank.]

	As of and for three months ended June 30, 2016			As of and for Fiscal Years ended March 31,								
				2016			2015			2014		
	Average Balance	Interest income/ Expense	Average yield/ cost (Annualised)	Average Balance	Interest income/ Expense	Average yield/ cost	Average Balance	Interest income/ Expense	Average yield/ cost	Average Balance	Interest income/ Expense	Average yield/ cost
						(in ₹ million, except percentages)						
Interest-earning assets:												
Loans and Advances	290,389.56	7,865.11	10.83%	219,982.94	24,600.26	11.18%	137,052.65	15,976.36	11.66%	86,053.19	10,011.14	11.63%
Investments	18,670.26	305.86	6.55%	17,681.50	1,073.52	6.07%	12,956.73	1,084.99	8.37%	8,009.03	757.86	9.46%
Others	40.02	1.03	10.29%	66.96	8.87	13.25%	52.69	2.81	5.32%	14.05	0.44	0.00%
Total interest-earning assets	309,099.84	8,172.00	10.58%	237,731.41	25,682.65	10.80%	150,062.07	17,064.16	11.37%	94,076.27	10,769.44	**11.45%**
Non-interest earning assets:												
Fixed assets	631.00			599.23			432.60			232.91		
Other assets	12,039.89			5,208.03			2,379.38			1,664.07		
Total assets	**321,770.73**			**243,538.67**			**152,874.05**			**95,973.25**		
Interest-bearing liabilities:												
Deposits	72,758.74	1,671.86	9.19%	60,066.39	6,059.76	10.09%	33,048.45	3,120.14	9.44%	13,815.48	1,383.92	10.02%
Other Borrowings	208,265.33	4,408.02	8.47%	154,485.81	12,543.09	8.12%	101,911.56	9,528.30	9.20%	71,183.59	6,632.07	9.17%
Total interest-bearing liabilities	**281,024.07**	**6,079.88**	**8.65%**	**214,552.19**	**18,602.85**	**8.67%**	**134,960.01**	**12,648.43**	**9.26%**	**84,999.07**	**8,015.99**	**9.30%**
Non-interest bearing liabilities:												
Capital and reserves	21,924.64			18,615.92			12,564.36			7,760.89		
Other liabilities	18,822.02			10,370.55			5,349.68			3,213.29		
Total non-interest bearing liabilities	40,746.66			28,986.47			17,914.04			10,974.18		
Total liabilities	321,770.73			243,538.67			152,874.05			95,973.24		
Net Interest Income[1]		2,092.12			7,079.80			4,415.72			2,753.45	
Net Interest Margin[2]			2.71%			2.98%			2.94%			2.93%

1. *Net interest income, or "**NII**", represents total interest income less total interest expense (including brokerage on deposits, other ancillary cost and forward premium cost on ECBs).*
2. *Net interest margin, or "**NIM**", for any given period represents the ratio of NII to the average of interest-earning assets, expressed as a percentage.*

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 DMAs 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 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.

	Fiscal Year 2016 compared to Fiscal Year 2015			Fiscal Year 2015 compared to Fiscal Year 2014		
	Net change in interest income or expense	**Change due to change in average balance[1]**	**Change due to change in average rate**	**Net change in interest income or expense**	**Change due to change in average balance[1]**	**Change due to change in average rate**
			(in ₹ million)			
Interest Income						
Loans and Advances	8,623.90	9,667.26	(1,043.36)	5,965.22	5,933.11	32.11
Investments	(11.47)	395.65	(407.12)	327.13	468.18	(141.05)
Others	6.07	0.76	5.31	2.36	1.21	1.15
Total Interest Income	8,618.50	10,063.67	(1,445.17)	6,294.71	6,402.50	(107.79)
Interest Expense[2]						
Deposits	2,939.62	2,550.79	388.83	1,736.22	1,926.60	(190.38)
Other Borrowings	3,014.80	4,915.47	(1,900.67)	2,896.23	2,862.88	33.35
Total Interest Expense	5,954.42	7,466.26	(1,511.84)	4,632.45	4,789.48	(157.03)
Net Interest Income	2,664.08	2,597.41	(66.67)	1,662.26	1,613.02	49.24

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 ancilliary 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 Financial Performance And Financial Condition—Impact of interest rate volatility and liquidity risk***" on page 247.

YIELDS, SPREADS AND MARGINS

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

	Three months ended June 30,	Fiscal Years		
Particulars	**2016**	**2016**	**2015**	**2014**
	(in ₹ million, except percentages)			
Interest income	8,172.00	25,682.65	17,064.16	10,769.44
Finance cost	6,079.88	18,602.85	12,648.43	8,015.99
Average interest-earning assets	309,099.84	237,731.41	150,062.07	94,076.27
Average interest-bearing liabilities	281,024.07	214,552.19	134,960.01	84,999.07
Net interest income	2,092.12	7,079.80	4,415.72	2,753.45
Average total assets	321,770.73	243,538.67	152,874.05	95,973.25
Cost to income ratio[1]	25.03%	25.69%	31.39%	30.14%
Average interest-earning assets as a percentage of average total assets	96.06%	97.62%	98.16%	98.02%
Average interest-bearing liabilities as a percentage of average total assets	87.34%	88.10%	88.28%	88.57%
Average interest-earning assets as a percentage of average interest-bearing liabilities	109.99%	110.80%	111.19%	110.68%
Average yield[2]	10.58%	10.80%	11.37%	11.45%
Average cost of borrowings[3]	8.65%	8.67%	9.26%	9.30%
Spread[4]	1.93%	2.13%	2.11%	2.15%
Dividend payout ratio[5]	-	14.84%	14.95%	13.57%
Opex to average total assets ratio[6]	0.73%	0.83%	1.00%	0.94%

Notes:

1. *Cost to income ratio refers to the ratio of total operating expenses (including employee expenses, office operating expenses, other expenses (excluding loan origination costs), depreciation and amortisation expense) to our gross income (revenue from operations less finance cost and loan origination cost).*
2. *Average yield refers to interest income for the period divided by average interest-earning assets, expressed as a percentage.*
3. *Average cost of borrowings refers to finance cost for the period divided by average interest-bearing liabilities, expressed as a percentage.*
4. *Spread refers to difference between average yield and average cost of borrowings.*
5. *Dividend payout ratio refers to ratio of total dividend (including dividend distribution tax) to profits after tax.*
6. *Opex to average total assets ratio refers to the ratio of total operating expenses (including employee expenses, office operating expenses, other expenses (excluding loan origination cost) and depreciation and amortisation expense) to average total assets.*

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 periods indicated.

	Three months ended June 30, 2016	**Fiscal Years**		
		2016	**2015**	**2014**
Particulars		*(in ₹ million, except percentages)*		
Average total assets	321,770.74	243,538.67	152,874.05	95,973.25
Average shareholders' equity	21,924.64	18,615.92	12,564.36	7,760.90
Profit after tax	960.28	3,275.66	1,940.70	1,296.97
Return on equity[1]	17.52%	17.60%	15.45%	16.71%
Return on average assets (after tax)[2]	1.19%	1.35%	1.27%	1.35%
Average shareholders' equity as a percentage of average total assets	6.81%	7.64%	8.22%	8.09%

Notes:

1. *Return on equity is calculated by dividing the profit after tax for the period by average shareholders' equity at the end of the period, expressed as a percentage.*
2. *Return on average assets (after tax) is calculated by dividing the profit after tax for the period by the average total assets for the period.*

Interest Coverage Ratio

The table below sets forth our interest coverage ratios for the periods indicated.

	Three months ended June 30, 2016	**Fiscal Years**		
		2016	**2015**	**2014**
Interest Coverage Ratio		*(in ₹ million, except percentages)*		
Net profit before tax (A)	1,473.82	5,042.80	2,944.50	1,789.84
Non-cash expenses - depreciation, provision for loan assets/ bad debts written off (net of recoveries) and contingent provisions against standard assets (net) (B)	324.48	961.67	463.89	337.41
Interest cost (C)	6,079.88	18,602.85	12,648.43	8,015.99
Total (D = (A) + (B) + (C))	7,878.18	24,607.32	16,056.82	10,143.24
Interest coverage Ratio (E = (D) /(C))	**129.58%**	**132.28%**	**126.95%**	**126.54%**

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.

	As of June 30, 2016			As of March 31,								
				2016			2015			2014		
	HTM	AFS	HFT	HTM	AFS	HFT	HTM	AFS	HFT	HTM	AFS	HFT
	(in ₹ million)											
Government Securities	8,943.75	-	-	8,139.62			2,191.26	-	-	1,187.37	-	-
Other approved securities	-	-	-	-	-	-	-	-	-	-	-	-
Bonds and Debentures and CDs	-	1,955.73	-	-	8,083.13	-	-	13,668.54	-	-	5,267.40	-
Deposits	-	9,400.00	-	818.29	-	-	2,462.18	-	-	1,136.72	-	-
Others (including mutual fund investments)	-	-	-	-	-	-	-	-	-	-	-	-

Maturity Profile

The table below sets forth, as of June 30, 2016, 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 ₹ million)*	Yield *(%)*	Amount *(in ₹ million)*	Yield *(%)*	Amount *(in ₹ million)*	Yield *(%)*	Amount *(in ₹ million)*	Yield *(%)*
Particulars								
Government Securities	303.07	7.47%	125.06	7.63%	8,151.61	8.68%	364.01	9.55%
Other Debt Securities	1,955.73	8.25%						
Total	**2,258.80**	**8.15%**	**125.06**	**7.63%**	**8,151.61**	**8.68%**	**364.01**	**9.55%**

LOAN PORTFOLIO

We define our "loan portfolio" as the housing and non-housing loans we provide to our customers. Our "assets under management" or "**AUM**" includes both our loan portfolio and the loans we sell pursuant to securitisation transactions and for which we retain the associated servicing rights. As of June 30, 2016, our loan portfolio constituted 98.73% of our AUM. On August 30, 2016, we entered into a securitisation transaction in the amount of ₹24,400.00 million for cash proceeds of ₹24,400.00 million, which forms part of, and did not result in a change in, our AUM. For further details, see "***Our Business—Securitisation Transactions***" on page 147. The tables below set forth details of our loan portfolio as of the dates indicated below.

	As of June 30, 2016		As of March 31,					
			2016		2015		2014	
Loan Product	*Amount (in ₹ million)*	*% of total housing loans*	*Amount (in ₹ million)*	*% of total housing loans*	*Amount (in ₹ million)*	*% of total housing loans*	*Amount (in ₹ million)*	*% of total housing loans*
Home Purchase Loans	160,872.08	74.04	142,867.75	74.74	88,863.26	74.28	56,187.10	75.31
Residential Construction Loans	7,188.46	3.31	6,528.40	3.42	4,953.31	4.14	5,323.89	7.14
Residential Plot Loans	9,979.59	4.59	8,476.96	4.43	4,472.27	3.74	2,016.63	2.70
Residential Plot cum Construction Loans	7,971.47	3.67	6,896.30	3.61	4,337.11	3.63	4,137.91	5.55
Home Extension Loans	663.36	0.31	660.84	0.35	730.40	0.61	695.83	0.93
Home Improvement Loans	1,304.87	0.60	1,081.42	0.57	168.34	0.14	116.35	0.16
Total Retail Housing loans	187,979.82	86.52	166,511.67	87.10	103,524.70	86.53	68,477.71	91.78

Construction Finance loans	29,291.13	13.48	24,650.75	12.90	16,110.82	13.47	6,133.53	8.22
Total housing loans	**217,270.95**	**100.00**	**191,162.42**	**100.00**	**119,635.52**	**100.00**	**74,611.24**	**100.00**

	As of June 30, 2016		**As of March 31,**					
			2016		**2015**		**2014**	
Loan Product	*Amount (in ₹ million)*	*% of total non-housing loans*	*Amount (in ₹ million)*	*% of total non-housing loans*	*Amount (in ₹ million)*	*% of total non-housing loans*	*Amount (in ₹ million)*	*% of total non-housing loans*
Loan Against Property	55,098.96	60.06	49,108.82	60.92	33,915.77	69.85	21,947.99	70.12
Non-residential Premises Loans	11,519.18	12.56	10,435.52	12.95	5,957.92	12.27	3,670.97	11.73
Lease Rental Discounting	14,291.82	15.58	11,972.75	14.85	5,618.21	11.57	2,728.55	8.72
Corporate Term Loan	10,825.53	11.80	9,093.16	11.28	3,065.74	6.31	2,953.33	9.44
Total non-housing loans	**91,735.49**	**100.00**	**80,610.26**	**100.00**	**48,557.65**	**100.00**	**31,300.82**	**100.00**

Our loan portfolio grew at a CAGR of 60.19%, from ₹105,912.10 million as of March 31, 2014 to ₹271,772.68 million as of March 31, 2016, and was ₹309,006.44 million as of June 30, 2016. During the period from Fiscal Year 2014 to Fiscal Year 2016, our loan sanctions grew at a CAGR of 61.34%, from ₹88,404.23 million in Fiscal Year 2014 to ₹230,111.68 million in Fiscal Year 2016 and our loan disbursements grew at a CAGR of 62.12%, from ₹55,000.00 million in Fiscal Year 2014 to ₹144,560.00 million in Fiscal Year 2016. In the three months ended June 30, 2016, our loan sanctions were ₹73,450.60 million and our loan disbursements were ₹50,673.78 million.

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 as of June 30, 2016 and as of March 31, 2016, 2015 and 2014.

	As of June 30, 2016		**As of March 31,**					
			2016		**2015**		**2014**	
Loan Sanctions	*Amount (in ₹ million)*	*% of total loan sanctions*	*Amount (in ₹ million)*	*% of total loan sanctions*	*Amount (in ₹ million)*	*% of total loan sanctions*	*Amount (in ₹ million)*	*% of total loan sanctions*
Housing loans	57,563.48	78.37	170,430.40	74.06	106,415.52	70.58	63,860.60	72.24
Non-housing loans	15,887.12	21.63	59,681.28	25.94	44,346.90	29.42	24,543.62	27.76
Total	**73,450.60**	**100.00**	**230,111.68**	**100.00**	**150,762.43**	**100.00**	**88,404.23**	**100.00**

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 as of June 30, 2016 and as of March 31, 2016, 2015 and 2014.

	As of June 30, 2016		**As of March 31,**					
			2016		**2015**		**2014**	
Loan Disbursement	*Amount (in ₹ million)*	*% of total loan disbursement*	*Amount (in ₹ million)*	*% of total loan disbursement*	*Amount (in ₹ million)*	*% of total loan disbursement*	*Amount (in ₹ million)*	*% of total loan disbursement*
Housing loans	36,146.67	71.33	102,840.00	71.14	65,100.00	68.96	36,980.00	67.24
Non-housing loans	14,527.11	28.67	41,720.00	28.86	29,300.00	31.04	18,020.00	32.76
Total	**50,673.78**	**100.00**	**144,560.00**	**100.00**	**94,400.00**	**100.00**	**55,000.00**	**100.00**

Average yield

The table below sets forth the average yield of our loans by product type for the three months ended June 30, 2016, on an annualised basis, and in Fiscal Years 2016, 2015 and 2014.

Average Yield	Three months ended June 30, 2016	Fiscal Years 2016	2015	2014
Housing loans	10.34%	10.46%	10.84%	11.06%
Non-housing loans	12.01%	12.93%	13.65%	13.06%
Total	**10.83%**	**11.18%**	**11.66%**	**11.63%**

Spread

The table below sets forth the spread on our loans by product type for the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014.

Spread	Three months ended June 30, 2016	Fiscal Years 2016	2015	2014
Housing loans	1.69%	1.79%	1.57%	1.76%
Non-housing loans	3.36%	4.25%	4.39%	3.76%
Total	**2.18%**	**2.51%**	**2.40%**	**2.33%**

Maturity and Interest Rate Sensitivity of Loans

The table below sets forth the maturity and interest rate sensitivity of our loans as of June 30, 2016.

Interest rate classification of loans by maturity	As of June 30, 2016 Due in one year or less	Due in one to five years	Due after five years	Total
		(in ₹ million)		
Fixed rates	9,681.84	19,348.07	9,986.39	39,016.30
Variable rates	68,964.36	134,323.43	67,102.91	270,390.70
Total	**78,646.20**	**153,671.50**	**77,089.30**	**309,407.00**

Concentration of Customers

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

	As of June 30, 2016		As of March 31, 2016		2015		2014	
Concentration of Customers	*Amount (in ₹ million)*	*% of total loan portfolio*	*Amount (in ₹ million)*	*% of total loan portfolio*	*Amount (in ₹ million)*	*% of total loan portfolio*	*Amount (in ₹ million)*	*% of total loan portfolio*
Salaried individuals [1]	124,023.24	40.14	108,967.25	40.09	61,655.30	36.66	39,223.27	37.03
Self-employed customers[2]	135,759.64	43.93	121,385.11	44.66	84,434.88	50.20	56,845.85	53.67
Loans to corporates[3]	49,223.55	15.93	41,420.31	15.24	22,102.98	13.14	9,842.94	9.29
Total	**309,006.44**	**100.00**	**271,772.68**	**100.00**	**168,193.17**	**100.00**	**105,912.06**	**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] *"Loans to corporates" 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 June 30, 2016		As of March 31, 2016		2015		2014	
Region	*Amount (in ₹ million)*	*% of total loan portfolio*	*Amount (in ₹ million)*	*% of total loan portfolio*	*Amount (in ₹ million)*	*% of total loan portfolio*	*Amount (in ₹ million)*	*% of total loan portfolio*

Northern region [1]	122,579.24	39.67	109,802.38	40.40	78,099.83	46.43	55,244.45	52.16
Western region [2]	93,937.79	30.40	81,240.32	29.90	44,886.26	26.69	26,549.95	25.07
Southern region [3]	92,489.41	29.93	80,729.98	29.70	45,207.08	26.88	24,117.66	22.77
Total	**309,006.44**	**100.00**	**271,772.68**	**100.00**	**168,193.17**	**100.00**	**105,912.06**	**100.00**

Notes:

[1] *"Northern region" includes the states of Delhi, Punjab, Haryana, Uttar Pradesh, Rajasthan, West Bengal and 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, Telengana, 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 three months ended June 30, 2016	As of and for the Fiscal Years ended March 31, 2016	2015	2014
	(in ₹ millions, except numbers of employees and branches)			
Loan disbursements (A)	50,673.78	144,560.00	94,400.00	55,000.00
Profit after tax (B)	960.28	3,275.66	1,940.70	1,296.97
Number of employees (C)	847	752	630	469
Loan disbursements per employee (A/C)	239.31	192.23	149.84	117.27
Profit per employee (B/C)	4.53	4.34	3.08	2.77
Number of branches (D)	47	47	38	32
Loan disbursements per branch (A/D)	4,312.66	3,075.74	2,484.21	1,718.75

CAPITAL ADEQUACY

The NHB Directions currently require HFCs to comply with a CRAR, consisting of Tier I and Tier II capital, of not less than 12.00% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable. At a minimum, Tier I capital may not be less than 6.00% of risk weighted assets. Further, the NHB 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 three months ended June 30, 2016 and as of and for Fiscal Years 2016, 2015 and 2014, in relation to our capital adequacy computed as per the NHB Directions.

Particulars	As of and for the three months ended June 30, 2016	As of and for Fiscal Years ended March 31, 2016	2015	2014
	(in ₹ million, except percentages)			
CRAR[1]	13.04%	12.68%	13.29%	12.55%
CRAR - Tier I capital	8.40%	9.02%	9.94%	9.52%
CRAR - Tier II capital	4.64%	3.66%	3.35%	3.03%
Borrowings	300,459.47	261,588.67	167,515.72	102,404.32
Cash and cash equivalents (as per the cash flow statement)	12,554.72	1,667.07	469.24	247.50
Net worth	22,404.78	21,444.50	15,787.27	9,341.38
Current investments (Investments in liquid debt instruments)	1,955.73	8,083.13	13,668.54	5,267.40
Debt to equity ratio[2]	13.41	12.20	10.61	10.96

Notes:

1. *CRAR is defined as a capital ratio consisting of Tier I and Tier II capital to its aggregated risk weighted assets (in accordance with the NHB Directions) 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 June 30, 2016, our borrowings constituted 86.63% 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 June 30, 2016 and as of March 31, 2016, 2015 and 2014.

Source of funding	As of June 30, 2016		As of March 31, 2016		2015		2014	
	Amount (in ₹ million)	*% of total outstanding borrowings*	*Amount (in ₹ million)*	*% of total outstanding borrowings*	*Amount (in ₹ million)*	*% of total outstanding borrowings*	*Amount (in ₹ million)*	*% of total outstanding borrowings*
Loans from banks and financial institutions	21,118.19	7.03	19,484.74	7.45	34,042.74	20.32	40,826.03	39.87
NCDs and other debt instruments	90,700.00	30.19	87,700.00	33.53	39,650.00	23.67	31,500.00	30.76
Deposits	74,358.98	24.75	71,158.51	27.20	48,974.26	29.24	17,122.65	16.72
ECBs	16,124.95	5.37	6,106.95	2.33	6,106.95	3.65	-	-
Commercial paper	59,000.00	19.64	50,250.00	19.21	16,000.00	9.55	-	-
Refinancing from NHB	30,157.35	10.04	20,788.48	7.95	17,741.76	10.59	9,955.64	9.72
Subordinated debt	9,000.00	3.00	6,100.00	2.33	5,000.00	2.98	3,000.00	2.93
Total borrowings	**300,459.47**	**100.00**	**261,588.67**	**100.00**	**167,515.72**	**100.00**	**102,404.32**	**100.00**

Our average cost of borrowings in the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014 was 8.65%, 8.67%, 9.26% and 9.30%, respectively.

Subordinated Debt

In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2013, we raised ₹2,900.00 million, ₹2,100.00 million, ₹2,000.00 million and ₹2,000.00 million, respectively, through 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 June 30, 2016 was ₹9,000.00 million. The NCDs issued in Fiscal Years 2012 and 2015 are rated "CRISIL AA+" and "[ICRA] AA+/Stable", indicating high safety with regard to timely payment of interest and principal. The NCDs issued in the three months ended June 30, 2016 and in Fiscal Years 2016 are rated "CARE AAA" and "IND AAA", indicated 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 ₹ million)*	Issue Date	Maturity Date	Terms of Redemption
INE572E09197	2,000.00	December 21, 2012	December 21, 2022	Fully redeemable on maturity
INE572E09262	2,000.00	November 24, 2014	November 24, 2024	
INE572E09320	2,100.00	January 18, 2016	January 17, 2026	
INE572E09346	2,900.00	April 28, 2016	April 28, 2026	
Total	**9,000.00**			

Credit Ratings

As of the date of this Prospectus, 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 Prospectus. The ratings or the outlook set forth below may be revised, suspended or withdrawn by these rating agencies at any time.

	CARE		CRISIL		India Ratings (Fitch)		ICRA	
Instrument	**Size** *(in ₹ million)*	**Credit Rating/ Outlook**	**Size** *(in ₹ million)*	**Credit Rating/ Outlook**	**Size** *(in ₹ million)*	**Credit Rating/ Outlook**	**Size** *(in ₹ million)*	**Credit Rating/ Outlook**
Long-term loan facilities from banks and financial institutions	21,118.19	CARE AAA	21,118.19	CRISIL AA+/Negative	-	-	-	-

Bonds/NCDs	76,700.00	CARE AAA	39,650.00	CRISIL AA+/Negative	39,800.00	IND AAA/ Stable	20,250.00	[ICRA] AA+/ Stable
Deposits	74,358.98	CARE AAA (FD)	74,358.98	FAAA/Negative	-	-	-	-
Commercial paper	59,000.00	CARE A1+	-	-	-	-	-	-
Subordinated NCDs/Tier-II Bonds	7,000.00	CARE AAA	4,000.00	CRISIL AA+/Negative	5,000.00	IND AAA/ Stable	2,000.00	[ICRA] AA+/ Stable

ASSET-LIABILITY GAP MANAGEMENT

The table below sets forth the asset-liability gap position for our operations as of June 30, 2016 and as of March 31, 2016, 2015, and 2014.

		1 day to 30/31 Days (1 month)	**Over one month to two months**	**Over 2 months to 3 months**	**Over 3 months to 6 months**	**Over 6 months to 1 year**
				(in ₹ million)		
Liabilities						
Borrowing from banks and financial institutions	As of June 30, 2016	5,361.80	3,485.90	3,431.80	1,592.02	5,503.86
	As of March 31, 2016	7,837.10	200.00	-	2,686.12	5,364.53
	As of March 31, 2015	3642.91	200.00	800.00	4,953.57	6,766.36
	As of March 31, 2014	2,047.54	214.31	1,514.43	5,162.62	5,647.29
Market borrowings	As of June 30, 2016	28,030.08	24,768.36	9,812.80	3,819.60	5,536.28
	As of March 31, 2016	1,273.51	37,730.65	13,691.90	5,237.77	3,508.30
	As of March 31, 2015	2,280.43	5,892.20	8,883.11	7,833.93	12,942.04
	As of March 31, 2014	750.20	154.06	168.68	947.07	4,905.50
Assets						
Loans and Advances	As of June 30, 2016	7,557.60	7,357.50	7,163.00	20,376.30	36,191.80
	As of March 31, 2016	5,395.03	5,301.76	5,210.46	15,102.50	27,985.52
	As of March 31, 2015	2,152.87	2,125.32	2,098.11	6,134.57	11,580.26
	As of March 31, 2014	1,821.03	1,718.71	1,690.36	4,905.56	9,106.22
Investments	As of June 30, 2016	2,755.70	1,000.00	800.00	2,600.00	4,518.20
	As of March 31, 2016	5,710.09	0.50	3,192.13	-	302.78
	As of March 31, 2015	13,668.50	1.88	-	186.43	15,524.02
	As of March 31, 2014	2,132.06	268.91	1,650.03	1,650.03	-
Cumulative gap (assets-liability)	As of June 30, 2016	(23,078.58)	(19,896.76)	(5,281.60)	17,564.68	29,669.86
	As of March 31, 2016	1,994.51	(32,628.39)	(5,289.31)	7,178.61	19,415.46
	As of March 31, 2015	9,898.04	(3,965.00)	(7,585.00)	(5,466.50)	(7,604.11)
	As of March 31, 2014	1,155.35	1,619.26	1,657.28	445.90	(1,446.57)

		Over 1 to 3 years	**Over 3 to 5 years**	**Over 5 to 7 years**	**Over 7 to 10 years**	**Over 10 years**	**Grand Total**
					(in ₹ million)		
Liabilities							
Borrowing from banks and financial institutions	As of June 30, 2016	13,111.93	14,765.49	12,597.21	6,035.43	1,515.00	67,400.44
	As of March 31, 2016	9,647.44	11,193.99	4,409.95	3,387.93	1,600.00	46,327.06
	As of March 31, 2015	20,859.82	13,201.75	3,853.54	3,613.54	-	57,891.47
	As of March 31, 2014	19,607.29	11,179.40	2,524.38	2,884.42	-	50,781.68
Market borrowings	As of June 30, 2016	52,292.96	56,976.94	38,793.48	11,344.82	1,683.78	233,059.10
	As of March 31, 2016	41,343.69	50,666.62	46,015.49	14,019.14	1,721.45	215,208.51
	As of March 31, 2015	30,053.60	14,507.70	5,015.10	22,216.16	-	109,624.27
	As of March 31, 2014	10,457.70	9,271.52	2,013.49	22,952.96	1.45	51,622.63
Assets							
	As of June 30, 2016	99,408.80	54,262.70	30,489.43	23,031.40	23,568.47	309,407.00

	As of March 31, 2016	88,216.45	45,100.08	28,605.22	24,741.41	26,349.97	272,008.28
	As of March 31, 2015	38,324.45	28,131.93	20,650.14	21,150.73	35,844.78	168,193.17
Loans and Advances	As of March 31, 2014	28,557.13	19,155.76	12,849.44	11,797.70	14,310.17	105,912.06
	As of June 30, 2016	3.00	135.50	779.20	7,400.80	365.90	20,358.30
	As of March 31, 2016	3.99	8.39	539.16	6,919.79	364.21	17,041.04
	As of March 31, 2015	1,064.36	7.81	121.74	1,747.19	-	18,321.93
Investments	As of March 31, 2014	1,018.43	3.98	8.48	859.53	-	7,591.46
	As of June 30, 2016	34,006.91	(17,344.23)	(20,122.06)	13,051.95	20,735.59	29,305.76
	As of March 31, 2016	37,229.38	(16,752.14)	(21,281.07)	14,254.15	23,392.73	27,513.75
Cumulative gap (assets-liability)	As of March 31, 2015	(11,524.61)	430.30	11,903.24	(2,931.77)	35,844.78	18,999.37
	As of March 31, 2014	(489.43)	(1,291.17)	8,320.05	(13,180.15)	14,308.72	11,099.23

CREDIT QUALITY

Asset Classification

To establish allowances and provisions, we classify our loan assets by their perceived risk criteria in accordance with our policies and accounting requirements and in compliance with the NHB Directions. We classify our loans and advances and any other form of credit as standard assets, sub-standard assets, doubtful assets and loss assets.

Standard Assets. A standard asset is defined as an asset that is not an NPA, in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.

Non-performing Assets. A non-performing asset, or "**NPA**", is defined as an asset that is a substandard asset, a doubtful asset or a loss asset.

Substandard Assets. A substandard asset is defined as a NPA for a period not exceeding 15 months.

Doubtful Assets. A doubtful asset is defined as an asset which remains a substandard asset for a period exceeding 15 months.

Loss Assets. A loss asset is defined as an asset which has been identified as a loss asset by us, our internal or external auditor, or the NHB, to the extent it is not written off by us or the asset remains doubtful for a period exceeding three years, whichever is earlier, or an asset which is adversely affected by a potential threat of non-recoverability due to (i) erosion in the value of security; (ii) non-availability of the security in the case of secured loans and advances; (iii) denial or part settlement of insurance claims; (iv) any fraudulent act or omission on the part of the customer; (v) the debt becoming time barred under the Limitation Act, 1963; or (vi) inchoate or defective documentation.

Provisioning and Write-offs

We make provisions for contingencies for decreases in investment value and on NPAs and other assets in accordance with the prudential norms prescribed by the NHB. Depending on the classification, provision is required to be made on the book value of the asset, taking into account the degree of well-defined credit weakness and the extent of dependence on the collateral security for realisation. We also make certain additional provisions to meet unforeseen contingencies. We utilise a combination of substandard asset provisions, standard asset provisions and counter-cyclical provisions on our outstanding loan portfolio.

Standard asset provisions are made on the standard assets at rates prescribed by the NHB. We therefore make a general provision on standard assets (i) at the rate of 1.00% of standard assets in respect of other commercial real estate; (ii) at the rate of 0.75% of standard assets in respect of commercial real estate – residential housing; and

(iii) at the rate of 0.40% of the total outstanding amount of loans which are standard assets other than those in respect of other commercial real estate.

Substandard asset provisions are made as a proportion of the delinquent portfolio aged beyond a certain level. The percentage provided for increases with increasing delinquency ageing. Counter-cyclical provisions are made to mitigate cyclicality and to build a buffer which can be drawn down in adverse circumstances.

The classification and provisioning requirements under the NHB Directions are set out below.

Asset Classification	Period of Default	Provisioning Required
Standard Assets	Less than or equal to 90 days	0.40%
Standard Assets (with respect to commercial real estate – residential housing)	Less than or equal to 90 days	0.75%
Standard Assets (with respect to other commercial real estate)	Less than or equal to 90 days	1.00%
Sub-standard Assets	91 days to one year	15.00%
Doubtful Assets	One to two years	25.00%
	Two years to three years	40.00%
	More than three years	100.00%
Loss Assets	-	100.00%

Non-Accrual Policy

When an asset is classified as non-performing, we stop accounting for interest accrual thereon and the unrealised interest is reversed by a debit to our profit and loss account. In accordance with the NHB Directions, interest realised on NPAs may be credited as income, provided that the interest does not relate to additional credit facilities sanctioned to the customer. The NHB has also stipulated that in the absence of a clear agreement between us and the customer for the purpose of appropriating recoveries in NPAs (i.e., towards principal or interest due), we should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner. If recoveries are effected on NPAs which have not been written off, our policy is to appropriate such recoveries against the charges first, followed by interest and the principal. However, if recoveries are effected on NPAs which have been written off, our policy is to appropriate such recoveries against the principal first, followed by interest and the charges. If any loans of a customer are classified as an NPA, all loans to such customer are classified as NPAs.

Non-Performing Assets

As of June 30, 2016, our gross NPAs, as a percentage of our total loan portfolio, were 0.27% and our net NPAs, as a percentage of our total loan portfolio, were 0.19%. As of the same date, we made consolidated provisions for contingencies of ₹2,039.25 million, representing 243.99% of our NPAs, which comprised ₹257.14 million as provision for our NPAs and ₹1,782.11 million as provision for our standard assets.

The table below sets forth the risk classification (i.e., standard, sub-standard, doubtful or loss assets) of the aggregate loan portfolio (in amounts as well as a percentage of total outstanding loan portfolio) and provisions made for NPAs as of the dates indicated below.

	As of June 30, 2016		As of March 31,					
			2016		2015		2014	
Particulars	*Amount (in ₹ million)*	*% of total loan portfolio*	*Amount (in ₹ million)*	*% of total loan portfolio*	*Amount (in ₹ million)*	*% of total loan portfolio*	*Amount (in ₹ million)*	*% of total loan portfolio*
Housing Loans								
Standard	216,928.92	70.11	190,835.01	70.16	119,403.62	70.99	74,387.06	70.23
Sub-Standard	458.51	0.15	348.96	0.13	67.71	0.04	37.65	0.04
Doubtful	125.50	0.04	94.13	0.03	139.19	0.08	156.48	0.15
Loss	6.00	0.00	6.91	0.00	25.00	0.01	30.04	0.03
Sub Total	217,518.93	70.30	191,285.01	70.32	119,635.52	71.13	74,611.23	70.45
Non-Housing Loans								
Standard	91,642.30	29.62	80,575.19	29.62	48,448.20	28.81	311,87.81	29.45
Sub-Standard	172.74	0.06	83.96	0.03	68.19	0.04	26.81	0.03

Doubtful	73.03	0.02	64.12	0.02	41.26	0.02	86.23	0.08
Loss	-	-	-	-	-	-	-	-
Sub Total	**91,888.07**	**29.70**	**80,723.27**	**29.68**	**48,557.65**	**28.87**	**31,300.86**	**29.55**
Total loans	**309,407.00**	**100.00**	**272,008.28**	**100.00**	**168,193.17**	**100.00**	**105,912.06**	**100.00**

Set forth below are details of our NPAs, defaulting loans, restructured loans and write-offs for loan losses as of June 30, 2016 and as of March 31, 2016, 2015 and 2014.

Particulars	**As of June 30, 2016**	**As of March 31, 2016**	**2015**	**2014**
Opening balance at the beginning of the period (in ₹ million) (loans outstanding)	271,772.68	168,193.17	105,912.08	66,194.28
Opening balance at the beginning of the period (in ₹ million) (NPAs)	598.08	341.40	337.20	370.90
Increase/ (decrease) in NPAs during the period (in ₹ million)	237.71	256.68	4.20	(33.70)
Gross NPAs at the end of the period (in ₹ million)	835.78	598.08	341.35	337.21
Total loan portfolio (in ₹ million)	309,006.44	271,772.68	168,193.17	105,912.10
Gross NPAs to total loan portfolio	**0.27%**	**0.22%**	**0.20%**	**0.32%**
Salaried individuals	33.41%	37.86%	23.12%	15.40%
Self-employed customers	66.59%	62.14%	69.91%	55.16%
Loans to corporates	-	-	6.97%	29.44%
Provision for NPAs (in ₹ million)	257.14	216.81	228.14	173.56
Provisioning Coverage Ratio[1]	**30.77%**	**36.25%**	**66.82%**	**51.47%**
Net NPAs (in ₹ million)[2]	578.65	381.29	113.61	164.04
Net NPAs to total loan portfolio	0.19%	0.14 %	0.07 %	0.15 %
Total restructured loans (in ₹ million)	-	-	-	-
Total restructured loans to total loan portfolio	-	-	-	-
Loans – written off (in ₹ million)	0.32	25.51	10.23	79.87
Total loans written off to total loan portfolio	**-**	**0.02%**	**0.01%**	**0.12%**

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.*

OUR BUSINESS

*The following information should be read together with the information contained in the sections titled "**Risk Factors**", "**Industry Overview**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**", "**Selected Statistical Information**" and "**Financial Information**" on pages 16, 94, 243, 111 and 192, respectively. Unless otherwise stated, the financial information used in this section is derived from the Restated Financial Statements.*

OVERVIEW

We are the fifth largest HFC in India by loan portfolio as of September 30, 2015 with the second largest amount of deposits in an HFC in India as of March 31, 2015, according to the IMaCS Report. Our parent and Promoter is Punjab National Bank ("**PNB**"), one of the largest nationalised banks in India. Over the previous five years, we have implemented a business process transformation and re-engineering ("**BPR**") programme, which has contributed to us becoming the fastest growing HFC among the leading HFCs in India as of March 31, 2015, according to the IMaCS Report. Our loan portfolio grew at a CAGR of 61.76% from ₹39,696.63 million as of March 31, 2012 to ₹271,772.68 million as of March 31, 2016. As of June 30, 2016, our loan portfolio had further increased to ₹309,006.44 million.

We offer our customers "housing loans" for the purchase, construction, extension or improvement of residential properties or for the purchase of residential plots, and "non-housing loans" in the form of loans against property ("**LAP**") to property-owning customers through mortgages over their existing property and any additional security, if required; non-residential premises loans ("**NRPL**") for the purchase or construction of non-residential premises; lease rental discounting ("**LRD**") loans offered against rental receipts derived from lease contracts with commercial tenants; and corporate term loans ("**CTL**"), which are general purpose loans to developers and/or corporates for purposes of on-going projects or business needs. Our target customers for our housing loans are 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. We also offer housing loans in the form of construction finance loans to real estate developers of residential housing. As of June 30, 2016, our housing loans constituted 70.31% of our total loan portfolio and our retail housing loans constituted 86.52% of our total housing loan portfolio. The average loan size (at origination) of our retail housing loans as of June 30, 2016 was ₹3.18 million, with a weighted average loan-to-value ratio ("**LTV ratio**") (at origination) of 66.10%. As of June 30, 2016, our non-housing loans constituted 29.69% of our total loan portfolio and our retail non-housing loans accounted for 78.27% of our total non-housing loan portfolio. The average loan size (at origination) of our retail non-housing loans as of June 30, 2016 was ₹5.68 million, with an weighted average LTV ratio (at origination) of 46.49%.

We conduct our operations through an operating model which, as of June 30, 2016, included 47 branches across the northern, western and southern regions of India and 16 processing hubs (which include three co-located zonal offices) and our central support office ("**CSO**") in New Delhi. Our branches act as the primary point of sale and assist with the origination of loans, various collection processes, sourcing deposits and enhancing customer service, while our processing hubs and zonal offices provide support functions, such as loan processing, credit appraisal and monitoring, and our CSO supervises our operations nationally. Our enterprise system solution ("**ESS**") integrates all activities and functions within our organisation under a single technology and data platform, bringing efficiencies to our back-end processes and enabling us to focus our resources on delivering quality services to our customers. Our branches, processing hubs, zonal offices and CSO are supported by our centralised operations ("**COPS**") and central processing centre ("**CPC**"), which provide centralised and standardised back-end and administrative activities, payments and processing for our business, relying in turn on our ESS. Our distribution network included over 7,110 channel partners across different locations in India as of June 30, 2016, including our in-house sales team as well as external direct marketing associates (the "**DMAs**"), deposit brokers and national aggregator relationships with reputed brands.

As of and for the three months ended June 30, 2016, our total borrowings were ₹300,459.47 million and our average cost of borrowings on an annualised basis was 8.65%. We have access to diverse sources of liquidity, such as term loans from banks and financial institutions, non-convertible debentures ("**NCDs**") and other debt instruments, deposits, external commercial borrowings ("**ECBs**"), commercial paper, refinancing from the NHB and unsecured, subordinated debt, to facilitate flexibility in meeting our funding requirements. As of June 30, 2016, our operations were principally funded by borrowings from banks and financial institutions, domestic debt markets, deposits and the NHB, which accounted for 12.40%, 52.82%, 24.75% and 10.04%, respectively, of our outstanding borrowings. In addition, due to our short-term and long-term credit ratings, we have access to certain fundraising opportunities in the capital markets. We also offer a broad range of deposit products of different tenures with various interest rate options. Our outstanding deposits (net of maturities) grew at a CAGR of 110.41% from ₹3,630.66 million as of March 31, 2012 to ₹71,158.51 million as of March 31, 2016. As of June 30, 2016, our outstanding deposits (net of maturities) had grown to ₹74,358.98 million.

Our gross NPAs, as a percentage of our total loan portfolio, were 0.20% as of March 31, 2015, which was the lowest among the leading HFCs in India, according to the IMaCS Report, and 0.27% as of June 30, 2016. As of June 30, 2016 and as of March 31, 2016, 2015 and 2014, our provisioning coverage ratio (i.e., the proportion of gross NPAs for which provisions had been made) was 30.77%, 36.25%, 66.82% and 51.47%, respectively. Our provisioning coverage ratio decreased in Fiscal Year 2016 and in the three months ended June 30, 2016, primarily because we decreased our provisions for NPAs to the minimum requirement under the NHB Directions. As of June 30, 2016, our overall Capital to Risk (Weighted) Assets Ratio ("**CRAR**") and Tier I Capital CRAR were 13.04% and 8.40%, respectively, which provides protection to withstand business risks and exceeds the minimum requirements stipulated by the NHB. The table set forth below summarises certain of our other key operating and financial information as of and for the periods indicated below.

Operational and financial parameters	As of and for the three months ended June 30, 2016*	As of and for the Fiscal Years ended March 31,		
		2016	2015	2014
Revenue from operations *(in ₹ million)*	8,634.36	26,995.43	17,803.83	11,203.22
Profit after tax (*in ₹ million*)	960.28	3,275.66	1,940.70	1,296.97
Net interest income (*in ₹ million*)[1]	2,092.12	7,079.80	4,415.72	2,753.45
Net interest margin[2]	2.71%	2.98%	2.94%	2.93%
Average yield[3]	10.58%	10.80%	11.37%	11.45%
Average cost of borrowings[4]	8.65%	8.67%	9.26%	9.30%
Spread[5]	1.93%	2.13%	2.11%	2.15%
Cost to income ratio[6]	25.03%	25.69%	31.39%	30.14%
Return on Average Assets[7]	1.19%	1.35%	1.27%	1.35%
Return on Equity[8]	17.52%	17.60%	15.45%	16.71%
Gross NPAs to total loan portfolio	0.27%	0.22%	0.20%	0.32%
Provisioning Coverage Ratio[9]	30.77%	36.25%	66.82%	51.47%

** Wherever relevant, percentages and ratios as of and for the three months ended June 30, 2016 are presented on an annualised basis.*

1. *Net interest income, or "**NII**", represents total interest income less total interest expense (including brokerage on deposits, other ancillary cost and forward premium cost on ECBs).*
2. *Net interest margin, or "**NIM**", for any given period represents the ratio of NII to the average of interest-earning assets, expressed as a percentage.*
3. *Average yield refers to interest income for the period divided by average interest earning assets, expressed as a percentage.*
4. *Average cost of borrowings refers to finance cost for the period divided by average interest-bearing liabilities, expressed as a percentage.*
5. *Spread refers to difference between yield and cost of borrowings.*
6. *Cost to income ratio refers to the ratio of total operating expenses (including employee expenses, office operating expenses, other expenses (excluding loan origination costs), depreciation and amortisation expense) to our gross income (revenue from operations less finance cost and loan origination cost).*
7. *Return on average asset (after tax) is calculated by dividing the profit after tax for the period by the average total assets for the period.*
8. *Return on equity is calculated by dividing the profit after tax for the period by average shareholder's equity for the period, expressed as a percentage.*
9. *Provisioning Coverage Ratio reflects the ratio of provisions created for NPAs to gross NPAs.*

OUR BUSINESS PROCESS TRANSFORMATION AND RE-ENGINEERING

Our Company was incorporated as "PNB Housing Finance Private Limited" on November 11, 1988, as a wholly-owned subsidiary of PNB. We registered as an HFC with the NHB on July 31, 2001. In December 2009, we entered into an agreement with PNB and Destimoney Enterprises Limited ("**DEL**"), pursuant to which DEL acquired 26.00% of the Equity Share capital of our Company. Subsequently, through a series of transactions, DEL subscribed to additional Equity Shares in our Company and increased its stake to 49.00% of the Equity Share capital of our Company. In February 2015, DEL was sold to Quality Investments Holding, a company incorporated in Mauritius, owned and controlled by CAP IV AIV Mauritius Ltd and CAP IV Coinvest AIV Mauritius Ltd, which have an investment advisory arrangement with affiliates of the Carlyle Group, L.P. For further details, see "***History and Certain Corporate Matters***" and "***Capital Structure***" on pages 164 and 74, respectively.

In Fiscal Year 2011, we initiated "*Project Kshitij*", our BPR programme, with the aim of combining the stability of the traditional public sector company with the responsiveness and dynamism that is typically associated with private sector companies. The implementation of the BPR programme recently concluded in Fiscal Year 2016 and included the improvement, centralisation and standardisation of our business processes, payments and credit policies, changes in our origination and sourcing strategy, as well as in our product composition and target customer segments. We also made changes to our organisational structure, which involved significant changes in our credit underwriting and monitoring functions and the hiring of in-house sales teams, fraud prevention specialists, collection experts and in-house legal, technical and property valuation experts. A key component of our BPR programme was the creation and implementation of our new operating model. As part of our new operating model, our branches were positioned to act as the primary point of sale and assist with the origination of loans, various collection processes and enhancing customer service, while our processing hubs were positioned to provide support functions, such as loan processing, credit appraisal and monitoring. We also developed a new integrated information technology platform for all of our activities and functions and automated several processes, which improved the efficiency and quality of our operations, and made changes to our service delivery model, including through the addition of channels of marketing and distribution, such as our customer service portal and customer contact centre, making our services more accessible.

Under our BPR programme, we also repositioned the "PNB Housing" brand, which required all our offices to be revamped, creation of our new logo and its tagline, "*Ghar Ki Baat*", the re-launch of our refreshed, mobile-friendly website, an increased online presence and new marketing communication to enhance our brand image. We also undertook human resource initiatives, such as implementation of a new performance management system with revised salary scales commensurate with industry standards, a rewards and recognition programme and an increased focus on employee training programmes. We believe that as a result of these and other changes, the BPR programme has helped us in making significant improvements in our competitive position and scale of operations, which, among others, have helped us achieve continued growth in our loan portfolio during the period between Fiscal Years 2012 and 2016.

OUR COMPETITIVE STRENGTHS

Our key competitive strengths are as follows:

Fifth largest HFC in India and the fastest growing HFC among the leading HFCs in India

We have over 25 years of experience in the Indian housing finance industry. We are the fifth largest HFC in India by loan portfolio as of September 30, 2015 with the second largest amount of deposits in an HFC in India as of March 31, 2015, according to the IMaCS Report. We are also the fastest growing HFC among the leading HFCs in India as of March 31, 2015, according to the IMaCS Report, with our loan portfolio growing at a CAGR of 61.81% from ₹39,696.63 million as of March 31, 2012 to ₹168,193.17 million as of March 31, 2015. As of June 30, 2016, our loan portfolio had grown to ₹309,006.44 million. The recent growth in our loan portfolio and our operations reflects the continued rapid growth in the housing finance industry in India, combined with our market share gain.

Outstanding housing finance loans by banks and HFCs in India increased from approximately ₹6,063.00 billion as of the end of Fiscal Year 2012 to an estimated ₹10,205.00 billion as of the end of Fiscal Year 2015. Housing loan disbursements are expected to increase at a CAGR of 20.30% over Fiscal Years 2016 and 2017 to approximately ₹4,780.00 billion by the end of Fiscal Year 2017, driven by the Government's current focus on supporting housing throughout India, stabilising real estate prices, declining interest rates and rising incomes of prospective customers. The share of mortgage lending by HFCs as a portion of the total housing lending market has also steadily been increasing due to, among other things, policy initiatives by the Government and the NHB. In addition, according to the CRISIL Report, India's mortgage penetration ratio (also known as mortgage to GDP ratio) was low in Fiscal Year 2015 at 9.00% compared to other developing countries, and is particularly low in comparison to other international markets such as China (18.00%) and Thailand (20.00%), which we believe indicates a significant opportunity for growth in the sector (*Source: CRISIL Report and IMaCS Report*). As we continue to expand our operations, our strong market position, combined with growing size and scale, and our national presence allow us to benefit from the significant growth potential in the Indian housing finance industry and provide us with a competitive advantage.

Strong distribution network with deep penetration of key Indian urban centres

The geographical reach of our business covers the northern, western and southern regions of India. As of June 30, 2016, we had 47 branches that were supported by 16 processing hubs, three co-located zonal offices and our CSO in New Delhi. We are selective when we open a new branch or expand in a new location but typically look to geographies where urbanisation, income and the demand for housing and housing projects are growing. To date, we have successfully expanded our business, which had traditionally been focused on the northern region in India, into the western and the southern regions in India. As of June 30, 2016, 39.67% of our loan portfolio was originated in states within the northern region whereas 30.40% and 29.93% of our loan portfolio was originated in states within the western and the southern regions in India, respectively.

Across our different locations in India, our loans and deposits are sourced through our marketing and distribution network, which comprised over 7,110 channel partners as of June 30, 2016. Our channel partners include our in-house direct sales team ("**DST**") and third-party channel partners, which include DMAs, deposit brokers and aggregator and referral relationships with reputable national brands. Our DST are employed on third-party payroll but are trained and managed by our sales and marketing team. Our DST channel partners generate leads from potential customers through direct contact with customers, through real estate developers, property brokers and references. Our DST channel partners also provide 'door step' services to certain customers and help customers complete the relevant loan documentation. In order to manage leads that originate from our various affiliates, advertisement campaigns, email marketing channels, toll free calls and lead aggregator websites, we have also implemented a lead management system to originate, track and manage the resulting housing loan applications. This 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. In addition, 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 DMAs and deposit brokers are typically 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. Once our DMAs have identified a prospective customer and the customer's loan application documents are submitted, our teams at our processing hubs undertake credit appraisals and our branches subsequently conduct loan fulfillment processes directly with the customer. 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, and have empaneled certain deposit brokers for raising deposits for us and offer them brokerage for successfully raising deposits.

Scalable operating model and centralised and streamlined operational structure

Our current operating model is scalable, which we expect will enable us to expand with lower incremental costs to drive profitability. Our processing hubs are generally designed to support additional branches, which we believe will enable us to deepen our penetration of key geographies in which we are currently active by opening new branches and leveraging the investment we have made in our existing processing hubs.

Our branches, processing hubs and CSO are supported by our COPS and CPC, which provide centralised and standardised back-end and administrative activities, payments and processing for our business, relying in turn on our new ESS. In particular, centralisation of our payments and banking has enabled timely collection of funds, better fund management, stronger control and early, proactive alerts to our collections department in the event of an overdue payment. Our ESS is a configurable and flexible system that integrates all activities and functions within our organisation under a single technology and data platform. This single platform utilises automated and standardised processes which we believe optimises our resource utilisation. Our ESS enables stakeholders, including external service providers, to share information with us on a real-time basis which increases the speed with which loans are processed and improves oversight of their activities and reporting. It covers all our support functions, allowing us to realise efficiencies and reduce operational errors and wastage. Our ESS is also scalable and is utilised across our entire network, making it easy to replicate in new locations when we open new branches and processing hubs.

We believe that factors such as our scalable operating model, technology and data platform and our centralised and standardised back-end processes position us well to expand our business in geographies that offer strong opportunities for us to grow further. In addition, our operating model brings uniformity and minimises local subjectivities to the extent possible and allows us to derive economies of scale from our operations, which we believe is especially important due to the highly competitive and volume intensive nature of our business. We are selective when we open a new branch or expand in a new location but typically look to geographies where urbanisation, income and the demand for housing and housing projects are growing.

A streamlined operational structure has resulted in improved turn-around-time (“**TAT**”) for processing a loan application until loan sanction. For the three months ended June 30, 2016 and Fiscal Year 2016, 73.73% and 76.29%, respectively, of housing loans to salaried customers had a TAT of three days (the benchmark we use for salaried customers) and 76.63% and 76.10%, respectively, of housing loans to self-employed customers had a TAT of seven days. This has helped us in improving our customer service standards and realising operational efficiencies, which among other things, has resulted in average loan disbursements per branch of ₹3,075.75 million, ₹2,484.21 million and ₹1,718.25 million in Fiscal Years 2016, 2015 and 2014, respectively, representing a CAGR of 33.79% in average loan disbursements per branch during this period. Average loan disbursements per branch for the three months ended June 30, 2016 were ₹4,312.66 million on an annualised basis. The operational efficiencies that we derive from our new operating model have also helped us reduce our cost to income ratio, which was 30.14%, 31.39% and 25.69% in Fiscal Years 2014, 2015 and 2016, respectively. Our cost to income ratio was 25.03% in the three months ended June 30, 2016, during which time we continued to expand our business through the opening of additional branches and expect to realise additional operational efficiencies as those businesses develop.

Access to diversified and cost-effective funding sources

As of June 30, 2016, we met our funding requirements through a diverse set of sources which included term loans from banks and financial institutions, non-convertible debentures ("**NCDs**"), deposits, ECBs, commercial paper, refinancing from NHB and unsecured, subordinated debt. As of June 30, 2016, our lenders included 31 public and private sector banks, 10 mutual funds, 20 insurance companies, 545 provident funds and 153 pension funds, among others (including superannuation funds and gratuity funds). We also entered into a securitisation transaction in Fiscal Year 2015 for ₹5,000.00 million and a securitisation transaction on August 30, 2016 for ₹24,400.00 million, which also served as sources of liquidity for us. Diversification of our sources of funding in recent periods has contributed to an overall reduction in our average cost of borrowings in recent fiscal periods and has allowed us to maintain sufficient interest margins and achieve our liquidity goals, as well as maintain funding stability.

The table below sets forth our different source of funding and their respective contribution as a percentage of our total outstanding borrowings as of June 30, 2016 and as of March 31, 2016, 2015 and 2014.

Source of funding	**As of June 30, 2016**		**As of March 31,**					
			2016		**2015**		**2014**	
	Amount (in ₹ million)	*% of total outstanding borrowings*	*Amount (in ₹ million)*	*% of total outstanding borrowings*	*Amount (in ₹ million)*	*% of total outstanding borrowings*	*Amount (in ₹ million)*	*% of total outstanding borrowings*
Loans from banks and financial institutions	21,118.19	7.03	19,484.74	7.45	34,042.74	20.32	40,826.03	39.87
NCDs and other debt instruments	90,700.00	30.19	87,700.00	33.53	39,650.00	23.67	31,500.00	30.76
Deposits	74,358.98	24.75	71,158.51	27.20	48,974.26	29.24	17,122.65	16.72
ECBs	16,124.95	5.37	6,106.95	2.33	6,106.95	3.65	-	-
Commercial paper	59,000.00	19.64	50,250.00	19.21	16,000.00	9.55	-	-
Refinancing from NHB	30,157.35	10.04	20,788.48	7.95	17,741.76	10.59	9,955.64	9.72
Subordinated debt	9,000.00	3.00	6,100.00	2.33	5,000.00	2.98	3,000.00	2.93
Total borrowings	**300,459.47**	**100.00**	**261,588.67**	**100.00**	**167,515.72**	**100.00**	**102,404.32**	**100.00**

Our average cost of borrowings in the three months ended June 30, 2016, on an annualised basis, and in Fiscal Years 2016, 2015 and 2014 was 8.65%, 8.67%, 9.26% and 9.30%, respectively. While term loans from banks and financial institutions were, until Fiscal Year 2014, one of our primary sources for meeting our funding requirements, an increasing portion of our funding requirements have been met in recent fiscal periods through sources such as NCDs and commercial paper, which in our experience have relatively lower cost of borrowings, and deposits, which are a relatively more stable source of funds. The reduction in the repo rate by 125 basis points since January 16, 2015 by the RBI has also contributed to the reduction in our cost of borrowings during this period.

We expect that factors such as our financial performance, capital adequacy levels, relatively high credit ratings and relationships with lenders enable us to raise funds in the capital markets or borrow funds from lenders at competitive rates. Our revenue from operations grew at a CAGR of 55.23%, from ₹11,203.22 million in Fiscal Year 2014 to ₹26,995.43 million in Fiscal Year 2016. Our revenue from operations was ₹8,634.36 million in the three months ended June 30, 2016. As of June 30, 2016, our CRAR was 13.04%, with Tier I and Tier II capital comprising 8.40% and 4.64%, respectively, of risk weighted assets as of that date. Further, we have received credit ratings of "FAAA/Negative" from CRISIL and "CARE AAA (FD)" from CARE for our deposits. Our NCDs (secured and unsecured) are rated "CARE AAA", "[ICRA] AA+/Stable", "IND AAA/ Stable" and "CRISIL AA+/Negative" by CARE, ICRA, India Ratings (Fitch) and CRISIL, respectively. Our long-term loan facilities are rated "CARE AAA" by CARE and "CRISIL AA+/Negative" by CRISIL. We have also received the rating of "CARE A1+" and "CRISIL A1+" for our commercial paper programme from CARE and CRISIL, respectively.

Diversified product offering with specific focus on self-employed customers

We offer a range of housing and non-housing loan products to meet the needs of our customers. As of June 30, 2016, our housing and non-housing loans constituted 70.31% and 29.69%, respectively, of our total loan portfolio. We offer secured, mortgage-backed retail 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, for the purchase, construction, extension or improvement of residential house properties or the purchase of residential plots. In addition, we offer construction finance loans directly to real estate developers for residential housing projects. According to the CRISIL Report, yields on such loans can be higher by up to 60-80 basis points than those on housing loans, since loans to real estate developers are considered relatively risky. We offer our non-housing loans, such as LAP, NRPL, LRD, and CTL generally to customers who already own a property. LAP are primarily used for business financing requirements such as business expansion or working capital for business. NRPL are usually taken by self-employed customers for financing the purchase, construction or extension of an office, clinic, shop or other commercial property. LRD loans are offered against rental receipts derived from lease contracts with commercial tenants. CTL are general purpose loans granted to developers and/or corporates for purposes of their on-going projects or business needs. As of June 30, 2016, LAP constituted 60.06% of our non-housing loan portfolio and 17.83% 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. *(Source: CRISIL Report.)* We undertake rigorous credit appraisal and verification processes to manage the risks associated with self-employed customers and only lend to self-employed customers that are able to provide formal proof of income. However, we are able to charge self-employed customers interest rates that are higher than what we offer to salaried customers, which means that we can realise relatively higher yields from these loans to the extent the additional risk can be managed.

Self-employed customers typically prefer LAP, as that form of loan generally carries lower rates of interest than personal loans *(Source: CRISIL Report).* However, according to the CRISIL Report, LAP carries higher rates of interest in comparison with housing loans, and thus offer higher yields (by up to 100-300 basis points), primarily due to being riskier than housing loans, since they are usually opted for by self-employed customers and their end-use is not typically monitored (although documentary and other evidence of end-use may be required). In the three months ended June 30, 2016, on an annualised basis, the average yield on our LAP portfolio was 11.94% in comparison with average yield of 10.34% on our housing loan portfolio. The relatively higher yields, along with demand from self-employed customers for relatively larger average loan sizes and their relatively better loan servicing capability, according to the CRISIL Report, make loans to self-employed customers and LAPs attractive market segments for us.

Customer-centric approach resulting in strong brand recognition

We believe that our customer-centric approach has been one of the key reasons for our recent growth and helps us differentiate ourselves from many of our competitors. We closely interact with our customers in the markets in which we operate through employees who have an in-depth understanding of local market conditions and regulations, which we believe assists us in selling our loan and deposit products to our customers. We consider that transparency in customer communication is key to increasing customer satisfaction and loyalty. For example, we provide customers with regular status updates at certain key stages of the loan approval process. Our lead management system manages new enquiries which originate through various marketing activities, on a real-time basis. We make on-boarding calls to all new customers to familiarise them with our entire range of services and guide them through the entire life-cycle of our products. This direct customer contact also allows us to speed up our approval processes and help mitigate the risks associated with taking on new clients. We also manage customer attrition through proactive retention measures, such as tracking and monitoring credit bureau triggers, which provide information with respect to housing loan enquiries made by customers and enable us to initiate retention efforts at early stages of our customers' enquiries into new or different housing loans. A customer service portal handles queries from existing customers and post-disbursement service requirements, which we believe also helps with customer retention.

Our customer-centric approach has been further reinforced by the strong recognition of the "PNB" brand and our increased focus on marketing and advertising campaigns that emphasise trustworthiness, transparency and our contemporary outlook and convenience for our customers. We have also increased our use of digital media and other direct marketing methods to communicate directly with our customers, which includes presence at our branches, participation in trade shows and property exhibitions, a refreshed, mobile-friendly website, search engine marketing, e-mail marketing and an increased presence on various social media. Our tagline, "*Ghar Ki Baat*", exhibits our goal of making a housing loan a pleasant experience for our customers. It conveys our commitment of making them feel at home if they come to us for a housing loan. This is also reflected in our revamped branches, personalised services and enhanced technology initiatives. We believe that these initiatives have helped in enhancing our visibility and raising our brand recognition.

Prudent credit underwriting, monitoring and collection processes

We have well-established and streamlined credit underwriting, monitoring and collection processes, which we believe have contributed to the growth of our loan portfolio and helped us manage the increased scale of our business by enhancing our productivity and our ability to take prudent credit decisions, which in turn has helped us maintain the growth in our loan portfolio without compromising on the credit quality.

We have credit appraisal teams of experienced personnel at our processing hubs who implement our credit approval policies and conduct a credit check and verification procedure on each customer, ensuring consistent underwriting standards in an effort to minimise losses. We also have subject matter experts in several areas, particularly in underwriting, legal, technical valuation fraud control and collections. For our construction finance loans to real estate developers, a dedicated team at our CSO undertakes project risk analysis, financial appraisal and cash flow analysis. Our technical service group ("**TSG**") and underwriting teams utilise data on supply and demand dynamics of projects, rentals and market prices from "Prop Equity", an online real estate data and analytics platform. Each of our processing hubs has at least one fraud control unit ("**FCU**"), who is supported by certain empanelled external vendors to identify and prevent any potential fraud at the earliest possible stage of loan processing. Our portfolio management methodologies are designed for early identification of problematic loans. We monitor our portfolio through various analyses on a regular basis to evaluate the portfolio quality. We also regularly review and monitor concentration risk in certain segments of our loan portfolio, which allows us to identify potentially problematic loans at an early stage and prepares us for immediate action if any repayment problems arise. Our credit and collection teams undertake regular review of all large value loans, including construction finance loans.

We also have an experienced collection team, which has, with the support of our legal team, enabled us to maintain high collection efficiencies. With respect to our retail loan portfolio, as of June 30, 2016, we were able to recover an aggregate of ₹1,127.74 million of past-due payments out of an aggregate total of ₹3,421.64 million delinquent loans as of March 31, 2016. As of March 31, 2016, we were able to recover an aggregate of ₹745.35 million of past-due payments out of an aggregate total of ₹1,236.63 million delinquent loans as of March 31, 2015. These teams use streamlined collection processes which utilise centralised recovery monitoring systems and regular follow-ups. We have, in recent periods, increased focus on replacing external collection agencies with in-house collection resources, to have better control over the process and enhance our cost effectiveness. We are a notified financial institution under the provisions of the SARFAESI Act since 2003 and initiate proceedings under the SARFAESI Act for recovery of NPAs.

Our gross NPAs, as a percentage of our total loan portfolio, were 0.20% as of March 31, 2015, which was the lowest among the leading HFCs in India, according to the IMaCS Report, and 0.27% as of June 30, 2016. As of June 30, 2016 and March 31, 2016, our provisioning coverage ratio was 30.77% and 36.25%, respectively. As of March 31, 2015, gross NPAs in our retail housing loan portfolio, as a percentage, were 0.20% compared to an industry average of 0.55%, according to the IMaCS Report, and 0.27% as of June 30, 2016. As of March 31, 2015, gross NPAs in our construction finance loan portfolio, as a percentage, were 0.00% compared to an industry average of 2.50-3.00%, according to the IMaCS Report, and 0.00% as of June 30, 2016. As of June 30, 2016 and March 31, 2016, LAP constituted 60.06% and 60.92% of our non-housing loan portfolio. According to the CRISIL Report, while LAP offer higher yields by up to 100-300 basis points in comparison with housing loans, they are also riskier and LAP have comparatively higher instances of delinquencies on account of the risky profile of the self-employed customers who obtain LAP. As of March 31, 2015, gross NPAs in our LAP portfolio, as a percentage, were 0.30%, compared to an industry average of 1.70%, according to the IMaCS Report, and 0.38% as of June 30, 2016.

Managed by experienced and qualified professionals with strong industry expertise

Our senior management team is comprised of experienced and qualified professionals each of whom have in-depth industry knowledge and experience in mortgage and housing finance sector, with many having held senior positions at leading banks and financial services companies such as, HDFC Limited, ICICI Bank, Indiabulls Housing Finance Limited, Religare Housing Finance, GRUH Finance and ABN AMRO Bank N.V. In addition, our BPR programme has fostered an entrepreneurial culture and contributed to the professionalism and autonomy of our management team, enabling it to play a key role in the transformation of our business model and drive improved performance, while also helping us to continue to attract managerial talent.

As part of our BPR programme, we recruited a number of senior managers having extensive experience in the Indian banking sector and specialised lending finance firms to lead our business functions. Our operations are also supported by a pool of trained personnel at our branch offices and processing hubs who have strong local knowledge of our target markets, which enables us to solicit better loan proposals, improve credit appraisals, manage risks better and provide better quality and customised services to our customers. We conduct regular training programmes and workshops in areas such as credit risk, credit underwriting, customer service, negotiation and operational processes for our management and employees. We have also implemented a reward and recognition framework across all functions under which our employees' contributions to the business are rewarded and have recently instituted an employee stock option plan to align the long-term interests of our management and employees with that of the Company. We believe these measures have incentivised our management and employees and contributed to their professionalism and commitment and helped to drive improvements in their performance. The productivity ratio of our employees has increased consistently in the past. As of June 30, 2016 and as of March 31, 2016, 2015 and 2014, our profits per employee were ₹4.53 million, ₹4.36 million, ₹3.08 million and ₹2.77 million, respectively and as of those dates, our loan distribution with respect to disbursements per employee (excluding our third party distribution channel partners) was ₹239.31 million, ₹192.23 million, ₹149.84 million and ₹117.27 million, respectively.

Our management team plays an active role in the risk management of our business, including through roles on our asset liability management committee ("**ALCO**") and on our credit committee, focusing on identifying opportunities in the housing finance business that are capable of providing steady returns within our risk profile. 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.

Support from our parent and Promoter

We receive support from our parent and Promoter, PNB, which is one of the largest nationalised banks in India with a significant retail and corporate presence. The support we received from PNB in the past helped us, among other things, in obtaining high credit ratings and raising capital by maintaining a line of credit facility with PNB that we utilise as part of our efforts to maintain sufficient liquidity in order to meet any short-term or immediate funding requirements. Furthermore, our relationship with PNB and our ability to use the "PNB" brand brings reliability in customer interaction and 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 STRATEGIES

The key elements of our business strategy are as follows:

Consolidate our position and selectively expand into specific target geographies and markets

Our current operating model is scalable, which we expect will enable us to expand with lower incremental costs to drive profitability. Our processing hubs are generally designed to support additional branches, which we believe will enable us to deepen our penetration of key geographies in which we are currently active by opening new branches or selectively expanding into geographies where we see potential growth for the loan products we offer. In addition, our investments in our integrated technology and data platform and our centralised and standardised back-end processes position us well to scale up and grow our network. We are selective when we open a new branch or expand in a new location and typically look to geographies where urbanisation, income and the demand for housing and development of housing projects are growing. We currently plan to expand our distribution network in new locations and engage additional external service providers, if required, in locations where we believe that sufficient potential for growth exists based on factors such as target income groups, demographics, average loan size and the development of real estate markets.

We currently expect that a significant portion of our geographic expansion will include tier II and tier III cities in the southern and western regions of India. According to the CRISIL Report and the IMaCS Report, tier II and tier III cities in India have experienced an increased rate of urbanisation and increased demand for housing from the lower income segments, which has resulted in growth in disbursements of housing loans with lower average loan sizes in these cities. We expect our expansion in these cities to provide us with increased access to housing finance opportunities as a result of the significant demand for affordable housing in these cities. The affordable housing finance segment primarily involves loans for affordable housing projects where the property cost is up to ₹3.00 million, the carpet area of the unit does not exceed 60 square meters and the loan amount is capped at ₹2.50 million. The demand for housing in these cities is being driven in part by the implementation of the Government's initiatives, such as "*Smart Cities*" and the "*Pradhan Mantri Awas Yojana*" or the "*Housing for all by 2022*" scheme. Pursuant to these schemes, low-cost funding, such as ECBs or refinancing from the NHB, is available for on-lending. For further details, see "***—Our Strategies—Continue to reduce our cost of borrowings***", "***Industry Overview—Housing Finance Market in India—Government implemented schemes***" and "***Key Regulations and Policies in India—ECB for Low Cost Affordable Housing***" on pages 132, 99 and 160, respectively. As a result, our strategy to increasingly focus on the affordable housing loans segment should also provide us access to additional low-cost funding, which we believe will help drive profitable growth.

Continue to reduce our cost of borrowings and raise deposits

We have reduced our average cost of borrowings from 9.30% in Fiscal Year 2014 to 8.67% in Fiscal Year 2016 and 8.65% in the three months ended June 30, 2016, on an annualised basis, by actively seeking to diversify the sources of our funding through the use of funding sources such as NCDs, ECBs, refinance from the NHB and commercial paper. Lower cost of borrowings enables us to competitively price our loan products. We plan to continue to meet our requirement for diverse and cost-effective funding sources by continuing to rely on borrowings from these less costly sources and by reducing our dependence on more costly term loans from banks and financial institutions. Our ability to continue to lower our cost of borrowings will be driven primarily by our credit ratings, our financial discipline and the performance of our business. In particular, we currently also expect to continue to source funding at competitive rates from the debt capital markets by issuing NCDs and other debt instruments in order to further reduce our overall cost of borrowings.

In addition, deposits are a relatively stable source of funds for us. Our outstanding deposits (net of maturities) grew at a CAGR of 110.41% from ₹3,630.66 million as of March 31, 2012 to ₹71,158.51 million as of March 31, 2016 (which constituted 27.20% of our total outstanding borrowings as of that date), and were ₹74,358.98 million as of June 30, 2016. Our strategy is to continue to raise deposits, which we believe can be achieved through introducing new deposit products, improving the quality and efficiency of our customer services, expanding our distribution network and adding more deposit brokers.

The RBI allows HFCs to raise low-cost ECBs under the RBI's master directions dated January 1, 2016 in relation to external commercial borrowings (the "**RBI ECB Master Direction**") for funding low-cost affordable housing projects, which are defined as units where the property cost is up to ₹3.00 million, the carpet area of the unit does not exceed 60 square meters and the loan amount is capped at ₹2.50 million. In Fiscal Years 2015 and 2017, we raised US$100.00 million and US$150.00 million, respectively, as ECB on terms which are consolidated under the RBI ECB Master Direction. We plan to continue to originate further loans which are eligible for financing under the RBI ECB Master Direction. As part of this plan, we are also currently undertaking initiatives to obtain international ratings in order to raise funding internationally.

Further, the NHB provides refinance for certain qualifying loans at reduced rates to certain qualifying HFCs pursuant to various rural and affordable housing schemes of the Government. In order to access NHB refinance, we are required to lend to certain select customers in the low and middle income segments in rural and urban parts of India. In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014, we were disbursed ₹10,000.00 million, ₹9,000.00 million, ₹10,100.00 million and ₹4,084.00 million, respectively, under various refinancing schemes of the NHB. We plan to continue to originate loans which are eligible for refinance from the NHB as they contribute to the diversification of our sources of funding.

Continue to maintain the credit quality of our loan portfolio

Our loan portfolio has grown at a CAGR of 60.19%, from ₹105,912.10 million as of March 31, 2014 to ₹271,772.68 million as of March 31, 2016, and we plan to grow the size of our loan portfolio further through our business and expansion strategies. Our loan portfolio as of June 30, 2016 was ₹309,006.44 million. In building a large loan portfolio with low credit risk, the success of our business will be 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 and as we continue to grow our operations and expand into new geographies. As of March 31, 2015, our gross NPAs, as a percentage of our total loan portfolio, were 0.20%, which are the lowest among the leading HFCs in India, according to the IMaCS Report, and were 0.27% as of June 30, 2016. As of June 30, 2016 and March 31, 2016, our provisioning coverage ratio was 30.77% and 36.25%, respectively. We intend to continue to maintain the credit quality of our loan portfolio by undertaking comprehensive risk assessment processes and diligent portfolio monitoring and management methodologies. In addition, we plan to further supplement our existing risk management protocols and processes by introducing a credit scoring template to assist our underwriting teams and other subject matter experts in decision-making and increasing the turnaround speed of loan applications.

Continue to enhance customer delivery by leveraging digital media and continue to develop and strengthen our technology platforms

We believe that our target customer base is increasingly relying on online platforms to manage their finances and many of our existing customers prefer to engage with us directly through an online interface. In order to meet the needs of new customers, we reach out to them through email campaigns and have established an online network of loan aggregators, which generates strong enquiry volume and brand recall. Our social media marketing initiatives, such as online paid advertisements, also ensure that we are able to reach prospective customers that are searching for home loan-related information and considering taking a home loan. In addition, for ease of access across mobile devices, all our online platforms are mobile optimised. We are also in the process of increasing our ability to target potential customers through social media. In addition, we intend to strengthen our existing customer portal for easy access of all important loan information and to have a dedicated customer service centre to improve our TAT for post-sales services. We also intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We regularly update our systems and plan to continue to implement new technology that becomes available in the future in order to continue to streamline our credit approval, administration and monitoring processes to meet customer requirements on a real-time basis. We believe that additional improvements in technology could further reduce our operational and processing time, thereby improving our efficiency and allowing us to provide better service to our customers.

OUR LOAN PRODUCTS

We have a diverse and well-balanced range of products and offer our customers "housing loans" and "non-housing loans" that can be adapted to the needs of our different types of customers.

Housing Loans

Retail Housing Loans

Our retail 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 retail 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 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 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, 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.

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.

LTV Ratio, EMI and Tenure for Housing Loans

The NHB Directions prescribe the maximum permissible parameters of the loan amount that can be provided to housing loan customers. A property with market value of up to ₹3.00 million is permitted have a maximum LTV ratio of up to 90.00%, property with market value between ₹3.00 million and ₹7.50 million is permitted to have maximum LTV ratio of up to 80.00% and property with market value above ₹7.50 million is permitted to have maximum LTV ratio of up to 75.00%.We set an LTV ratio range for each of our loan products.

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 qualification, number of dependents and the stability and continuity of the 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 equated monthly installments ("**EMI**") over an agreed period. The size of the EMI depends on the size of loan, interest rate and tenure of loan.

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 for our housing loans as of June 30, 2016.

Customer Type	**Average Loan Size** *(at origination)* *(in ₹ million)*	**Weighted Average LTV** *(at origination)* *(%)*	**Average Residual Tenure** *(Months)*
Retail Housing Loans			
Salaried Customers	2.86	69.67	211
Self-employed customers	3.93	60.38	178

Interest Rates and Fees on Housing Loans

We also offer our housing loan customers the option to choose between a fixed interest rate or a variable interest rate or from a combination of fixed and variable rates of interest in order to allow them to hedge against unexpected interest rate movements. The pricing of the fixed interest rate loan and the variable interest rate loans is generally determined on the basis of market conditions. In the case of the variable rate loans, 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 June 30, 2016, PNBHFLR was 14.35%. 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 Housing Loans

The security for all 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.

Construction Finance Loans for Real Estate Developers

We offer construction finance loans directly to real estate developers for residential housing projects they are developing. A dedicated team at our CSO conducts a detailed evaluation of the concerned projects and the real estate developers, including financial appraisal, project risk analysis and cash flow analysis. This enables us to offer customised loans to real estate developers based on their expected acquisition and construction cost. Our TSG monitors projects for delivery standards and maintains an internal grading for the concerned real estate projects and developers.

The loan size, repayment schedule, LTV ratio, tenure and the interest rate and fees for our construction finance loans to real estate developers are generally determined on the basis of our evaluation of the real estate project and the developer as well as market conditions. The interest rate and fees at which we offer construction finance loans to real estate developers is typically higher than what we offer to our retail housing loan customers.

The security for all the construction finance loans are 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.

The table below sets forth details in relation to our housing loan products as of dates indicated below.

Loan Product	As of June 30, 2016		As of March 31,					
			2016		2015		2014	
	Amount (in ₹ million)	*% of total housing loans*	*Amount (in ₹ million)*	*% of total housing loans*	*Amount (in ₹ million)*	*% of total housing loans*	*Amount (in ₹ million)*	*% of total housing loans*
Retail Housing Loans								
Home Purchase Loans	160,872.08	74.04	142,867.75	74.74	88,863.26	74.28	56,187.10	75.31
Residential Construction Loans	7,188.46	3.31	6,528.40	3.42	4,953.31	4.14	5,323.89	7.14
Residential Plot Loans	9,979.59	4.59	8,476.96	4.43	4,472.27	3.74	2,016.63	2.70
Residential Plot Cum Construction Loans	7,971.47	3.67	6,896.30	3.61	4,337.11	3.63	4,137.91	5.55
Home Extension Loans	663.36	0.31	660.84	0.35	730.40	0.61	695.83	0.93
Home Improvement Loans	1,304.87	0.60	1,081.42	0.57	168.34	0.14	116.35	0.16
Total Retail Housing Loans	187,979.82	86.52	166,511.67	87.10	103,524.70	86.53	68,477.71	91.78
Construction Finance Loans	29,291.13	13.48	24,650.75	12.90	16,110.82	13.47	6,133.53	8.22
Total Housing Loans	**217,270.95**	**100.00**	**191,162.42**	**100.00**	**119,635.52**	**100.00**	**74,611.24**	**100.00**

Non-Housing Loans

We offer our non-housing loans to customers in the form of retail non-housing loans, which include LAP, NRPL and LRDs below ₹250.00 million, as well as non-housing loans in the form of CTL and LRDs of ₹250.00 million or more. Our retail non-housing loans are primarily for self-employed customers who already own a property and whose main source of income is their profession or their business, while we offer CTLs and LRDs of ₹250.00 million or more primarily to developers and/or corporates. As of June 30, 2016 and as of March 31, 2016, 2015 and 2014, retail non-housing loans accounted for 78.27%, 79.20%, 87.84% and 88.15%, respectively, of our total non-housing loans.

Loans against Property. 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 to self-employed customers accounted for approximately 86.71% of our total LAP portfolio as of June 30, 2016. Certain self-employed customers are professionals such as lawyers, doctors or chartered accountants with higher incomes, referred to as "self-employed professionals". Certain other self-employed customers rely on their commercial businesses for their income, 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.

Non-Residential Premises Loans. Loans for financing the purchase, construction or extension of offices, clinics, shops and other commercial properties. NRPL are usually secured through an equitable mortgage over the customers' existing commercial or residential property.

Lease Rental Discounting. 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 lease contracts with tenants of an operational commercial property, which is the primary source of repayment of the loan and other related dues. The size of the loan is based on the discounted value of the rentals and the underlying property value. An equitable mortgage is created over the commercial property to secure the loan and other related dues. In certain circumstances, security may also be created in the form of pledge over the shares of the customer/mortgagor. A key consideration in the credit appraisal process is the enforceability of the security, as well as the quality of the tenant occupying the property.

Corporate Term Loans. 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 English 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 average loan size (at origination), weighted average LTV ratio (at origination) and average residual tenure for our non-housing loans as of June 30, 2016.

Customer Type	Average Loan Size *(at origination)* *(in ₹ million)*	Weighted Average LTV *(at origination)* *(%)*	Average Residual Tenure *(Months)*
Retail Non-Housing Loans			
Salaried customers	2.07	45.39	163
Self-employed customers	7.35	46.63	136

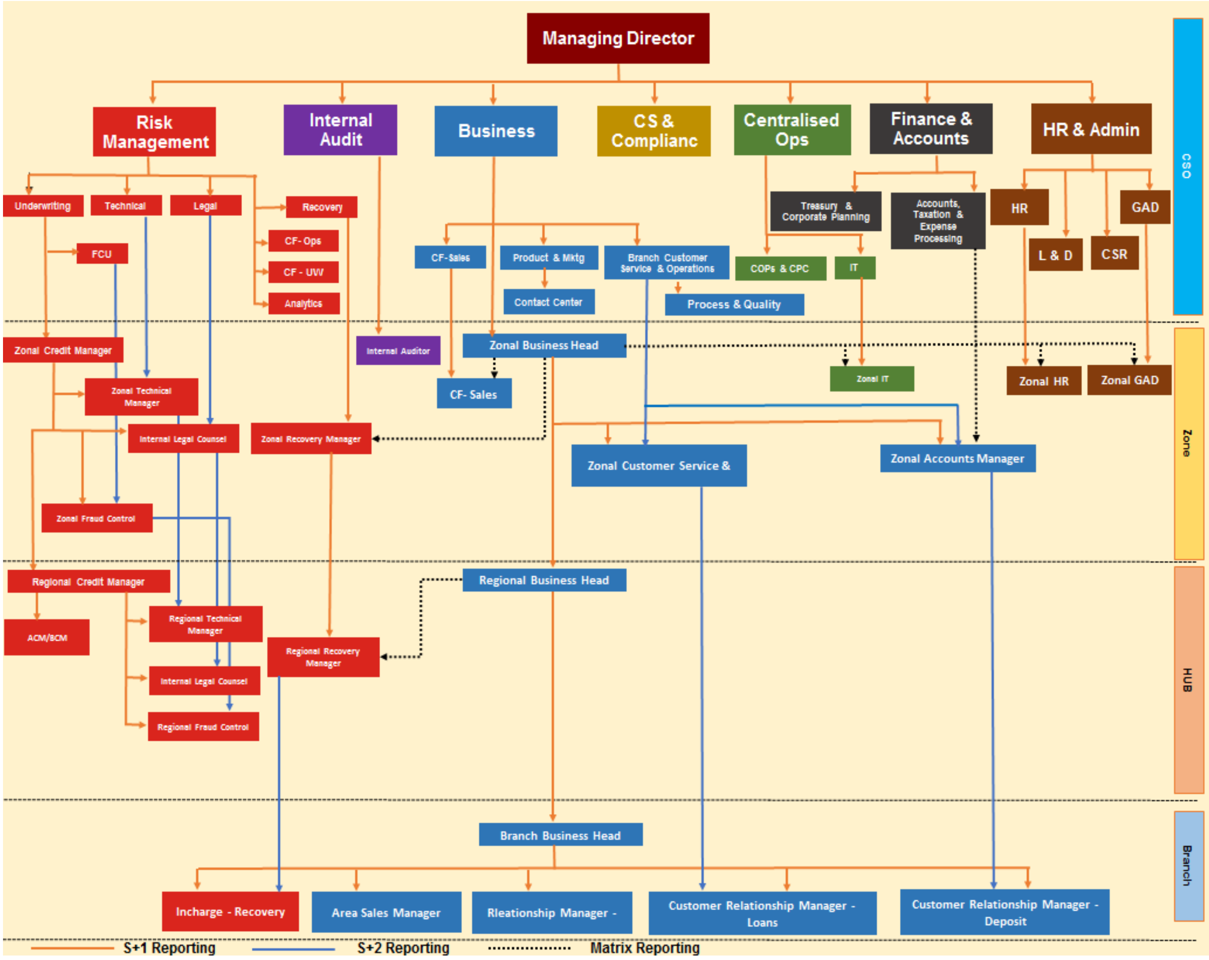
The table below sets forth details in relation to our non-housing loan products as of dates indicated below.

Non-housing loans	As of June 30, 2016		As of March 31,					
			2016		2015		2014	
	Amount (in ₹ million)	*% of total non-housing loans*	*Amount (in ₹ million)*	*% of total non-housing loans*	*Amount (in ₹ million)*	*% of total non-housing loans*	*Amount (in ₹ million)*	*% of total non-housing loans*
Loan Against Property (LAP)	55,098.96	60.06	49,108.82	60.92	33,915.77	69.85	21,948.03	70.12
Non-residential Premises Loans (NRPL)	11,519.18	12.56	10,435.52	12.95	5,957.92	12.27	3,670.97	11.73
Lease Rental Discounting (LRD)[1]	14,291.82	15.58	11,972.75	14.85	5,618.21	11.57	2,728.55	8.72
Corporate Term Loans (CTL)	10,825.53	11.80	9,093.16	11.28	3,065.74	6.31	2,953.33	9.44
Total Non-Housing Loans	**91,735.49**	**100.00**	**80,610.26**	**100.00**	**48,557.65**	**100.00**	**31,300.82**	**100.00**

[1] *Our retail non-housing loans include LAP, NRPL and LRD below ₹250.00 million. As of June 30, 2016 and as of March 31, 2016, 2015 and 2014, LRD below ₹150.00 million amounted to ₹3,876.01 million, ₹4,296.35 million, ₹2,694.89 million and ₹1,972.47 million, respectively.*

Our Operational Structure

As part of "Project Kshitij", our BPR programme, we structured our operations into a scalable operating model with following main components: branch operations, processing hubs, zonal offices (which are co-located with our processing hubs) and our CSO. These components are supported by our COPS and CPC. As of June 30, 2016, we operated 47 branches, 16 processing hubs and three co-located zonal offices. Each processing hub currently serves on an average three branches but are generally designed to support additional branches. Set out below is a graphical representation of our operating structure.



Branches

Our branches assist us with several of our customer-interfacing operations, including management of our relationships with our customers. Our branches also assist us with marketing of our products and 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 June 30, 2016, we operated 47 branches across the northern, western and southern regions in India and the average number of our employees at each branch was approximately 10. We have made significant investments in standardisation of our branches over the last few years. In order to enhance the experience for our customers, all our branches and workplaces have been recently revamped to give them a uniform, contemporary appearance. All our branches have an advanced data transfer network with two levels of back-up failure support. The table below sets forth the regional locations of our branches as of June 30, 2016.

Northern Region	**Western Region**	**Southern Region**
Delhi[1], Faridabad, Ghaziabad, Gurgaon, Karnal, Noida, Agra, Meerut, Lucknow, Dehradun, Kolkata, Chandigarh, Ludhiana, Jalandhar, Varanasi, Bikaner, Jodhpur, Jaipur and Bhiwadi.	Mumbai[2], Pune[2], Thane, Nagpur, Ahmedabad, Bhopal, Surat, Nasik, Raipur, Indore and Vadodara.	Hyderabad[2], Bengaluru[1], Chennai[2], Coimbatore, Trivandrum, Vishakhapatnam, Vijaywada, Trichur and Cochin.

[1] Includes three branches in the city.

[2] Includes two branches in the city.

Zonal Offices

As of June 30, 2016, we had three zonal offices at Noida, Mumbai and Bengaluru for the northern, western and southern regions, respectively, which are co-located with three processing hubs. As of that date, the average number of our employees at each zonal office was 14. While carrying out the functions of a processing hub, each of our zonal offices also supervises our operations in the relevant region through our branches and processing hubs and reports to the relevant key management persons at the CSO.

Processing Hubs

Each of our zonal offices is supported by our regional processing hubs:

- at Jaipur, Chandigarh, Noida, Green Park, Lucknow, Dehradun and Kolkata in the northern region;
- at Mumbai, Ahmedabad, Pune, Indore and Thane in the western region; and
- at Bengaluru, Chennai, Hyderabad and Kochi in the southern region.

Our processing hubs are responsible for credit approval, credit evaluation and implementation of our credit portfolio management methodologies. We have credit appraisal teams of experienced personnel at our processing hubs who implement our credit approval policies and conduct a credit check and verification procedure on each customer, ensuring consistent underwriting standards in an effort to minimise losses. We also have subject matter experts in several areas, particularly in underwriting, legal, technical valuation fraud control and collections. As of June 30, 2016, the average number of our employees at each processing hub was 10.

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 credit quality of the loan portfolio at the branches managed by the processing hub.

Fraud Control Units. 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 processing hubs is staffed with at least one FCU, who are supported by certain empanelled external vendors based on requirements.

Technical Service Group. Our TSG is a team of experts which includes civil engineers and conducts technical appraisal of a property. Each of our processing 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 “Prop Equity”, an online real estate data and analytics platform.

Legal. Our legal team at each processing 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, particularly those relating to balance transfer cases and construction finance to real estate developers.

Collections. Our collections team at each branch comprises collection experts who have extensive experience with SARFAESI, DRT and other legal recovery procedures. Our collections team monitors our outstanding loan portfolio and the related collateral. It also manages collections of overdue or written-off loans by our collection personnel at our branches as well as certain external collection agencies.

Central Support Office (CSO)

Our CSO is our head office and supervises our operations nationally, including our branches, zonal offices and processing hubs. The CSO is where our senior management team, including our Managing Director and our 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 recently implemented 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 in relation to ESS, see "*—Information Technology*" on page 150. 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 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. We conduct internal audit checks and continuously track movement of documents as a standard procedure. Our deposit application forms and related documents get dispatched to CPC after creation of a deposit receipt from COPS. The CPC also manages concurrent title document verification and CERSAI update of customers and loans. After disbursement, loan files are moved to centralised storage. We have recently centralised loan repayment, i.e., electronic instructions for credit or debit and post-dated cheques ("**PDCs**") for all loan accounts and the entire process of banking, monitoring and exchange of instruments is now handled by CPC. As of June 30, 2016, approximately 89.60% of the aggregate amount of EMIs were paid electronically, i.e., through payment channels such as electronic clearing system or "ECS" and "National Automated Clearing House" or "NACH". Similarly, we make payments on our deposit accounts electronically and manage them through a centralised location.

Set out below is a graphical representation of our sourcing network and our key business locations across India as of June 30, 2016.

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 June 30, 2016, our marketing and distribution network comprised over 7,110 channel partners. We are increasingly becoming less dependent on third party channels. In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014, we sourced 56.49%, 55.00%, 53.07% and 46.80%, respectively, of new loans from our in-house channels.

In-house Channels

Our in-house channel of marketing and distribution includes our in-house DST who are employed on third party payroll but are trained by our sales and marketing team and who we manage through our branches. Our DST channel partners generate leads from potential customers through direct contact with customers, through real estate developers, property brokers and references. 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

Our third party channels include the DMAs, deposit brokers and referrals from financial institutions and market aggregators. Our DMAs and deposit brokers 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 DMAs and deposit brokers and conduct a KYC check process with them before entering into an agreement with them. These DMAs and deposit brokers do not work exclusively with us and may also work with other lenders, including our competitors.

DMAs work under the supervision of our sales 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 DMAs identify prospective customers and submit loan application documents, the teams at our processing hubs undertake credit appraisal and subsequently the branches conduct loan fulfillment processes directly with the customer. DMAs 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 DMAs are accounted for as loan origination costs and are amortised over the average loan tenure.

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 empaneled 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 NHB regarding the ceiling on the brokerage paid to the deposit brokers. For further details regarding regulatory requirements in relation to deposits, see "***Key Regulations and Policies in India—NHB Directions—Public Deposits***" on page 159.

Lead Management System

In order to manage leads that originate from our various affiliates, advertisement 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 and sets up an appointment between the customer and our DST channel partner 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

The Company promotes itself as “PNB Housing”. We introduced our new logo“” in August 2014, which has improved our brand visibility as a specialised HFC. We continue to benefit from our Promoter’s “PNB” brand, which we feel conveys a high level of trust and is a well-recognised brand in India due to our Promoter’s long presence in the Indian market and the financial services businesses in which PNB and its affiliated entities operate. See “***—Intellectual Property***” on page 152 for further details in relation to our brand. Our tagline, “*Ghar Ki Baat*” is meant to convey to our customers that obtaining a housing loan should be a pleasant experience and that we will make them feel at home if they come to us for a housing loan. Our marketing and branding team analyses various marketing opportunities, carefully selects alternatives and ensures consistent communication to build a brand recall. Our communication strategy revolves around trustworthiness, transparency, customer-centric approach and contemporary outlook as well as technology initiatives to enhance transparency and communication.

The central messages that we seek to reinforce through our marketing initiatives are:

- A high level of trust and transparency: Delivering on what we have committed to delivering, while being transparent and fair in our dealings; and

- A contemporary and customer-centric outlook: Superior quality of service to meet the expectations of our customers.

We use offline and online media channels to promote our brand, products and services. To date, we have focused on ground-based activities, such as participation in trade exhibitions, maintaining a strong presence at points of sale and utilising direct mailers and flyer distributions. This has enabled us to reach out to specifically targeted audiences to drive business volumes. Our digital media presence though our website, social media, display banners, and search engine optimisation has enabled us to increase our brand awareness and customer reach and drive business volumes. During the three months ended 30 June, 2016 and Fiscal Year 2016, online enquiries were an average of 31,000 and 20,000 per month, respectively. In January 2016, we also launched a multimedia brand campaign on television, radio, and print in order to improve our brand perception and increase our exposure to a larger audience.

Customer Service, Grievance Redressal and Customer Retention

In addition to providing our services through our branches, to promote ease of accessibility, we provide several of our services at the doorstep of our customers pursuant to our non-branch delivery model. We have established a multi-level customer query and grievance resolution process, which we believe helps us build stronger relationship with our customers. Our online customer portal is also a source for our customers to easily access all important information related to their loans and deposits. In order to achieve customer satisfaction and loyalty, our customer contact centre assists with post-disbursement customer service through regular communication of loan and account status to our customers and by responding to their queries and requests. We regularly communicate with our customers and provide our customers with the documents or letters they require such as transaction completion or loan disbursement documents and tax exemption form submission letters. At our branches, dedicated customer service managers ensure timely resolution of the complaints or queries received. In addition, customers can register their grievances through email, telephone or a complaint book, which is available at all our offices. We strive to develop customer ownership in all our employees as well as maintain transparency at all levels in order to deliver customer satisfaction. When we receive a customer complaint, we first perform a preliminary check to verify the customer’s details and subsequently assign a unique service request number. We ascertain the nature of the customer request and strive to provide a prompt resolution. If necessary, we engage our legal team in the response process. Our customer service managers co-ordinate with the relevant team members for resolution of complaints. During Fiscal Year 2016, we received 692 complaints of which 684 were resolved by March 31, 2016. During the three months ended June 30, 2016, we received 279 complaints of which 269 were resolved by June 30, 2016.

We endeavor to retain customers requesting pre-payment of loans or closure of accounts. Our customer retention team at our CSO 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. From time-to-time, we also offer customers a change in loan structure such as tenure reduction or enhancement upon approval of our underwriting team.

LENDING POLICIES AND PROCEDURES

We have a well-established and streamlined credit underwriting process. We have experienced personnel at our CSO and processing hubs who develop and implement our credit approval policies within the prudential guidelines, directions and circulars prescribed by the NHB. Under our end-to-end business model, our employees are involved throughout the entire loan process and are able to interact regularly with our customers at all stages until loan disbursement, which we believe is relevant for loans to self-employed customers where credit risk may be more difficult to assess.

Loan Underwriting Process

Set forth below is a graphical representation and a brief description of our loan underwriting process.

- *Customer Application and Submission of Documents*
- *Scrutiny of Documents and KYC Checks*
- *Credit History Checks*
- *Customer Verification by FCUs*
- *Title Verification and Property Valuation*
- *Income and Business Assessment and Preparation of Credit Appraisal Memo*
- *Loan Sanction or Rejection Communication*

Customer Application and Submission of Documents. We require all applications for our housing and non-housing 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, bank statements or tax deduction certificates for income verification purposes. Self-employed customers are required to submit income tax returns, financial statements, bank statements and other documentation which demonstrates business track record and sufficient earnings.

Scrutiny of Documents and KYC Checks. The completed application and documents as submitted are reviewed for completeness by our processing hubs, which along with certain empanelled third-party agencies, conduct various KYC checks, including on-site checks, to verify the customer's details.

Credit History Checks. We also check the credit history and credit worthiness of the customer with our preferred credit bureaus, such as CIBIL 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.

Customer Verification by FCU. Our FCUs and certain third-party fraud control agencies conduct preliminary verification checks on the customer files and documentation in order to identify and subsequently prevent any possible fraudulent loan applications. 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 "fixed obligation to income ratio", or "**FOIR**") and the installment to net salary/income ratio.

For prospective self-employed professional self-employed non-professional borrowers, our credit team visits the prospective borrower's business and residential premises and examines the prospective borrower's financial information, including bank statements and cash receipts, in order to ascertain whether the prospective borrower's business is generating sufficient income to repay the loan sought.

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. Our credit team would then prepare a credit appraisal memo which would include details such as the credit evaluation summary, customer verification report, valuation report, recommended LTV, tenure and interest rate.

Loan Sanction or Rejection. Once the application review process is completed, the loan application is either sanctioned or rejected by the relevant approvers. The sanctioning authority is delegated to various personnel such as the area credit manager, regional credit manager, zonal credit manager, national credit head, chief risk officer, managing director and our management and credit committees of the Board, depending on the loan amount.

For construction loans to real estate developers, additional information on the prospective borrower's past and present projects, estimates of cost and means of finance is obtained along with construction, sales and cash flow projections. This information is evaluated by a team of specialised underwriters at our CSO. Construction loans to real estate developers require regulatory approvals and credit ratings by rating agencies.

Loan disbursement

We disburse loans to our customers only after execution of the loan agreement and the mortgage or an alternative security document. We obtain electronic clearance instructions or PDCs from the customer for the EMI payments before disbursing the loan. We also obtain an additional 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.

Disbursement for construction finance loans to real estate developers of residential housing projects is based on our verification of the construction progress of the project and our review of completion certificates or other documents provided by the real estate developer. Disbursements typically occur at specific stages of the construction project, such as percentage of construction complete or at particular milestones.

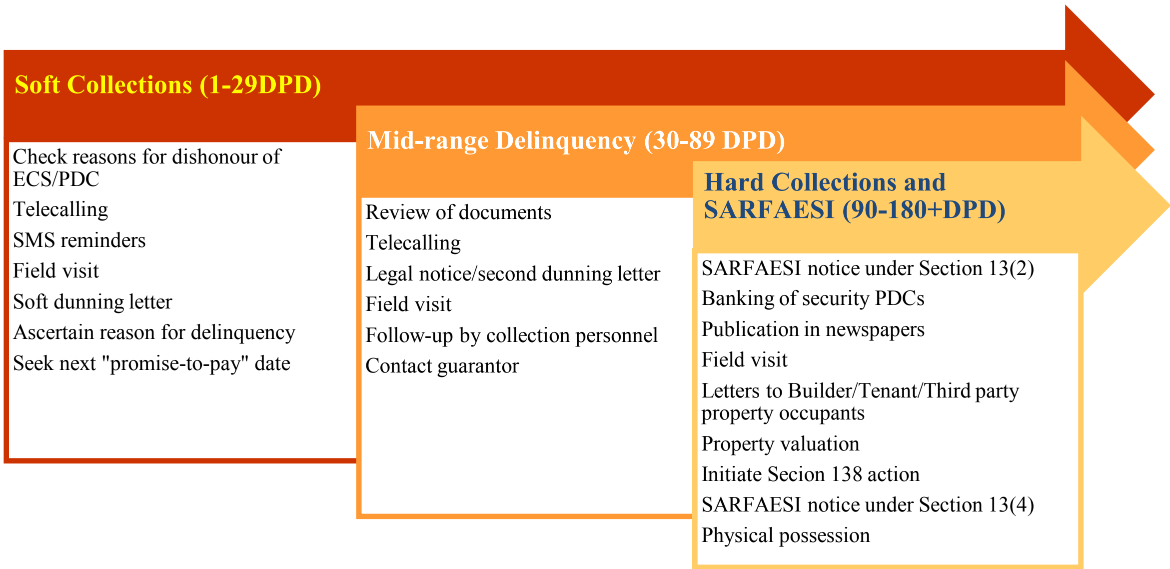
Portfolio Monitoring

We have designed our portfolio management methodologies for early identification of problematic loans. We regularly review and monitor our loan portfolio as well as debt repayment levels of certain loan portfolio segments, 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 ECS payment instruction or the PDCs 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 processing hubs and our credit committee. 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 and reject any bribes or any other form of personal gain, maintain transparency and confidentiality in their operations and not engage in any form of physical contact with our customers.

Set out below is a graphical representation of our asset recovery process.



**"DPD" represents the days past-due.*

We classify the loan recovery process under broadly three stages of delinquency.

Soft Collections (1-29 DPD). Once a loan has become past-due, we try to ascertain the reasons for the dishonour of the ECS or PDC. Our asset recovery process commences with reminders to delinquent customers to make the payment at the earliest through a "soft-dunning" letter which is followed by an SMS message and a telephone call. If payments are not received, or if promised–to-pay ("**PTP**") dates are missed, we remind our customers again through a telephone call. Our collections team may visit the delinquent customer's premises to have a discussion regarding the reasons for the delinquency and to convince the customer to make the payment before the loan becomes past-due for more than 30 days.

Mid-range Delinquency (30-89 DPD). 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) and try to obtain another PTP date. We also try to identify the likelihood of further delinquency at this stage and our collections team may provide an early warning internally in certain cases. 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. If a guarantee has been provided, the guarantor is contacted to make payments on behalf of the customer.

Hard Collections and SARFAESI (90-180+ DPD) In accordance with the NHB Directions, 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 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended (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 seeking assistance of the police 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. 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**"). We initiate actions under the NIA when loan repayments are more than four months past-due. 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. After adjudication, *ex-parte* or otherwise, an award is passed by the arbitrator.

Debt Settlement

Under certain exceptional circumstances, we may offer customers a negotiated settlement where the settlement amount may be determined on the basis of factors such as quality and enforceability of collateral, other attachable assets of the customer or guarantor, status of legal action initiated and category of NPA as well as certain other factors such as death or long-term illness of customer, failure of customer's business or occurrence of any natural disaster.

SOURCES OF FUNDING

Overview

As of June 30, 2016, our borrowings constituted 86.63% 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 June 30, 2016 and as of March 31, 2016, 2015 and 2014.

Source of funding	**As of June 30, 2016**		**As of March 31,**					
			2016		**2015**		**2014**	
	Amount (in ₹ million)	*% of total outstanding borrowings*	*Amount (in ₹ million)*	*% of total outstanding borrowings*	*Amount (in ₹ million)*	*% of total outstanding borrowings*	*Amount (in ₹ million)*	*% of total outstanding borrowings*
Loans from banks and financial institutions	21,118.19	7.03	19,484.74	7.45	34,042.74	20.32	40,826.03	39.87
NCDs and other debt instruments	90,700.00	30.19	87,700.00	33.53	39,650.00	23.67	31,500.00	30.76
Deposits	74,358.98	24.75	71,158.51	27.20	48,974.26	29.24	17,122.65	16.72
ECBs	16,124.95	5.37	6,106.95	2.33	6,106.95	3.65	-	-
Commercial paper	59,000.00	19.64	50,250.00	19.21	16,000.00	9.55	-	-
Refinancing from NHB	30,157.35	10.04	20,788.48	7.95	17,741.76	10.59	9,955.64	9.72
Subordinated debt	9,000.00	3.00	6,100.00	2.33	5,000.00	2.98	3,000.00	2.93
Total borrowings	**300,459.47**	**100.00**	**261,588.67**	**100.00**	**167,515.72**	**100.00**	**102,404.32**	**100.00**

Term loans from banks and financial institutions

As of June 30, 2016, the term loans outstanding from banks and financial institutions, excluding line of credit facilities, amounted to ₹21,118.19 million as compared to ₹19,484.74 million and ₹34,042.74 million as of March 31, 2016 and 2015, respectively. As of June 30, 2016, we had outstanding loans from an aggregate of seven banks. Our term loans from banks and financial institutions are secured by a negative lien on our assets (excluding those used to secure our NCDs and deposits) and a charge on specific book debts. Our long term bank facilities are rated "CARE AAA" by CARE and "CRISIL AA+/Negative" by CRISIL, indicating high safety with respect to timely payment of interest and principal. For details of the terms of our loans facilities with banks and financial institutions, see "***Financial Indebtedness***" on page 281.

Non-Convertible Debentures

In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014, we raised ₹5,900.00 million, ₹50,150.00 million, ₹11,000.00 million and ₹15,000.00 million, respectively, through privately placed NCDs. As of June 30, 2016, the outstanding balance of NCDs was ₹99,700.00 million, of which ₹9,000.00 million was unsecured. Our NCD issues have been listed on the wholesale debt market segment of the NSE. The NCDs are secured by mortgage of specific immovable property and by hypothecation of specific book debts. Our NCDs (secured and unsecured) are rated "CARE AAA", "[ICRA] AA+/Stable", "IND AAA/Stable" and "CRISIL AA+/Negative" by CARE, ICRA and India Ratings (Fitch) and CRISIL, respectively, indicating high safety with respect to timely payment of interest and principal. For details of the terms of the NCDs, see "***Financial Indebtedness***" on page 281.

Deposits

We offer a range of deposit products to our customers. In the three months ended June 30, 2016, we raised deposits of ₹9,464.86 million and repaid deposits of ₹6,264.39 million. Our outstanding deposits (net of maturities) grew at a CAGR of 110.41% from ₹3,630.66 million as of March 31, 2012 to ₹71,158.51 million as of March 31, 2016, and were ₹74,358.98 million as of June 30, 2016. As of June 30, 2016, our outstanding deposits (net of maturities) constituted 24.75% of our total outstanding borrowings. As of that date, our deposits were within the limit of five times of the net owned funds prescribed by the NHB. Our deposits are secured by a floating charge on the statutory liquid assets created by way of a deed of trust as per the NHB Directions. Our deposit programme is rated "FAAA/Negative" by CRISIL and "CARE AAA (FD)" by CARE. These ratings indicate the highest 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 June 30, 2016, the interest rate we offered on our deposits ranged from 8.00% to 8.45% and was payable on the contracted terms depending upon the scheme opted by the customer.

External commercial borrowings

In Fiscal Years 2015 and 2017, we raised US$100.00 million and US$150.00 million as ECBs for durations of five years and seven years, respectively, on terms which are consolidated under the RBI ECB Master Direction for funding low-cost affordable housing projects. The foreign exchange risk related to the principal and the spread has been fully hedged in accordance with the RBI ECB Master Direction. Further, under the RBI ECB Master Direction, "low-cost affordable housing units" have been defined as units where the property cost is up to ₹3.00 million, where the carpet area of the unit does not exceed 60 square meters and the loan amount is capped at ₹2.50 million. For further details in relation to the RBI ECB Master Direction, see "***Key Regulations and Policies in India—ECB for Low Cost Affordable Housing***" on page 160 and for details of the terms of the ECB, see "***Financial Indebtedness***" on page 281.

Commercial paper

We use commercial paper as a source of short-term funds for our working capital needs and for bridge financing until such time as longer term securities are placed. In the three months ended June 30, 2016 and in Fiscal Years 2016 and 2015, we raised ₹72,750.00 million, ₹158,250.00 million and ₹39,750.00 million, respectively, through issuance of commercial paper. The outstanding balance of commercial paper as of June 30, 2016 was ₹59,000.00 million. Our commercial paper is rated "CARE A1+" by CARE and "CRISIL A1+" by CRISIL, indicating highest safety with respect to timely repayment. For details of the terms of our commercial paper, see "***Financial Indebtedness***" on page 281.

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 "*Rural Housing Fund*", the "*Golden Jubilee Rural Housing Refinance Scheme*", the "*Special Refinance for Urban Low Income Housing*" and the "*Refinance Scheme for Construction Finance for Affordable Housing*". For further details in relation to these affordable housing schemes and other Government initiatives, see "***Industry Overview—Housing Finance Market in India—Government implemented schemes***" and "***Key Regulations and Policies in India***" on pages 99 and 156, respectively. As of June 30, 2016, our outstanding refinancing from the NHB was ₹30,157.35 million and was secured by hypothecation of specific loans, including book debts. In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014, we were disbursed ₹10,000.00 million, ₹9,000.00 million, ₹10,100.00 million and ₹4,084.00 million, respectively, under various refinancing schemes of the NHB.

Subordinated Debt

In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2013, we raised ₹2,900.00 million, ₹2,100.00 million, ₹2,000.00 million and ₹2,000.00 million, respectively, through long-term, unsecured, redeemable 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 June 30, 2016 was ₹9,000.00 million. The NCDs issued in the three months ended June 30, 2016 and in Fiscal Year 2016 were rated "CARE AAA" and "IND AAA" and those issued in Fiscal Year 2015 were rated "CRISIL AA+" and "ICRA AA+", indicating high safety with regard to timely payment of interest and principal, with stable outlook, while the NCDs issued in Fiscal Year 2013 were rated "CRISIL AA" and "CARE AA+", indicating high safety with regard to timely payment of interest and principal.

Credit Ratings

For details in relation to credit ratings for various instruments we use to raise funds, see "***Selected Statistical Information—Credit Ratings***" on page 119.

Securitisation Transactions

We have in the past assigned loans in securitisation transactions and currently expect to enter into securitisation transactions from time to time in the future based on our internal funding requirements and business needs. In Fiscal Year 2015, we assigned loans with a weighted average interest rate of 10.89% amounting to ₹5,000.00 million to PNB, which qualified as priority sector advances for PNB. As of June 30, 2016, the aggregate amount of loans that we had assigned in securitisation transactions amounted to ₹3,578.92 million. On August 30, 2016 we assigned loans with a weighted average interest rate of 11.22% amounting to ₹24,400.00 million to The Federal Bank Limited (the "**Federal Bank**") for cash proceeds of ₹24,400.00 million. We service the loans we assigned in the PNB and the Federal Bank securitisation transactions for servicing fees of 1.25% per annum and 2.20% per annum, respectively, on the average monthly outstanding amount of the relevant loan portfolio. We continue to service these loans for PNB. Our responsibilities as the servicing agent include, among other things, keeping custody of the loan documents; collecting and receiving instalments; distributing monthly payments; maintaining escrow accounts; taking follow up actions in respect of defaulted amounts; releasing documents of title; providing periodic reports; and issuing any certificates or clarifications as may be required. For the securitisations with PNB and the Federal Bank, we will continue to retain 10.03% of the receivables and corresponding interest in the underlying assets and security interests in accordance with the minimum retention requirements prescribed by the RBI. The residual income on loans sold is recognised at the time of actual collection (i.e., over the life of the underlying loans) and not upfront on a net present value basis. ICRA, an external credit rating agency, has estimated the lifetime loss for these loan pools to be in the range of 0.90% to 1.20%. The assignments of the loan portfolios were made on a non-recourse basis. Subject to a 120-day rectification period for any defects relating to the loans after the dates of assignment, we are not liable to repurchase and/or substitute any loan assigned or transferred. Further, we have no obligation to make good any loss suffered by the relevant bank acquiring the receivables as a result of a non-recovery of receivables or a dilution of interest rates or yield.

Although we define our loan portfolio as including the housing and non-housing loans we provide to our customers, our AUM includes both our loan portfolio and the loans we assign pursuant to securitisation transactions and for which we retain the associated servicing rights. As of June 30, 2016, our loan portfolio constituted 98.73% of our AUM. The loans we assigned to the Federal Bank on August 30, 2016 in the amount of ₹24,400.00 million form part of, and did not result in a change in, our AUM.

Capital Adequacy

The NHB Directions currently require HFCs to comply with a CRAR, consisting of Tier I and Tier II capital, of not less than 12.00% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable. At a minimum, Tier I capital may not be less than 6.00% of risk weighted assets. Further, the NHB Directions require that the Tier II capital may not exceed Tier I capital. For further details in relation to these requirements, see "***Key Regulations and Policies in India—NHB Directions—Capital Adequacy***" on page 159.

As of June 30, 2016, our overall CRAR and Tier I Capital CRAR were 13.04% and 8.40%, respectively, which we believe provides an adequate cushion to withstand business risks and exceeds the minimum requirements stipulated by the NHB. For further details, see "***Selected Statistical Information—Capital Adequacy***" on page 118.

Statutory Liquidity Ratio

HFCs are currently required to comply with a statutory liquidity ratio ("**SLR**"), or a minimum percentage of their deposits that they are required to maintain in the form of approved investments, of 12.50%. Under these requirements, 6.50% of their deposits must be held in approved unencumbered securities and the additional 6.00% of their deposits may be held in either approved unencumbered securities or fixed deposits. In order to maintain our SLR requirements within the limits prescribed by the NHB, in Fiscal Years 2016 and 2015, we invested ₹818.29 million and ₹2,462.18 million, respectively, in bank deposits and in the three months ended June 30, 2016 and in Fiscal Years 2016 and 2015, we invested ₹8,943.75 million, ₹8,139.62 million and ₹2,191.26 million, respectively, in approved securities comprising government securities and government-guaranteed bonds.

RISK MANAGEMENT

We are exposed to various risks that are inherent in the lending business, with the major risks being credit risk, market risk, liquidity risk, legal risks, interest rate risk and operational risk. We place emphasis on risk management measures for a balance between risk and return and have taken steps to implement policies and procedures to identify, measure, monitor and manage risks. Our management team plays an active role in the risk management of our business, including through roles on our ALCO and on our credit committee. Our risk management and appraisal systems are regularly reviewed and upgraded to address changes in regulations and market conditions.

The ALCO comprises six members who are responsible for, among other things:

- reviewing our assets and liabilities position and liquidity risk;
- managing and instructing the finance and treasury teams in the event of asset liability management mismatches beyond permissible limits set by the ALCO;
- managing and evaluating market risk involved in launch of new products such as interest risk and product pricing;
- reviewing floating loan reference rates periodically and recommending changes to PNBHFLR;
- measuring future cash flows as per the given matrix in the NHB Directions or other asset-liability management guidelines prescribed by the NHB (the "**NHB ALM Guidelines**") as fix up tolerance level in different time buckets as prescribed in the NHB Directions and the NHB ALM Guidelines;
- analysing various risks, including liquidity risk, interest rate risk, investment risk and business risk;
- assessing opportunity costs and maintenance of liquidity;
- deciding our transfer pricing policy; and
- approving and regularly reviewing our business plan and targets.

Our credit committee comprises three members, who are responsible for approval of the credit policy parameters under which our housing finance loans to various market segments are sanctioned. As part of its risk-return analysis, our credit committee reviews the credit performance and collection effectiveness of our loan portfolio, as well as the various feedback and monitoring mechanisms set up under our policies to maintain credit risk exposure within acceptable parameters. Our credit committee is responsible for the approval of credit proposals above ₹600.00 million with respect to construction finance, CTLs and LRD, and above ₹150.00 million with respect to individual loans.

Asset-Liability and Interest Rate Risk Management

We may face potential liquidity risks as a result of maturity and interest rate mismatches between our assets and liabilities. We are particularly vulnerable to volatility and mismatch in generally prevailing interest rates, especially if the changes are sudden or sharp, which could result in a decline in our NII and NIM. For a discussion of the liquidity and interest rate risks we face and the steps we take to address these risks, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risk***" and "***Selected Statistical Information—Asset-Liability Gap Management***" on pages 275 and 120, respectively. See also "***Risk Factors—We face liquidity risks as a result of maturity and interest rate mismatches between our assets and***

liabilities.", "***Risk Factors—Our business and financial performance may be adversely affected by volatility in interest rates.***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting our Financial Performance and Financial Condition—Impact of interest rate volatility and liquidity risk***" on pages 18, 17 and 247, respectively.

Credit Risk Management

Credit risk is a risk of loss due to failure of a customer or counterparty to meet the contractual obligation of repaying debt in accordance with the agreed terms, which is also commonly known as the "risk of default". We actively monitor and control our credit risk. Our credit committee regularly reviews and updates our credit policy that our underwriting teams are required to strictly adhere to. We manage credit risk by using a set of credit norms and policies, including a standard credit appraisal policy based on customer credit criteria approved by the Board. We have a structured and standardised credit approval process including a comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the customer. For further details in relation to our credit evaluation and credit portfolio management methodologies, see "***—Lending Policies and Procedures***" on page 142.

Credit Quality

As of June 30, 2016, our NPAs were ₹835.78 million, representing 0.27% of our total loan portfolio. As of June 30, 2016, we made provisions for contingencies of ₹2,039.25 million, representing 243.99% of our NPAs, which comprised ₹257.14 million as provision for our NPAs and ₹1,782.11 million as provision for our standard assets. For further details in relation to our asset classification and provisioning policies as well as analysis in relation to our NPAs, see "***Selected Statistical Information—Credit Quality***" on page 121.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. Operational risk can result from a variety of factors, including inadequate procedures and controls; failure to obtain proper internal authorisations; misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations; improperly documented transactions; failure of operational and information security procedures, computer systems, software or equipment; the risk of fraud or other misconduct by employees or outsiders; unauthorised transactions by employees; and inadequate training and operational errors, including record keeping errors or errors resulting from faulty computer or communications systems. We make efforts to identify, assess and monitor risks, strengthen controls, improve services and minimise operating losses.

Our internal audit team conducts periodic audits for all our businesses and functions. In addition, we maintain a comprehensive system of internal controls, and have established systems and procedures to monitor transactions, maintain key back-up procedures, undertake regular contingency planning and provide employees with continuous training. We have implemented a screening programme to conduct pre-employment background checks. In addition, extensive reference checks and screening of the prospective employee's credentials are conducted prior to recruitment. We train our employees to follow a clear procedure regarding compliance with all regulatory requirements and this process is managed by our regulatory compliance team. At the time of appraisal of a loan, we review the underlying documents from an anti-money laundering perspective and preserve records in compliance with the requirements under the Prevention of Money Laundering Act 2002, as amended.

Our IT team is responsible for use of contemporary software and hardware systems which are safeguarded against any kind of technology related threats. The IT team is also responsible for limiting the accessibility of our IT system only to authorised users and password management. All authorised users have well defined access rights depending on their functional roles. We have set up a disaster recovery centre ("**DR**") in Chennai for retrieval of data to operating units in case of an eventuality or system failure as a part of our business continuity plan. We have also set up a data centre ("**DC**") in Noida for updating records for all transactions on a real time basis. We periodically review vigilance and fraud reports, recovery reports and audit reports to detect failures with the objective of systemic remediation.

Internal Audit and Control Procedures

Our internal audit function, headed by senior management personnel, is independent and reports only to our Audit Committee. The internal auditors undertake a comprehensive audit of all functional areas and operations, with their findings being outlined in the report to our Audit Committee. Our Audit Committee reviews the performance of the internal audit function on a quarterly basis, gives direction to its functionaries and reviews effectiveness of internal control systems. Our internal audit function adopts a risk based audit approach and conducts an audit of all branches through its in-house internal audit team. It recommends improvements in operational processes and suggests streamlining of controls against various risks. It continuously evaluates the adequacy and effectiveness of our internal controls, adherence to policies and procedures as well as legal and regulatory requirements. We have strengthened our audit team by increasing the number of professionals to 14 as of June 30, 2016.

Our COPS and internal audit function are responsible for checking and validating all loans for compliance with prescribed policies, risk management processes and policies, including collateral valuation and title search, concurrent document verification against fraud, KYC checks and personal meetings with clients. Further, inspection teams from our CSO and processing hubs frequently visit our branches and inspect records on a periodic basis. Our statutory auditor also carries out an audit of certain branches on a random basis each year to check the efficacy of the credit appraisal and lending process and other internal controls. We have implemented an internal audit system pursuant to which the risk exposure at our branches is rated annually from "low risk " to "very high risk".

Corporate Governance and Regulatory Compliance

Our Board has constituted various other committees, namely the Audit Committee, the nomination and remuneration committee, the stakeholders relationship committee, the risk management committee, the credit committee, the asset and liability management committee and the corporate social responsibility committee, which act in accordance with the terms of reference determined by our Board, as well as applicable corporate governance regulators under the Listing Agreement and the SEBI Listing Regulations. These committees comprise independent directors on our Board along with experienced members of our senior management team who have put in place preventive measures to mitigate various risks. We review our systems, policies, processes and procedures to contain and mitigate risks that arise from time to time. For further details on these committees, see "***Our Management—Board-level committees***" on page 176.

Being an HFC registered with the NHB, which is the regulator for HFCs in India, we are required to comply with the rules, regulations, guidelines, directions and circulars issued by the NHB in relation to HFCs. We comply with the guidelines and norms issued by the NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning for standard and non-standard assets, capital adequacy, concentration of credit and investments, credit rating for deposits, KYC checks, fair practices code and grievance redressal mechanism, recovery of dues, channel partners and real estate and capital market exposures. For further details, see "***Key Regulations and Policies in India***" on page 156. Further, we undergo annual inspections by the NHB, which are exhaustive and can last for a period of three to four weeks. During these inspections, the NHB inspects our centralised offices and selected branches and processing hubs, on a random basis, to assess our compliance with the NHB Directions and other guidelines and circulars issued by the NHB and adherence to prescribed formats in the filing of regulatory reports. The NHB also reviews our processes, our loan portfolio and individual loan files, including security documents. The NHB enquires about the functioning of our Board and its committees and reviews implementation of decisions and policies of our Board. One of the key components of the NHB's annual inspection is a review of our NPA and delinquent loan portfolio and a review of our credit approval policies and credit assessment standards. We have been regularly inspected by the NHB and have addressed all observations made during, or as a result of, these inspections. See "***Risk Factors—Non-compliance with the NHB's observations made during its periodic inspections could expose us to certain penalties and restrictions.***" on page 38.

Information Technology

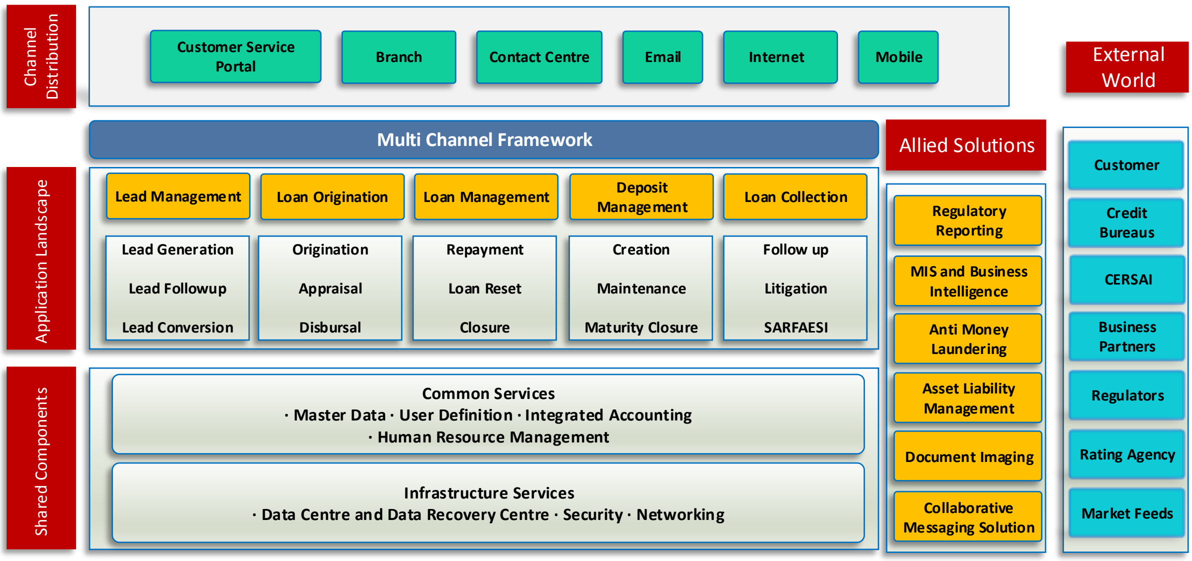
We maintain and update our IT infrastructure that helps connect our employees, offices and facilities and assists in faster processing of information. The ESS is a single platform encompassing a centralised, cloud-based information database and integrates a suite of applications which cover lead management, loan origination, loan management, collections and collateral management, deposits, asset liability management, integrated accounting, anti-money laundering systems, human resource management, document management, a customer contact centre 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 and share information, on a real-time basis;
- configurable and flexible system, scalable with enough capacity to support high business growth;

- a workflow based model, designed to optimise processes, reduce TAT and reduce wastage;
- a secured and compliant system with access based controls, which enables online audit; 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, such as CIBIL and CERSAI, 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.

Set forth below is a graphical representation of our ESS platform.



The 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. We use applications such as "*Yammer*" and "*Skype for Business*" as well as video conferencing at all key branches and processing hubs for messaging and internal communication and collaboration.

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 behavioral 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. The trainings are conducted with a focus on enhancing functional competencies and achieving efficiencies. We follow a holistic 70:20:10 capability-building approach, based on the belief that 70% of all capability is built on the job, 20% through training and 10% through classroom learning. We have implemented a reward and recognition framework across all functions under which contributions to the business by the employees are rewarded. We intend to continue investing in employee leadership, motivation, training and assistance programmes.

Our key governance policies include KYC and AML Policy, Fair Practices Code, Code of Conduct for Board Members and Senior Management, Code for Prevention of Insider Trading Practices, Code of Business Ethics, Whistle Blower Policy and Workplace Sexual Harassment Policy. Our shareholders have approved granting of stock options to our employees under an employee stock option plan and authorised our Board and the Nomination and Remuneration Committee to formulate such plans and grant stock options within the limit of 3.30% of the aggregate number of the issued and paid up equity share capital. The objective of our employee stock option plans is, among other things, to create shareholder value by aligning the interests of the eligible employees with the long term interests of the Company.

As of June 30, 2016 and as of March 31, 2016, 2015 and 2014, we had a dedicated workforce of 847, 752, 630 and 469 employees, respectively. The growth in our employee headcount is in line with our strategy of growing our operations. The average attrition rate of our employees in the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014 was 14.72%, 15.62%, 15.82% and 18.90%, respectively. Our employees are not members of any labour union. We have not experienced any labour strikes or work stoppages since our inception.

Set out below are brief details of our employees as of June 30, 2016.

Category	Total
Branches	501
Processing Hubs	160
Zonal Offices	43
Corporate Office/CSO	117
CPC/COPS	25
Customer Contact Centre	1
Total	**847**

For details in relation to the productivity of our employees, see "***Selected Statistical Information—Employee and Branch Productivity***" on page 118.

Competition

The housing finance industry in India is highly competitive. We face competition from domestic and international 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 personnel. Our primary competitors include HDFC Limited, LIC Housing Finance Limited, Indiabulls Housing Finance Limited, Dewan Housing Finance Corporation Limited, HDFC Bank, ICICI Bank and Axis Bank. For further details, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Competition***" and "***Risk Factors—The Indian housing finance industry is highly competitive and increased competition may lead to a relative decline in average yields and spreads***" on pages 246 and 23, 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, theft and other perils. We have obtained future money policy to cover money in safe and until counter as well as money in transit for our branches and various offices. We have also obtained insurance for certain of our vehicles. We also have in place a medi-claim policy for our employees and their dependent family members and a group personal accident policy, which provides uniform benefits to all the employees. For a discussion of certain risks relating to our insurance coverage, please refer to the section entitled "***Risk Factors—Our insurance coverage may not adequately protect us against certain losses or claims that exceed the limits of our available insurance coverage***" on page 42.

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. Pursuant to an agreement dated December 7, 2009 (the "**License Agreement**"), PNB granted us the royalty-free, non-exclusive right to use the name, brand and trademark and the associated logo in the ordinary course of our business and in our corporate name. Under the terms of the License Agreement, PNB will not have the right to terminate the license until its shareholding falls below 30.00% of our outstanding equity share capital. See "***Risk Factors—We use the brand "PNB" of our Promoter, Punjab National Bank 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 falls below 30.00%." on page 25.

While we have applied for registration of trademark over our branding message "*Ghar Ki Baat*", we had not obtained registration of these trademarks as of the date of filing of this Prospectus. In addition, we have applied for registration of one copyright of artistic works relating to "*Ghar Ki Baat*". We have also obtained registration for various domain names, including our website, "*www.pnbhousing.com*". For further details, see "***Risk Factors—We may not be able to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business. Further, we have not obtained registration of trademark over our branding message "Ghar Ki Baat.***" on page 39.

Legal Proceedings

We are party to various legal proceedings which arise primarily in the ordinary course of our operations. We are also involved in certain tax disputes. For details relating to tax and other legal proceedings involving us, our Directors, our Promoter and Group Companies, see "***Outstanding Litigation and Other Material Developments***" on page 284.

Property

We do not own the premises on which our Registered and Corporate Office is located but we have historically leased it from PNB. A significant number of the properties that we currently use for the purposes of our business, including our branches, processing hubs, zonal offices, our corporate offices and CSO, CPC, DC and DR have been leased. Typically, our leases are for a period ranging between 11 months and three years. Further, we own six small properties in Mumbai, which are currently vacant. The table below sets out certain details in relation to our key properties as of June 30, 2016.

Principal Business Activity	Locations
Registered Office	New Delhi
Corporate Office/CSO	New Delhi
CPC/COPS	Noida
DC	Noida
DR	Chennai
Customer Contact Centre	New Delhi
Processing hubs	Jaipur, Chandigarh, Green Park, Noida*, Lucknow, Dehradun, Kolkata, Mumbai*, Ahmedabad, Pune, Indore, Thane, Bengaluru*, Chennai, Hyderabad and Kochi.
Branches	Delhi[1], Bengaluru[1], Chennai[2], Mumbai[2], Pune[2], Ghaziabad, Gurgaon, Karnal, Noida, Agra, Meerut, Lucknow, Dehradun, Kolkata, Chandigarh, Ludhiana, Jalandhar, Varanasi, Bikaner, Jodhpur, Jaipur, Bhiwadi, Thane, Nagpur, Ahmedabad, Bhopal, Raipur, Indore, Hyderabad[2], Coimbatore, Trivandrum, Faridabad, Vadodara, Surat, Nasik, Vijayawada, Vishakhapatnam, Trissur and Cochin.

* *Co-located zonal offices.*

[1] *Includes three branches in the city.*

[2] *Includes two branches in the city.*

Corporate Social Responsibility

The Ministry of Corporate Affairs, Government of India has notified Section 135 and Schedule VII of Companies Act 2013 along with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended which came into effect from April 1, 2014. These provisions require us to spend, in each financial year, at least 2.00% of average net profits in the three immediately preceding financial years towards one of the specified corporate social responsibility ("**CSR**") activities. We have adopted a CSR policy which is in compliance with these new guidelines and rules and which, we believe, will guide us in serving the society through meaningfully aligned CSR activities. Further, our Board has constituted a CSR committee which has planned the way forward for our social initiatives. For further details, see "***Our Management—Corporate Social Responsibility Committee***" on page 180.

In the three months ended June 30, 2016, we allocated ₹15.00 million on various CSR activities which included, among others, activities in the areas of:

PNB Housing Day Care Centre

We partnered with Mobile Creches to offer the children of construction workers on various construction sites with day care services, education, and hygiene and nutrition awareness programmes. This investment ensures the holistic development of the children, while enabling the working parents to focus on their work and enhance their productivity.

We have seven day care centres running in Delhi-NCR and one day care centre in Chandigarh. We are also supporting three centres in semi urban slums of Delhi, including Dakshinpuri, Madanpur Khadar and Kalyanpuri.

We plan to expand the geographical footprint of this project and we are determined to establish day care centres in Ahmedabad, Bangalore, Mumbai, Hyderabad and Pune throughout Fiscal Year 2017.

Kushal – Skilling Programme

We partnered with The Confederation of Real Estate Developers Association of India ("**CREDAI**") and various other training institutes to conduct an on the job skill training programme for construction workers. This training programme aims to upskill the existing construction work force to meet global benchmarks, which in return will increase the productivity of the workforce.

We provide skill training programmes in the areas of masonry, bar bending and shuttering, with an aim to enhance the workers' professional capabilities and to improve their quality of life. As financial inclusion is an important component of these programmes, bank accounts were opened for each beneficiary under the Pradhan Mantri Jan Dhan Yogna and Adhar Cards were also issued. These training programmes are overseen by a neutral third party, the panel of Construction Skill Development Council of India. As of June 30, 2016, we have supported the training and assessment of 1,200 construction workers and we are committed to train 3,000 more construction workers in Fiscal Year 2017.

Education

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

Bal Vihar provides primary education to underprivileged children. Bal Vihar is a well-structured school, which caters to children aged 3 to 12. We have partnered with Fortis Charitable Foundation and SRL Diagnostics to organise a four month long health care screening programme at Bal Vihar.

The second school is in public private partnership collaboration with South Delhi Municipal Corporation and Vidya to enhance the existing education system in a primary government school located in South Delhi.

Improved access to Mental Health Services

Our Company invested ₹0.90 million towards the renovation and rehabilitation of a crisis intervention centre run by Sanjivini – Mental Health Care Society, which has enabled improved access to mental health care systems.

Response to Natural Disasters

We donated to the victims of the Nepal earthquake with the help of Save the Children. We also donated towards victims of the torrential rains in Chennai.

Decentralised Waste Management

The Company partnered with Residential Welfare Associations (in Delhi and Gurgoan) and Development Alternatives, a not for profit organisation that works to reduce the amount of waste ending up in landfills by promoting decentralised waste management in urban centres. As part of this initiative, systems are set up to reduce waste and to promote awareness for residents with respect to the segregation and management of organic waste.

Social Impact

The Company's CSR initiatives strive to improve the socio-economic condition of the community at large. We were recognised by CREDAI for our CSR initiatives in December 2015 and we won the Dainik Bhaskar CSR Excellence Award in April 2016.

Further, as of June 30, 2016, we have set aside ₹15.00 million out of our profits for future CSR activities.

KEY REGULATIONS AND POLICIES IN INDIA

The following description is a summary of certain sector-specific laws and regulations in India, which are applicable/ relevant to our Company and its business. One of the most significant legislations governing housing finance companies in India is the National Housing Bank Act, 1987, in addition to the provisions of the Companies Act 2013, Companies Act 1956 and any other law for the time being in force.

The description of laws, regulations and policies set out below may not be exhaustive and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for professional legal advice. In addition to the relevant legislations already specified in this Prospectus, taxation statutes such as the Income Tax Act, 1961, Central Sales Tax, 1956 and applicable central and state-specific tax statutes, various labour laws such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act,1952 and other miscellaneous laws and statutes including the Trade Marks Act, 1999 and applicable Shops and Establishments statutes also apply to us as they do to any other Indian company. Further, we may also be subject to terms and conditions set out in clearances, approvals and permits as applicable to the operations of our Company, including clearances obtained from village panchayats, state government or any other local authority.

The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Housing Finance Companies

Our Company is a housing finance company with a certificate of registration granted by the National Housing Bank (**"HFC"**) and is primarily engaged in the business of providing loans and advances and rendering other forms of financial assistance for housing activities. HFCs are companies, whether incorporated or not, which primarily transact in or one of their principal objectives is transacting in the business of providing finance for housing, whether directly or indirectly.

HFCs are regulated by NHB and are required to maintain, similar to banks, prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy, concentration of credit/investment to be observed and may also constitute committees such as the risk management committee and asset liability management committee. Every HFC having assets of ₹500 million or more is required to constitute an Audit Committee.

HFCs can be categorized as an NBFC. However, since they are regulated by NHB in order to obviate dual regulation, they are exempted from the requirement of registration with RBI.

Regulations governing HFCs

The National Housing Bank Act, 1987 ("NHB Act")

The NHB Act establishes the NHB as the principal agency to promote HFCs in India. The ambit of the NHB includes, among others: (i) promoting, establishing, supporting or aiding in the promotion, establishment, and regulation of HFCs; (ii) making loans and advances or other forms of financial assistance to housing finance companies, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Government of India; (iii) guaranteeing financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; (iv) formulating schemes for the purpose of mobilization of resources and extension of credit for housing; (v) providing guidelines to the HFCs to ensure their growth; and (vi) providing technical and administrative assistance to HFCs.

In terms of the NHB Act and notification dated June 18, 2011 issued by NHB, every HFC is required to obtain a certificate of registration as an HFC and have net owned funds of ₹ 100 million or such other higher amount as the NHB may specify for commencing or carrying on its business. Further, every deposit-accepting HFC is required to invest and continue to invest in India in unencumbered approved securities valued at a price not exceeding the current market price of securities, an amount which, at the close of business on any day, is not less than 5% (or such higher percentage as the NHB may specify, not exceeding 25%) of the deposits outstanding at the close of business on the last working day of the second preceding quarter.

Additionally, every HFC is required to maintain an account in India, with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the NHB or by way of subscription to the bonds issued by the NHB, or partly in such account or in such deposit or partly by way of such subscription, a sum which, at the close of business on any day, together with the investment as specified above, shall not be less than 10% (or such higher percentage as the NHB may specify, not exceeding 25%), of the deposits outstanding in the books of the HFC at the close of business on the last working day of the second preceding quarter. Pursuant to the NHB Act, every HFC is also required to create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

Under the terms of the NHB Act, the NHB has the power to direct deposit accepting HFCs to furnish such statements, information or particulars relating to deposits received by the HFC, as may be specified by the NHB. The NHB may cause an inspection to be made of any deposit accepting HFCs for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for the purpose of obtaining any information or particulars which the HFC has failed to furnish on being called upon to do so. If any HFC accepting deposits fails to comply with any such direction given by the NHB, the NHB may prohibit the acceptance of deposits by that HFC.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 ("**DRT Act**") provides for establishment of the Debts Recovery Tribunals ("**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and defendant's detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt may join an ongoing proceeding filed by some other bank or public financial institution against its debtor at any stage of the proceedings before the final order is passed by making an application to the DRT.

The Housing Finance Companies (National Housing Bank) Directions, 2010 ("NHB Directions")

The NHB Directions consolidate and issue directions in relation to the acceptance of deposits by HFCs. Additionally, the NHB Directions provide for prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/ investment to be observed by the housing finance companies and the matters to be included in the auditors' report by auditors of HFCs.

Income Recognition

The NHB Directions require that income recognition should be based on recognised accounting principles. Income including interest, discount, hire charges, lease rentals or any other charges on non-performing assets ("**NPA**") shall be recognized only when it is actually realised. Any such income recognized before the asset became non-performing and remaining unrealized shall be reversed. Further, income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis. However, the income from dividend on shares of corporate bodies may be taken into account on an accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the right to receive payment is established. Income from bonds and debentures of corporate bodies and from Government securities or bonds may be taken into account on an accrual basis provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears. Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government, may be taken into account on accrual basis.

Asset Classification

The NHB Directions prescribe that every HFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease or hire purchase assets, loans and advances and any other forms of credit into standard assets; sub-standard assets; doubtful assets; and loss assets.

An asset is classified as non-performing asset under these directions when the interest on such asset has remained overdue for a period of more than ninety days. The class of assets shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgrade.

Under the NHB Directions, standard assets are assets in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem, nor carry more than the normal risk attached to the business. Sub-standard assets are assets which have been classified as a non-performing asset for a period of upto twelve months. Assets in respect of which, the terms of the agreement regarding interest or principal have been re-negotiated or rescheduled after release of any instalment of loan or an inter corporate deposit which has been rolled over, shall be termed as sub-standard assets until the expiry of one year of satisfactory performance under the re-negotiated or rescheduled terms. Doubtful assets are assets which are classified as sub-standard assets for a period of more than twelve months. Loss assets are assets which are classified as loss assets by an HFC, or its internal or external auditor or by the NHB, to the extent it is not written off by the HFC. Assets which are adversely affected by a potential threat of being non recoverable due to, among others, non-availablity of security, either primary or collateral, in case of secured loans and advances are also classified as loss assets.

Provisioning requirement

Every HFC is required to make provisions against sub-standard assets, doubtful assets and loss assets in accordance with provisioning requirements under NHB Directions after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged.

Further, the provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted as well as lease and hire purchase assets are required to be:

(a) loss assets - all assets categorized as loss assets shall be written off. However, if these assets are permitted to remain in the books of an HFC, the entire outstanding amounts shall be provided for;
(b) doubtful assets – 100.00% of the amount should be provisioned for, to the extent to which the advance is not covered by the realisable value (to be estimated on realistic basis) of the security to which the HFC has a valid recourse shall be made. Also, depending upon the period for which the asset has remained doubtful, a provision to the extent of 25.00%, 40.00% and 100.00% of the secured portion should be made when the period for which the asset has been considered as doubtful is upto one year, between one to three years and more than three years respectively;
(c) sub-standard assets - a provision of 15.00% of total outstanding amounts should be made without making any allowance for export credit guarantee, corporation guarantee and securities available; and
(d) standard assets –
    (i) standard assets with respect to housing loans at teaser/special rates - provision of 2.00% on the total outstanding amount of such loans and the provisioning of these loans to be re-set after one year at the applicable rates from the date on which the rates are re-set at higher rates if the accounts remain standard;
    (ii) (a) standard assets in respect of Commercial Real Estates Residential Housing (**"CRE-RH")** (consisting of loans to builders/ developers for residential housing projects (except for captive consumption). Such projects do not include non-residential commercial real estate. However, integrated housing projects comprising of some commercial space (e.g. shopping complex, school etc.) can be classified as CRE-RH, provided that the commercial space in the residential housing project does not exceed 10% of the total floor space index (**"FSI"**) of the project. In case the FSI of the commercial area in a predominantly residential housing complex exceeds the ceiling of the project loans, the entire loan should be classified as CRE (and not CRE-RH) - provision of 0.75% on the total outstanding amount of such loans; (b) standard assets in respect of all other Commercial Real Estates (**"CRE"**) (consisting of loans to builders/developers/others for office buildings, retail space, multipurpose commercial premises, multitenant commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc., other than those covered in (ii)(a). Loans for third dwelling unit onwards to an individual will also be treated as CRE exposure) – provision of 1% on the total outstanding amount of such loans; and
    (iii) standard assets in respect of all loans other than (i) and (ii) - a general provision of 0.40% of the total outstanding amount of loans which are standard assets is required to be made. The NHB

Directions also prescribe additional provisions for hire purchase and leased assets. Where amounts of hire charges or lease rentals are overdue for more than 12 months and upto 24 months, 10.00% of the net book value shall be provisioned for and when they are overdue for more than 24 months and upto 36 months 40.00% of the net book value shall be provisioned for. Nothing shall be provisioned for if the amounts of hire charges or lease rentals are overdue for upto 12 months.

Public Deposits

The NHB Directions mandate that an HFC cannot accept or renew any public deposit which is repayable on demand or on notice unless such deposit is repayable after a period of 12 months but not later than 120 months from the date of acceptance or renewal of such deposits. The NHB Directions further prescribe that an HFC cannot accept or renew public deposits unless the HFC has obtained minimum investment grade rating for its fixed deposits from any one of the approved rating agencies, at least once a year and a copy of the rating is sent to NHB. Further, all HFCs are prohibited from accepting deposits in excess of 5 times of their net owned funds.

Capital Adequacy

The NHB Directions require that HFCs shall maintain a minimum capital adequacy ratio, consisting of Tier I capital and Tier II capital not lower than 12.00% of its aggregate risk weighted assets and risk adjusted value of off-balance sheet items. Further the total Tier II capital at any point of time shall not exceed one hundred percent of Tier I capital.

Other conditions have been imposed on HFCs by the NHB Directions, other directions of the NHB and circulars, including the following:

(a) No HFC may grant housing loans to individuals (a) of up to ₹ 3.00 million with an LTV exceeding 90.00%; (b) of between ₹ 3.00 million to ₹7.50 million with LTV exceeding 80.00%; and (c) above ₹7.50 million with LTV exceeding 75.00%.

(b) No HFC shall invest in land or buildings, except for its own use, an amount exceeding 20.00% of the aggregate of its Tier I capital and Tier II capital. Such investment over and above 10.00% of its owned funds is required to be made only in residential units.

(c) No HFC shall lend to any single borrower an amount exceeding 15.00% of its owned funds, and to any single group of borrowers, an amount exceeding 25.00% of its owned funds.

(d) The aggregate exposure of an HFC to the capital market in all forms should not exceed 40.00% of its net worth as on March 31 of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20.00% of its net worth.

(e) All HFCs must ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects/ houses and upfront disbursal should not be made in cases of incomplete/ under-construction/ greenfield housing projects/ houses.

(f) HFCs are eligible to issue non-convertible debentures only if it has net owned funds of ₹100.00 million as per their last audited balance sheets.

The Prevention of Money Laundering Act, 2002

The Prevention of Money Laundering Act, 2002 ("**PMLA**") was enacted to prevent money laundering and to provide for confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, every financial institution, including housing finance institutions, is required to maintain records of all transactions including the value and nature of such transactions, furnish information of such transactions to the director defined under PMLA and verify and maintain the records of the identity of all its clients, in such manner as may be prescribed. The PMLA also provides for power of summons, searches and seizures to the authorities under the PMLA. In terms of PMLA, whosoever, directly or indirectly, attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money laundering. The NHB vide circular NHB(ND)/DRS/POL No. 13/2006 dated April 10, 2006 had introduced anti-money laundering measures wherein the HFCs were advised inter-alia to follow the customer identification procedure, maintenance of records of transactions and period of preservation of such record keeping in view of the provisions of PMLA. Further, the aforesaid circular introducing anti-money laundering measures were reviewed and revised vide circular NHB (ND)/DRS/POL-No. 33/2010-11 dated October 11, 2010 ("**2010 Notification**") in light of amendments in the PMLA and the rules framed there under. Further the 2010 Notification requires the HFC to verify the identities of non-account based customers while carrying out transactions of an amount equal to, or exceeding, ₹ 50,000, whether conducted as a single transaction or several transactions that appear to be conducted or any international money transfer operations. Further, it was directed vide NHB(ND)/DRS/Misc. circular No.13/2014 dated January 20, 2014, that the HFCs shall ensure that the documents are not given directly to the customers for verification, etc. to obviate any frauds.

Guidelines for pre-payment levies and pre-closure penalties

Pursuant to a circular dated October 10, 2008, NHB has prescribed that pre-payment levy or penalty on pre-closure of housing loans shall not be collected from the individual borrowers, in an event a housing loan is pre-closed by the individual borrowers out of their own sources. HFCs shall not charge pre-payment levy or penalty on pre-closure of housing loans where (i) the housing loan is availed on floating interest rate basis and the loan is pre-closed through any source; and (ii) where the housing loan is availed on a fixed interest rate basis and the loan is pre-closed by the borrower out of their own sources. Loans in which a company or firm is a co-borrower is excluded from the purview of the circular.

It has been clarified vide circular no NHB(ND)/DRS/Pol-No.48/2011-12 dated April 9, 2012 that the instruction applicable to fixed interest rate housing loans referred to in the circular dated October 19, 2011 will be applicable to such loans which carry fixed rate of interest at the time of origination of the loan. Further, it has been directed vide circular no NHB(ND)/DRS/Pol-No.51/2012-13 dated August 7, 2012 that all dual/special rate (combination of fixed and floating) housing loans will attract the pre-closure norms applicable to fixed/floating rate depending on whether at the time of pre-closure, the loan is on fixed or floating rate. A fixed rate loan shall be considered to be a loan where the rate is fixed for entire duration of the loan. Thus, in the case of a dual/special rate housing loans, the pre-closure norm for floating rate will be applicable once the loan has been converted into floating rate loan, after the expiry of the fixed interest rate period. This shall be applicable to all such dual/special rate housing loans being foreclosed hereafter. Further vide NHB (ND)/DRS/Policy circular No. 63/2014-15 dated August 14, 2014, it was directed that HFCs shall not charge foreclosure charges/pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect. Subsequently, it was clarified vide circular no NHB(ND)/DRS/Policy circular 66/2014-15 dated September 3, 2014 that provisions of the circular issued on August 14, 2014 are applicable in respect of all floating rate term loans sanctioned to individual borrowers by HFCs, irrespective of the date of sanction and whether the relevant loan was prepaid on or after August 14, 2014. The provisions of the said circular cover part as well as full prepayment. It was also clarified that the aforesaid circular is applicable to term loans sanctioned to individual borrowers, and a loan availed by a company, firm etc., therefore is excluded from its purview.

Refinance Scheme for Housing Finance Companies, 2003

Pursuant to Refinance Scheme for Housing Finance Companies, 2003, as amended ("Refinance Scheme"), HFCs registered with the NHB are eligible to obtain refinance from the NHB in respect of their direct lending up to ₹ 5.00 million to individuals for the purchase, construction, repair and upgrade of housing units.

In addition, the HFCs are required to provide long-term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers. The HFCs are also required to have specific levels of capital employed and net owned funds to be eligible to avail refinance facilities under the Refinance Scheme. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. The security for refinance from the NHB may generally be secured by a charge on the book debts of an HFC. If at any time the NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advise the HFC to furnish such additional security including, inter-alia, charges on immovable/moveable property or a requisite guarantee.

ECB for Low Cost Affordable Housing

Pursuant to the RBI master circular on External Commercial Borrowings and Trade Credits (Master Circular No.12/2015-16), dated July 1, 2015, HFCs can avail of external commercial borrowings for financing prospective owners of low cost affordable housing units. In order to avail ECB, (a) the minimum net owned funds of HFCs for the past three financial years should not be less than ₹ 3,000.00 million; (b) the borrowing through ECB should be within the overall borrowing limit which is 16 times of the HFC's net owned fund and the net non-performing assets should not exceed 2.50 % of the net advances; (c) the maximum loan amount sanctioned to an individual buyer is to be capped at ₹ 2.50 million subject to the condition that the cost of the individual housing unit shall not exceed ₹ 3.00 million; and (d) the ECB should be swapped into Indian Rupees for the entire maturity on fully hedged basis. Further, HFCs while making the applications, are required to submit a certificate from NHB that the ECB has been availed for financing prospective owners of individual units for the low cost affordable housing and ensure that the interest rate spread charged by them to the ultimate buyer is reasonable.

Master Circular on Housing Finance issued by the RBI

Pursuant to the master circular on housing finance dated July 1, 2015, banks are eligible to deploy their funds to the housing finance sector in any of the following three categories: (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB or the Housing and Urban Development Corporation Limited, or both. Indirect finance includes loans to HFCs, housing boards and other public housing agencies. Under the terms of this master circular, banks may grant term loans to HFCs taking in to account (long-term) debt equity ratio, track record, recovery performance and other relevant factors including other applicable regulatory guidelines. Banks are required to ensure that the LTV ratio for loans are within the limits prescribed under this master circular, while deciding the quantum of loan to be granted.

Priority sector lending

A master circular on priority sector lending issued by the RBI dated July 1, 2015 regulates priority sector advances, loans granted by banks to HFCs for the purpose of refinance or on-lending for purchase/construction/reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers. Subject to an aggregate loan limit of ₹ 1.00 million per borrower, the loans are classified as priority sector loans. The eligibility under priority sector loans to HFCs is restricted to five percent of the individual bank's total priority sector lending, on an ongoing basis. The maturity of bank loans should be co-terminus with average maturity of loans extended by HFCs.

Guidelines for Asset Liability Management System for HFCs

Pursuant to the extant circulars of the NHB, the board of directors of an HFC should have overall responsibility for management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted consisting of the HFCs senior management including the chief executive officer for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFCs budget and decided risk management objectives. Asset-liability management support groups constituting operating staff are required to be responsible for analysing, monitoring and reporting the risk profiles to the asset-liability committee.

HFCs are also required to classify various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). HFCs should set prudential limits on individual gaps in various time buckets with the approval of the board or management committee and such limits should have a relationship with total assets, earning assets or equity. Since gap analysis measures mismatches between the rate sensitive liabilities and rate sensitive assets including off-balance and sheet positions, it has been provided that the gap reports are instrumental in indicating whether the institution is in a position to benefit from rising interest rates by having positive gap or vice versa. An asset or liability is classified as rate sensitive if: (a) there is a cash flow within the time interval under consideration; (b) the interest rates resets contractually during the interval; (c) it is contractually pre-payable or withdrawable before the stated maturities; and (d) it is dependent on the changes in the bank rate by RBI.

Guidelines on Fair Practices Code for HFCs

The Guidelines on Fair Practices Code for HFCs ("**Fair Practices Code**") were issued by the NHB on September 9, 2015 through a master circular to bring clarity and transparency in all aspects of loan sanctioning, disbursal and repayment issues by HFCs. The Fair Practices Code promotes good and fair practices for HFCs by setting minimum standards in dealing with customers, increasing transparency, encouraging market forces and promoting fair and cordial relationships between customers and HFCs.

The Fair Practices Code requires HFCs to provide appropriate updates to their customers, promptly resolve grievances and maintain confidentiality of customer information. Further, HFCs are required to disclose information on interest rates, common fees and charges to their customers. HFCs are also required to ensure that all advertising and promotional material is clear and not misleading. Additionally, whenever loans are approved, HFCs are required to explain the details of the repayment process to their customers. If a customer does not adhere to a repayment schedule, a defined process in accordance with applicable laws is required to be followed for recovery.

Guidelines for Recovery Agents Engaged by HFCs

The Guidelines for Recovery Agents Engaged by HFCs ("**Recovery Agents Guidelines**") were issued by the NHB on July 14, 2008 and govern the practices and procedures regarding the engagement of recovery agents by HFCs. Under the Recovery Agents Guidelines, HFCs are required to have a due diligence process in place for engagement of recovery agents. HFCs are required to ensure that the recovery agents engaged by them carry out verification of the antecedents of their employees. HFCs are also required to ensure that their recovery agents are properly trained to handle their responsibilities with care and sensitivity, with respect to, for example, acceptable hours of calling and privacy of customer information. HFCs are also required to inform the borrower of the details of recovery agency firms/ companies while forwarding default cases to the recovery agency.

The Recovery Agents Guidelines also provide for guidelines for taking possession of property mortgaged to HFCs. It's provided that where HFCs have incorporated a re-possession clause in the contract with the borrower and rely on such re-possession clause for enforcing their rights, they should ensure that the re-possession clause is legally valid, complies with the Indian Contract Act in letter and spirit, and that such repossession clause is clearly brought to the notice of the borrower at the time of execution of the contract. The terms and conditions of the contract should be strictly in terms of the disclosed Recovery Policy and should contain provisions regarding (a) notice period before taking possession; (b) circumstances under which the notice period can be waived; (c) the procedure for taking possession of the security; (d) final chance to be given to the borrower for repayment of loan before sale/ auction of the property; (e) the procedure for giving repossession to the borrower; and (f) the procedure for sale/auction of the property.

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**SARFAESI Act**") governs securitization of assets in India. The SARFAESI Act provides that any securitization or reconstruction company may acquire the assets of a bank or financial institution by either entering into an agreement with such bank or financial institution for the transfer of such assets to the company or by issuing a debenture or bond or any other security in the nature of the debenture, for consideration, as per such terms and conditions as may be mutually agreed between them. The SARFAESI Act further provides that if the bank or financial institution is a lender in relation to any financial assets acquired by the securitization/reconstruction company as stated above, then such company shall be deemed to be the lender in relation to those financial assets. Upon such acquisition, all material contracts entered into by the bank or financial institution, in relation to the financial assets, shall also get transferred in favour of the securitization/reconstruction company.

The SARFAESI Act also enables banks and notified financial institutions to enforce the underlying security of an NPA without court intervention. The NHB Directions prescribe guidelines for classifying an account as an NPA. Pursuant to an asset being classified as an NPA, the security interest can be enforced as per the procedure laid down in the Security Interest Enforcement Rules, 2002.

KYC Guidelines

The KYC Guidelines issued by NHB on October 11, 2010, mandate KYC policies and anti-money laundering measures for HFC to incorporate certain key elements, including, among others, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management in the exercise of due diligence by the NBFC, its brokers and its agents.

Norms for excessive interest rates

The NHB has, by a circular dated June 2, 2009, advised all HFCs to revisit internal policies in determining interest rates, fee and other charges. According to this circular, the board of directors of each HFC is required to revisit its policies on interest rate determination, fees and other charges, including margin and risk premium charged to different categories of borrowers and approve the same.

Foreign Investment in HFCs

Foreign investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, read with the extant Consolidated Foreign Direct Investment Policy dated June 7, 2016 ("**Consolidated FDI Policy**") issued by the Department of Industrial Policy and Promotion. As per the provisions of the Consolidated FDI Policy, foreign direct investment of up to 100.00% is permitted under the automatic route for investment in NBFCs, which carry out certain specified activities including housing finance, subject to the following conditions:

1. Minimum capitalization:

    a) For FDI of up to 51.00% - US$ 0.50 million to be brought upfront;
    b) For FDI more than 51.00% up to 75% - US$ 5.00 million to be brought upfront; and
    c) For FDI more than 75.00% up to 100% - US$ 50.00 million out of which US$ 7.50 million to be brought up front and the balance is required to be brought up within 24 months.

2. NBFCs, (i) having foreign investment more that 75.00% and up to 100.00%, and (ii) with a minimum capitalization of US$ 50.00 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on number of operating subsidiaries and without bringing in additional capital.

3. Joint venture operating NBFCs that have 75.00% or less than 75.00% foreign investment are allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries complying with the applicable minimum capitalization norms mentioned above and compliance with guidelines of the relevant regulator.

4. Compliance with guidelines of the relevant regulator is required in this regard.

5. The minimum capitalization norms would apply where the foreign holding in the NBFC (both direct and indirect) exceeds the limits indicated above.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to a non-resident purchaser.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as "PNB Housing Finance Private Limited" on November 11, 1988, 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, our name 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.

Business and management

For a description of our activities, services, products, market segments, the growth of our Company, the standing of our Company with reference to prominent competitors in connection with our services, management, environmental issues, regional geographical segment etc., see "***Our Business***", "***Industry Overview***" "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and "***Government and Other Approvals***" on pages 124, 94, 243 and 297, respectively. For details of the management of our Company and its managerial competence, see "***Our Management***" on page 169.

Changes in Registered Office

Details of prior change in the registered office of our Company are as below:

Effective date	Details of change	Reasons for change
July 18, 1994	The address of the registered office of our Company was changed from 8th Floor, DCM Building, 16 Barakhamba Road, National Capital, Delhi to 9th Floor, Antriksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi	For operational efficiency

Our main objects

The main objects of our Company as contained in our Memorandum of Association are:

1. To carry on the business of providing long term finance to any person or persons, company or corporation, society or association of persons with or without interest and with or without any security for the purpose of enabling such borrower to construct or purchase any house or any part or portions thereof in India for residential purposes on such terms and conditions as our Company may deem fit.
2. To lend money to any person or persons, company or corporation, society or association of persons or to any entity to enable such borrowers to carry on repairs, renovation, furniture and fitting, equipment and paraphernalia required for residential accommodations.
3. To carry on the business of lending, advancing and providing finance to any person or persons, company or corporation, society or association of persons or to any entity whatsoever to enable such borrowers to construct / purchase any commercial properties and for repairs, renovations, furniture and fitting, equipment and paraphernalia required for such commercial properties.
4. To advance deposit, lend or provide finance to any person or persons, company or corporation, society or association of persons or to any entity against charge created or immovable property of all kinds and in particular land, buildings, business concerns or any interest in real or personal property and any claim against such properties.
5. To carry on the business of acting as agent/sub agent in respect of life/non- life insurance of any kind / description and to collect agency commission thereon.

The main objects as contained in the Memorandum of Association enable our Company to undertake its existing activities.

Amendments to our Memorandum of Association

Since the incorporation of our Company the following changes have been made to our Memorandum of Association:

Date of change/ shareholders' resolution	Nature of amendment
January 5, 1989	The initial authorized share capital of our Company was increased from ₹100,000,000 divided into 10,000,000 equity shares of ₹10 each to ₹ 500,000,000 divided into 50,000,000 equity shares of ₹ 10 each.
January 24, 1991	Clauses III A, III B and III C of the objects clause of the Memorandum of Association were replaced.
September 23, 2000	Clauses III A (2), (3), (4) and (5) of the objects clause of the Memorandum of Association were added to the existing Clause III A of the objects clause.
August 8, 2013	The authorised share capital of our Company was increased from ₹ 500,000,000 divided into 50,000,000 equity shares of ₹ 10 each to ₹ 1,500,000,000 divided into 150,000,000 equity shares of ₹ 10 each.
April 22, 2016	The authorized share capital of our Company was increased from ₹ 1,500,000,000 divided into 150,000,000 equity shares of ₹ 10 each to ₹ 5,000,000,000 divided into 500,000,000 equity shares of ₹ 10 each.
	Addition of the following Clause 41 in the Objects Incidental to the Attainment of Main Objects of the Memorandum of Association: "*To provide other services relating to Back Office transaction/data processing, insurance processing including policy and claim processing other operational support services such as to act as an agent, representative, franchisor, marketing, advisor of general/life/health insurance companies and to solicit and procure insurance business as a corporate agent and to carry on other incidental and allied activities in relation to insurance processing.*"

Total Number of shareholders of our Company

As on the date of this Prospectus, our Company has nine Equity Shareholders, of which seven are nominee shareholders. For further details on the shareholding of our Company, see "***Capital Structure***" on page 74.

Awards and accreditations

Calendar Year	Awards/Accreditations
2016	Awarded for Excellence in Corporate Social Responsibility by the Dainik Bhaskar Group.
2016	Recognized as ET Best BFSI Brands 2016 by Economic Times
2015	Awarded for contribution to corporate social responsibility by CREDAI
2015	Best Apprenticeship / On the Job training program Gold Award at the 7th Annual Tata Institute of Social Sciences.
2014	Recognised by Microsoft for being a pioneer investor in Cloud Services and Solutions in India.
2014	National Award for excellence in Talent Management 2014.
2014	Awarded for its Significant Contribution to Housing for the year 2013-2014 by Housing and Urban Development Corporation Limited.
2014	Awarded for successful completion of 25 years of service by Dun & Bradstreet.
2013	Awarded Special Commendation Award during the Best Change Interventions of Asia Seminar & Awards.

Major events and milestones

The table below sets forth some of the major events in the history of our Company

Calendar Year	Details
1988	Incorporation of our Company.

Calendar Year	Details
2003	Our Company was notified under the SARFAESI Act.
2006	Crossed the ₹ 10,000.00 million loan portfolio.
2009	PNB sold 26% of its stake in the total issued, subscribed and paid-up share capital of the Company to DEL.
2010	Launched the business process re-engineering project, "Kshitij".
2012	DEL increased its shareholding to 49% in our Company, pursuant to the conversion of CCDs issued to DEL in 2009.
	Gross and net NPAs were brought lower than 0.50% of our asset portfolio.
2013	Crossed ₹10,000.00 million retail deposits.
	AA+ rating by CRISIL of our NCDs and bank term loans and FAAA rating for our deposits.
2014	Profit after tax crossed ₹1,000.00 million and our portfolio crossed ₹ 100,000.00 million.
	AAA rating by CRISIL for NCD Borrowing program.
2015	Implemented end-to-end Enterprise System Solution.
	AAA rating by ICRA and India Ratings (Fitch Group) for NCD borrowing program.
2016	Crossed ₹ 27 billion loan portfolio and ₹ 7 billion deposits.

Changes in activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years from the date of this Prospectus, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Capital raising (Equity/ Debt)

Our equity issuances in the past and outstanding debt as on June 30, 2016 and August 31, 2016, have been provided in "***Capital Structure***" and "***Financial Indebtedness***" on pages 74 and 280, respectively. Our Company has not undertaken any public offering of debt instruments since its incorporation. Our Company has conducted 29 private placements of secured, rated, redeemable, non-convertible debentures and four private placements of unsecured, redeemable, non-convertible debentures and is presently listed on the wholesale debt segment of the NSE.

Strike and lock-outs

We have not experienced any strike, lock-outs or labour unrest in the past.

Time/cost overrun

There have been no time/cost overruns pertaining to our business operations.

Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by the Company.

There are no defaults or rescheduling of borrowings with financial institutions, banks or conversion of loans into equity in relation to our Company. For details of instances of delays in payments and non-compliances of certain covenants by our Company in the past, see "***Risk Factors***" and "***Summary Financial Information***" on pages 17 and 58, respectively. None of our Company's loans have been converted into Equity Shares.

Injunctions or Restraining Order against our Company

There are no injunctions or restraining orders against our Company.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, etc.

Our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation or revaluation of assets.

For details of revaluation of assets, see "***Other Regulatory and Statutory Disclosures – Revaluation of Assets***" on page 313.

Material Agreements

There are no subsisting shareholders' agreements or arrangements, other than as mentioned below:

A. Share Subscription and Shareholders' Agreements

Our Company entered into a share purchase agreement dated December 7, 2009 ("**SPA**") with DEL and PNB, which at the time of the SPA was the beneficial owner of the entire equity share capital of our Company. Pursuant to the SPA, DEL agreed to purchase 7,800,000 Equity Shares from PNB at a price of ₹ 101.50 per share aggregating to ₹ 791,700,000 thereby acquiring 26% of the total issued, subscribed and paid-up capital of our Company. Further, pursuant to a share subscription agreement dated December 9, 2009 ("**SSA**") between our Company and DEL, DEL subscribed to 13,529,411 compulsory convertible debentures of our Company which upon conversion, would raise their shareholding to 49.00% in our Company. On June 8, 2012, DEL converted their debentures into Equity Shares.

Subsequent to the SPA, our Company entered into a shareholders' agreement dated December 7, 2009 with PNB and DEL (the "**SHA**"), which provides certain terms and conditions governing the relationship between the PNB and DEL. The key terms of the SHA are provided below:

Restriction on transfer of shares held by PNB

Pursuant to the SHA, PNB is restricted from diluting its shareholding to below 51% except to issue additional shares to the shareholders of our Company in proportion to their shareholding in order to meet additional funding requirement for the growth of our Company and/or to meet CRAR requirements.

Board Constitution

In accordance with the terms of the SHA, the Board of our Company, shall consist of three directors nominated by PNB, one of whom shall be the chairman of the Board, two directors nominated by DEL, an executive director appointed with the unanimous approval of a committee of our Board, which is constituted by the Board of our Company, and four independent directors. The SHA further provides for constitution of an Operational Matters Committees which will address various policies and strategic matters pertaining to business and good governance. These include Credit Committee, Business Process Committee and Marketing Committee. Each of these committees shall consist of one director appointed by PNB, one director appointed by DEL and one independent director.

Dilution of shareholding

In an event, the shareholding of PNB or DEL falls below 26% ("**Diluted Entity**"), then the Diluted Entity shall have the right to nominate one director and the balance number of directors shall be nominated by the other entity. Further, the Diluted Entity shall cease to have any rights in relation to appointment of members of the operational management committees, quorum and reserved matters. In addition to the cessation of these rights, if the shareholding of the Diluted Entity falls below 10%, the rights of the Diluted Entity to nominate any director shall also cease.

Right of First Offer

In accordance with the terms of the SHA, if either PNB or DEL wishes to sell all or part of its securities, it shall first make an offer to the other by issuing a written notice stipulating the number and class of securities proposed to be transferred by the seller.

Reserved Matters

In addition, certain actions or decisions to be taken by our Company requires the consent of PNB and DEL and PNB is restricted from exercising its voting rights in a manner that would deprive the right of DEL in respect of such reserved matters. These reserved matters, among others, include alteration of the constitutional documents of our Company; any change in the nature of business of our Company; arrangement or undertaking to do any such actions which alters the share capital of our Company, or the variation of rights of securities of our Company.

Our Company entered into an agreement dated June 30, 2016 ("**SH Amendment and Termination Agreement**"), pursuant to which the parties have agreed that the SHA will automatically terminate on the date the final listing and trading approval is received by the Company ("**Listing Date**") from the Stock Exchanges. Pursuant to the SH Amendment and Termination Agreement, the shareholders have agreed to waive certain rights and amend certain terms of the Shareholders' Agreement to facilitate the IPO process. Further, subject to the approval of the shareholders post listing, any shareholder whose shareholding in the Company is 26% or more of the paid-up equity share capital of the Company, has the right to nominate two directors on the board and one director on each of the committees of the Board, other than the Audit Committee. Any shareholder whose shareholding in the Company is between 10% to 26% of the paid-up equity share capital of the Company, will have the right to nominate one director on the Board. However, such shareholder will not have a right to nominate any director on any of the committees of the Board.

Further, as mentioned in Part B of the AoA, the rights granted to PNB and DEL under the SHA, shall automatically terminate and fall away on and from the date of listing of the Equity Shares on the Stock Exchanges. For further information, see "***Main Provisions of the Articles of Association***" on page 369.

B. Other Agreements

Other than as mentioned in *"– **Material Agreements**"* on page 167, our Company has not entered into any material contract other than in the ordinary course of business carried on or intended to be carried on by our Company in the two years preceding this Prospectus.

Holding Company

For details of our holding company, see "***Our Promoter, Promoter Group and Group Companies***" on page 185.

Subsidiaries of our Company

As on the date of this Prospectus, our Company does not have any subsidiaries.

Joint Ventures of our Company

As on the date of this Prospectus, our Company has not entered into any joint venture agreements.

Strategic and financial partnerships

As on the date of this Prospectus, our Company does not have any strategic or financial partners.

OUR MANAGEMENT

Under the Articles of Association, our Company can have a maximum of 15 Directors. As on the date of this Prospectus, we have ten Directors on our Board, comprising of one Executive Director, four Non-Executive (Non-Independent) Directors and five Independent Directors. The present composition of the Board and its proceedings are in accordance with the Companies Act 2013 and the SEBI (Listing Obligations and Disclosure. Requirements) Regulations, 2015 (**"SEBI Listing Regulations")**.

Our Board

The following table sets forth details regarding our Board as on the date of this Prospectus.

Name, designation, address, occupation, nationality, date of appointment, term and DIN	Age (years)	Other Directorships
Ms. Usha Ananthasubramanian *Designation:* Chairperson *Address:* 20, Rajdoot Marg, Chanakya Puri, New Delhi, 110021, India *Occupation*: Banker *Nationality:* Indian *Date of Appointment:* August 26, 2015 *Term:* Liable to retire by rotation *DIN:* 02784580	58	***Other Directorships:*** *Indian public limited companies* 1. Punjab National Bank 2. PNB Investment Services Limited 3. PNB Gilts Limited 4. PNB Metlife India Insurance Company Limited 5. Export Import Bank of India (Exim Bank) *Foreign company* 1. PNB International Limited
Mr. Sanjaya Gupta *Designation:* Managing Director *Address:* K-74 A, Second Floor, Hauz Khas Enclave, New Delhi, 110016, India *Occupation*: Service *Nationality:* Indian *Date of appointment:* June 25, 2010 *Term:* Five years with effect from May 5, 2015 *DIN:* 02939128	53	***Other Directorships:*** *Indian public limited company* 1. India Shelter Finance Corporation Limited *Foreign company* 1. HDFC PLC, Maldives
Dr. Ram S. Sangapure *Designation:* Non-Executive Director *Address:* A-265, Ganpat Andalkar Block, Asiad Village Complex, New Delhi, 110049, India *Occupation*: Banker *Nationality:* Indian *Date of Appointment:* August 8, 2014 *Term:* Liable to retire by rotation *DIN:* 003297417	58	***Other Directorships:*** *Indian public limited company* 1. Punjab National Bank *Foreign company* 1. Everest Bank Limited

Name, designation, address, occupation, nationality, date of appointment, term and DIN	Age (years)	Other Directorships
Mr. Sunil Kaul *Designation:* Non-Executive Director *Address:* 2A, Lincoln Road 29-09 Park Infinia, Singapore, 308364 *Occupation*: Investment Advisor *Nationality:* American *Date of Appointment:* March 5, 2015 *Term:* Liable to retire by rotation *DIN:* 05102910	56	***Other Directorships:*** *Foreign company* 1. Carlyle Singapore Investment Advisors Pte Limited 2. Zhong Xi Co Limited 3. Sunil DRU LLC
Mr. Devinjit Singh *Designation:* Non-Executive Director *Address:* 101-A, 10th Floor, Mehar Apartment, Anstey Road, Off Altamount Road, Mumbai, Maharashtra, 400026, India *Occupation*: Service *Nationality:* Indian *Date of Appointment:* March 5, 2015 *Term:* Liable to retire by rotation *DIN:* 02275778	49	***Other Directorships:*** *Indian public limited companies* 1. SBI Capital Markets Limited 2. Destimoney Enterprises Limited *Indian private limited company* 1. Carlyle India Advisors Private Limited
Mr. Tejinder Singh Laschar *Designation:* Independent Director *Address:* C-287, 1st Floor, Defence Colony, New Delhi, 110024, India *Occupation*: Retired Government Official *Nationality:* Indian *Date of Appointment:* February 13, 2009 *Term:* Five years from August 8, 2014 *DIN:* 00226860	69	***Other Directorships:*** *Indian public limited companies* 1. BoBCards Limited
Mr. Shital Kumar Jain *Designation:* Independent Director *Address:* 5/10, Second Floor, Shanti Niketan, New Delhi, 110021, India *Occupation*: Retired Banker *Nationality:* Indian *Date of Appointment:* December 9, 2009 *Term:* Five years from August 8, 2014 *DIN:* 00047474	77	***Other Directorships:*** *Indian public limited companies* 1. Canara Robeco Asset Management Company Limited 2. R S Software (India) Limited

Name, designation, address, occupation, nationality, date of appointment, term and DIN	Age (years)	Other Directorships
Mr. Chandrasekaran Ramakrishnan *Designation:* Independent Director *Address:* Sruthi, 1-C, 4th Street, Dr. Radhakrishnan Salai, Mylapore, Chennai, Tamil Nadu, 600004, India *Occupation*: Service *Nationality:* Indian *Date of Appointment:* October 7, 2015 *Term:* Five years from October 7, 2015 *DIN:* 00580842	59	***Other Directorships:*** *Indian private limited companies* 1. Cognizant Technology Solutions India Private Limited 2. Cognizant Foundation 3. Cognizant Technology Services Private Limited 4. Cognizant Global Services Private Limited 5. Excellence Data Research Private Limited 6. ValueSource Technologies Private Limited 7. Itaas India Private Limited 8. Saband Software Technologies Private Limited 9. TriZetto India Private Limited 10. TriZetto Services India Private Limited 11. KBace Technologies Private Limited
Dr. Gourav Vallabh *Designation:* Independent Director *Address:* Adarsh Nagar, Near Government Hospital, Pipar City, District Jodhpur, 342601, Rajasthan, India *Occupation*: Professor *Nationality:* Indian *Date of Appointment:* April 22, 2016 *Term:* Five years from April 22, 2016 *DIN:* 02972748	39	*Indian private limited company* 1. Economic and Policy Research Foundation
Mr. Nilesh S. Vikamsey *Designation:* Independent Director *Address:* 184, Tower A, Kalapataru Habitat, Tower-A, Dr. SS Rao, Road, Parel, Mumbai, 400012, Maharashtra, India *Occupation*: Chartered Accountant *Nationality:* Indian *Date of Appointment:* April 22, 2016 *Term:* Five years from April 22, 2016 *DIN:* 00031213	52	*Indian private limited companies* 1. HLB Offices and Services Private Limited 2. TruNil Properties Private Limited 3. BarKat Properties Private Limited 4. SOTC Travel Services Private Limited *Indian public limited companies* 1. Extensible Business Reporting Language (XBRL) India 2. NSEIT Limited 3. The Federal Bank Limited 4. Thomas Cook (India) Limited 5. SBI Life Insurance Company Limited 6. Navneet Education Limited 7. IIFL Holdings Limited 8. IIFL Wealth Management Limited 9. IIFL Facilities Services Limited 10. ICAI Accounting Research Foundation

In compliance with Section 152 of the Companies Act, more than two-third of our Non-Executive (Non-Independent) Directors are liable to retire by rotation.

Arrangement or Understanding with Major Shareholders

Pursuant to the SHA, our Board is comprised of a maximum of 15 Directors which includes three Directors nominated by our Promoter (one of whom is required to be the Chairperson of the Board), two Directors nominated by DEL, five Independent Directors and one Managing Director. For further details of the SHA, see "***History and Certain Corporate Matters***" on page 164.

As on the date of this Prospectus, Ms. Usha Ananthasubramanian and Dr. Ram S. Sangapure have been appointed as nominee Directors of our Promoter and Mr. Devinjit Singh and Mr. Sunil Kaul have been appointed as nominee Directors of DEL.

Except as stated above, none of the Directors has been appointed pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others.

Brief profiles of our Directors

Ms. Usha Ananthasubramanian, aged 57 years is the Chairperson of our Company. She holds a bachelor's degree in science and a master's degree in statistics from the University of Madras and a master's degree in arts from the University of Mumbai. She has significant experience in the fields of banking and financial services. She has been the Managing Director and Chief Executive Officer of Punjab National Bank since August 14, 2015. Prior to that she was the Chairperson and Managing Director of the Bharatiya Mahila Bank. She also served as the Executive director of Punjab National Bank. She is a director on the Board of PNB Metlife India Insurance Company Limited. She also worked at Bank of Baroda and retired from the post of General Manager.

Mr. Sanjaya Gupta, aged 53 years, is the Managing Director of our Company. He holds a bachelor's degree in commerce from Lucknow University and a master's degree in business administration from Lucknow University. He has significant experience in the mortgage industry in both retail and corporate assets. Prior to joining our Company he worked with AIG United Guaranty as the country head and Chief Executive Officer of the prospective mortgage guaranty business in India. He also worked with ABN Amro Bank N.V. as the National Product Head, Mortgages- Consumer Banking and with ABN AMRO Central Enterprise Services Private Limited as the Vice President, Mortgages. Prior to that he worked with HDFC Limited.

Dr. Ram S. Sangapure, aged 58 years, is a Non-Executive Director of our Company. He holds a bachelor's degree in economics and a master's degree in economics from Marathwada University, Ph.D in economics from the Higher Certifying Commission, Bulgaria. He has also cleared modules on International Fixed Interest and Bond Markets and International Equity Markets from the Securities Institute, London. He has completed an international study visit to microfinance institutions in the Philippines constructed by the Asia Pacific Rural and Agricultural Credit Association Center for Training and Research in Agricultural Banking, Manila, Philippines. He has also participated in the Eleventh Regional Seminar on National Economic Management for South Asian Countries organized in collaboration with the Economic Development Institute of the World Bank. Dr. Ram S Sangapure is currently the Executive Director of Punjab National Bank. He has also worked at Central Bank of India and retired from the post of General Manager. Prior to that he worked at Industrial Development Bank of India for five years. He has also served as a visiting member of the faculty of economics, University of Pune. He has significant experience in the fields of banking and finance.

Mr. Sunil Kaul, aged 56, is a Non-Executive Director of our Company. He holds a bachelor's degree in technology in electrical engineering from the Indian Institute of Technology, Bombay. He also holds a post graduate diploma in management from the Indian Institute of Management, Bangalore. During the course of this degree he was awarded the Chairperson, Indian Institute of Management Bangalore Society's Gold Medal for 'Scholastic Merit', the Hindustan Petroleum Corporation Limited Medal and Cash Prize for 'Best Performance in Financial Management' and the Glaxo Marketing Scholar Gold Medal and Cash prize for 'Best Performance in Marketing'. Mr. Sunil Kaul has been the President of Citibank Japan and the Chairman of CitiCards Japan KK and CitiFinancial Japan KK. He was also the Head of Retail Banking for Citibank in Asia, the Head of International Personal Banking for Citibank in New York and the Head of Citi's Global Transaction Services at Citibank, Japan. He is presently also the Managing Director of Carlyle Singapore Investment Advisors Pte Limited and is the Head of South East Asia for Financial Services sector of the Carlyle Asia Buyout Advisory Team and concurrently heads the Financial Services sector for the team in Asia. He is also a member of the Asia Pacific

Infrastructure Partnership. He has 30 years of experience in the fields of private equity, corporate and consumer banking.

Mr. Devinjit Singh, aged 49 is a Non-Executive Director of our Company. He holds a bachelor's degree in arts from the University of Delhi and a master's degree in business administration from the Fuqua School of Business, Duke University. Prior to joining our Company he was the Managing Director and Head of Citigroup's mergers and acquisitions business in India. Mr. Devinjit has been working with Carlyle India Advisors Private Limited since 2008 and is presently its Managing Director. He has 26 years of experience in the fields of investment banking and financial services.

Mr. Tejinder Singh Laschar, aged 69 years, is an Independent Director of our Company. He holds a master's degree in economics from Punjab University, a master's degree in commerce from Himachal Pradesh University and a post graduate diploma in development policy from the University of Glasgow, United Kingdom. He has also completed a course on Financial Market Linkages and New Financial Instruments from the Regional Training Institute, International Monetary Fund. Mr. Tejinder Singh Laschar joined the Indian Economic Service in 1973and superannuated as the Senior Economic Advisor, heading the Office of Economic Adviser in the Ministry of Commerce and Industry, Government of India, on September 30, 2007. He has more than 38 years of experience in economic and financial planning with the Government of India.

Mr. Shital Kumar Jain, aged 77 years, is an Independent Director of our Company. He holds a bachelor's degree in economics from Punjab University, a master's degree in economics from the University of Punjab and a master's degree in business administration from the School of Business, University of Indiana, USA. He was a member of the Beta Gamma Sigma Society of the Indiana University chapter. Prior to joining our Company he worked with Citibank for more than 31 years in Hong Kong, Taiwan, Philippines and Canada. He has more than 31 years of experience in the field of banking.

Mr. R Chandrasekaran, aged 58 years, is an Independent Director of our Company. He holds a bachelor's degree in mechanical engineering from the University of Madras, a post graduate diploma in management from the Indian Institute of Management, Bangalore. Apart from being on our Board of Directors, Mr. Chandrasekaran is also the Executive Vice Chairperson of Cognizant India since December 1, 1994. Prior to joining Cognizant, he worked with Tata Consultancy Services for over nine years. He has 30 years of experience in the fields of information technology.

Dr. Gourav Vallabh, aged 39 years, is an Independent Director of our Company. He holds a bachelor's degree in commerce, a bachelor's degree in law and a master's degree in commerce from Maharshi Dayanand Saraswati University, Ajmer. He has a doctor of philosophy degree in financial statements' analaysis. He is a qualified company secretary from the Institute of Company Secretaries of India since June, 2006. He is a financial risk manager from Global Association of Risk Professionals, USA. He has worked at the Marwar College, Sojat City, Pali, Rajasthan as a lecturer in accounting and finance. Dr. Vallabh has been a member of the Institute of Chartered Accountants of India since December 18, 2002 and a Director since November 26, 2009. He has also worked at the Mody College of Management Studies, Lakshmangarh, Sikar, Rajasthan, at the Management Develeopment Insitute and the National Institute of Bank Management, Pune.

Mr. Nilesh S. Vikamsey, aged 52 years, is an Independent Director of our Company. He has a bachelor's degree in commerce from the University of Bombay. He holds a post qualification course in information systems audit from the Institute of Chartered Accountants of India. He has completed a course in business consultancy studies from the Bombay Accountants Society and Jamnalal Bajaj Institute of Management Studies. He is a member of the Institute of Chartered Accountants of India since 1985. He has worked with Khimji Kunverji and Co. since 1985. He has 30 years of experience in the fields of auditing, taxation, corporate and personal advisory services, business and management consulting services, due diligence, valuations, inspections, investigations.

Relationship between Directors

None of our Directors are related to each other.

Terms of Appointment of our Executive Directors

Mr. Sanjaya Gupta

Mr. Sanjaya Gupta has been our Managing Director since June 25, 2010 and was re-appointed for a term of five years with effect from May 5, 2015, pursuant to a Board resolution dated May 5, 2015 and a resolution approved by the shareholders of our Company on August 26, 2015.

Pursuant to the resolution passed by our Board dated August 3, 2016 the following are the principal terms of remuneration of Mr. Sanjaya Gupta as the Managing Director of our Company:

Mr. Sanjaya Gupta is entitled to a fixed pay of ₹ 10.92 million per annum. In addition to this, he is also entitled to perquisites and allowances such as an annual bonus, a performance linked annual variable pay and long term incentive plan subject to Board and Shareholder approval, medical, health and annual physical examinations plans, life and disability insurance plans as maintained by our Company and reimbursement for out of pocket expenses incurred necessarily in the performance of duties. He received a total remuneration of ₹ 13.67 million in Fiscal 2016.

Ms. Usha Ananthasubramanian

Ms. Usha Ananthasubramanian was appointed as our Chairperson with effect from August 26, 2015, pursuant to the Board resolution dated August 26, 2015 and a resolution approved by the Shareholders dated August 26, 2015.

Ms. Usha Ananthasubramanian is not entitled to any remuneration as the Chairperson of our Company.

Compensation paid to our Non-Executive and Independent Directors

Pursuant to the Board resolution dated July 16, 2015, our Independent Directors are entitled to receive a sitting fee of ₹ 50,000 for attending each meeting of our Board and a sitting fee of ₹ 30,000 for attending each meeting of the committees of our Board, as applicable. The sitting fee of our Non-Executive Directors nominated by our Promoter is paid to our Promoter.

Our other Non-Executive Directors are not entitled to any remuneration, sitting fee or annual commission on the profits of our Company.

The details of the sitting fees paid and other payments made to our Non-Executive Directors, including our Independent Directors, during Fiscal 2016 are as follows:

S. No.	Name of Director	Sitting Fees Paid (₹ in million)
1.	Mr. Shital Kumar Jain	1.16
2.	Mr. Tejinder Singh Laschar	0.64
3.	Mr. R Chandrasekaran	0.20
4.	Mr. P K Gupta	0.55
5.	Mr. Gauri Shankar(1)(2)	0.1
6.	Ms. Usha Ananthasubramanian(1)	0.3
7.	Dr. Rams S Sangapure(1)	0.59
8.	Ms. Kalpana Gupta(1)(3)	0.2

(1)*These amounts are paid directly to our Promoter.*

(2) *Mr, Gauri Shankar ceased to be a Director of our Company on August 26, 2015*

(3)*Ms. Kalpana Gupta ceased to be a Director of our Company on October 7, 2015*

Loans to Directors

No loans that have been availed of by the Directors from our Company are outstanding as on the date of this Prospectus.

Bonus or profit sharing plan for the Directors

Our Company does not have a bonus or profit sharing plan for our Directors.

Shareholding of our Directors

The Articles of Association do not require the Directors to hold any qualification shares.

Details of our Directors who hold Equity Shares as on the date of this Prospectus are as follows:

Name	No. of Equity Shares	% of pre-Issue Equity Share capital
Ms. Usha Ananthasubramanian	10*	Negligible

**These shares are held as a nominee of our Promoter*

Service contracts with Directors

There are no service contracts entered into with any Directors, which provide for benefits upon termination of employment.

Interest of Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them. Ms. Usha Ananthasubramanian holds ten Equity Shares as a nominee of PNB.

Interest in property

Our Directors have no interest in any property acquired by our Company within the preceding two years of the date of filing of the Draft Red Herring Prospectus, or presently intended to be acquired by our Company.

Payment of benefits (non-salary related)

No amount or benefit (non-salary related) has been paid or given to any Directors within the two years preceding the date of filing of this Prospectus or is intended to be paid, other than in the ordinary course of their employment. Further, our Company has not granted loans to its Directors as on June 30, 2016.

Appointment of relatives to a place of profit

None of the relatives of any of the Directors has been appointed to an office or place of profit with our Company.

Business interest

Our Directors do not have any interest in the business of our Company.

Directorships of Directors in listed companies

The Directors are not, and for the five years prior to the date of filing this Prospectus, have not been on the board of any listed company whose shares have been/were suspended from being traded on BSE Limited or National Stock Exchange of India Limited.

None of our Directors has been or is a director on the board of any listed companies which have been/were delisted from any stock exchange(s).

For details of our Directors' association with the securities market see the section - "***Other Regulatory and Statutory Disclosures***" on page 299.

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Prospectus are set forth below.

Name of Director	Date	Designation	Reasons
Mr. Rakesh Sethi	March 12, 2014	Independent Director	Cessation
Mr. Pavan Kumar. Gupta	August 8, 2014	Independent Director	Appointed as an Independent Director
Mr. Tejinder Singh Laschar	August 8, 2014	Independent Director	Appointed as an Independent Director
Mr. Shital Kumar Jain	August 8, 2014	Independent Director	Appointed as an Independent Director
Mr. G.N. Bajpai	August 8, 2014	Director	Cessation

Name of Director	Date	Designation	Reasons
Mr. Ramachandra Kamath Kasargod	October 27, 2014	Director	Cessation
Mr. Vivek Vig	March 5, 2015	Director	Cessation
Mr. Anand Dorairaj	March 5, 2015	Director	Cessation
Mr. Sunil Kaul	March 5, 2015	Director	Appointment
Mr. Devinjit Singh	March 5, 2015	Director	Appointment
Mr. Gauri Shankar	March 5, 2015	Chairperson	Appointment
Mr. Satnam Singh. Bhatia	March 31, 2015	Additional Director	Cessation
Ms. Kalpana Gupta	July 16, 2015	Director	Appointment
Mr. Gauri Shankar	August 26, 2015	Chairperson	Cessation
Ms. Kalpana Gupta	October 7, 2015	Director	Cessation
Ms. Usha Ananthasubramanian	August 26, 2015	Chairperson	Appointment
Mr. R Chandrasekaran	October 7, 2015	Independent Director	Appointment
Dr. Gourav Vallabh	April 22, 2016	Independent Director	Appointment
Mr. Nilesh S Vikamsey	April 22, 2016	Independent Director	Appointment
Mr. Pawan Kumar Gupta	May 16, 2016	Independent Director	Cessation

Borrowing Powers

Pursuant to our Articles of Association, subject to applicable laws and pursuant to the resolution of the shareholders of our Company passed at the AGM held on August 3, 2016, our Board has been authorised to borrow sums of money for the purpose of our Company with or without security, which, together with the monies borrowed by our Company (apart from the temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed the amount of ₹ 700 billion at any point of time.

Corporate Governance

In addition to the applicable provisions of the Companies Act 2013 with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Our Managing Director is an also an Executive Director. As on the date of this Prospectus, there are ten Directors on our Board, comprising one Executive Director, four Non-Executive Director and five Independent Directors. Our Board has appointed Ms. Usha Ananthasubramanian as the woman Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act 2013, particularly, in relation to appointment of Independent Directors to our Board and constitution of the committees of our Board.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of SEBI Listing Regulations and the Companies Act 2013.

Board-level committees

In terms of the SEBI Listing Regulations, and the Companies Act 2013 and the NHB Directions, our Company, has constituted the following Board-level committees:

(a) Audit Committee;
(b) Nomination and Remuneration Committee;
(c) Stakeholders Relationship Committee;
(d) Corporate and Social Responsibility Committee;
(e) IPO Committee; and
(f) Risk Management Committee.

Audit Committee

Our Audit Committee was constituted by a resolution of our Board dated February 20, 2001 and is in compliance with Section 177 of the Companies Act 2013, Regulation 18 of the SEBI Listing Regulations and Direction 40 of the NHB Directions. The Audit Committee was re-constituted on March 5, 2015 and again on May 12, 2016 and currently comprises of:

Name	Position in the committee	Designation
Dr. Gourav Vallabh	Member and Chairperson	Independent Director

Name	Position in the committee	Designation
Mr. Nilesh S Vikamsey	Member	Independent Director
Mr. R Chandrasekaran	Member	Independent Director

The Company Secretary shall act as the secretary to the Audit Committee.

Scope and terms of reference: The Audit Committee would perform the following functions with regard to accounts and financial management, as per the terms of reference approved by the Board on March 19, 2016:

(a) Approving the appointment of Chief Financial Officer of the 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 the 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 the 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 the 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 the 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 Listing 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the 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 the company.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was earlier constituted as the Appointments Committee by a resolution of our Board dated December 9, 2009 and was renamed as the Nomination and Remuneration Committee pursuant to the Board resolution dated August 8, 2014. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee was re-constituted on March 5, 2015, and again on May 12, 2016 and currently comprises of:

Name	Position in the committee	Designation
Mr. Shital Kumar Jain	Chairperson	Independent Director
Dr. Ram S. Sangapure	Member	Non-Executive Director
Mr. Sunil Kaul	Member	Non-Executive Director
Mr. Nilesh S Vikamsey	Member	Independent Director

The Company Secretary shall act as the secretary to the Nomination and Remuneration Committee.

Scope and terms of reference: The terms of reference of Nomination and Remuneration Committee are set forth below.

(a) Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the Directors, key management personnel and other employees;

(b) Formulation of criteria for evaluation and performance of independent directors and the Board;

(c) Devising a policy on diversity of the Board;

(d) Identifying persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal; and

(e) Whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation.

Stakeholders Relationship Committee

Our Stakeholders' Relationship Committee was constituted by a resolution of our Board dated May 12, 2016, in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently comprises of:

Name	Position in the committee	Designation
Mr. Devinjit Singh	Chairperson	Nominee Director
Dr. Ram S Sangapure	Member	Nominee Director
Mr. Sanjaya Gupta	Member	Managing Director

The Company Secretary shall act as the secretary to the Stakeholders' Relationship Committee.

Scope and terms of reference: The terms of reference of Stakeholders' Relationship Committee are as follows:

(a) Considering and resolving grievances of shareholders', debenture holders and other security holders;

(b) Redressal of grievances of the security holders of the Company, including complaints in respect of allotment of securities, transfer of securities, non-receipt of declared dividends, annual reports of the 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 Listing Regulations as and when amended from time to time.

Corporate Social Responsibility Committee ("CSR Committee")

Our CSR Committee was constituted by a resolution of our Board dated August 8, 2013 in compliance with Section 135 of the Companies Act 2013 and was thereafter reconstituted by a board resolution dated March 5, 2015 and again on May 12, 2016. The CSR Committee currently comprises of:

Name	Position in the committee	Designation
Mr R Chandrasekaran	Chairperson	Independent Director
Dr. Ram S. Sangapure	Member	Non-Executive Director
Mr. Sunil Kaul	Member	Non-Executive Director
Mr. Sanjaya Gupta	Member	Managing Director

The Company Secretary shall act as the secretary to the CSR Committee.

Scope and terms of reference:

The terms of reference of CSR Committee include formulating a Corporate Social Responsibility **("CSR")** Policy as per the provisions of the Companies Act, 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.

Risk Management Committee

Our Risk Management Committee was constituted by a resolution of our Board dated May 12, 2016. The risk management committee comprises of:

Name	Position in the committee	Designation
Dr. Gourav Vallabh	Chairperson	Independent Director
Mr. Shital Kumar Jain	Member	Independent Director
Mr. Sunil Kaul	Member	Non-Executive Director
Mr. Sanjaya Gupta	Member	Managing Director

IPO Committee

In addition to the above committees, our Board has also constituted an IPO Committee pursuant to a resolution dated March 19, 2016 and currently comprises of:

Name	Position in the committee	Designation
Mrs Usha Ananthasubramanian	Chairperson	Chairperson
Mr. Devinjit Singh	Alternate Chairman	Non-Executive Director
Mr. R Chandrasekaran	Member	Independent Director
Mr. Shital Kumar Jain	Member	Independent Director
Mr. Sanjaya Gupta	Member	Managing Director

Scope and terms of reference: The terms of reference of IPO Committee are as follows:

(a) constituting a committee for the purposes of any issue, transfer, offer and allotment of Equity Shares, and other matters in connection with or incidental to the IPO, including determining the anchor investor portion and allocate sych number of Equity Shares to anchor investors in consultation with the BRLMs and in accordance with the SEBI ICDR Regulations and to constitute such other committees of the Board as may be required under applicable laws, including the listing agreement to be entered into by the Company with the Stock Exchanges;

(b) authorization of any Director or Directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with any issue, transfer, offer and allotment of Equity Shares;

(c) giving or authorizing any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

(d) appointing the BRLMs in accordance with the provisions of the SEBI ICDR Regulations and other Applicable Laws;

(e) seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with any issue, transfer, offer and allotment of Equity Shares;

(f) deciding the pricing and terms of the Equity Shares, and all other related matters, including the determination of the minimum subscription for the Issue, in accordance with the Applicable Laws;

(g) deciding the pricing, the terms of the issue of Equity Shares, and all other related matters regarding the Pre-IPO Placement including the execution of the relevant documents and the investors, in consultation with the BRLMs and in accordance with the applicable laws;

(h) taking on record the approval of the Offer for Sale;

(i) approval of the DRHP, the RHP and the Prospectus, (including amending, varying or modifying the same, as may be considered desirable or expedient) in relation to the IPO as finalized in consultation with the BRLMs, in accordance with the applicable laws;

(j) withdrawing the DRHP or the RHP or not processing with the Issue at any stage in accordance with Applicable Laws;

(k) seeking the listing of the Equity Shares on the Stock Exchanges, submitting the listing application to such Stock Exchanges and taking all actions that may be necessary in connection with obtaining such listing;

(l) appointing, in consultation with the BRLMs, the registrar and other intermediaries to the IPO, in accordance with the provisions of the SEBI ICDR Regulations and other Applicable Laws;

(m) finalization of an arrangement for the submission of the DRHP to be submitted to the SEBI and the Stock Exchanges for receiving comments, the RHP and the Prospectus to be filed with the SEBI and the RoC, and any corrigendum, amendments supplements thereto;

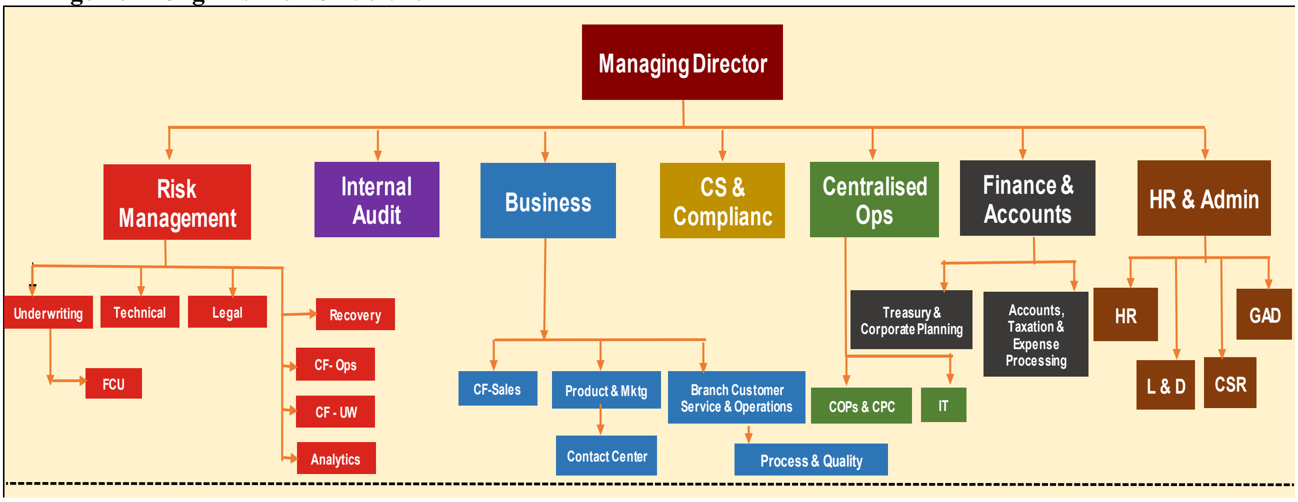
(n) authorization of the maintenance of a register of holders of the Equity Shares;

(o) finalization of the basis of allotment of Equity Shares;

(p) acceptance and appropriation of the proceeds of the Fresh Issue in accordance with Applicable Laws; and

(q) to do any other act and/or deed, to negotiate and execute any document(s), application(s), agreement(s), undertaking(s), deed(s), affidavits, declarations and certificates, and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the IPO.

Management Organisation Structure



Key Managerial Personnel

In addition to Mr. Sanjaya Gupta, our Managing Director, the details of our other key managerial personnel as of the date of this Prospectus are set forth below.

Mr. Jayesh Jain, aged 39 years, is our Chief Financial Officer. He has been with our Company since August 22, 2014. He holds a bachelor's degree in commerce and has qualified the final examinations held by the Institute of Chartered Accountants of India in 2001. He is also a fellow member of the Institute of Chartered Accountants of India. He is also a Certified Information Systems Auditor and a Certified Information Security Manager from the Information Systems Audit and Control Association, USA. Prior to joining our Company, he worked with GRUH Finance Limited for 13 years and resigned from the post of the Chief Financial Officer. He has 15 years of experience in the housing finance industry. The remuneration paid to him during Fiscal 2016 was ₹ 5.87 million.

Mr. Sanjay Jain, aged 52 years is our Company Secretary and Head, Compliance. He has been with our Company since May 1, 1995. He holds a bachelor's degree in commerce from the University of Delhi and a bachelor's degree in law from the University of Delhi. He is a fellow member of Institute of Companies Secretaries of India. Prior to joining our Company he worked with Ansal Buildwell Limited as a Company Secretary. The remuneration paid to him during Fiscal 2016 was ₹ 4.68 million.

Mr. Shaji Varghese, aged 44 years, is our Business Head. He has been with our Company since February 1, 2012. He holds a bachelor's degree in law from the Bharati Vidyapeeth New Law College, University of Pune. He also holds a diploma in business management from the Bharati Institute of Management, University of Pune. He holds a master's degree in management science from the University of Pune. Prior to joining our Company, he was the Senior Vice President at Indusind Bank. He has also handled assignments with banks and financial institutions including ABN AMRO Bank NV and ICICI Bank Limited. The remuneration paid to him during Fiscal 2016 was ₹ 8.80 million.

Mr. Ajay Gupta, aged 50 years, is our Chief Risk Officer. He has been with our Company since September 10, 2012. He holds a bachelor's degree in commerce from the University of Delhi. He is also a qualified chartered accountant from the Institute of Chartered Accountants of India. Prior to joining our Company, Mr. Gupta has worked with Religare Finvest Limited as a director and the Chief Risk Officer. He has also worked with GE Money and India Bulls Financial Services. The remuneration paid to him during Fiscal 2016 was ₹ 7.79 million.

Mr. Nitant Desai, aged 54 is our Chief Centralized Operations and Technology Officer. He has been with our Company since April 4, 2011. He holds a bachelor's degree in commerce from the University of Bombay. Prior to joining our Company, he was associated with HDFC Standard Life Insurance Company Limited from December 08, 2009 to March 31, 2011, Union National Bank – Abu Dhabi from September 13, 2004 to November 3, 2009, ICICI Bank Limited from March 1, 2000 to August 27, 2004, GE Countrywide, TATA Finance Limited. He was associated with HDFC Limited from July 02, 1984 to February 04, 1993. The remuneration paid to him during Fiscal 2016 was ₹ 7.53 million.

Mr. Anshul Bhargava, aged 50 years, is our Chief People Officer. He has been with our Company since August 8, 2011. He has completed a certificate course in business management at the Indian Institute of Management, Calcutta for Officers in the Armed Forces. Prior to joining our Company, he was associated with Arms, the retail debt recovery division of Arcil, where he was the General Manager. He has also worked with the Indian army. The remuneration paid to him during Fiscal 2016 was ₹ 6.85 million.

All the key managerial personnel are permanent employees of our Company.

Relationship among Key Managerial Personnel

None of our key managerial personnel are related to each another.

Bonus or profit sharing plan for the Key Managerial Personnel

There is no profit sharing plan for the key management personnel. Our Company makes bonus payments based on their performance, which is in accordance with their terms of appointment.

Shareholding of Key Managerial Personnel

None our key managerial personnel hold Equity Shares as on the date of this Prospectus.

Service Contracts with Key Managerial Personnel

Our Company has not entered into any service contracts, pursuant to which its officers and key managerial personnel are entitled to benefits upon termination of employment.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company including Directors and key managerial personnel, are entitled to any benefit upon termination of employment or superannuation.

Loans to and deposits from Key Managerial Personnel

Except for loans given to employees under the employees housing loan scheme and salary advances, there is no amount outstanding as of June 30, 2016 under any loan given by our Company to the benefit of any key managerial personnel. The following key managerial personnel have been given housing loans and the outstanding amount as on June 30, 2016 is:

Name	Outstanding Amount as on June 30
Mr. Shaji Varghese	₹ 25,933,577.65
Mr. Anshul Bhargava	₹ 3,459,795.00
Mr. Ajay Gupta	₹ 1,120,483.06

Certain key managerial personnel have also placed deposits under the deposit schemes of the Company.

Interest of Key Managerial Personnel

None of our key managerial personnel has any interest in our Company except to the extent of their remuneration, benefits, reimbursement of expenses incurred by them in the ordinary course of business and stock options that may be granted to them from time to time under the PNBHF ESOS. For further details regarding the stock options of our key managerial personnel see "***Capital Structure – Notes to Capital Structure – Employee Stock Option Scheme***" on page 80.

Contingent and deferred compensation payable to Key Managerial Personnel

There is no contingent or deferred compensation payable to our key managerial personnel, which does not form part of their remuneration.

Arrangements and understanding with major shareholders, customers, suppliers or others

None of our key managerial personnel have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or others.

Changes in Key Managerial Personnel during the last three years

The changes in our key managerial personnel during the three years immediately preceding the date of this Prospectus are set forth below.

Name	Date	Designation	Reason
Mr. Jayesh Jain	August 22, 2014	Chief Financial Officer	Appointment

Employee stock option and stock purchase schemes

For details of the employee stock option plan see "***Capital Structure – Notes to Capital Structure – Employee Stock Option Scheme***" on page 80.

Payment of non-salary related benefits to officers of our Company

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

OUR PROMOTER, PROMOTER GROUP AND GROUP COMPANIES

The Promoter of our Company is Punjab National Bank ("**PNB**"). As on the date of this Prospectus, PNB (directly and through its nominees) holds 64,730,700 Equity Shares which constitutes 51.00% of our Company's pre-Issue paid-up and subscribed Equity Share capital.

I. Details of our Promoter

Punjab National Bank

Corporate Information

PNB was incorporated under the Indian Companies Act, 1882 in 1894 as Punjab National Bank Limited and commenced operations on April 12, 1895 from Lahore. On June 29, 1947, the registered office of PNB was shifted from Lahore to New Delhi. Subsequently, on July 19, 1969, PNB was nationalized and reconstituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and was renamed Punjab National Bank. Its registered office is situated at 7, Bhikaji Cama Place, New Delhi 110 066, India. The equity shares of PNB are currently listed on the NSE and the BSE.

PNB is a public sector bank offering banking products and services to corporate and commercial, retail and agricultural customers. PNB commenced operations in 1895 and has expanded operations to provide services and products across India. The promoter of PNB is the President of India, acting through the Ministry of Finance, GoI.

In 2002, 20% of GoI's ownership in PNB was divested through an initial public offering and in March 2005, in order to meet future capital requirements, PNB undertook a follow-on public offer, pursuant to which the shareholding of the GoI was further diluted to 57.80%. As on March 31, 2016, the shareholding of the GoI was 62.08%.

Board of Directors

As on the date of this Prospectus, the board of directors of PNB comprises:

1. Ms. Usha Ananthasubramanian (managing director and chief executive officer);
2. Mr. K.Veera Brahmaji Rao
3. Dr. Ram S. Sangapure
4. Mr. Sanjiv Sharan
5. Mr. Anil Kumar Khachi
6. Mr. Mahesh Babbo Gupta
7. Dr. Rabi N. Misra;
8. Mr. Gautam Premnath Khandelwal;
9. Ms. Hiroo Mirchandani;
10. Mr. Rajinder Mohan Singh; and
11. Mr. Sudhir Nayar.

Shareholding Pattern

The shareholding pattern of PNB as on September 14, 2016 is as provided below.

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	Total No. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) (VIII)	Number of Locked in shares (XII)	Number of shares pledged or otherwise encumbered (XIII)	Number of equity shares held in dematerialized from (XIV)
						No. (a)	As a % total shares held (b)	No. (a)
(A)	**Promoter & Promoter Group**	1	1,383,459,223	1,383,459,223	65.01	1,383,459,223	100.00	1,219,088,455
(B)	**Public**	368,230	744,509,035	744,509,035	34.99	Nil	0.00	737,372,995
(C)	**Non Promoter-Non Public**	Nil	Nil	Nil	Nil	Nil	0.00	Nil
(1)	**Shares underlying Custodian/Depository Receipts**	Nil	Nil	Nil	Nil	Nil	0.00	Nil
(2)	**Shares held by Employee Trusts**	Nil	Nil	Nil	Nil	Nil	0.00	Nil
	Total (A)+(B)+(C)	368,231	2,127,968,258	2,127,968,258	100.00	1,383,459,223	65.01	1,956,461,450

We confirm that the permanent account number, bank account number and the company registration number and address of the registrar of companies where our Promoter is registered have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

Interests of our Promoter and Related Party Transactions

Our Promoter is interested in our Company to the extent it has promoted our Company and to the extent of the Equity Shares held by it and any dividend or other distributions payable and any other services provided in the ordinary course of business, including licensing of the 'PNB' brand and certain other trademarks pursuant to a trademark license agreement dated December 7, 2009 between our Company and our Promoter. For further details of the trademark license agreement and our Promoter's shareholding, see "***Business – Intellectual Property***" on page 152 and "***Capital Structure***" on page 74, respectively.

Our Company has, in the past, entered into agreements with our Promoter, to avail loans for the purpose of providing home loans to individuals. As on the date of this Prospectus, our Company has four outstanding loans availed from our Promoter. As of March 31, 2016, the aggregate principal amount outstanding under such loans was ₹ 7,426.50 million.

Further, our Promoter has entered into agreements dated June 28, 2016 with our Company to lease office space with respect to our Registered and Corporate Office and one of our branch offices located at Delhi, each for a period of 11 months, with effect from April 1, 2016. Pursuant to such agreements, our Promoter receives a rent of ₹ 159,549.60, exclusive of service tax, per month for our Registered and Corporate Office and ₹ 85,120.00 exclusive of service tax, per month for our branch office located at Delhi For further details on the interests of our Promoter, see "***Financial Statements – Note 25 –Related Party Transactions***" on page 230.

Our Promoter is not interested as a member of any firm or any company and no sum has been paid or agreed to be paid to our Promoter or to such firm or company in cash or shares or otherwise by any person for services rendered by our Promoter or by such firm or company in connection with the promotion or formation of our Company.

Our Promoter is a nationalized bank and provides loans to customers in the ordinary course of its business. It also provides, amongst others, housing loans and other services which are similar to services provided by us. Further, our Promoter may, in the future, continue to offer services which are similar to ours and to that extent may be interested in similar businesses as us.

Except as disclosed above and as disclosed in "***Financial Statements – Note 25 –Related Party Transactions***" on page 230:

a) Our Company has neither entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus which are not in the ordinary course of business nor proposes to enter into any such contract in which our Promoter is directly or indirectly interested.

b) Our Promoter does not have any interest in any property acquired by our Company within two years of the date of filing the Draft Red Herring Prospectus or proposed to be acquired by it, or any interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery, etc.

Payment of benefits and guarantees given by our Promoter

Except as stated in "***Financial Statements***" on page 192:

a) No benefit or amount has been given or paid to our Promoter within the two years preceding the date of filing the Draft Red Herring Prospectus or intended to be paid or given to our Promoter or Promoter Group companies. For more details also see "***Financial Statements – Note 25 –Related Party Transactions***" on page 230.

b) There are no guarantees that have been given by our Promoter in favour of any party for the benefit of our Company.

Change in management or control of our Promoter

Our Promoter is promoted by the President of India, acting through the Ministry of Finance, GoI. Our Promoter is the original promoter of our Company, and there has not been any change in the management or control of our Promoter in the three years immediately preceding the filing of the Draft Red Herring Prospectus.

Confirmations

Except as disclosed in " ***– Interests of our Promoter and Related Party Transactions***" and "***Our Business – Intellectual Property***" on page 186 and 152, respectively, our Promoter is not interested in any entity which holds any intellectual property rights that are used by our Company.

There is no litigation or legal action pending or taken by any department of the Government or statutory authority during the last five years preceding the date of the Issue against our Promoter, except as disclosed under "***Outstanding Litigation and Other Material Developments – Litigation involving our Promoter - Litigation or legal action by the Government of India or any statutory authority in last five years***" on page 294.

Our Promoter has not been declared as a wilful defaulter as defined under the SEBI ICDR Regulations, and there are no violations of securities laws committed by our Promoter in the past and no proceedings for violation of securities laws are pending against our Promoter.

Except as disclosed below, as on the date of this Prospectus, our Promoter, Promoter Group companies, or directors or persons in control of our Promoter have not been prohibited by SEBI or any other regulatory or governmental authorities from accessing the capital markets for any reasons. Further, our Promoter was not and is not a promoter or person in control of any other company that is or has been debarred from accessing the capital markets under any order or direction made by SEBI or any other authority.

PNB Investment Services Limited, a subsidiary of our Promoter and one of our Group Companies, had been prohibited from carrying out fresh capital markets activities, pursuant to ad-interim order dated December 28, 2011 and interim order dated September 7, 2012 passed by the SEBI. However, pursuant to the final order dated August 5, 2014, passed by the SEBI, the show cause notice and the subsequent directions were disposed off.

Disassociation by our Promoter in the preceding three years

Except for the sale of its entire shareholding, constituting 30.00% of the issued and paid up share capital of India Factoring and Finance Solutions Private Limited, on March 31, 2014, our Promoter has not disassociated itself from any company or firm during the three years preceding the date of the Draft Red Herring Prospectus.

II. Details of entities forming our Promoter Group

Set forth below is a list of the entities forming part of our Promoter Group, as on the date of this Prospectus.

S. No.	Name of the member of the Promoter Group
1.	PNB
2.	PNB Gilts Limited
3.	Punjab National Bank (International) Limited
4.	PNB Investment Services Limited
5.	Druk PNB Bank Limited
6.	PNB Insurance Broking Private Limited
7.	JSC Tengri Bank
8.	Madhya Bihar Gramin Bank, Patna
9.	Sarva Haryana Gramin Bank, Rohtak
10.	Himachal Pradesh Gramin Bank, Mandi
11.	Punjab Gramin Bank, Kapurthala
12.	Sarva UP Gramin Bank, Meerut
13.	Assets Care & Reconstruction Enterprise
14.	Everest Bank Limited
15.	Principal PNB Asset Management Company Private Limited
16.	Principal Trustee Company Private Limited
17.	UTI Asset Management Company Limited
18.	UTI Trustee Company Private Limited
19.	CSC – E-Governance Services India Limited
20.	Asset Reconstruction Company (India) Limited
21.	Pridhvi Asset Reconstruction and Securitisation Company Limited
22.	PNB Metlife India Insurance Company Limited

The Promoter Group does not include any companies in which our Promoter may have acquired an equity interest pursuant to any debt restructuring as part of its ordinary course of business as a scheduled commercial bank and our Promoter does not promote any of these companies.

III. Details of our Group Companies

As per the SEBI ICDR Regulations for the purpose of identification of group companies, our Company has considered companies covered under the applicable accounting standard, i.e., Accounting Standard 18 issued by the Institute of Chartered Accountants of India ("**AS 18**") as per the Restated Financial Statements and other companies considered material by our Board. Pursuant to a resolution of our Board dated June 30, 2016, for the purpose of disclosure in connection with the Issue, a company shall be considered material and disclosed as a Group Company if (i) the said company is a member of the promoter group; and (ii) our Company has entered into one or more transactions with such company in the preceding audited Fiscal, cumulatively exceeding 10% of the total revenue of the Company for such Fiscal.

Based on the above, the details of our Group Companies are provided below.

Name of Group Company	Date of Incorporation	Nature of business activities (as on the date of this Prospectus)	Interest of our Promoter
PNB Gilts Limited	March 13, 1996	Trading in government securities, treasury bills and non statutory liquidity ratio investments	Subsidiary of our Promoter
Punjab National Bank (International) Limited, U.K.	April 13, 2006	Banking	Subsidiary of our Promoter
Druk PNB Bank Limited, Bhutan	December 31, 2008	Banking	Subsidiary of our Promoter
PNB Investment Services Limited	February 2, 2009	Merchant banking, project appraisal and loan syndication	Subsidiary of our Promoter
Destimoney Enterprises Limited	September 5, 2005	Investment company	None

Name of Group Company	Date of Incorporation	Nature of business activities (as on the date of this Prospectus)	Interest of our Promoter
PNB Insurance Broking Private Limited	July 16, 2003	Insurance broking	Subsidiary of our Promoter
JSC Tengri Bank	October 19, 1992	Banking	Associate of our Promoter

Details of Group Companies listed on the stock exchanges

As on the date of this Prospectus, PNB Gilts Limited has its equity shares listed on the BSE and the NSE and Druk PNB Bank Limited, Bhutan has its equity shares listed on the Royal Securities Exchange of Bhutan Limited. Further, as on the date of this Prospectus, none of our Group Companies has made any public or rights issue of securities in the three years immediately preceding the date of this Prospectus.

A. Details of our top five Group Companies

As on the date of this Prospectus, the details of our top five Group Companies are set forth below. In accordance with Schedule A, Part A, Clause (IX)(C) of the SEBI ICDR Regulations, as our Company is a government company, the financial information for the Group Companies is not required to be disclosed in thisProspectus.

1. PNB Gilts Limited ("PNB Gilts")

PNB Gilts was incorporated as a public limited company on March 13, 1996 under the Companies Act 1956. It received its certificate of commencement of business on March 25, 1996. The registered office of PNB Gilts is situated at 5, Sansad Marg, New Delhi, India. The CIN of PNB Gilts is L74899DL1996PLC077120.

2. Punjab National Bank (International) Limited, U.K. ("PNB UK")

PNB UK was incorporated as a private limited company on April 13, 2006. PNB UK received the certificate of commencement of business on April 13, 2007. The registered office of PNB UK is situated at 1-5, Moorgate, London, EC2 R65H, United Kingdom. The corporate identification number of PNB UK is 5781326.

3. Druk PNB Bank Limited, Bhutan ("Druk PNB")

Druk PNB was incorporated as a public limited company on December 31, 2008. It received its certificate of commencement of business on January 20, 2010. The registered office of Druk PNB is situated at Norzin Lam, Thimphu, Bhutan. Its corporate identification number is U20081231TH10224.

4. PNB Investment Services Limited ("PNB Investment")

PNB Investment was incorporated as a public limited company on February 2, 2009 under the Companies Act 1956. It received its certificate of commencement of business on June 8, 2009. The registered office of PNB Investment is situated at 10, Rakesh Deep Building,Yusuf Sarai Commercial Complex, Gulmohar Enclave, New Delhi, India. The CIN of PNB Investment is U65191DL2009GOI187146.

5. DEL

DEL was incorporated as a private limited company on September 5, 2005 under the Companies Act 1956 as DDAV (Maker6) Properties Private Limited. The name of the company was changed to Dawnay Day AV Wealth Management Services Private Limited on March 6, 2006, Dawnay Day AV India Advisors Private Limited on October 23, 2006 and Destimoney Enterprises Private Limited on August 28, 2009; and its status was changed from a private limited company to a public limited company on January 22, 2015. The registered office of DEL is situated at Shop No.5, Gr. Floor, Sahjeevan CHS, N. M. Joshi Marg, Elphinstone Road (West), Mumbai, 400 013, Maharashtra, India. The CIN of DEL is U70100MH2005PLC155887.

Details of Group Companies with negative net worth

None of our Group Companies have a negative net worth.

Details of Group Companies under winding up

As on the date of this Prospectus, except for PNB Insurance Broking Private Limited, which is undergoing voluntary winding up, none of our Group Companies are under winding up.

Confirmations and Disclosures by our Group Companies

Interests and common pursuits of our Group Companies

As on the date of this Prospectus, none of our Group Companies have any interest in the promotion or formation of our Company.

There are no common pursuits among our Group Companies and our Company.

Related Party Transactions

Except as disclosed in "***Financial Statements***" on page 192:

a) None of our Group Companies have any interest in any property acquired by our Company within the two years preceding the date of filing the Draft Red Herring Prospectus or proposed to be acquired by it, or any interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery, etc.

b) None of our Group Companies have any business interest in our Company.

c) Further, our Company does not have any sales or purchase with any of our Group Companies exceeding, in the aggregate, 10% of the total sales or purchases of our Company. For more information on business transactions with our Group Companies and their significance on our financial performance, see "***Financial Statements***" on page 192.

Other confirmations/disclosures

None of our Group Companies has been declared as a wilful defaulter, as defined under the SEBI ICDR Regulations and there are no violations of securities laws committed by any of them in the past and no proceedings for violation of securities laws are pending against them.

As on the date of this Prospectus, none of our Group Companies has been prohibited by SEBI or any other regulatory or governmental authorities from accessing the capital markets for any reasons.

DIVIDEND POLICY

The declaration and payment of dividends on the Equity Shares will be recommended by our Board at their discretion and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The declaration of dividends, if any, in the future will depend on a number of factors that our Board deems relevant, including but not limited to the Company's profits, capital requirements, contractual restrictions, applicable legal restrictions and overall financial condition.

The Board of Directors of our Company adopted a dividend policy in a meeting held on December 5, 2013. In accordance with the dividend policy, the Board may, depending on the profitability of a financial year, recommend 15% of profit after tax as dividend (interim plus final) which may go upto 20% of profit after tax.

The details of dividend on Equity Shares declared by the Company during the last five Fiscals are detailed in the following table:

Fiscals	Rate of Dividend (%)	Dividend per Equity Share	Amount (in ₹ million)*
2016	34	₹ 3.4	486.10
2015	30	₹ 3	290.10
2014	30	₹ 3**	175.95
2013	25	₹ 2.5	120.05
2012	22	₹ 2.2	76.71
2011	22	₹ 2.2	69.97

**This amount includes dividend distribution tax.*
***On the paid up value per share*

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future.

SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON THE RESTATED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

To,

The Board of Directors
PNB Housing Finance Limited
9th Floor, Antriksh Bhawan,
22 Kasturba Gandhi Marg,
New Delhi 110 001, India

Dear Sirs,

1) We have examined the attached Restated Financial Information of PNB Housing Finance Limited (the "Company") comprising summary statement of assets and liabilities, as restated, summary statement of profit and loss, as restated, statement of cash flows, as restated, together with the annexures and notes thereto and other financial information explained in paragraph 7(c) below, as at and for the three months ended on June 30, 2016 and financial years ended March 31, 2016, 2015, 2014, 2013, and 2012, as approved by the Board of Directors of the Company, for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer (IPO), has been prepared by the Company in terms of requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules);

   b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, issued by the Securities and Exchange Board of India on 26 August 2009 ('SEBI Regulations'), in pursuance of the provisions of Securities and Exchange Board of India Act, 1992.

   c) The Guidance Note on "Reports in Company's Prospectus (Revised)" issued by Institute of Chartered Accountants of India ("ICAI"), to the extent applicable ("Guidance Note").

2) We have examined such Restated Financial Information taking into consideration:

   a) The terms of our engagement agreed with you vide our engagement letter dated February 10, 2016, requesting us to carry out work on such financial statements proposed to be included in the offer document of the Company in connection with the Company's proposed IPO;

   b) The Guidance Note on "Reports in Company's Prospectus (Revised)" issued by Institute of Chartered Accountants of India ("ICAI"), to the extent applicable ("Guidance Note"); and

   c) The Standard on Assurance Engagements (SAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a prospectus, issued by the ICAI, to the extent applicable.

3) The Company proposes to make an Initial Public Offer by offer for sale of the equity shares of the Company of Rs. 10 each at such price, arrived at through book building process (referred as the "Issue").

4) These information have been extracted by the Management from the audited financial statements of the Company, as at and for the three months ended on June 30, 2016 and each of the years ended March 31, 2016, 2015, 2014, 2013, and 2012, prepared in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors and adopted by the Shareholders of the Company, and books of account underlying those financial statements and other records of the Company to the extent considered necessary.

5) For the purpose of our examination of the financial information, we have relied on the audited financial statements of the Company, as at and for each of the years ended March 31, 2016, 2015, 2014, 2013, and 2012, prepared in accordance with accounting principles generally accepted in India at the relevant time and which have been approved by the Board of Directors and adopted by the Shareholders of the Company, and books of account underlying those financial statements and other records of the Company to the extent considered necessary. Audit for the financial years ended March 31, 2012 was conducted by previous auditors, M/s S K Kapoor & Co. and for the financial year ended March 31, 2013 was conducted by M/s Raj K. Aggarwal & Associates, and accordingly reliance has been placed on the financial information examined by them for the said years. The financial report included for these years i.e. Financial year 2012 and Financial year 2013 are based on solely on the report submitted by them.

6) We have also examined the financial information of the Company for the period 01.04.2016 to 30.06.2016 prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company.
Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

7) In accordance with the requirements of sub-clause (i), (ii) and (iii) of sub-section (1) of Section 26 of Chapter III of the Act, read with Rule 4 of Companies (Prospectus and Allotment) Rules, 2014, the SEBI Regulations and in terms of our engagement agreed with you, we further report that:

a) We have examined the attached summary statement of assets and liabilities, summary statement of profit and loss, and summary statement of cash flows, as restated, of the Company as at and for the three months ended on June 30, 2016 and the five years ended March 31, 2016, 2015, 2014, 2013 and 2012. These are presented after making adjustments and regroupings as in our opinion, were appropriate and more fully described in Note 38 to the financial information. As a result of these adjustments, the amounts reported in the above mentioned statement are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant financial years.

b) Based on the above, we are of the opinion that the financial information, prepared by the management of the Company and approved by its Board of Directors, has been made after incorporating the following:

i. As explained in Note 38 to the financial information, the impact of changes in accounting policies and estimates have been adjusted with retrospective effect in the respective financial years to which they relate, to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

ii. As explained in Note 38 to the financial information, material amounts relating to previous years and regrouping have been adjusted in the financial information in the respective financial years to which they relate;

iii. There are no qualifications in Auditor's Report which require any adjustments in the financial information. However those qualifications in the Auditor's Report and other remarks/comments in the Companies (Auditor's Report) Order, 2003, as amended, in terms of sub-section (4A) of section 227 of the Companies Act, 1956, Companies (Auditor's Report) Order, 2015 and 2016 in terms of sub-section 11 of section 143 of the Companies Act, 2013, issued by Central Government, which do not require any corrective adjustments in the financial information have been disclosed in Note 38.6 to the financial information;

iv. There are no extraordinary items, which need to be disclosed separately in financial information in the respective financial; and

v. There are no revaluation reserves which need to be disclosed separately in the financial information in the respective financial years

c) We have also examined the following other financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the three months ended on June 30, 2016 and for the five financial years ended March 31, 2016:

i. Other significant notes, as restated, and changes in the business of the Company during the three months ended on June 30, 2016 and last five years ended March 31, 2016, 2015, 2014, 2013, and 2012;

ii. Statement of secured and unsecured loans (long term borrowings and short term borrowings), as restated, as at June 30, 2016, March 31, 2016, 2015, 2014, 2013, and 2012 and statement of details of terms and conditions, including interest rates, principal terms and security, repayment and prepayment terms of the long term and short term borrowings outstanding, as appearing in Note 4 and 8 to the financial information;

iii. Statement of loans and advances (short term and long term), as restated, as at June 30, 2016, March 31, 2016, 2015, 2014, 2013, and 2012 as appearing in Note 13 and 17 to the financial information;

iv. Statement of capitalisation, as restated, as appearing in Note 37 to the financial information;

v. Statement of investments, as restated, as at June 30, 2016, March 31, 2016, 2015, 2014, 2013, and 2012, as appearing in Note 12 and 15 to the financial information;

vi. Statement of accounting ratios, as restated, for the three months ended on June 30, 2016 and the financial years ended March 31, 2016, 2015, 2014, 2013, and 2012, as appearing in Note 35 to the financial information;

vii. Statement of related parties and related party transactions, as restated, for the three months ended on June 30, 2016 and the financial years ended March 31, 2016, 2015, 2014, 2013, and 2012, as per Accounting Standard 18 on Related Party Disclosures specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as appearing in Note 25 to the financial information;

viii. Statement of dividends declared per share, as restated, for the three months ended on June

30, 2016 and the financial years ended March 31, 2016, 2015, 2014, 2013, and 2012, as appearing in Note 34 to the financial information;

ix. Statement of earnings per share, as restated, for the three months ended on June 30, 2016 and the financial years ended March 31, 2016, 2015, 2014, 2013, and 2012, as appearing in Note 27 to the financial information; and

x. Statement of tax shelter, for the three months ended on June 30, 2016 and the financial years ended March 31, 2016, 2015, 2014, 2013, and 2012, as appearing in Note 40 to the financial information.

8) In our opinion, the above financial information contained in Note 1 to 40 read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Act, read with Rule 4 of The Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI-ICDR Regulations, the Guidance Note issued in this regard by ICAI, the Standard on Assurance Engagements (SAE) 3420, as amended time to time, and in terms of our engagement agreed with you.

9) We refer to Note 3.3 to the Restated Financial Information, which describes the accounting treatment used by the Company in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank's Circular No. NHB(ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.

Our opinion is not qualified in respect of this matter.

10) This report should not in any way be construed as a reissuance or re-dating of any of the previous Auditor's Reports issued by us or by Previous Auditors, 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 the use of management and for inclusion in the Offer Document in connection with the proposed issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For B. R. Maheswari & Co.
Chartered Accountants
ICAI Firm Registration No: 001035N

Akshay Maheshwari
Partner
Membership No. 504704

Place: New Delhi
Date: October 4, 2016

PNB HOUSING FINANCE LIMITED

STATEMENT OF RESTATED ASSETS AND LIABILITIES

Particulars	Notes	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
EQUITY AND LIABILITIES							
Shareholder's Funds							
Share Capital	2	1,269.23	1,269.23	1,038.46	656.92	500.00	300.00
Reserves and Surplus	3	21,135.55	20,175.27	14,748.81	8,684.46	5,680.36	3,698.98
		22,404.78	21,444.50	15,787.27	9,341.38	6,180.36	3,998.98
Non-Current Liabilities							
Long-Term Borrowings	4	194,298.12	166,462.16	111,051.38	79,443.84	53,280.25	27,365.75
Deferred Tax Liabilities (Net)	5	303.40	301.65	62.15	-	-	-
Other Long-Term Liabilities	6	1,360.89	1,018.18	2,627.41	1,419.06	760.59	400.80
Long-Term Provisions	7	1,841.81	1,609.35	815.80	486.71	294.34	178.17
		197,804.22	169,391.34	114,556.74	81,349.61	54,335.18	27,944.72
Current Liabilities							
Short-Term Borrowings	8	83,084.10	74,484.10	34,472.65	4,520.80	2,073.30	567.20
Short-Term Provisions	7	751.52	711.18	525.74	355.93	286.57	241.86
Trade Payables	9	924.70	747.76	566.56	216.13	65.99	31.62
Other Current Liabilities	10	41,847.17	29,946.11	24,443.41	19,611.91	13,609.34	11,578.18
		126,607.49	105,889.15	60,008.36	24,704.77	16,035.20	12,418.86
TOTAL		346,816.49	296,724.99	190,352.37	115,395.76	76,550.74	44,362.56
ASSETS							
Non-Current Assets							
Fixed Assets							
Tangible Assets	11	507.18	481.50	383.00	248.59	140.64	46.11
Intangible Assets	11	94.98	99.62	12.76	9.61	0.86	-
Capital Work-in-Progress		38.19	40.54	181.03	30.21	35.91	5.33
Non-Current Investments	12	8,943.75	8,139.62	2,191.26	1,187.37	580.72	536.00
Deferred Tax Assets (Net)	5	-	-	-	154.68	140.74	150.81
Long-term Loans and Advances	13	291,397.45	256,235.61	143,821.72	86,406.45	53,879.49	37,737.11
Other Non-Current Assets	14	2,213.31	1,889.60	1,256.28	653.60	346.50	93.77
		303,194.86	266,886.49	147,846.05	88,690.51	55,124.86	38,569.13
Current Assets							
Current Investments	15	1,955.74	8,083.13	13,668.54	5,267.40	7,188.23	3,246.89
Cash and Bank Balances	16	19,754.72	2,485.36	2,931.42	1,384.22	1,280.39	114.23
Short-Term Loans and Advances	17	269.51	171.25	179.78	84.61	113.15	75.94
Other Current Assets	18	21,641.66	19,098.76	25,726.58	19,969.02	12,844.11	2,356.37
		43,621.63	29,838.50	42,506.32	26,705.25	21,425.88	5,793.43
TOTAL		346,816.49	296,724.99	190,352.37	115,395.76	76,550.74	44,362.56

PNB HOUSING FINANCE LIMITED

STATEMENT OF RESTATED PROFIT AND LOSS

Particulars	Notes	For the Period Ended 30-June-16 Rs. in Mn	For the Year ended 31-Mar-16 Rs. in Mn	For the Year ended 31-Mar-15 Rs. in Mn	For the Year ended 31-Mar-14 Rs. in Mn	For the Year ended 31-Mar-13 Rs. in Mn	For the Year ended 31-Mar-12 Rs. in Mn
INCOME							
Revenue from Operations	19	8,634.36	26,995.43	17,803.83	11,203.22	6,663.02	4,610.00
TOTAL REVENUE		8,634.36	26,995.43	17,803.83	11,203.22	6,663.02	4,610.00
EXPENSES							
Interest Expenses and Other Charges	20	6,079.88	18,602.85	12,648.43	8,015.99	4,619.50	3,143.98
Employee Benefit Expense	21	221.15	752.83	670.63	404.01	254.20	154.20
Office Operating Expenses	22	160.47	564.32	448.07	254.69	173.80	103.04
Other Expenses	23	374.56	1,070.96	628.31	401.28	193.67	87.61
Depreciation & Amortisation	11	44.67	150.40	82.82	33.10	9.74	2.24
Provision for Doubtful Debts & Contingencies		272.81	785.76	370.84	224.44	99.17	35.01
Bad Debts Written Off/Business Loss		7.00	25.51	10.23	79.87	25.50	27.74
TOTAL EXPENSES		7,160.54	21,952.63	14,859.33	9,413.38	5,375.58	3,553.82
PROFIT BEFORE TAX FOR THE PERIOD		**1,473.82**	**5,042.80**	**2,944.50**	**1,789.84**	**1,287.44**	**1,056.18**
Less: Provision for Taxation							
-Current Tax		511.80	1,659.96	914.66	506.82	349.17	291.72
-Deferred Tax (Net)		1.74	107.18	89.14	(13.95)	10.07	(10.00)
PROFIT AFTER TAX FOR THE PERIOD		960.28	3,275.66	1,940.70	1,296.97	928.20	774.46
Earnings Per Share:	27						
-Basic (in ₹) (Face value of ₹ 10 each)		7.57	27.58	24.15	25.87	19.55	21.24
-Diluted (in ₹) (Face value of ₹ 10 each)		7.57	27.58	24.15	25.87	18.81	16.83

PNB HOUSING FINANCE LIMITED

RESTATED CASH FLOW STATEMENT

(Indirect Method)

	For the Period ended 30-June-16 Rs. in Mn	For the Year ended 31-Mar-16 Rs. in Mn	For the Year ended 31-Mar-15 Rs. in Mn	For the Year ended 31-Mar-14 Rs. in Mn	For the Year ended 31-Mar-13 Rs. in Mn	For the Year ended 31-Mar-12 Rs. in Mn
CASH FLOW FROM OPERATING ACTIVITIES						
Profit before tax	1,473.82	5,042.80	2,944.50	1,789.84	1,287.44	1,056.18
Adjustment for non-cash item/items, to be disclosed seperately						
Add: Depreciation	44.67	150.40	82.82	33.10	9.74	2.24
Loss/(Profit) on sale of fixed assets	-	1.18	2.20	2.55	0.60	0.31
Provision for Doubtful Debts & Contingencies	272.81	785.76	370.84	224.83	99.17	35.01
Bad debts written off/ Business Loss	7.00	25.51	10.23	79.87	25.50	27.74
	324.48	962.85	466.09	340.35	135.01	65.30
Operating Profits before Changes in Working Capital	1,798.30	6,005.65	3,410.59	2,130.19	1,422.45	1,121.48
Adjustment for Changes in working capital and provisions						
Increase/ (Decrease) in Trade Payables	176.95	181.20	350.42	150.15	34.37	15.30
Increase/ (Decrease) in Long-Term Provision	(0.02)	23.91	16.85	4.19	0.63	2.76
Increase/ (Decrease) in Short-Term Provision	0.00	0.79	1.07	(23.19)	11.02	17.27
Increase/ (Decrease) in Other Current Liabilities	9,716.98	4,993.36	2,292.89	327.47	982.67	288.67
Increase/ (Decrease) in Other Long-Term Liabilities	116.19	(1,006.76)	1,575.39	821.70	472.27	80.77
(Increase)/ Decrease in Long-Term Loans & advances	(35,168.84)	(112,439.37)	(57,425.47)	(32,606.83)	(16,167.89)	(8,774.36)
(Increase)/ Decrease in Short-Term Loans & advances	(76.11)	2.99	(116.10)	9.29	(15.31)	0.02
(Increase)/ Decrease in Other Non-Current Assets	(323.71)	(633.32)	(602.68)	(307.10)	(252.73)	(43.55)
(Increase)/ Decrease in Other Current Assets	(2,542.93)	6,600.74	(5,761.59)	(7,124.90)	(10,481.00)	605.90
Investments (Net)	5,323.27	(363.35)	(9,405.03)	1,314.18	(3,986.07)	(675.30)
(Increase)/ Decrease in Other Bank Balances	(6,381.71)	1,643.89	(1,325.46)	(479.10)	(657.62)	401.26
	(29,159.92)	(100,995.92)	(70,399.71)	(37,914.14)	(30,059.66)	(8,081.26)
Cash Generated from Operations	**(27,361.62)**	**(94,990.27)**	**(66,989.12)**	**(35,783.95)**	**(28,637.21)**	**(6,959.78)**
Taxes Paid (net of refunds)	(533.94)	(1,654.43)	(893.72)	(487.56)	(371.08)	(322.88)
CSR expenses	-	-	(26.96)	-	-	-
A. NET CASH USED IN OPERATING ACTIVITIES	**(27,895.56)**	**(96,644.70)**	**(67,909.80)**	**(36,271.51)**	**(29,008.29)**	**(7,282.66)**
CASH FLOW USED IN INVESTING ACTIVITIES						
Purchase of Fixed Assets	(63.35)	(197.15)	(374.77)	(147.66)	(137.30)	(28.47)
Sale of Fixed Assets	-	0.70	1.37	1.01	0.99	0.68
	(63.35)	(196.45)	(373.40)	(146.65)	(136.31)	(27.79)
B NET CASH USED IN INVESTING ACTIVITIES	**(63.35)**	**(196.45)**	**(373.40)**	**(146.65)**	**(136.31)**	**(27.79)**
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from borrowings -Bonds	5,900.00	50,150.00	11,000.00	15,000.00	9,000.00	4,000.00
-Banks	21,220.33	6,900.00	30,706.95	26,424.00	23,316.90	7,668.50
-Unsecured Loans (net)	11,926.23	57,690.39	46,471.17	5,926.78	6,535.33	1,372.33
Repayment of borrowings -Bonds		(1,000.00)	(850.00)	(1,500.00)	(2,160.00)	(120.00)
-Banks	(200.00)	(18,411.29)	(23,597.17)	(11,727.83)	(6,962.38)	(5,689.85)
Proceeds from issue of Share Capital	-	230.77	381.54	156.92	-	-
Share Premium Received	-	2,769.23	4,578.46	1,883.07	-	-
Share Premium Utilised	-	-	(10.06)	-	-	-
Dividend paid (including dividend distrubution tax)	-	(290.11)	(175.95)	(120.05)	(76.71)	(76.71)
C. NET CASH FROM FINANCING ACTIVITIES	**38,846.56**	**98,038.99**	**68,504.94**	**36,042.89**	**29,653.14**	**7,154.27**
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**10,887.65**	**1,197.84**	**221.74**	**(375.27)**	**508.54**	**(156.18)**
Cash or Cash equivalents (Opening Balance)	1,667.07	469.24	247.50	622.77	114.23	270.41
Cash or Cash equivalents (Closing Balance)	12,554.72	1,667.07	469.24	247.50	622.77	114.23
NET INCREASE OF CASH OR CASH EQUIVALENTS DURING THE PERIOD	**10,887.65**	**1,197.84**	**221.74**	**(375.27)**	**508.54**	**(156.18)**

NOTE : Minus (-) denotes application of cash

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
PERIOD ENDED JUNE 30, 2016 AND FINANCIAL YEAR 2016, 2015, 2014, 2013 AND 2012

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL METHOD AND SYSTEM OF ACCOUNTING

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The Financial Statements comply in all material aspects with the Accounting Standards specified under section 133 of Companies Act, 2013 read with rule 7 of the Company (Accounts Rules 2014 and the relevant provisions of the Companies Act, 2013, the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended from time to time, unless stated otherwise hereinafter.

The Restated Financials Statements for the respective years ended has been prepared specifically for inclusion in the offer documents to be filed by the Company with Security Exchange Board of India (SEBI) in connection with its proposed Initial Public Offer (IPO). This Restated Financial Statements should not in any way be construed as a reissuance or redating of any of the previous Audited Financial Statements issued by us.

Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

1.2 USE OF ESTIMATES

The preparation of financial statements require the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

1.3 SYSTEM OF ACCOUNTING

The Company adopts the accrual concept in the preparation of the financial statements.

The Balance Sheet and the Statement of Profit and Loss of the Company are prepared in accordance with the provisions contained in Section 129 of the Companies Act, 2013, read with Schedule III.

1.4 OPERATING CYCLE

Based on the nature of its activities, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.5 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.6 CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash-on-hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

1.7 REVENUE RECOGNITION

i) INTEREST ON LOANS

Interest income is recognised on accrual basis except in case of non-performing assets where interest is accounted on realisation. Interest on loans is computed either on an annual rest, on a monthly rest or on a daily rest basis depending upon loan product. EMIs commence once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. Pending commencement of EMIs, Pre-EMI interest is charged every month. Interest on loans purchased through direct assignment is recognised on accrual basis.

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time.

Interest on loan assets classified as “non-performing” is recognised only on actual receipt.

ii) INCOME FROM INVESTMENT

Interest income on Investment is recognized on accrual basis. Dividend income is accounted for in the year in which the same is received. The gain / loss on account of long-term Investment at discount / premium in Debentures/Bonds and Government Securities, is amortised over the life of the security on a pro-rata basis.

iii) FEE AND OTHER CHARGES

Income from login fee, other charges and penal interest on defaults, pre-payment charges etc. is recognised on receipt basis. Processing Fee on loans is recognised over the average tenure of the loan. The average tenure of loan has been arrived at based on the past experience of repayment behaviour of the borrowers.

iv) OTHER INCOME

Other income and interest on tax refunds except service fee on securitised portfolio are accounted for on receipt basis.

1.8 TANGIBLE ASSETS

Tangible Assets are capitalised at cost including all expenses incidental to the acquisition.

1.9 INTANGIBLE ASSETS

Intangibles Assets are recognised where it is possible that the future economic benefit attributable to the asset will flow to the company and its cost can be reliably measured. Intangibles are capitalised at cost including all expenses attributable for bringing the same in its working condition.

1.10 DEPRECIATION / AMORTISATION

Depreciation on Tangible Assets is provided on the Straight Line Method at the lives prescribed in Part C of Schedule II of the Companies Act, 2013 on pro-rata basis, except the following items on which different useful lives for depreciation have been charged:

a) Networking Equipment and Mobile phone instruments are depreciated over a period of five and three years respectively.

b) Leasehold Improvements are depreciated over a period of five years.
c) Assets costing up to ₹ 5,000/- is fully depreciated in the year of purchase.

Intangible Assets are amortised over a period of five years except website development costs which are amortised over a period of three years.

1.11 INVESTMENTS

Investments are capitalised at cost inclusive of brokerage and stamp charges. Investments are classified as long-term investments (Non-Current Investment) 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.

1.12 EMPLOYEE BENEFITS

i) The Company has taken Policy from Life Insurance Corporation of India to cover the accumulated gratuity liability of its employees as Defined Benefit Plan. 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)-Revised, issued by the Institute of Chartered Accountants of India.

ii) Leave benefits for both short-term and long-term compensated absences are accounted for on actuarial valuation determined as at the year end. Actuarial gains and losses comprising of experience adjustments and effects of changes in actuarial assumptions, are recognised immediately in Statement of Profit and Loss as income or expense.

iii) Provident Fund Contribution paid to Employees Provident Fund Organisation is debited to the Statement of Profit and Loss on accrual basis.

iv) Incentive paid to employees in terms of performance linked incentive scheme is charged to Statement of Profit and Loss on accrual basis.

1.13 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) issued by The Institute of Chartered Accountants of India.

1.14 BORROWING COST

i) Interest of borrowings are recognised as an expense in the period in which they are incurred.
ii) Ancillary cost in connection with long-term borrowing are amortised to the Statement of Profit and Loss over the tenure of the borrowing. Issue expenses of certain securities are charged to Securities Premium account.

1.15 OPERATING LEASES

Lease payments for assets taken on operating lease are recognised as an expense in the Statement of Profit and Loss as per terms of lease agreement.

1.16 EARNINGS PER SHARE

The basic earnings per share is computed by dividing the net profit or loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

1.17 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 and rules made thereunder.

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. Such deferred tax is quantified using the tax rates and laws enacted of substantively enacted as on Balance Sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out.

Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation.

1.18 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) 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. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

ii) 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.

iii) Contingent Assets are neither recognised nor disclosed.

1.19 PROIVISION FOR STANDARD ASSETS, NON-PERFORMING ASSETS (NPAs) AND CONTINGENCIES

The Company’s policy is to carry adequate amounts towards Provision for Standard Assets, Non-Performing Assets (NPAs) and other contingencies. All loans and other credit exposures where the instalments are overdue for more than ninety days are classified as NPAs in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines. Excess provisions over and above provisioning requirement for Standard Assets and NPAs are carried under Provision for Contingencies Account.

1.20 STOCK OF ACQUIRED PROPERTIES

The assets acquired by the Company under SARFAESI Act, 2002 are classified as ‘Stock of Acquired Properties’ and is valued at outstanding dues or realisable value, whichever is less.

1.21 LOAN ORIGINATION / ACQUISITION COST

All direct costs incurred for the loan origination are amortised over the average tenure of the loan. The average tenure of loan has been arrived at based on the past experience of repayment behaviour of the borrowers.

1.22 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.

1.23 IMPAIRMENT OF ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

1.24 SECURITISATION OF LOANS

Securitised and assigned assets are de-recognised in the books of the Company based on the principle of transfer of ownership over the assets.

Transfer of pool of loan assets under the current RBI guidelines involve transfer of proportionate shares in the pool of loan assets. Such transfers result in de-recognition only of that proportion of the loan assets which meets the de-recognition criteria. The portion retained by the Company continue to be accounted for as loan assets as described above.

On de-recognition, the difference between the book value of the securitised loan assets and consideration received is recognised as gain arising on securitisation in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

2 SHARE CAPITAL

	As at 30-June-16		As at 31-Mar-16		As at 31-Mar-15		As at 31-Mar-14		As at 31-Mar-13		As at 31-Mar-12	
Authorized Share Capital	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**
Equity Shares of ₹ 10/- each	500,000,000	5,000.00	150,000,000	1,500.00	150,000,000	1,500.00	150,000,000	1,500.00	50,000,000	500.00	50,000,000	500.00
Equity Share Capital												
Issued, Subscribed and Paid-up Capital												
Fully Paid up												
Equity Shares of ₹ 10/- each	126,923,000	1,269.23	126,923,000	1,269.23	50,000,000	500.00	50,000,000	500.00	50,000,000	500.00	30,000,000	300.00
Partly Paid-Up Equity Shares of ₹ 10/- each												
Amount Called and Paid up ₹ 7 per Share in F.Y. 2014-15 and ₹ 4/- per share in F.Y. 2013-14	-	-	-	-	76,923,000	538.46	39,230,700	156.92	-	-	-	-
Total Issued, Subscribed and Paid-Up Share Capital	126,923,000	1,269.23	126,923,000	1,269.23	126,923,000	1,038.46	89,230,700	656.92	50,000,000	500.00	30,000,000	300.00

2.1 Reconciliation of Number of Shares

	As at 30-June-16		As at 31-Mar-16		As at 31-Mar-15		As at 31-Mar-14		As at 31-Mar-13		As at 31-Mar-12	
Equity Shares	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**	**Numbers**	**Rs. in Mn**
At the beginning of the year	126,923,000	1,269.23	126,923,000	1,038.46	89,230,700	656.92	50,000,000	500.00	30,000,000	300.00	30,000,000	300.00
Issued during the year (Refer Note 2.4 to 2.6)	-	-	-	230.77	37,692,300	381.54	39,230,700	156.92	20,000,000	200.00	-	-
Outstanding at the end of the year	126,923,000	1,269.23	126,923,000	1,269.23	126,923,000	1,038.46	89,230,700	656.92	50,000,000	500.00	30,000,000	300.00

2.2 Details of Shareholders holding more than 5% Shares in the Company

Name of Shareholder	As at 30-June-16		As at 31-Mar-16		As at 31-Mar-15		As at 31-Mar-14		As at 31-Mar-13		As at 31-Mar-12	
	No. of Shares	**% of Holding**	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**	**No. of Shares**	**% of Holding**
Punjab National Bank (PNB) (Holding Company)	64,730,700	51.00%	64,730,700	51.00%	64,730,700	51.00%	64,730,700	72.54%	25,500,000	51.00%	22,200,000	74.00%
Destimoney Enterprises Ltd. (DEL) (Formerly known as Destimoney Enterprises Private Ltd. (DEPL)	62,192,300	49.00%	62,192,300	49.00%	62,192,300	49.00%	24,500,000	27.46%	24,500,000	49.00%	7,800,000	26.00%

2.3 Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- per Share. Each Shareholder is entitled to one Vote per Share held.

2.4 Rights Issue of Equity Shares:

In F.Y. 2014-15, the Company has allotted 3,76,92,300 Equity Shares of ₹ 10 each (amount called and paid up ₹ 4 per share on allotment) alongwith premium of ₹ 120 per share (proportionate share premium called and paid up ₹ 48 per share on allotment) aggregating to ₹ 19,60.00 millions to DEL on 8th August, 2014.

In F.Y. 2013-14, the Company had allotted 3,92,30,700 equity shares of ₹10 each (amount called and paid ₹ 4/- per share along with proportionate premium of ₹48/- per share) aggregating to ₹ 20,39.99 millions to PNB on 29th March, 2014.

2.5 Second Call on Rights Issue of equity shares:

The Company has called ₹ 3/- alongwith proportionate premium of ₹ 36/- per share on 7,69,23,000 equity shares alloted to PNB and DEL.

a) The second call on 3,92,30,700 equity shares alongwith proportionate premium aggregating to ₹ 1529.99 millions was paid on 15th December 2014.

b) The second call on 3,76,92,300 equity shares alongwith proportionate premium aggregating to ₹ 1470.00 millions was paid on 13th February 2015.

2.5 Final Call on Rights Issue of equity shares:

The Company has called ₹ 3/- alongwith proportionate premium of ₹ 36/- per share on 7,69,23,000 equity shares alloted to PNB and DEL.

a) The final call on 3,92,30,700 equity shares alongwith proportionate premium aggregating to ₹ 1529.99 millions was paid on 10th August, 2015.

b) The final call on 3,76,92,300 equity shares alongwith proportionate premium aggregating to ₹ 1470.00 millions was paid on 7th August, 2015.

2.6 Issue of Bonus Shares :

The Company had issued 64,70,589 equity shares of ₹ 10 each as fully paid up Bonus shares after capitalisation of General Reserves of ₹ 6,47,05,890 on 30th March 2013 to existing shareholders in proportion of their shareholding (PNB - 33,00,000 Equity Shares and DEL 31,70,589 Equity Shares).

2.7 Conversion of Compulsory Convertible Debentures (CCDs) in to equity shares during financial year 2012-13:

The company had allotted 1,35,29,411 equity shares of ₹ 10 each on conversion of 1,35,29,411 CCDs at a premium of ₹91.50 per share on 08.06.2012 to DEL.

2.8 Shares reserved for issue under options

The Board approved Employee Stock Option Scheme 2016 ("ESOS 2016") by its resolution dated March 19, 2016 and approved the grant of 4,188,459 options (3,807,690 to existing eligible employees and 380,769 to new joinees and promotions). The shareholders approved the ESOS 2016 in the Extra Ordinary General meeting held on April 22, 2016.During the period ended June 30, 2016, Company has issue Employees Stock Option Scheme, 2016. The features of the scheme are as follows:

The Company has following Employee Stock Option Schemes, the features of the same are as folows:

Scheme	ESOS 2016
Date of Grant	April 22, 2016
Number of options granted	3,807,690
Exercise Price per option	₹ 338.00
Date of vesting:	The vesting will be as under:
1 year from the date of the Grant	25% of options granted
after completion of 2 year from the date of the Grant	25% of options granted
after completion of 3 year from the date of the Grant	25% of options granted
after completion of 4 year from the date of the Grant	25% of options granted
Exercise Period	Within 3 years from the date of respective vesting
Method of settlement	Through allotment of one Equity Share for each option granted

Intrinsic Value Method has been used to account for the employee share based payment plans. The intrinsic value of each stock option granted under the ESOS-2016 is Rs. Nil, since the market price of underlying share at the grant date was same as the excercise price and consequnetly the accounting value of the option (compensation cost) is Rs. Nil.

Further, details of stock options plans are as follows:

Particulars	ESOS 2016
Options Outstanding are the beginning of the year (No.)	-
Options granted during the period (No.)	3,807,690
Options not vested at the beginning of the year (No.)	-
Options lapsed during the period (No.)	-
Options Exercised during the period (No.)	-
Options vested but not exercised at end of the period (No.)	-
Options not vested at end of the period (No.)	3,807,690
Weighted Average Exercise Price per option	NA

The Black-Scholes Model have been used to derive the estimated value of stock option granted, if the fair value method to account for the employee share based payment plans were to be used. The estimated value of each stock options and the parameters used for deriving the estimated value of Stock Option granted under Black-Scholes Model is as follows :

Particulars	ESOS 2016
Estimated Value of Stock Option (Rs.)	111.71
Share Price at Grant Date (Rs.)	338.00
Exercise Price (Rs.)	338.00
Expected Volatility (%)	0.41
Dividend Yield Rate (%)	1.24
Expected Life of Options (year)	3.00
Risk Free Rate of Interest (%)	7.23

3 RESERVES AND SURPLUS	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Special Reserve						
Created under Section 36(1) (viii) of the Income Tax Act,1961						
Opening Balance	2,397.58	1,813.58	1,502.58	1,315.08	1,160.08	1,018.08
Add: Transferred from the Statement of Profit and Loss	-	584.00	311.00	187.50	155.00	142.00
	2,397.58	2,397.58	1,813.58	1,502.58	1,315.08	1,160.08
Statutory Reserve						
As per Section 29 C of National Housing Bank Act, 1987						
Opening Balance	302.40	233.40	151.90	83.90	48.90	38.90
Add: Transferred from the Statement of Profit and Loss	-	69.00	81.50	68.00	35.00	10.00
	302.40	302.40	233.40	151.90	83.90	48.90
General Reserve						
Opening Balance	4,278.65	3,921.28	3,798.96	2,948.96	2,413.67	1,913.67
Add: Transferred from the Statement of Profit and Loss	-	489.70	250.00	850.00	600.00	500.00
Less: Utilised for creating Deferred Tax Liability on Special Reserve (Refer Note 3.3)	-	132.33	127.68	-	-	-
Less: Issuance of Bonus Shares	-	-	-	-	64.71	-
	4,278.65	4,278.65	3,921.28	3,798.96	2,948.96	2,413.67
Securities Premium Reserve						
Opening Balance	10,458.64	7,689.41	3,121.01	1,237.94	-	-
Add: Premium on issue of equity shares	-	2,769.23	4,578.46	1,883.07	1,237.94	-
Less: Share Issue Expenses	-	-	10.06	-	-	-
	10,458.64	10,458.64	7,689.41	3,121.01	1,237.94	-
Surplus in the Statement of Profit and Loss						
Opening Balance	2,738.00	1,091.14	110.01	94.48	76.33	30.58
Profit for the year	960.28	3,275.66	1,940.70	1,296.97	928.20	774.46
Amount Available for Appropriation	3,698.28	4,366.80	2,050.71	1,391.46	1,004.53	805.04
Appropriations						
-Special Reserve (Refer Note 3.1)	-	584.00	311.00	187.50	155.00	142.00
-Statutory Reserve (Refer Note 3.2)	-	69.00	81.50	68.00	35.00	10.00
-General Reserve	-	489.70	250.00	850.00	600.00	500.00
-Proposed Dividend	-	403.88	241.04	150.39	102.61	66.00
-Dividend Distribution Tax	-	82.22	49.07	25.56	17.44	10.71
-Corporate Social Responsibility Activities	-	-	26.96	-	-	-
Net Surplus in the Statement of Profit and Loss	3,698.28	2,738.00	1,091.14	110.01	94.48	76.33
	21,135.55	20,175.27	14,748.81	8,684.46	5,680.36	3,698.98

3.1 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 the amount in respective years to Special Reserve in terms of Section 36 (1)(viii) of the Income Tax Act, 1961.

3.2 The Company has transferred the amount in respective years to Statutory Reserve as per the requirements of section 29C of the National Housing Bank Act, 1987.

3.3 Vide circular NHB (ND)/DRS/Policy Circular 65 / 2014-15 dated August 22, 2014, the National Housing Bank (”NHB”) has directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to “Special Reserve” created under section 36(1) (viii) of the Income Tax Act, 1961. As per the above circular, NHB has advised HFCs to create deferred tax liability in respect of accumulated balance of Special Reserve as on April 1, 2014 from the free reserves over a period of 3 years starting with financial year 2014-15, in a phased manner in the ratio of 25:25:50. Accordingly, the Company has adjusted the balance in free reserves as at April 01, 2015 by ₹ 1323.25 (Previous year ₹ 1276.82) with respect to second tranche of deferred tax liability on Special Reserve balance as at April 01, 2014.

Company has charged its Statement of Profit and Loss for the year ended March 31, 2016 by ₹ 2040.33 (Previous year ₹ 1,057.09) with the deferred tax liability on an additional amount appropriated towards Special Reserve out of current year's profit. This amount is refelected under the head "Tax Expenses".

3.4 In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under section 29C of NHB Act, 1987 is provided :

	Particulars	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
	Balance at the beginning of the year					
a)	Statutory Reserve u/s 29C of NHB Act, 1987	233.40	151.90	83.90	48.90	38.90
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	1,813.58	1,502.58	1,315.08	1,160.08	1,018.08
c)	Total	2,046.98	1,654.48	1,398.98	1,208.98	1,056.98
	Addition / Appropriation / Withdrawal during the year					
	Add :					
a)	Amount transferred u/s 29C of the NHB Act, 1987	69.00	81.50	68.00	35.00	10.00
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	584.00	311.00	187.50	155.00	142.00
	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	-	-	-	-	-
		2,699.98	2,046.98	1,654.48	1,398.98	1,208.98
	Balance at the end of the year					
a)	Statutory Reserve u/s 29C of NHB Act, 1987	302.40	233.40	151.90	83.90	48.90
b)	Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	2,397.58	1,813.58	1,502.58	1,315.08	1,160.08
c)	**Total**	2,699.98	2,046.98	1,654.48	1,398.98	1,208.98

4 LONG-TERM BORROWINGS	Non-Current Maturities						Current Maturities					
	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Secured Borrowings												
Term Loans												
National Housing Bank	27,632.85	18,263.98	15,825.42	8,774.92	7,092.67	3,257.21	2,524.50	2,524.50	1,916.34	1,180.72	1,910.63	1,032.46
Banks	5,801.23	5,868.39	19,596.26	27,420.56	19,240.76	9,608.77	5,593.31	5,726.15	11,836.91	13,405.47	7,841.44	5,832.54
External Commercial Borrowing (Refer Note 4.2)	14,872.70	6,106.95	6,106.95	-	-	-	1,252.25	-	-	-	-	-
	48,306.78	30,239.32	41,528.63	36,195.48	26,333.43	12,865.98	9,370.06	8,250.65	13,753.25	14,586.19	9,752.07	6,865.00
Redeemable Non-Convertible Debentures (Refer Note 4.3)	88,800.00	85,800.00	39,650.00	30,750.00	16,500.00	11,000.00	1,900.00	1,900.00	-	750.00	1,500.00	2,160.00
	137,106.78	116,039.32	81,178.63	66,945.48	42,833.43	23,865.98	11,270.06	10,150.65	13,753.25	15,336.19	11,252.07	9,025.00
Unsecured Borrowings												
Redeemable Non-Convertible Subordinated Debentures (Refer Note 4.4)	9,000.00	6,100.00	4,000.00	3,000.00	3,000.00	1,000.00	-	-	1,000.00	-	-	-
Compulsorily Convertible Debentures (Refer Note 4.5)	-	-	-	-	-	-	-	-	-	-	-	1,373.24
Deposits (Refer Note 4.6)	48,191.34	44,322.84	25,872.75	9,498.36	7,446.82	2,499.77	10,330.96	9,039.78	4,530.30	1,775.80	348.06	265.88
	57,191.34	50,422.84	29,872.75	12,498.36	10,446.82	3,499.77	10,330.96	9,039.78	5,530.30	1,775.80	348.06	1,639.12
Current Maturity of Long-Term Borrowings disclosed under the head "Other Current Liabilities" (Refer Note 10)	-	-	-	-	-	-	(21,601.02)	(19,190.43)	(19,283.55)	(17,111.99)	(11,600.13)	(10,664.12)
	194,298.12	166,462.16	111,051.38	79,443.84	53,280.25	27,365.75	-	-	-	-	-	-

4.1 Refinance from National Housing Bank (NHB) and Term Loans from Banks :

Nature of Security

a) Refinance from National Housing Bank (NHB) and Term Loans from Banks other than Punjab National Bank are secured by hypothecation of specific loans/ book debts against which Refinance/ Term Loan has been availed.

b) Term Loan from Punjab National Bank are secured by hypothecation of specific loans/ book debts and negative lien on properties charged to/guarantees obtained by the company against Loans disbursed.

4.2 External Commercial Borrowing

During the year ended March 31st 2015, the Company has availed External Commercial Borrowing of USD 100 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India guidelines dated December 17, 2012. The borrowing has a maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and interest payable (fixed coupon) have been swapped into Rupees for the entire maturity by way of interest only swaps.

During the quarter ended June 30 2016, the Company has availed External Commercial Borrowing of USD 150 million for financing prospective owners of low cost affordable housing units under "approval route" in terms of Reserve Bank of India guidelines dated December 17, 2012. The borrowing has a average maturity of five years. In terms of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and interest payable (fixed coupon) have been swapped into Rupees for the entire maturity by way of interest only swaps.

As on March 31, 2016 and March 31, 2015, the Company has foreign currency borrowings of USD 100 million equivalent. The Company has undertaken currency swaps, options and forward contracts on a notional amount of USD 100 million equivalent to hedge the foreign currency risk. Further, interest rate swaps (fixed coupon only) on a notional amount of USD 100 million equivalent are outstanding, which have been undertaken to hedge the foreign currency risk arising out of interest payment on the foreign currency borrowings.

As on June 30, 2016, the Company has foreign currency borrowings of USD 250 million equivalent. The Company has undertaken currency swaps, options and forward contracts on a notional amount of USD 250 million equivalent to hedge the foreign currency risk. Further, interest rate swaps (fixed coupon only) on a notional amount of USD 250 million equivalent are outstanding, which have been undertaken to hedge the foreign currency risk arising out of interest payment on the foreign currency borrowings.

Nature of Security

External Commercial Borrowing are secured by hypothecation of specific loans/ book debts to the extent 1.25 times of outstanding amount by hypothecation of book debts.

4.3 Secured Redeemable Non-Convertible Debentures

Nature of Security

Redeemable Non-Convertible Debentures are secured by hypothecation of book debts to the extent of 1.10 to 1.25 times of outstanding amount by hypothecation of book debts of outstanding amount. In addition, all the Redeemable Non-Convertible Debentures are also secured by mortgage of buildings of ₹ 7.72 millions (Refer Note 11)

4.4 Unsecured Redeemable Non-Convertible Debentures

Redeemable Non-Convertible Subordinated Debentures, for value aggregating to ₹6,100.00 millions are subordinated debt to present and future senior indebtedness of the Company and qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy.

4.5 Unsecured Convertible Debentures

Convertible Debentures, for value aggregating to ₹ 1373.24 millions are convertible to equity share of Rs. 10 each at a premium of Rs. 91.50 at any time on or before June 09, 2012.

4.6 Deposits

i) Deposits as defined in Paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, 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.

ii) The Company is carrying Statutory Liquid Assets comprising of Non-current Investments (Refer Note 12) and Fixed Deposits with banks of ₹ 818.29 Million, ₹ 2462.18 Million, ₹ 1136.72 Million, ₹ 657.62 Million respectively on March 31, 2016, 2015, 2014 and 2013.

iii) Deposits include Inter Corporate Deposits of ₹ 15794.30 millions, ₹ 16899.10, ₹ 11040.29 millions, Nil, Nil & Nil as at June 2106, March 2016, March 2015, March 2014, March 2013 & March 2012 respectively.

5 DEFERRED TAX LIABILITIES (NET)

In accordance with Accounting Standard on 'Accounting for Taxes on Income' (AS 22), the Company is accounting for Deferred Tax.

		As at 30-June-16 Rs. in Mn		As at 31-Mar-16 Rs. in Mn		As at 31-Mar-15 Rs. in Mn		As at 31-Mar-14 Rs. in Mn		As at 31-Mar-13 Rs. in Mn		As at 31-Mar-12 Rs. in Mn
Deferred Tax Liabilities												
Expenses paid in advance (Net of Income received in Advance)	438.86		387.65		197.38		93.76		21.90		-	
Depreciation on Fixed Assets	6.40		11.27		3.79		-		-		-	
Special Reserve	631.35		569.75		233.39		-		-		-	
Total Deferred Tax Liabilities- (A)		1,076.61		968.67		434.56		93.76		21.90		-
Deferred Tax Assets												
Expenses paid in advance (Net of Income received in Advance)	-		-		-		-		-		27.67	
Depreciation on Fixed Assets	-		-		-		1.07		1.82		2.30	
Provision for leave encashment	23.52		23.52		14.70		8.61		6.06		5.29	
Provision for doubtful debts and contingencies	718.91		624.50		346.40		220.36		141.57		105.22	
Others	30.78		19.00		11.31		18.40		13.19		10.33	
Total Deferred Tax Assets - (B)		773.21		667.02		372.41		248.44		162.64		150.81
Net Deferred Tax Liabilities/ (Assets) (Net A-B)		303.40		301.65		62.15		(154.68)		(140.74)		(150.81)

6 OTHER LONG-TERM LIABILITIES

	Non-Current Maturities						Current Maturities					
	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Interest Accrued but not Due on Borrowings	595.53	367.42	2,149.72	1,062.68	492.45	232.86	880.71	1,084.57	558.41	265.01	147.68	64.95
Income Received in Advance	765.36	650.76	477.69	356.38	268.14	167.94	225.72	248.38	172.07	98.43	52.52	22.77
Amount disclosed under the head "Other Current Liabilities"							(1,106.43)	(1,332.95)	(730.48)	(363.44)	(200.20)	(87.72)
	1,360.89	1,018.18	2,627.41	1,419.06	760.59	400.80	-	-	-	-	-	-

7 PROVISIONS

	Long-Term						Short-Term					
	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Provision for Employees Benefits	59.70	59.72	35.80	18.95	14.76	14.13	8.28	8.27	7.49	6.42	29.61	18.59
Provision for Standard Assets as per NHB norms	1,497.11	1,304.63	780.00	467.76	279.58	164.04	-	-	-	-	-	-
Provision for contingencies	285.00	245.00	-	-	-	-	-	-	-	-	-	-
Provision for NPAs as per NHB norms	(0.00)	-	-	-	-	-	257.14	216.81	228.14	173.56	136.91	146.56
Proposed Dividend	-	-	-	-	-	-	403.88	403.88	241.04	150.39	102.61	66.00
Tax on Proposed Dividend	-	-	-	-	-	-	82.22	82.22	49.07	25.56	17.44	10.71
	1,841.81	1,609.35	815.80	486.71	294.34	178.17	751.52	711.18	525.74	355.93	286.57	241.86

7.1 The movement in provision for Standard Assets and NPAs during the year is as under:

<u>Particulars</u>	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Opening Balance	1,521.44	1,008.14	641.32	416.49	310.60	271.90
Addition during the year	232.81	513.30	366.82	224.83	105.89	38.70
Closing Balance	1,754.25	1,521.44	1,008.14	641.32	416.49	310.60

8 SHORT-TERM BORROWINGS

	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Secured Borrowings						
Term Loans Banks	-	-	1,000.00	-	-	-
Bank Overdraft	9,723.65	7,890.20	1,609.57	-	-	-
Unsecured Borrowings						
Deposits	14,360.45	16,343.90	15,863.08	4,520.80	2,073.30	567.20
Commercial Paper	59,000.00	50,250.00	16,000.00	-	-	-
	73,360.45	66,593.90	31,863.08	4,520.80	2,073.30	567.20
	83,084.10	74,484.10	34,472.65	4,520.80	2,073.30	567.20

8.1 Nature of Security

a) Term Loans from Banks are secured by hypothecation of specific loans/ book debts against which Term Loan has been availed.

b) Bank Overdraft is secured by hypothecation of book debts and negative lien on properties charged to/guarantees obtained by the company against Loans disbursed.

c) Deposits as defined in Paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, 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.

9 TRADE PAYABLES

	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Sundry Creditors for Expenses	924.70	747.76	566.56	216.14	65.99	31.62
	924.70	747.76	566.56	216.14	65.99	31.62

Trade Payables ₹ Nil payable to “Suppliers” registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the Company during the year to the “Suppliers” covered under the Micro, Small and Medium Enterprise Development Act, 2006.

10 OTHER CURRENT LIABILITIES

	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Current Maturity of Long - Term Borrowings	21,601.02	19,190.43	19,283.55	17,111.99	11,600.13	10,664.12
Current Portion of Other Long - Term Liabilities	1,106.43	1,332.95	730.48	363.44	200.20	87.72
Interest Accrued but not Due	2,382.15	142.26	144.46	153.81	279.42	78.64
Book Overdraft	6,678.06	7,060.05	3,137.30	1,809.69	1,315.68	657.76
Statutory Dues Payable	45.25	219.73	110.81	57.80	37.27	21.45
Security Deposit	-	-	83.96	-	-	-
Other Liabilities	10,034.26	2,000.69	952.85	115.18	176.64	68.49
	41,847.17	29,946.11	24,443.41	19,611.91	13,609.34	11,578.18

11 FIXED ASSETS

(Rs. in Mn)

As at Period ended 30-June-16	Buildings *	Furniture & Fixtures	Vehicles	Computers	Office Equipments - Others	Intangibles	Leasehold Improvements	Total
Cost or Valuation								
At 01 April 2015	10.89	96.56	0.66	73.43	124.25	17.05	199.16	522.00
Additions	-	30.49	-	95.87	35.80	103.39	72.09	337.64
Disposals	-	1.47	-	-	1.46	-	1.20	4.13
At 31 March 2016	10.89	125.58	0.66	169.29	158.59	120.44	270.06	855.51
Additions	-	1.83	-	4.22	15.24	1.77	42.65	65.70
Disposals/ Adjustment								-
At 30 June 2016	10.89	127.41	0.66	173.51	173.83	122.21	312.71	921.21
Depreciation								
At 01 April 2015	1.93	13.64	0.39	30.08	30.21	4.29	45.70	126.24
Charge for the year	0.22	10.55	0.10	44.29	29.85	16.53	48.86	150.40
Disposals	-	0.87	-	-	0.85	-	0.53	2.25
At 31 March 2016	2.15	23.32	0.49	74.37	59.21	20.82	94.03	274.39
Charge for the year	0.06	3.23	0.03	11.80	8.70	6.41	14.44	44.67
Disposals	-	-	-	-	-	-	-	-
At 30 June 2016	2.21	26.55	0.52	86.17	67.91	27.23	108.47	319.06
Net Block								
At 31 March 2016	8.74	102.26	0.18	94.92	99.38	99.62	176.02	581.12
At 30 June 2016	8.68	100.86	0.14	87.34	105.92	94.98	204.24	602.16

FY 2015-16	Buildings *	Furniture & Fixtures	Vehicles	Computers	Office Equipments - Others	Intangibles	Leasehold Improvements	Total
Cost or Valuation								
At 01 April 2015	10.89	96.56	0.66	73.43	124.25	17.05	199.16	522.00
Additions	-	30.49	-	95.86	35.80	103.39	72.10	337.64
Disposals	-	1.47	-	-	1.46	-	1.20	4.13
At 31 March 2016	**10.89**	**125.58**	**0.66**	**169.29**	**158.59**	**120.44**	**270.06**	**855.51**
Depreciation								
At 01 April 2015	1.93	13.64	0.39	30.08	30.21	4.29	45.70	126.24
Charge for the year	0.22	10.55	0.10	44.29	29.85	16.53	48.86	150.40
Disposals	-	0.87	-	-	0.85	-	0.53	2.25
At 31 March 2016	**2.15**	**23.32**	**0.49**	**74.37**	**59.21**	**20.82**	**94.03**	**274.39**
Net Block								
At 31 March 2016	**8.74**	**102.26**	**0.17**	**94.92**	**99.38**	**99.62**	**176.03**	**581.12**

*Includes Buildings of ₹ 7.72 millions mortgaged for securing Secured Redeemable Non-Convertible Debentures (Refer Note 4.3).

FIXED ASSETS

(Rs. in Mn)

FY 2014-15	Buildings *	Furniture & Fixtures	Vehicles	Computers	Office Equipments - Others	Intangibles	Leasehold Improvements	Total
Cost or Valuation								
At 01 April 2013	10.89	61.00	0.66	51.70	74.12	10.79	98.74	307.90
Additions	-	41.32	-	21.30	54.65	6.26	100.42	223.95
Disposals	-	5.76	-	(0.43)	4.52	-	-	9.85
At 31 March 2014	**10.89**	**96.56**	**0.66**	**73.43**	**124.25**	**17.05**	**199.16**	**522.00**
Additions	-	30.49	-	95.86	35.80	103.39	72.10	337.64
Disposals/ Adjustments	-	1.47	-	-	1.46	-	1.20	4.13
At 31 Mar 2015	**10.89**	**125.58**	**0.66**	**169.29**	**158.59**	**120.44**	**270.06**	**855.51**
Depreciation								
At 01 April 2013	1.71	9.78	0.29	9.82	8.04	1.18	18.88	49.70
Charge for the year	0.22	9.04	0.10	20.41	23.12	3.11	26.82	82.82
Disposals	-	5.18	-	0.15	0.95	-	-	6.28
At 31 March 2014	**1.93**	**13.64**	**0.39**	**30.08**	**30.21**	**4.29**	**45.70**	**126.24**
Charge for the year	0.22	10.55	0.10	44.29	29.85	16.53	48.86	150.40
Disposals	-	0.87	-	-	0.85	-	0.53	2.25
At 31 March 2015	**2.14**	**23.32**	**0.49**	**74.37**	**59.21**	**20.81**	**94.03**	**274.39**
Net Block								
At 31 March 2015	**8.96**	**82.92**	**0.27**	**43.35**	**94.04**	**12.76**	**153.46**	**395.76**
At 31 March 2016	**8.75**	**102.26**	**0.17**	**94.92**	**99.38**	**99.62**	**176.03**	**581.12**

*Includes Buildings of ₹ 7.72 millions mortgaged for securing Secured Redeemable Non-Convertible Debentures (Refer Note 4.3).

FIXED ASSETS

(Rs. in Mn)

FY 2013-14	Buildings *	Furniture & Fixtures	Vehicles	Computers	Office Equipments - Others	Intangibles	Leasehold Improvements	Total
Cost or Valuation								
At 01 April 2013	10.89	42.97	0.66	24.36	43.72	0.89	37.51	161.00
Additions	-	21.98	-	27.50	32.75	9.90	61.23	153.36
Disposals	-	3.95	-	0.16	2.35	-	-	6.46
At 31 March 2014	**10.89**	**61.00**	**0.66**	**51.70**	**74.12**	**10.79**	**98.74**	**307.90**
Depreciation								
At 01 April 2013	1.53	8.47	0.23	3.00	2.84	0.03	3.40	19.50
Charge for the year	0.18	3.45	0.06	6.94	5.84	1.15	15.48	33.10
Disposals	-	2.14	-	0.12	0.64	-	-	2.90
At 31 March 2014	**1.71**	**9.78**	**0.29**	**9.82**	**8.04**	**1.18**	**18.88**	**49.70**
Net Block								
At 31 March 2014	**9.18**	**51.22**	**0.37**	**41.88**	**66.08**	**9.61**	**79.86**	**258.20**

*Includes Buildings of ₹ 7.72 millions mortgaged for securing Secured Redeemable Non-Convertible Debentures (Refer Note 4.3).

FIXED ASSETS

(Rs. in Mn)

FY 2012-13	Buildings *	Furniture & Fixtures	Vehicles	Computers	Office Equipments - Others	Intangibles	Leasehold Improvements	Total
Cost or valuation								
At 01 April 2012	10.89	28.34	0.70	3.12	14.49	-	-	**57.54**
Additions	-	16.64	-	21.24	30.44	0.89	37.51	106.72
Disposals	-	2.01	0.04	-	1.21	-	-	3.26
At 31 March 2013	**10.89**	**42.97**	**0.66**	**24.36**	**43.72**	**0.89**	**37.51**	**161.00**
Depreciation								
At 01 April 2012	1.35	7.87	0.18	1.08	0.95	-	-	11.43
Charge for the year	0.18	2.17	0.07	1.92	1.97	0.03	3.40	9.74
Disposals	-	1.57	0.02	-	0.08	-	-	1.67
At 31 March 2013	**1.53**	**8.47**	**0.23**	**3.00**	**2.84**	**0.03**	**3.40**	**19.50**
Net Block								
At 31 March 2013	**9.36**	**34.50**	**0.43**	**21.36**	**40.88**	**0.86**	**34.11**	**141.50**

*Includes Buildings of ₹ 7.72 millions mortgaged for securing Secured Redeemable Non-Convertible Debentures (Refer Note 4.3).

FIXED ASSETS

(Rs. in Mn)

FY 2011-12	Buildings*	Furniture & Fixtures	Vehicles	Computers	Office Equipments - Others	Intangibles	Leasehold Improvements	Total
Cost or valuation								
At 01 April 2011	10.89	15.00	2.06	2.82	5.10	-	-	**35.87**
Additions	-	13.38	-	0.30	9.45	-	-	23.13
Disposals	-	0.04	1.36		0.06	-	-	1.46
At 31 March 2012	**10.89**	**28.34**	**0.70**	**3.12**	**14.49**	**-**	**-**	**57.54**
Depreciation								
At 01 April 2011	1.17	6.72	0.56	0.62	0.59	-	-	9.66
Charge for the year	0.18	1.16	0.07	0.46	0.37	-	-	2.24
Disposals	-	0.01	0.45	-	0.01	-	-	0.47
At 31 March 2012	**1.35**	**7.87**	**0.18**	**1.08**	**0.95**	**-**	**-**	**11.43**
Net Block								
At 31 March 2012	**9.54**	**20.47**	**0.52**	**2.04**	**13.54**	**-**	**-**	**46.11**

*Includes Buildings of ₹ 7.72 millions mortgaged for securing Secured Redeemable Non-Convertible Debentures (Refer Note 4.3).

12 NON-CURRENT INVESTMENTS	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
OTHER INVESTMENTS (NON TRADE)						
QUOTED - (FULLY PAID)						
Investments in Government Securities						
Goverment of India Stock						
10.71% Government of India Stock 2016	-	0.86	0.86	0.86	-	-
10.25% Government of India Stock 2021	126.12	126.12	126.12	126.12	125.55	125.55
10.03% Government of India Stock 2019	0.77	0.77	0.77	0.77	-	-
8.97% Government of India Stock 2030	5.68	5.68	5.68	5.68	-	-
8.33% Government of India Stock 2036	2.82	2.82	2.82	2.82	-	-
8.32% Government of India Stock 2032	2.69	2.69	2.69	2.69	-	-
8.30% Government of India Stock 2023	3.07	3.07	3.07	3.07	-	-
8.28% Government of India Stock 2032	2.02	2.02	2.02	2.02	-	-
8.26% Government of India Stock 2027	1.07	1.07	1.07	1.07	-	-
8.15% Government of India Stock 2022	1.47	1.47	1.47	1.47	-	-
8.13% Government of India Stock 2022	1.02	1.02	1.02	1.01	-	-
8.08% Government of India Stock 2022	1.55	1.55	1.55	1.55	-	-
8.07% Government of India Stock 2017	317.16	317.16	317.16	317.16	316.65	316.65
7.94% Government of India Stock 2021	0.81	0.81	0.81	0.81	-	-
7.50% Government of India Stock 2034	1.79	1.79	1.79	1.79	-	-
5.69% Government of India Stock 2018	0.91	0.91	0.91	0.91	-	-
State Development Loans						
9.79% Maharashtra SDL 2023	155.07	155.07	155.07	155.06	-	-
9.72% Kerala SDL 2023	415.36	415.36	415.36	415.36	-	-
9.60% Maharashtra SDL 2023	140.18	140.18	140.18	140.18	-	-
8.93% Haryana SDL 2022	2.39	2.39	2.39	2.39	-	-
8.89% West Bengal SDL 2022	2.69	2.69	2.69	2.69	-	-
8.73% Madhya Pradesh SDL 2022	1.27	1.27	1.27	1.27	-	-
8.66% Andhra Pradesh SDL 2021	1.05	1.05	1.05	1.05	-	-
8.55% Uttar Pradesh SDL 2017	1.03	1.03	1.03	1.03	-	-
8.53% Mahrashtra SDL 2020	2.61	2.61	2.61	2.61	-	-
8.40% Madhya Pradesh SDL 2019	1.03	1.03	1.03	1.03	-	-
8.39% Uttar Pradesh SDL 2020	2.07	2.07	2.07	2.07	-	-
8.30% Gujarat SDL 2017	1.02	1.02	1.02	1.02	-	-
8.25% Rajasthan SDL 2020	3.08	3.08	3.08	3.08	-	-
7.91% Mahrashtra SDL 2016	-	0.50	0.50	0.50	-	-
7.85% Uttar Pradesh SDL 2016	-	-	0.80	0.80	-	-
7.79% Tamilnadu SDL 2016	-	-	0.12	0.12	-	-
7.79% Punjab SDL 2016	-	-	1.68	1.68	-	-
7.77% Gujarat SDL 2015	-	-	0.98	0.98	-	-
7.77% Andhra Pradesh SDL 2015	-	-	0.90	0.90	-	-
7.53% Uttar Pradesh SDL 2015	-	-	1.02	1.02	-	-
10.03% Rajasthan SDL 2028	349.78	349.78	349.78	-	-	-
9.49% Tamil Nadu SDL 2023	308.73	308.73	308.73	-	-	-
9.37% Gujarat SDL 2023	254.20	254.20	254.20	-	-	-
9.19% Kerela SDL 2024	100.58	100.58	100.58	-	-	-
8.92% Rajasthan SDL 08-08-2022	415.24	415.24	-	-	-	-
9.00% Haryana SDL 10-09-2024	105.08	105.08	-	-	-	-
9.48% Haryana SDL 2023	535.77	535.77	-	-	-	-
9.70% Uttarakhand SDL 2024	543.21	543.21	-	-	-	-
9.50% Himachal Pardesh SDL 2024	214.84	214.84	-	-	-	-
8.99 Madhya Pradesh SDL 09072024	1,045.20	1,045.20	-	-	-	-
8.95 Madhya Pradesh SDL 2024 23072024	833.96	833.96	-	-	-	-
8.83% Uttar Pardesh SDL 2026	1,390.79	1,390.79	-	-	-	-
9.72% West Bengal SDL 2024	326.49	326.49	-	-	-	-
8.88% West Bnagal SDL 2026	252.15	252.15	-	-	-	-
8.84% Punjab SDL 2024	311.94	311.94	-	-	-	-
8.51% Maharashtra SDL09/03/2026	464.18					
9.12% Gujarat SDL 2022	352.54					
Investment in Bonds						
6.85% India Infrastructure Finance Corporation Tax Free	-	-	-	-	149.29	99.18
	9,002.48	**8,187.12**	**2,217.95**	**1,204.64**	**591.49**	**541.38**
Less: Provision for loss to arise on Redemption of Investments	58.73	47.50	26.69	17.27	10.77	5.38
Aggregate value of investments	**8,943.75**	**8,139.62**	**2,191.26**	**1,187.37**	**580.72**	**536.00**
Cost of Quoted investments	9,002.48	8,187.12	2,217.95	1,204.64	591.49	541.38
Market Value	9,213.86	8,436.75	2,313.05	1,163.51	563.61	505.69

13 LONG-TERM LOANS AND ADVANCES

	Non-Current						Current Portion					
	As at 30-June-16 Rs. in Mn	**As at 31-Mar-16 Rs. in Mn**	**As at 31-Mar-15 Rs. in Mn**	**As at 31-Mar-14 Rs. in Mn**	**As at 31-Mar-13 Rs. in Mn**	**As at 31-Mar-12 Rs. in Mn**	**As at 30-June-16 Rs. in Mn**	**As at 31-Mar-16 Rs. in Mn**	**As at 31-Mar-15 Rs. in Mn**	**As at 31-Mar-14 Rs. in Mn**	**As at 31-Mar-13 Rs. in Mn**	**As at 31-Mar-12 Rs. in Mn**
Loans - Secured												
Housing Loans	205,793.02	183,167.24	102,316.18	60,883.63	39,353.64	28,326.04	11,477.92	7,995.18	17,135.98	13,576.04	8,853.99	1,134.25
Non-Housing Loans	85,604.43	73,068.37	41,505.54	25,522.82	14,525.85	9,411.07	6,131.06	7,541.90	6,955.15	5,665.85	3,258.38	608.39
Current portion of Long-Term Loans & Advances disclosed under the head Current "Loans & Advances" (Refer Note 18)	-	-	-	-	-	-	(17,608.98)	(15,537.08)	(24,091.13)	(19,241.89)	(12,112.37)	(1,742.64)
	291,397.45	256,235.61	143,821.72	86,406.45	53,879.49	37,737.11	-	-	-	-	-	-

13.1 Loans and instalments due from borrowers shown under Loans and Advances and Other Current Assets respectively are secured wholly or partly by any one or all of the below as applicable:

i) Equitable Mortgage of Property
ii) Pledge of shares, units, NSCs, other securities, assignment of life insurance policies.
iii) Bank guarantee, corporate guarantee, government guarantee or personal guarantee.
iv) Undertaking to create a security.

13.2 The Company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of 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 Housing Finance Companies (NHB) Directions, 2010.

The details of Housing and Non-Housing Loans classified as Non-Performing Assets are given below :

	As at 30-June-16 Rs. in Mn	**As at 31-Mar-16 Rs. in Mn**	**As at 31-Mar-15 Rs. in Mn**	**As at 31-Mar-14 Rs. in Mn**	**As at 31-Mar-13 Rs. in Mn**	**As at 31-Mar-12 Rs. in Mn**
Housing Loans						
Standard	216,928.92	190,835.01	119,403.62	74,387.04	48,082.24	29,323.79
Sub-Standard	458.51	348.96	67.71	37.65	84.17	87.60
Doubtful	125.50	94.13	139.19	156.48	175.55	190.90
Loss	6.00	6.91	25.00	30.04	5.93	23.70
Sub Total	**217,518.93**	**191,285.01**	**119,635.52**	**74,611.21**	**48,347.89**	**29,625.99**
Non-Housing Loans						
Standard	91,642.30	80,575.19	48,448.20	31,187.81	17,741.13	9,960.19
Sub-Standard	172.74	83.96	68.19	26.81	26.64	58.20
Doubtful	73.03	64.12	41.26	86.23	78.61	52.28
Loss	-	-	-	-	-	-
Sub Total	**91,888.07**	**80,723.27**	**48,557.65**	**31,300.85**	**17,846.38**	**10,070.67**
Total Loans	**309,407.00**	**272,008.28**	**168,193.17**	**105,912.06**	**66,194.27**	**39,696.66**

Classification of provisions made for Non-Performing Loan Assets are given below :

	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Housing Loans						
Standard	972.26	852.78	534.13	318.90	203.72	117.35
Sub-Standard	93.17	77.21	11.71	5.65	12.62	13.14
Doubtful	77.54	68.10	139.19	92.31	80.42	81.91
Loss	6.00	6.91	25.00	30.04	5.93	23.70
Sub Total	**1,148.97**	**1,005.00**	**710.03**	**446.90**	**302.69**	**236.10**
Non-Housing Loans						
Standard	524.85	451.82	245.87	148.86	75.86	45.20
Sub-Standard	26.34	13.03	10.58	4.02	4.00	8.72
Doubtful	54.09	51.59	41.66	41.54	33.94	20.58
Loss	-	-	-	-	-	-
Sub Total	**605.28**	**516.44**	**298.11**	**194.42**	**113.80**	**74.50**
Total Provisions	**1,754.25**	**1,521.44**	**1,008.14**	**641.32**	**416.49**	**310.60**

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

Particulars	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Cumulative interest B/F from last Balance Sheet	144.81	37.70	26.34	27.84	29.25	29.95
Less: Recovered/Write Off during the year	17.55	95.20	24.33	15.02	11.71	15.04
Add: Interest de-recognised for the year on						
- Sub-Standard Assets (Net)	36.92	95.81	14.60	0.84	8.55	9.84
- Doubtful/ Loss Assets	4.18	106.50	21.09	12.68	1.75	4.50
Total	**168.36**	**144.81**	**37.70**	**26.34**	**27.84**	**29.25**

14 OTHER NON-CURRENT ASSETS

	Non-Current						Current Portion					
	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
Security Deposits (Unsecured, Considered Good)	68.11	61.26	52.25	28.13	9.56	8.03	-	-	-	-	-	-
Prepaid Expenses (Refer Note 1.17)	2,145.20	1,828.34	1,204.03	625.47	336.94	85.74	1,244.89	1,323.48	700.74	179.26	98.52	30.93
	2,213.31	1,889.60	1,256.28	653.60	346.50	93.77	1,244.89	1,323.48	700.74	179.26	98.52	30.93

15 CURRENT INVESTMENTS	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
QUOTED - OTHER THAN TRADE (FULLY PAID)						
Bonds and Debentures						
11.25% Power Finance Corporation Limited 2018	-	-	5.43	-	-	-
11.00% Bank of India Perpetual Bonds (Tier 1- Basel III)	-	-	702.20	-	-	-
10.45% Gujarat State Petroleum Corporation Limited 2072 with call option on 28/09/2022	-	-	540.00	-	-	-
9.95% Food Corporation of India Limited 2022	1.12	1.12	9.87	-	-	-
8.80% Food Corporation of India Limited 2028						
9.48% Bank of Baroda Perpetual Bonds	-	-	550.85	-	-	-
8.90% Syndicate Bank Perpetual Bonds	-	-	99.28	-	-	-
8.83% Indian Railway Finance Corporation Bonds 2023	-	-	134.95	105.25	250.00	-
8.78% National Hydroelectric Power Corporation Limited 2023	-	-	50.73	-	-	-
8.78% National Hydroelectric Power Corporation Limited 2021	-	-	50.84	-	-	-
8.78% National Hydroelectric Power Corporation Limited 2020	-	-	51.05	-	-	-
8.69% Damodar Valley Corporation 2028	787.81	710.81	1,002.65	476.47	700.00	-
8.55% Indian Infrastructure Finance Company Ltd Bonds 2024	-	-	9.05	-	-	-
8.36% Power Finance Corporation Limited 2020	-	-	249.04	-	-	-
8.10% Indian Infrastructure Finance Company Ltd Bonds 2024	-	-	4.89	-	-	-
7.98% Infrastructure Development Finance Company Limited 2023	371.83	371.26	881.67	718.13	-	-
7.93% Power Grid Corporation of India Limited 2028	-	41.00	71.12	98.84	-	-
7.93% Power Grid Corporation of India Limited 2021	-	49.73	51.29	99.73	-	-
7.93% Power Grid Corporation of India Limited 2018	-	50.01	51.28	99.71	-	-
7.93% Power Grid Corporation of India Limited 2020	-	49.81	51.26	89.72	-	-
7.93% Power Grid Corporation of India Limited 2019	-	49.91	51.09	99.76	-	-
7.93% Power Grid Corporation of India Limited 2022	-	49.66	51.02	50.26	-	-
7.93% Power Grid Corporation of India Limited 2017	-	49.78	50.88	50.14	-	-
7.93% Power Grid Corporation of India Limited 2024	-	50.02	50.79	49.50	-	-
7.93% Power Grid Corporation of India Limited 2025	-	40.01	50.51	49.50	-	-
7.93% Power Grid Corporation of India Limited 2026	-	45.00	50.51	49.50	-	-
7.93% Power Grid Corporation of India Limited 2027	-	-	50.38	98.78	-	-
7.34% Indian Railway Finance Corporation Bonds 2028	156.22	-	1.02	-	50.21	-
9.45% State Bank of India Bonds 2021	-	-	-	40.20	-	-
9.24% Rural Electrification Corporation Limited 2018	-	-	-	100.36	-	-
7.38% Rural Electrification Corporation Limited 19/12/2027	25.56					
9.41% Indian Infrastructure Finance Company Limited Bonds 2037	-	-	-	10.86	-	-
8.94% Power Finance Corporation Limited 2028	-	-	-	102.72	-	-
8.82% Rural Electrification Corporation Limited 2023	-	-	-	8.14	-	-
8.80% Food Corporation of India Limited 2028	150.60	151.59	-	842.22	-	-
8.70% National Hydroelectric Power Corporation Limited 2015	-	-	-	10.02	-	-
7.93% Power Grid Corporation of India Limited 2023	-	49.25	-	50.30	-	-
8.14% Nuclear Power Corporation Of India 2027	-	5.06	-	-	-	-
8.10% National Thermal Power Corporation Ltd. 2025	250.28	-	-	-	-	-
7.15% National Thermal Power Corporation Ltd. 2025	-	12.22				
8.57% Mahanagar Telephone Nigam Limited Bonds 2023	-	-	-	-	1,150.00	-
9.03% Gujarat State Petroleum Corporation Bonds 2022	-	-	-	-	500.00	-
9.41% Indian Infrastructure Finance Company Limited Bonds 2037	-	-	-	-	295.97	-
10.07% Nuclear Power Corporation Bonds 2019	-	-	-	-	294.69	-
9.45% Gujarat State Petroleum Corporation Bonds 2022	-	-	-	-	258.43	-
10.00% Reliance Capital Ltd Bonds 2017	-	-	-	-	200.00	-
9.02% Rural Electrification Corporation Limited 2022	-	-	-	-	102.12	-
8.85% Power Grid Corporation Bonds 2026	-	-	-	-	101.11	-
7.18% Indian Railway Finance Corporation Limited Bonds 2023	-	-	-	-	80.18	-
8.70% Rural Electrification Corporation Limited 2018	-	-	-	-	70.03	-
8.85% Power Grid Corporation of India Bonds 2025	-	-	-	-	50.53	-
8.85% Power Grid Corporation of India Bonds 2024	-	-	-	-	50.50	-
8.85% Power Grid Corporation of India Bonds 2023	-	-	-	-	50.48	-
8.85% Power Grid Corporation of India Bonds 2022	-	-	-	-	50.29	-
8.85% Power Grid Corporation of India Bonds 2020	-	-	-	-	50.27	-
8.78% Power Finance Corporation of India Bonds 2020	-	-	-	-	50.19	-
8.67% Power Finance Corporation Limited 16/11/2033	39.07	-	-	-	-	-
8.85% Power Grid Corporation of India Bonds 2027	-	-	-	-	50.15	-
8.90% Power Finance Corporation Bonds 2018	-	-	-	-	50.02	-
8.00% Indian Overseas Bank Bonds 2016	-	-	-	-	49.15	-
7.41% Indian Infrastructure Finance Company Ltd. Bonds 2032	-	-	-	-	46.45	-
7.45% Bank of Baroda Tier-II Bonds 2015	-	-	-	-	17.51	-
8.00% Indian Railway Finance Corporation Ltd. 2022	-	-	-	-	10.42	80.30
9.48% Rural Electrification Corporation Ltd. 2021	-	-	-	-	-	99.46
9.38% Rural Electrification Corporation Ltd. 2016	-	-	-	-	-	400.25
9.28% REC Bonds 2017	-	-	-	-	-	250.28
9.36% Power Finance Corporation Ltd. 2021	-	-	-	-	-	50.11
9.46% Power Finance Corporation Ltd. 2026	-	-	-	-	-	425.27
9.45% Power Finance Corporation Ltd. 2026	-	-	-	-	-	226.13
9.35% Power Grid Corporation of India Ltd. 2024	-	-	-	-	-	50.15
9.35% Power Grid Corporation of India Ltd. 2025	-	-	-	-	-	50.15
9.35% Power Grid Corporation of India Ltd. 2029	-	-	-	-	-	50.00
9.35% Power Grid Corporation of India Ltd. 2030	-	-	-	-	-	50.00
8.20% National Highways Authority of India 2022	-	-	-	-	-	20.40
8.20% Housing And Urban Development corporation Ltd.-05/03/2027	1.67					
7.19% Housing And Urban Development corporation Ltd.-28/03/2028	4.76	-	-	-	-	-
8.58% Housing and Urban Development Corporation Ltd. 2029	-	106.02	-	-	-	-
6.89% National Housing Bank 2023	-	25.74	-	-	-	-
8.40% Indian Railways Finance Corporation 2029	-	110.53	-	-	-	-
7.40% Indian Infrastructure Finance Company Ltd. 2033	64.39	583.18	-	-	-	-
6.87% National Housing Bank 2023	-	46.69	-	-	-	-
8.46% Power Finance Corporation 2028	-	110.84	-	-	-	-
7.35% Indian Railway Finance Corporation 2031	102.45	245.52	-	-	-	-
8.50% National Highway Authority of India 2029	-	111.50	-	-	-	-
8.14% Nuclear Power Corporation Of India 2028	-	74.83	-	-	-	-

15 CURRENT INVESTMENTS

	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
UNQUOTED - OTHER THAN TRADE (FULLY PAID)						
Certficate of Deposit of IDBI Bank Ltd.	-	-	1,965.88	983.52	460.62	-
Certficate of Deposit of Punjab & Sind Bank	-	-	1,959.43	-	-	-
Certficate of Deposit of Canara Bank	-	982.46	1,709.25	-	-	-
Certficate of Deposit of Andhra Bank	-	233.26	1,637.01	-	-	227.20
Certficate of Deposit of Oriental Bank of Commerce	-	-	980.46	-	-	466.73
Certificate of Deposit of Allahabad Bank	-	-	492.86	983.77	-	-
Certficate of Deposit of State Bank of Hyderabad	-	-	-	-	981.65	-
Certificate of Deposit of Corporation Bank	-	233.91	-	-	923.42	227.42
Certficate of Deposit of Indian Bank	-	2,950.90	-	-	243.84	-
Certificate of Deposit of Bank of Maharashtra	-	491.51	-	-	-	244.49
Certificate of Deposit of Punjab National Bank	-	-	-	-	-	328.55
Certificate of Deposit of UCO Bank	-	-	-	-	-	-
Certificate of Deposit of Central Bank of India	-	-	-	-	-	-
Certificate of Deposit of Federal Bank Ltd	-	-	-	-	-	-
Certificate of Deposit of State Bank of Patiala	-	-	-	-	-	-
Total	**1,955.74**	**8,083.13**	**13,668.54**	**5,267.40**	**7,188.23**	**3,246.89**
Aggregate value of quoted investments	1,955.74	3,191.09	4,923.65	3,300.11	4,578.69	1,752.50
Market Value of quoted investments	2,004.05	3,213.88	4,944.81	3,334.11	4,591.92	1,758.68
Aggregate value of unquoted investments	-	4,892.04	8,744.89	1,967.29	2,609.53	1,494.40

16	Cash and Bank Balances	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
16.1	**Cash and Cash Equivalents**						
	Cash on Hand	7.20	8.42	11.61	11.34	11.80	8.32
	Balances with Banks in Current Accounts	10,347.52	1,658.65	457.63	236.16	610.97	105.91
	Fixed deposit upto maturity of three months	2,200.00	-	-	-	-	-
		12,554.72	1,667.07	469.24	247.50	622.77	114.23
16.2	**Other Bank Balances**						
	Fixed Deposits with original maturity of more than three months upto twelve months	7,200.00	-	1,521.42	268.91	500.41	-
	Fixed Deposits with original maturity of more twelve months	-	818.29	940.76	867.81	157.21	-
		19,754.72	2,485.36	2,931.42	1,384.22	1,280.39	114.23

17	SHORT-TERM LOANS AND ADVANCES	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
	Loan Against Deposits (Secured)	39.74	40.30	93.62	11.76	16.34	6.88
	Advances Recoverable in Cash or Kind (Unsecured, Considered Good)	171.87	95.19	44.87	10.63	15.33	9.48
	Advance Income Tax [Net of Provision for Taxation]	57.90	35.76	41.29	62.22	81.48	59.58
		269.51	171.25	179.78	84.61	113.15	75.94

18	OTHER CURRENT ASSETS	As at 30-June-16 Rs. in Mn	As at 31-Mar-16 Rs. in Mn	As at 31-Mar-15 Rs. in Mn	As at 31-Mar-14 Rs. in Mn	As at 31-Mar-13 Rs. in Mn	As at 31-Mar-12 Rs. in Mn
	Current Maturities of Long-Term Loans & Advances (Secured, Refer Note 13)	17,608.99	15,537.07	24,091.11	19,241.85	12,112.36	1,742.65
	Installments Due from Borrowers (Secured)	400.57	235.60	280.31	263.72	202.41	216.91
	Interest accured & due from borrowers	226.77	209.96	-	-	-	-
	Stock of Acquired Properties (Held for sale or disposal) [Net of Provision for Diminution in Value]	892.16	838.11	348.47	137.65	320.25	265.13
	Interest Accrued on Investments	290.60	239.38	253.11	146.54	110.57	100.75
	Interest Accrued but not Due on Loans	956.57	709.01	52.84	-	-	-
	Other Receivable	1.87	6.15	-	-	-	-
	Interest accrued but not due on deposit	19.26					
	Prepaid Expenses (Refer Note 14)	1,244.87	1,323.48	700.74	179.26	98.52	30.93
		21,641.66	19,098.76	25,726.58	19,969.02	12,844.11	2,356.37

19	REVENUE FROM OPERATIONS	For the Period Ended 30-June-16 Rs. in Mn	For the Year ended 31-Mar-16 Rs. in Mn	For the Year ended 31-Mar-15 Rs. in Mn	For the Year ended 31-Mar-14 Rs. in Mn	For the Year ended 31-Mar-13 Rs. in Mn	For the Year ended 31-Mar-12 Rs. in Mn
	INTEREST INCOME						
	i) Interest on Loans	7,865.11	24,600.26	15,976.36	10,011.14	6,063.27	4,191.10
	ii) Interest on Investments	**254.36**	831.47	729.25	547.50	281.52	242.59
	iii) Other Interest	1.03	8.87	2.81	0.44	1.23	1.16
		8,120.50	25,440.60	16,708.42	10,559.08	6,346.02	4,434.85
	Fees & Other Charges	282.52	829.05	491.61	268.50	143.30	98.47
	Surplus from deployment of funds in Cash Management Schemes of Mutual Funds	**12.84**	142.06	198.93	115.41	36.92	41.72
	Profit / (Loss) on Sale of Investment	**38.66**	99.99	156.81	94.95	42.51	7.73
	Interest Income on Income Tax Refund	-	6.26	-	-	-	-
	Provision for Contingencies Written Back	-	-	-	-	-	-
	Other Operating Income	179.84	477.47	248.06	165.28	94.27	27.23
		8,634.36	26,995.43	17,803.83	11,203.22	6,663.02	4,610.00

20	INTEREST EXPENSES AND OTHER CHARGES	For the Period Ended 30-June-16 Rs. in Mn	For the Year ended 31-Mar-16 Rs. in Mn	For the Year ended 31-Mar-15 Rs. in Mn	For the Year ended 31-Mar-14 Rs. in Mn	For the Year ended 31-Mar-13 Rs. in Mn	For the Year ended 31-Mar-12 Rs. in Mn
	Interest on :						
	Term Loans	1,026.77	4,000.44	5,131.00	4,014.82	2,275.11	1,592.53
	Compulsorily Convertible Debentures	-	-	-	-	18.55	95.64
	Non-Convertible Debentures	2,098.17	5,781.42	3,527.53	2,484.10	1,666.86	1,196.01
	Commercial Paper	1,118.06	2,266.63	579.08	108.01	10.85	15.14
	Deposits	1,589.94	5,827.50	2,966.24	1,323.84	600.17	234.66
		5,832.94	17,875.99	12,203.85	7,930.77	4,571.54	3,133.98
	Other Charges:						
	Brokerage on Deposits	78.11	223.93	146.06	57.32	30.54	6.90
	Fee and other expenses	167.03	496.80	291.51	26.00	10.34	-
	Bank Charges	1.80	6.13	7.01	1.90	7.08	3.10
		246.94	726.86	444.58	85.22	47.96	10.00
		6,079.88	18,602.85	12,648.43	8,015.99	4,619.50	3,143.98

21	EMPLOYEE BENEFIT EXPENSE	For the Period Ended 30-June-16 Rs. in Mn	For the Year ended 31-Mar-16 Rs. in Mn	For the Year ended 31-Mar-15 Rs. in Mn	For the Year ended 31-Mar-14 Rs. in Mn	For the Year ended 31-Mar-13 Rs. in Mn	For the Year ended 31-Mar-12 Rs. in Mn
	Salaries and Allowances	207.10	704.99	629.02	373.65	240.06	146.97
	Contribution to Provident Fund & Other Funds	10.32	35.07	28.17	20.26	11.09	7.23
	Staff Welfare Expenses	3.73	12.77	13.44	10.10	3.05	-
		221.15	752.83	670.63	404.01	254.20	154.20

22	OFFICE OPERATING EXPENSES	For the Period Ended 30-June-16 Rs. in Mn	For the Year ended 31-Mar-16 Rs. in Mn	For the Year ended 31-Mar-15 Rs. in Mn	For the Year ended 31-Mar-14 Rs. in Mn	For the Year ended 31-Mar-13 Rs. in Mn	For the Year ended 31-Mar-12 Rs. in Mn
	Rent	42.58	146.24	114.52	70.41	45.78	28.49
	Rates & Taxes	0.72	3.41	0.52	1.05	1.12	0.21
	Repairs & Maintenance - Building	2.06	8.28	7.29	7.14	3.03	0.33
	Office Maintenance	2.14	6.74	7.71	5.25	9.19	4.24
	Registration and Filing Fees	0.36	1.66	3.85	7.90	3.45	3.42
	Electricity and Water Charges	13.91	41.47	29.91	19.61	12.01	6.64
	General Office Expenses	70.27	237.49	170.47	74.99	47.30	31.59
	Insurance Charges	0.23	2.49	1.27	0.25	0.52	0.25
	Travelling & Conveyance	10.44	33.14	47.85	30.02	28.22	16.56
	Printing & Stationery	6.04	25.57	22.09	10.85	8.14	4.56
	Postage & Telephone	11.72	57.83	42.59	27.22	15.04	6.75
		160.47	564.32	448.07	254.69	173.80	103.04

23	OTHER EXPENSES	For the Period Ended 30-June-16 Rs. in Mn	For the Year ended 31-Mar-16 Rs. in Mn	For the Year ended 31-Mar-15 Rs. in Mn	For the Year ended 31-Mar-14 Rs. in Mn	For the Year ended 31-Mar-13 Rs. in Mn	For the Year ended 31-Mar-12 Rs. in Mn
	Legal Expenses	40.71	114.14	66.21	24.11	31.53	6.02
	Professional Charges	44.47	146.40	115.89	117.86	65.47	46.09
	Advertisement & Publicity	52.73	230.61	117.72	54.60	21.50	9.21
	Cost of Loan Acquisition	215.49	514.71	308.37	189.64	71.36	23.13
	Director's Sitting Fee	0.71	4.56	1.30	0.67	0.47	0.51
	Auditors Remuneration						
	- Audit Fees	-	1.24	1.11	1.11	0.90	0.73
	- Tax Audit Fees	-	0.48	0.42	0.42	0.32	0.28
	- Other Certifications work	0.14	1.17	1.17	0.58	0.48	0.39
	- Reimbursement of Expenses	-	0.01	0.04	0.48	0.58	0.65
	Loss on sale of Fixed Assets	-	1.18	2.21	2.55	0.60	0.31
	CSR expenses (Refer Note 31)	15.00	39.80	-	-	-	-
	Fixed Assets Discarded/Written Off	-	-	-	-	-	-
	Miscellaneous Expenses	5.31	16.66	13.87	9.26	0.46	0.29
		374.56	1,070.96	628.31	401.28	193.67	87.61

NOTE 24
Disclosure required by National Housing Bank

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank.

a) Capital Risk Assets Ratio(CRAR)

Particular	30-Jun-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
	13.04	12.68	13.29	12.55	13.65	17.19
CRAR – Tier I Capital (%)	8.40	9.02	9.94	9.52	9.01	10.93
CRAR – Tier II Capital (%)	4.64	3.66	3.35	3.03	4.63	6.26

On Inspection for FY 2012-13 and FY 2013-14, NHB has observed that NOF & CAR as at March 31, 2013 and March 31, 2014 was over stated on account of intangible assets deferred revenue expenditure, short provisioning due to wrong asset classification, negative amortisation, incorrect application of discount on subordinate debts and non-provisioning on loan against deposits. The Company has made necessary rectifications and accordingly the CRAR as at March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 has been restated.

b) Exposure to Real Estate Sector

(Rs. in Millions)

Sr. No.	Particulars	As at 30-Jun-16	As at 31-Mar-16	As at 31-Mar-15	As at 31-Mar-14	As at 31-Mar-13	As at 31-Mar-12
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.	252,321.22	225,549.72	143,404.50	95,792.90	63,501.00	38,803.90
	Out of which Individual Housing Loans up to ₹ 15 lacs	21,085.03	21,420.00	10,675.50	10,525.30	12,084.40	12,241.40
	B. Commercial Real Estate:	56,250.00	46,458.56	24,788.70	10,119.10	2,693.30	892.70
	Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits						
	C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	Nil	Nil	Nil	Nil	Nil	Nil
	i) Residential						
	ii) Commercial Real Estate						
ii)	**Indirect Exposure**						
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil	Nil	Nil	Nil	Nil

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

c) Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010. During the current year, the company has:

i) Not been imposed any penalty by National Housing Bank; and

ii) During the course of Inspection FY 2012-13 and FY 2013-14, NHB has made certain observations. Most of the observations were routine in nature except with reference to the calculation of CRAR as explained above.

d) Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding prepayments and renewals as prescribed by the National Housing Bank (NHB). Maturity pattern of certain items of assets and liabilities is as follows:

As at 30 June 2016 (Rs. in Millions)

Particular	1 day to 30-31 days (one 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 to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Bank Borrowings	5,361.80	3,485.90	3,431.80	1,592.02	5,503.86	13,111.93	14,765.49	12,597.21	6,035.43	1,515.00	**67,400.43**
Market Borrowings	28,030.08	24,768.36	9,812.80	3,819.60	5,536.28	52,292.96	56,976.94	38,793.48	11,344.82	1,683.78	**233,059.11**
Assets											
Net Advances	7,557.60	7,357.50	7,163.00	20,376.30	36,191.80	99,408.80	54,262.70	30,489.43	23,031.40	23,568.47	**309,407.00**
Investments	2,755.70	1,000.00	800.00	2,600.00	4,518.20	3.00	135.50	779.20	7,400.80	365.90	**20,358.30**

As at 31 March 2016 (Rs. in Millions)

Particular	1 day to 30-31 days (one 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 to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Bank Borrowings	7837.10	200.00	0.00	2686.12	5364.53	9647.44	11193.99	4409.95	3387.93	1600.00	**46,327.06**
Market Borrowings	1273.51	37730.65	13691.90	5237.77	3508.30	41343.69	50666.62	46015.49	14019.14	1721.45	**215,208.52**
Assets											
Net Advances	5395.03	5301.76	5210.46	15102.50	27985.52	88216.51	45100.08	28605.22	24741.44	26349.77	**272,008.29**
Investments	5710.09	0.50	3192.13	-	302.78	3.99	8.39	539.16	6919.79	364.21	**17,041.04**

As at 31 March 2015 (Rs. in Millions)

Particular	1 day to 30-31 days (one 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 to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Bank Borrowings	3,642.91	200.00	800.00	4,953.57	6,766.36	20,859.82	13,201.75	3,853.54	3,613.54	-	**57,891.49**
Market Borrowings	2,280.43	5,892.20	8,883.11	6,833.93	13,942.04	30,053.60	14,507.70	5,015.10	22,216.16	-	**109,624.27**
Assets											

Net Advances	2,152.87	2,125.32	2,098.11	6,134.57	11,580.26	38,324.45	28,131.93	20,650.14	21,150.73	35,844.78	**168,193.16**
Investments	13,668.50	1.88	-	186.43	1,524.02	1,064.36	7.81	121.74	1,747.19	-	**18,321.93**

As at 31 March 2014 (Rs. in Millions)

Particular	**1 day to 30-31 days (one 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 to 7 years**	**Over 7 years to 10 years**	**Over 10 years**	**Total**
Liabilities											
Bank Borrowings	2,047.54	214.31	1,514.43	5,162.62	5,647.29	19,607.29	11,179.40	2,524.38	2,884.42	-	**50,781.68**
Market Borrowings	750.20	154.06	168.68	947.07	4,905.50	10,457.70	9,271.52	2,013.49	22,952.96	1.45	**51,622.63**
Assets											
Net Advances	1,821.03	1,718.72	1,690.36	4,905.56	9,106.22	28,557.14	19,155.76	12,849.44	11,797.70	14,310.17	**105,912.10**
Investments	2,132.06	268.91	1,650.03	1,650.03	-	1,018.43	3.98	8.48	859.53	-	**7,591.45**

As at 31 March 2013 (Rs. in Millions)

Particular	1 day to 30-31 days (one 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 to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Bank Borrowings	2,460.00	200.00	500.00	2,350.00	4,240.00	15,910.00	6,700.00	460.00	790.00	2,480.00	**36,090.00**
Market Borrowings	210.00	50.00	70.00	400.00	3,250.00	6,510.00	4,990.00	1,540.00	14,500.00	-	**31,520.00**
Assets											
Net Advances	220.00	230.00	220.00	640.00	1,490.00	4,900.00	5,420.00	5,840.00	9,260.00	37,970.00	**66,190.00**
Investments	2,450.00	20.00	350.00	3,040.00	1,490.00	150.00	310.00	-	120.00	-	**7,930.00**

As at 31 March 2012 (Rs. in Millions)

Particular	1 day to 30-31 days (one 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 to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Bank Borrowings	2,260.00	-	530.00	1,600.00	2,480.00	8,550.00	4,700.00	190.00	80.00	-	**20,390.00**
Market Borrowings	90.00	60.00	1,410.00	440.00	2,320.00	3,470.00	4,180.00	400.00	6,150.00	300.00	**18,820.00**
Assets											
Net Advances	170.00	140.00	140.00	420.00	870.00	2,840.00	2,840.00	3,100.00	5,030.00	24,000.00	**39,550.00**
Investments	3,250.00					100.00		310.00	120.00	-	**3,780.00**

NOTE 25
RELATED PARTY TRANSACTION

As per the Accounting Standard on 'Related Party Disclosures' (AS 18), notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

Sr. No.	Category of related parties	30-Jun-16	2015-16	2014-15	2013-14	2012-13	2011-12
1	Holding company*	Punjab National Bank	Punjab National Bank	Punjab National Bank	Punjab National Bank	Punjab National Bank	Punjab National Bank
2	Fellow subsidiary*	PNB Gilts Limited	PNB Gilts Limited	PNB Gilts Limited	PNB Gilts Limited	PNB Gilts Limited	PNB Gilts Limited
		Punjab National Bank (International) Ltd., UK	Punjab National Bank (International) Ltd., UK	Punjab National Bank (International) Ltd., UK	Punjab National Bank (International) Ltd., UK	Punjab National Bank (International) Ltd., UK	Punjab National Bank (International) Ltd., UK
		PNB Investment Services Limited	PNB Investment Services Limited	PNB Investment Services Limited	PNB Investment Services Limited	PNB Investment Services Limited	PNB Investment Services Limited
		Druk PNB Bank Ltd, Bhutan	Druk PNB Bank Ltd, Bhutan	Druk PNB Bank Ltd, Bhutan	Druk PNB Bank Ltd, Bhutan	Druk PNB Bank Ltd, Bhutan	Druk PNB Bank Ltd, Bhutan
		PNB Insurance Broking Private Limited (Refer Note 25a)	PNB Insurance Broking Private Limited (Refer Note 25a)	PNB Insurance Broking Private Limited (Refer Note 25a)	PNB Insurance Broking Private Limited (Refer Note 25a)	PNB Insurance Broking Private Limited (Refer Note 25a)	PNB Insurance Broking Private Limited (Refer Note 25a)
		-	JSC SB PNB Kazakhstan (upto March 9, 2016)	JSC SB PNB Kazakhstan	JSC SB PNB Kazakhstan	JSC SB PNB Kazakhstan	JSC SB PNB Kazakhstan
		-	-	-	PNB life insurance company limited (Refer Note 25b)	PNB life insurance company limited	PNB life insurance company limited
3	Enterprise having Significant Control	Destimoney Enterprises Limited	Destimoney Enterprises Limited	Destimoney Enterprises Limited	Destimoney Enterprises Private Limited	Destimoney Enterprises Private Limited	Destimoney Enterprises Private Limited
4	Key management personnel	Shri Sanjaya Gupta (Managing Director)	Shri Sanjaya Gupta (Managing Director)	Shri Sanjaya Gupta (Managing Director)	Shri Sanjaya Gupta (Managing Director)	Shri Sanjaya Gupta (Managing Director)	Shri Sanjaya Gupta (Managing Director)
		Shri Sanjay Jain (Company Secretary)	Shri Sanjay Jain (Company Secretary)	Shri Sanjay Jain (Company Secretary)	Shri Sanjay Jain (Company Secretary & Chief Financial Officer upto 22.08.2014)	Shri Sanjay Jain (Company Secretary & Chief Financial Officer)	Shri Sanjay Jain (Company Secretary & Chief Financial Officer)
		Shri Jayesh Jain (Chief Financial Officer)	Shri Jayesh Jain (Chief Financial Officer)	Shri Jayesh Jain (Chief Financial Officer)	Shri Jayesh Jain (Chief Financial Officer From 22.08. 2014)	-	-

* State Controlled Enterprises

Note 25a : Steps are being taken for winding up of the company as the license has already been surrendered on 14.02.2011.

Note 25b : PNB Life Insurance Company wound up as per Hon'ble High Court order dated 16.04.2013.

25.1 Transactions with Related Parties

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:

(Rs. in Millions)

Nature of transaction	30-Jun-16	2015-16	2014-15	2013-14	2012-13	2011-12
Holding company						
Interest on FD		45.05	-	-	-	8.61
Servicing Fees	7.75	53.19	15.57	-	-	-
Rent	0.92	3.65	4.40	3.49	3.12	3.53
Bank Charges	1.80	5.43	3.15	1.70	3.11	2.44
Interest on OD A/c & Term Loan	159.94	931.45	1,512.03	1,256.99	780.21	677.53
Dividend on Equity Shares (on payment basis)	-	133.93	76.89	55.55	48.84	48.84
Directors sitting Fees	0.10	1.17	0.46	0.26	0.16	0.19
Processing Fees on Term Loan	-	-	-	2.25	-	-
Issues of Equity Shares under Rights Issue and payment of Call Money	-	1,529.99	1,529.99	2,039.99	-	-
Issue of bonus shares	-	-	-	-	33.00	
Interest & other charge on Direct Assignment	97.72	455.77	879.05	-	-	-
Enterprise having Significant Control						
Commission	-	13.00	33.94	52.61	51.18	19.23
Dividend on Equity Shares (on payment basis)	-	107.11	73.50	47.07	17.16	17.16
Issues of Equity Shares under Rights Issue and payment of Call Money	-	1,470.00	3,430.00	-	-	-
Interest on CCD	-	-	-	-	18.55	99.70
Conversion of CCDs into equity shares	-	-	-	-	1,373.24	-
Issue of bonus shares	-	-	-	-	31.71	-
Issue of compulsorily convertible debenture	-	-	-	-	-	-
Board meeting affairs & coveyance	-	-	-	-	-	-
Key Managerial Personnel						
Remuneration to Key Managerial Personnel	4.43	24.22	16.77	11.16	8.44	4.67
Closing balances						
Holding Company (Punjab National Bank) :-						
Assets						
Bank Balance	9,263.90	617.84	28.07	202.94	610.97	105.91
Deposit with Bank	-	-	500.00	-	-	-
PNB CD	-	-	-	-	-	328.55
Equity and Liabilities	-	-	-	-	-	-
Term Loan	6,300.00	6,300.00	16,633.33	18,409.69	15,043.54	9,657.76
Overdraft	7,260.27	8,987.47	1,609.57	-	-	-
Direct Assignment with PNB	3,578.92	3,776.29	4,779.06	-	-	-
Share Capital Held by PNB & Its nominees	647.31	647.31	529.61	411.92	255.00	222.00
Interest payable on overdraft	-	20.36	-	-	-	-
Destimoney Enterprises Limited:-						
Share Capital Held by DEL & Its nominees	621.92	621.92	508.85	24.50	24.50	7.80

NOTE 26

OPREATING LEASE

In accordance with the Accounting Standard on 'Leases' (AS 19), notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of Operating Leases are made. The Company has acquired properties under non-cancellable operating leases for periods ranging from 12 months to 60 months. The total minimum lease payments for the current year, in respect thereof, included under Rent. The future minimum lease payments in respect of properties taken under non-cancellable operating lease are as follows:

Period	As at 30-Jun-16	As at 31-Mar-16	As at 31-Mar-15	As at 31-Mar-14	As at 31-Mar-13	As at 31-Mar-12
	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Not later than one year	111.42	108.71	93.89	52.03	25.73	32.37
Later than one year but not later than 5 years	82.11	88.37	133.80	61.88	33.55	117.51
More than five years	Nil	Nil	Nil	Nil	Nil	Nil

NOTE 27

In accordance with the Accounting Standard on ‘Earnings Per Share’ (AS 20), the Earnings Per Share is as follows:

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	**Unit**	**30-Jun-16**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
a. Amount used as the numerator for Basic EPS Profit after tax	(Rs. in Million)	960.28	3,275.66	1,940.70	1,296.97	928.20	774.46
b. Weighted average number of equity shares for Basic EPS	Number	126,923,000	118,786,817	80,346,855	50,128,978	47,479,452	36,470,589
c. Weighted average number of equity shares for Diluted EPS	Number	126,923,000	118,786,817	80,346,855	50,128,978	50,000,000	50,000,000
d. Nominal value per share	(in Rs.)	10	10	10	10	10	10
e. Earnings per share							
-Basic (a/b)	(in Rs.)	7.57	27.58	24.15	25.87	19.55	21.24
-Diluted (a/c)	(in Rs.)	7.57	27.58	24.15	25.87	18.81	16.83

NOTE 28

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 Corporation revolve around the main business. 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.

NOTE 29

CONTINGENT LIABILITIES AND COMMITMENTS

As of 30 June 2016

i) Contingent liability in respect of Income-tax and Interest-tax demands of ₹ 50.32 millions Lacs is disputed by the Company and are under appeal. The Company expects to succeed in these matters before appellate authority and hence no additional provision is considered necessary. Against the said demand, ₹ 81.411 millions has been paid / adjusted and will be received as refund if the matters are decided in favour of the Company.

ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 171.084 millions.

iii) Claims against the Company not acknowledged as debt is ₹ Nil.

NOTE 30

Disclosure in respect of Leave Encashment Liability

Sr. No.	Changes in the benefit obligation	As at 31-Mar-16 ₹ in Million	As at 31-Mar-15 ₹ in Million	As at 31-Mar-14 ₹ in Million	As at 31-Mar-13 ₹ in Million	As at 31-Mar-12 ₹ in Million
a)	Liability at the beginning of year	41.07	21.84	16.92	14.10	11.37
b)	Interest cost	3.18	1.86	1.35	1.13	0.61
c)	Current service cost	21.64	15.02	7.29	6.76	7.64
d)	Benefits paid	(6.10)	(3.97)	(3.16)	(3.07)	(8.79)
e)	Actuarial (gain)/loss on obligation	4.30	6.32	(0.56)	(2.01)	3.27
f)	Liability at the end of year	64.10	41.07	21.84	16.92	14.10

Sr. No.	Amounts recognised in balance sheet	As at 31-Mar-16 ₹ in Million	As at 31-Mar-15 ₹ in Million	As at 31-Mar-14 ₹ in Million	As at 31-Mar-13 ₹ in Million	As at 31-Mar-12 ₹ in Million
a)	Present value of obligation as at the end of the period	64.10	41.07	21.84	16.92	14.10
b)	Net asset / (liability)recognized in balance sheet	(64.10)	(41.07)	(21.84)	(16.92)	(14.10)
					-	-

Sr. No.	Expense recognized in the statement of profit and loss	As at 31-Mar-16 ₹ in Million	As at 31-Mar-15 ₹ in Million	As at 31-Mar-14 ₹ in Million	As at 31-Mar-13 ₹ in Million	As at 31-Mar-12 ₹ in Million
a)	Current service cost	21.64	15.02	7.29	6.76	7.64
b)	Interest cost	3.18	1.56	1.35	1.13	0.61
c)	Net actuarial (gain)/ loss recognized in the period	4.30	6.32	(0.56)	(2.01)	3.27
d)	Expenses recognized in the statement of profit & losses	29.12	23.20	8.08	5.88	11.53
					-	-

Sr. No.	Movement in the liability recognized in the balance sheet	As at 31-Mar-16 ₹ in Million	As at 31-Mar-15 ₹ in Million	As at 31-Mar-14 ₹ in Million	As at 31-Mar-13 ₹ in Million	As at 31-Mar-12 ₹ in Million
a)	Liability at the beginning of year	41.07	21.84	16.92	14.10	11.37
b)	Expense as above	29.12	23.20	8.08	5.88	11.53
c)	Benefits paid	(6.10)	(3.97)	(3.16)	(3.07)	(8.79)
d)	Liability at the end of year	64.10	41.07	21.84	16.92	14.10

Sr. No.	Assumptions	As at 31-Mar-16	As at 31-Mar-15	As at 31-Mar-14	As at 31-Mar-13	As at 31-Mar-12
a)	Discounting Rate	8.00%	7.75%	8.50%	8.00%	8.75%
b)	Future salary Increase	7.75%	7.75%	8.50%	8.00%	7.50%
c)	Retirement Age (Years)	60	60	60	60	60
d)	Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (1994 - 96)	

NOTE 31

Corporate Social Responsibility Activities

During the year, the Company has spent / provisioned ₹ 150.00 Lacs towards Corporate Social Responsibility (CSR) under section 135 of Companies Act, 2013 and rules thereon. In terms of clarification issued by the Institute of Chartered Accountants of India in the financial year ended March 31, 2016 same has been charged to statement of Profit and Loss while during previous year CSR expenses of ₹ 269.58 Lacs had been appropriated from previous year's profits.

NOTE 32

There are no indications which reflects that any of the assets of the Company had got impaired from its potential use and therefore no impairment loss was required to be accounted in the current year as per Accounting Standard on 'Impairment of Assets' (AS 28) notified by the Companies(Accounting Standards) Rules, 2006.

NOTE 33

Previous years figures have been rearranged / regrouped wherever necessary to correspond with Current period's classification disclosure.

Note 34: Statement of Dividend declared by the Company

Class of shares	30-Jun-16	2016	2015	2014	2013	2012
Equity share Face value per equity share (in Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
-Final Dividend (%)	NA	34%	30%	30%	25%	22%
-Final Dividend (in million)	NA	403.88	241.04	150.39	102.61	66.00
-Dividend tax (%)	NA	20.36%	20.36%	17.00%	17.00%	16.22%
-Dividend tax on Final Dividend (in million)	NA	82.22	49.07	25.56	17.44	10.71
-Dividend per share (in Rs.)	NA	3.40	3.00	3.00	2.50	2.20

Note 35: Statement of Accounting Ratios

Particulars	30-Jun-16	2016	2015	2014	2013	2012
Earnings per share (Rs.)						
-Basic (a/c)	7.57	27.58	24.15	25.87	19.55	21.24
-Diluted (b/d)	7.57	27.58	24.15	25.87	18.81	16.83
Return on net worth %	4.38%	17.60%	15.45%	16.71%	18.24%	21.22%
Net asset value per equity share (Rs.)	176.52	168.96	152.03	142.20	123.61	133.30
Weighted average number of equity shares outstanding during the year/period	126,923,000	118,786,817	80,346,855	50,128,978	47,479,452	36,470,589
Total number of shares outstanding at the end of the year	126,923,000	126,923,000	103,846,100	65,692,280	50,000,000	30,000,000

Note 36: Statement of Other Income **(Rs. In Million)**

Particulars	30-Jun-16	2016	2015	2014	2013	2012
Miscellaneous Income	172.09	424.33	232.50	165.28	94.27	27.23
Servicing Fees	7.75	53.14	15.57	-	-	-
Total	**179.84**	**477.47**	**248.06**	**165.28**	**94.27**	**27.23**

Note 37: Capitalisation Statement of the the Company

Particulars	30-Jun-16	2016	2015	2014	2013	2012
Short term debt	83,084.10	74,484.10	34,472.65	4,520.80	2,073.30	567.20
Long term debt	217,375.37	187,104.57	133,043.06	97,883.52	65,520.51	38,327.68
Total debt	**300,459.47**	**261,588.67**	**167,515.71**	**102,404.32**	**67,593.81**	**38,894.88**
Shareholders' funds						
- Share capital	1,269.23	1,269.23	1,038.46	656.92	500.00	300.00
- Reserves (excluding revaluation reserve)	21,135.55	20,175.27	14,748.81	8,684.46	5,680.36	3,698.98
Total shareholders' funds	**22,404.78**	**21,444.50**	**15,787.27**	**9,341.38**	**6,180.36**	**3,998.98**
Long term debt/equity	9.70	8.73	8.43	10.48	10.60	9.58

Note 38 : Summary Statement of Adjustments to Audited Financial Information

(Rs. In Millions)

	Particulars	Note Ref	For the Period ended 30 June 2016	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
	Net Profit / (Loss) for the year (as per audited accounts) (A)		**959.00**	**3,264.76**	**1,961.11**	**1,274.42**	**915.09**	**752.02**
	Restatement Adjustments							
	Increase / (decrease) in net profits for restatement adjustments:							
(i)	Income from Loan Processing/ Management fees	38.1	5.69	29.49	36.56	43.06	48.57	(20.64)
(ii)	Brokerage Cost	38.2			-	(4.47)	(5.58)	6.53
(iii)	Loan Origination/Acquisition Cost	38.3	(3.69)	(17.60)	(19.28)	(20.89)	(22.32)	43.39
(iv)	Depreciation	38.4			(30.54)	15.83	6.86	1.45
(v)	Loss on Sale of Fixed Assets	38.4			-	(1.11)	(0.51)	(0.39)
	Total effect of adjustments before tax (B)		**2.00**	**11.89**	**(13.26)**	**32.42**	**27.02**	**30.34**
(vii)	**Tax Adjustments**	38.5						
	- Current Tax		(0.00)	(0.16)	(16.66)	(6.82)	2.83	(2.12)
	- Deferred Tax		(0.72)	(14.34)	9.51	(9.55)	(10.24)	(5.78)
	- Earlier Years Taxes		-	13.52	-	6.50	(6.50)	-
	Total of tax adjustments (C.)		**(0.72)**	**(0.99)**	**(7.15)**	**(9.87)**	**(13.91)**	**(7.90)**
	Net effect of increase in profit/ (loss) on adjustments after tax (D) = (B + C)		**1.28**	**10.90**	**(20.41)**	**22.55**	**13.11**	**22.44**
	Net Profit / (Loss) for the year as restated (E) = (A + D)		**960.28**	**3,275.66**	**1,940.70**	**1,296.97**	**928.20**	**774.46**

38.1 **Income from Loan Processing/Management fees**

Upto the financial year ended March 31, 2012, the Company recognised Income from Loan Processing / Management fees on receipt basis. From the financial year ended March 31, 2013, the Company changed its accounting policy and recognised income from Loan Processing / Management fees over the average tenure of the loan, being the life of loan. Accordingly, income has been recomputed and adjusted based on the current policy and effect of those changes arised prior to April 01, 2011 has been directly adjusted from opening balance of surplus in the profit and loss account as on April 01, 2011 and thereafter adjusted to statement of profit and loss of respective years.

38.2 **Brokerage Cost**

Brokerage costs directly attributable to a borrowing was charged to profit & loss account in the year it incurred upto the financial year ended March 31, 2012. From the financial year ended March 31, 2013, the Company changed its accounting policy and amortised the same over the period of borrowing. For the purpose of restating the Audited Financial Statements, the costs has been recomputed retrospectively and the excess costs of Rs. 3.53 millions charged to the Profit and Loss account under old policy upto financial year ended March 31, 2011 was credited to the opening balance of surplus in profit & loss account as on April 1, 2011.

38.3 **Loan Origination / Acquisition Cost**

All direct costs incurred for the Loan Origination / Acquisition was charged to profit & loss account in the year it incurred upto the year ended March 31, 2012. From the financial year ended March 31, 2013, the Company changed its accounting policy and amortised the same over the average tenure of the loan. For the purpose of restating the Audited Financial Statements, the costs has been recomputed retrospectively and the excess costs of Rs. 61.00 millions charged to the Profit and Loss account under old policy upto financial year ended March 31, 2011 was credited to the opening balance of surplus in profit & loss account as on April 1, 2011.

38.4 **Depreciation**

Upto the year ended March 31, 2014, the Company has accounted for depreciation on tangible assets as per written down value method at the rates mentioned as per the Schedule XIV of the Companies Act, 1956. During the financial year 2014-15, the Company has changed the method of accounting for depreciation to straight line method, in view of change in Companies Act, by applying the rates based on estimated useful life of the assets. For the purpose of restating the Audited Financial Statements, the depreciation has been recomputed retrospectively in accordance with Accounting Standard-6 'Depreciation Accounting' and the resultant excess depreciation of Rs. 14.33 millions charged to the Profit and Loss account under the written-down value method upto financial year ended March 31, 2011 was credited to the opening balance of surplus in profit & loss account as on April 1, 2010. Further, due to change in policy, the amount debited to profit & loss account for loss on sale of fixed assets has been recomputed and adjusted based on the revised policy.

38.5 **Provision for taxation**

In Profit & Loss account for the year ended 31 March, 2014, the amount of Rs. 6.50 millions has been provided for, in respect of excess income tax pertaining to financial year 2012-13. For the purpose of restatement, such excess income tax has been provided in the financial year 2012-13. Further, in Statement of Profit and Loss for the year ended March 31, 2016, an amount of Rs. 13.52 million has been provided for pertaining to financial year 2014-15. For the purpose of restatement, such excess income tax has been provided in the financial year 2014-15. Also, Income Tax (current and deferred tax) has been computed after considering adjustments made as detailed above and has been adjusted in the restated profits and losses for the respective years ended and in opening balance of surplus in profit & loss account as on April 1, 2011.

38.6 **Non-Adjustment Items**

Audit reservations / qualifications, which do not require any corrective adjustment in the financial information:

As on 31st March, 2016

As per requirement of clause (vii)(b) of CARO 2016

The following amounts have not been deposited as on 31st March, 2016 on account of any dispute:

Name of the Statute	Financial Year		Rs. In Millions	Forum where dispute is pending
Income Tax Act, 1961	2012-13		4.26	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	2011-12		41.52	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	2010-11		3.20	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	2009-10		1.11	ITAT
Income Tax Act, 1961	2008-09		0.23	ITAT
Total			**50.32**	

As on 31st March, 2015

As per requirement of clause (vii)(b) of CARO 2015

The following amounts have not been deposited as on 31st March, 2015 on account of any dispute:

Name of the Statute	Financial Year		Rs. In Millions	Forum where dispute is pending
Income Tax Act, 1961	2010-11		3.20	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	2011-12		41.52	Commissioner of Income tax (Appeals)
Total			**44.72**	

As per requirement of clause (xii) of CARO 2015

There have been few instances of loans becoming doubtful of recovery consequent upon fraudlent misrepresentation by borrowers, the amounts whereof are not material in the context and size of the Company and the nature of its business and which have been provided for.

As on 31st March, 2014

As per requirement of clause (ix)(b) of CARO 2003

No disputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31.3.2014 for the period more than six months from the date they become payable exept as mentioned below:

Name of the Statute	Financial Year		Rs. In Millions	Forum where dispute is pending
Income Tax Act, 1961	2008-09		4.34	Commissioner of Income tax (Appeals)
	2009-10		5.20	Commissioner of Income tax (Appeals)
	2010-11		12.07	Commissioner of Income tax (Appeals)
	2011-12		9.64	Commissioner of Income tax (Appeals)
Total			**31.25**	

As on 31st March, 2013

As per requirement of clause (ix)(c) of CARO 2003

There are no dues in respect of Service Tax, Wealth Tax and Cess which has not been deposited on account of any dispute, exept for Income Tax demand as given hereunder, which has not been deposited as the same is disputed.

Name of the Statute	Financial Year		Rs. In Millions	Forum where dispute is pending
Income Tax Act, 1961	2006-07		5.22	Commissioner of Income tax (Appeals)
	2007-08		7.45	Commissioner of Income tax (Appeals)
	2008-09		4.34	Commissioner of Income tax (Appeals)
	2009-10		5.20	Commissioner of Income tax (Appeals)
Total			**22.21**	

As on 31st March, 2012

As per requirement of clause (vii)(b) of CARO 2003

There are no dues in respect of Service Tax, Wealth Tax and Cess which has not been deposited on account of any dispute, however, Income Tax demand as given hereunder has not been deposited as the same is disputed.

Name of the Statute	Financial Year		Rs. In Millions	Forum where dispute is pending
Income Tax Act, 1961	2007-08		5.73	Commissioner of Income tax (Appeals)

As per requirement of clause (xvii) of CARO 2003

During the year ended on 31.03.2012, 2 Suspected Fraud cases involving a sum of Rs. 137 lacs have been noticed / reported to the Board of Directors / Audit Committee. Investigation & recovery action including taking possession of the underlying property is in progress and these accounts have been classified as NPA as per NHB Provisioning Norms.

Note 39 : Summary Statement of Adjustments to Surplus in the statement of Profit and Loss as at April 01, 2011

(Rs. In Millions)

	Particulars	**Amount**
	Surplus/ (Deficit) in the statement of Profit and Loss as at April 01, 2011 (Audited)	**93.69**
(i)	Income from Loan Processing/ Management fees (See note No. 38.1 above)	(170.08)
(ii)	Brokerage Cost (See Note No. 38.2 above)	3.52
(iii)	Loan Origination/Acquisition Cost (See Note No. 38.3 above)	61.00
(iv)	Depreciation (See Note No.38.4 above)	8.40
(v)	Provision for Taxation (See Note No. 38.5 above)	34.05
	Surplus/(Deficit) in the statement of Profit and Loss as at April 01, 2011 (Restated)	**30.58**

Note 40 : Statement of Tax shelter

(₹ in Millions)

Particulars	Jun-16	2016	2015	2014	2013	2012	2011
Profit before current and deferred taxes, as restated	1,473.82	5,042.80	2,944.50	1,789.84	1,287.44	1,056.18	947.35
Tax Rate on Business Income	34.61	34.61	33.99	33.99	32.45	32.45	33.22
Tax rate on Long term Capital Gains of shares/mutual funds which attract STT	-	-	-	-	-	-	-
Tax rate on Short term Capital Gains of shares/mutual funds which attract STT	17.30	17.30	17.00	16.22	16.22	16.22	16.61
Tax rate at normal rate	**510.06**	**1,745.21**	**1,000.84**	**608.37**	**417.71**	**342.68**	**314.69**
Adjustments							
Permanent Differences							
Expenses disallowed under section 37.	-	39.80	-	6.50	-	-	-
Donation under section 80G	-	(2.00)	(2.37)	-	-	-	-
Dividend exempt under section 10	-	-	-	(115.41)	(36.92)	(41.72)	(8.29)
Interest exempt under section 10	-	-	-	(8.33)	(8.69)	-	-
Sub Total (A)	**-**	**37.80**	**(2.37)**	**(117.24)**	**(45.61)**	**(41.72)**	**(8.29)**
Temporary Differences							
Profit/Loss on sale of fixed assets	-	1.18	2.21	2.55	0.60	0.31	11.17
Difference Unrealised interest under section 43D	30.23	(0.79)	(9.73)	(9.15)	(3.17)	(5.20)	2.00
Provision for doubtful debts disallowed	272.81	785.76	370.84	224.44	99.17	35.01	82.90
Difference between book depreciation and tax depreciation	16.45	(23.17)	15.11	(19.71)	(9.70)	(2.12)	(2.33)
Disallowance u/s 43B	-	24.73	17.90	58.53	22.45	18.60	3.33
Unamortised Processing fees offered to tax	91.94	249.38	194.95	134.14	129.95	20.63	43.51
Unamortised Loan Acquisition cost Expenses Allowed in Current Year	(239.92)	(758.27)	(545.06)	(339.62)	(271.91)	(43.39)	(22.80)
Provision for investment disallowed	11.23	20.81	9.42	-	-	-	-
Amount disallowed u/s 40	-	-	-	-	52.65	-	-
Amount allowed u/s 40	-	-	-	(52.65)	-	-	-
Deduction allowed u/s 36(1)(iii)	(178.00)	(584.00)	(305.85)	(180.87)	(154.19)	(140.13)	(128.82)
Amount allowed u/s 43B	-	-	-	-	(29.36)	-	-
Sub Total (B)	**4.74**	**(284.37)**	**(250.21)**	**(182.34)**	**(163.51)**	**(116.29)**	**(11.04)**
Net Adjustment (A+B)	**4.74**	**(246.57)**	**(252.58)**	**(299.58)**	**(209.12)**	**(158.01)**	**(19.33)**
Tax saving thereon	1.64	(85.33)	(85.85)	(101.83)	(67.85)	(51.27)	(6.42)
Actual tax paid/Tax provision as per restated financial	511.80	1,659.96	914.66	506.82	349.17	291.72	308.40

CAPITALIZATION STATEMENT AS ADJUSTED FOR THE OFFER

Set forth below is the post Issue details of the capitalization statement in relation to Note 37 of the Restated Financial Statements on page 236.

(*₹ in million*)

Particulars	As on June 30, 2016	Post IPO
Short Term Debt	83,084.10	83,084.10*
Long Term Debt	217,375.37	217,375.37*
Total Debt	**300,459.47**	**300,459.47***
Shareholders' Funds		
- Share Capital	1,269.23	1,656.57#
- Reserves (excluding revaluation reserve)	21,135.55	50,748.21#
Total shareholder funds	**22,404.78**	**52,404.78**
Long term Debt/equity	9.70	4.15

* Short term and Long term debt outstanding as on June 30, 2016 has been considered.

Shareholder's funds include fresh issue of shares pursuant to the IPO, and have been calculated using the following assumptions:

a. 250,000 Equity Shares reserved for employees will be allotted fully at the discounted price of ₹ 700 per share.
b. All Equity shares, other than those reserved for employees, will be allotted at the upper price band. i.e. ₹ 775 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Unless otherwise specifically mentioned, the following discussion should be read together with the information in the section titled "Summary Financial Information", and our restated audited financial statements as of and for the three months ended June 30, 2016 and as of and for the Fiscal Years ended March 31, 2016, 2015, 2014, 2013 and 2012 along with the related schedules thereto and the reports thereon, included in the section titled "**Financial Information**" on page 192. The financial statements in this Prospectus have been prepared in accordance with Indian GAAP and Accounting Standards 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 the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, and the SEBI ICDR Regulations and may differ in certain significant respects from generally accepted accounting principles in other countries, including IFRS and U.S. GAAP. Our Fiscal Year ends on March 31 of each year. Accordingly, references to "Fiscal Year 2012", "Fiscal Year 2013", "Fiscal Year 2014", "Fiscal Year 2015" and "Fiscal Year 2016" 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**" on pages 15 and 16, 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 fifth largest HFC in India by loan portfolio as of September 30, 2015 with the second largest amount of deposits in an HFC in India as of March 31, 2015, according to the IMaCS Report. Our parent and Promoter is PNB, one of the largest nationalised banks in India. Over the previous five years, we have implemented a BPR programme, which has contributed to us becoming the fastest growing HFC among the leading HFCs in India as of March 31, 2015, according to the IMaCS Report. Our loan portfolio grew at a CAGR of 61.76% from ₹39,696.63 million as of March 31, 2012 to ₹271,772.68 million as of March 31, 2016. As of June 30, 2016, our loan portfolio had further increased to ₹309,006.44 million.

We offer our customers "housing loans" for the purchase, construction, extension or improvement of residential properties or for the purchase of residential plots, and "non-housing loans" in the form of LAP to property-owning customers through mortgages over their existing property and any additional security, if required; NRPL for the purchase or construction of non-residential premises; LRD loans offered against rental receipts derived from lease contracts with commercial tenants; and CTLs, which are general purpose loans to developers and/or corporates for purposes of on-going projects or business needs. Our target customers for our housing loans are 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. We also offer housing loans in the form of construction finance loans to real estate developers of residential housing. As of June 30, 2016, our housing loans constituted 70.31% of our total loan portfolio and our retail housing loans constituted 86.52% of our total housing loan portfolio. The average loan size (at origination) of our retail housing loans as of June 30, 2016 was ₹3.18 million, with a weighted average LTV ratio (at origination) of 66.10%. As of June 30, 2016, our non-housing loans constituted 29.69% of our total loan portfolio and our retail non-housing loans accounted for 78.27% of our total non-housing loan portfolio. The average loan size (at origination) of our retail non-housing loans as of June 30, 2016 was ₹5.68 million, with an weighted average LTV ratio (at origination) of 46.49%.

We conduct our operations through an operating model which, as of March 31, 2016, included 47 branches across the northern, western and southern regions of India and 16 processing hubs (which include three co-located zonal offices) and our CSO in New Delhi. Our branches act as the primary point of sale and assist with the origination of loans, various collection processes, sourcing deposits and enhancing customer service, while our processing hubs and zonal offices provide support functions, such as loan processing, credit appraisal and monitoring, and our CSO supervises our operations nationally. Our ESS integrates all activities and functions within our organisation under a single technology and data platform, bringing efficiencies to our back-end processes and enabling us to focus our resources on delivering quality services to our customers. Our branches, processing hubs, zonal offices and CSO are supported by our COPS and CPC, which provide centralised and standardised back-end and administrative activities, payments and processing for our business, relying in turn on our ESS. Our distribution network included over 7,110 channel partners across different locations in India as of June 30, 2016, including our in-house sales team as well as external DMAs, deposit brokers and national aggregator relationships with reputed brands.

As of and for the three months ended June 30, 2016, our total borrowings were ₹300,459.47 million and our average cost of borrowings was 8.65% on an annualised basis. We have access to diverse sources of liquidity, such as term loans from banks and financial institutions, NCDs and other debt instruments, deposits, ECBs, commercial paper, refinancing from the NHB and unsecured, subordinated debt, to facilitate flexibility in meeting our funding requirements. As of June 30, 2016, our operations were principally funded by borrowings from banks and financial institutions, domestic debt markets, deposits and the NHB, which accounted for 12.40%, 52.82%, 24.75% and 10.04%, respectively, of our outstanding borrowings. In addition, due to our short-term and long-term credit ratings, we have access to certain fundraising opportunities in the capital markets. We also offer a broad range of deposit products of different tenures with various interest rate options. Our outstanding deposits (net of maturities) grew at a CAGR of 110.41% from ₹3,630.66 million as of March 31, 2012 to ₹71,158.51 million as of March 31, 2016. As of June 30, 2016, our outstanding deposits (net of maturities) had grown to ₹74,358.98 million.

Our gross NPAs, as a percentage of our total loan portfolio, were 0.20% as of March 31, 2015, which was the lowest among the leading HFCs in India, according to the IMaCS Report, and 0.27% as of June 30, 2016. As of June 30, 2016 and as of March 31, 2016, 2015 and 2014, our provisioning coverage ratio (i.e., the proportion of gross NPAs for which provisions had been made) was 30.77%, 36.25%, 66.82% and 51.47%, respectively. Our provisioning coverage ratio decreased in Fiscal Year 2016 and in the three months ended June 30, 2016, primarily because we decreased our provisions for NPAs to the minimum requirement under the NHB Directions. As of June 30, 2016, our overall CRAR and Tier I Capital CRAR were 13.04% and 8.40%, respectively, which provides protection to withstand business risks and exceeds the minimum requirements stipulated by the NHB. The table set forth below summarises certain of our other key operating and financial information as of and for the periods indicated below.

Operational and financial parameters	As of and for the three months ended June 30, 2016*	As of and for the Fiscal Years ended March 31, 2016	2015	2014
Revenue from operations *(in ₹ million)*	8,634.36	26,995.43	17,803.83	11,203.22
Profit after tax (*in ₹ million*)	960.28	3,275.66	1,940.70	1,296.97
Net interest income (*in ₹ million*)[1]	2,092.12	7,079.80	4,415.72	2,753.45
Net interest margin[2]	2.71%	2.98%	2.94%	2.93%
Average yield[3]	10.58%	10.80%	11.37%	11.45%
Average cost of borrowings[4]	8.65%	8.67%	9.26%	9.30%
Spread[5]	1.93%	2.13%	2.11%	2.15%
Cost to income ratio[6]	25.03%	25.69%	31.39%	30.14%
Return on average Assets[7]	1.19%	1.35%	1.27%	1.35%
Return on equity[8]	17.52%	17.60%	15.45%	16.71%
Gross NPAs to total loan portfolio	0.27%	0.22%	0.20%	0.32%
Provisioning coverage ratio[9]	30.77%	36.25%	66.82%	51.47%

** Wherever relevant,percentages and ratios as of and for the three months ended June 30, 2016 are presented on an annualised basis.*

1. *Net interest income, or "**NII**", represents total interest income less total interest expense (including brokerage on deposits, other ancillary cost and forward premium cost on ECBs).*
2. *Net interest margin, or "**NIM**", for any given period represents the ratio of NII to the average of interest-earning assets, expressed as a percentage.*
3. *Average yield refers to interest income for the period divided by average interest earning assets, expressed as a percentage.*
4. *Average cost of borrowings refers to finance cost for the period divided by average interest-bearing liabilities, expressed as a percentage.*
5. *Spread refers to difference between yield and cost of borrowings.*
6. *Cost to income ratio refers to the ratio of total operating expenses (including employee expenses, office operating expenses, other expenses (excluding loan origination costs), depreciation and amortisation expense) to our gross income (revenue from operations less finance cost and loan origination cost).*
7. *Return on average asset (after tax) is calculated by dividing the profit after tax for the period by the average total assets for the period.*
8. *Return on equity is calculated by dividing the profit after tax for the period by average shareholder's equity for the period, expressed as a percentage.*
9. *Provisioning coverage ratio reflects the ratio of provisions created for NPAs to gross NPAs.*

Financial Performance Indicators and Non-GAAP Financial Measures

We use a variety of financial indicators and ratios to measure and analyze our financial performance and financial condition from period to period and to manage our business. These financial indicators and ratios are defined by our management and are presented, along with a brief explanation, in "***Selected Statistical Information***" on page 111. While these financial indicators and ratios are widely used in our industry, they may not be comparable to similar financial indicators and ratios used by other HFCs or companies engaged in the financial services industry in India. Other companies may use different financial indicators and ratios or calculate these ratios differently, and similarly titled measures published by them may therefore not be comparable to ours. Several of these financial indicators and ratios are not defined under the Indian GAAP and therefore should not be viewed as substitutes for measures derived to calculate operational performance or profitability under Indian GAAP. Further, these financial measures and ratios have limitations as analytical tools, and should not be considered in isolation from, or as a substitute for, analysis of our historical performance, as reported and presented in our restated financial statements included in this Prospectus.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL PERFORMANCE AND FINANCIAL CONDITION

Our financial performance is subject to various risks and uncertainties, including those discussed in "***Risk Factors***" on page 16. Certain important factors that have affected and which may continue to affect our financial performance, financial condition and cash flows include the following:

Performance of the Indian economy as well as the real estate and housing finance sectors in India

We have benefited significantly from the growth of India's economy, favourable demographic trends and the demand for housing in India. The Indian economy has recently recovered from a period of slower growth, with its GDP at market prices increasing to 7.60% in Fiscal Year 2016 from 7.20% in Fiscal Year 2015, according to the RBI's Monetary Policy Report for April 2016. The overall economic growth and the increase in GDP in India have led to an increase in incomes and spending on housing in India, which has also led to an increase in demand for housing finance loans. In addition, demand for housing and housing finance has also increased due to a reduction in policy repo rate by 125 basis points since January 16, 2015, which has led to a reduction in base interest rates by lenders, which in turn has increased the debt servicing capability of buyers in India and made them eligible for higher size of loans. The continued increase in India's population, which has become increasingly urbanised, and the shift in India to smaller family units has also led to greater demand for individual housing. In response to these developments, the Government has also implemented certain initiatives such as "*Smart Cities*" and "*Pradhan Mantri Awas Yojana*" or "*Housing for all by 2022*" to promote the provision of housing and housing finance, which has also in turn increased demand for housing loans. Outstanding housing finance loans by banks and HFCs in India increased from approximately ₹6,063.00 billion as of the end of Fiscal Year 2012 to an estimated ₹10,205.00 billion as of the end of Fiscal Year 2015. Housing loan disbursements are expected to increase at a CAGR of 20.30% over Fiscal Years 2016 and 2017 to approximately ₹4,780.00 billion as of the end of Fiscal Year 2017, driven by the Government's current focus on supporting housing throughout India, stabilising real estate prices, declining interest rates and rising incomes of prospective customers. The share of mortgage lending by HFCs as a portion of the total housing lending market has also steadily been increasing due to, among other things, policy initiatives by the Government and the NHB. In addition, according to the CRISIL Report, India's mortgage penetration ratio (also known as mortgage to GDP ratio) was low in Fiscal Year 2015 at 9.00% compared to other developing countries, and is particularly low in comparison to other regional markets such as China (18.00%) and Thailand (20.00%), which we believe indicates a significant opportunity for growth in the sector. *(Source: CRISIL Report and IMaCS Report.)*

As we continue to expand our operations, we believe that our strong market position, combined with growing size and scale, and our national presence allow us to benefit from the significant growth potential in the Indian housing finance industry and provide us with a competitive advantage. Despite the recent signs of an economic turnaround in the Indian economy and growth of the housing finance sector, any adverse changes in the economic conditions such as inflationary pressures and increase in unemployment 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. Increasing linkage of the Indian economy to other global economies has resulted in the Indian economy being influenced by economic developments in other countries. A recession or a slowdown in economic growth in markets such as China could also have an adverse impact on economic growth in India.

Furthermore, as the underlying security on our loans is primarily mortgages or other form of security over the customers' 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. Generally, higher real estate prices result in lower affordability for buyers. The demand for housing loans, in particular, is affected by movement in real estate prices. *(Source: CRISIL Report.)*

Our ability to manage our cost to income ratio

Our business and loan portfolio have grown significantly in recent years, in particular since the implementation of our BPR programme in 2010. Our total loan portfolio grew at a CAGR of 60.19%, from ₹105,912.10 million as of March 31, 2014 to ₹271,772.68 million as of March 31, 2016 and was ₹309,006.44 million as of June 30, 2016. Our revenue from operations grew at a CAGR of 55.23%, from ₹11,203.22 million in Fiscal Year 2014 to ₹26,995.43 million in Fiscal Year 2016 and was ₹8,634.36 million during the three months ended June 30, 2016. Our network has also expanded from 32 branch offices and 14 processing hubs as of March 31, 2014 to 47 branch offices and 16 processing hubs as of March 31, 2016. In view of increasing availability of diverse sources of funds to HFCs and increasing standardisation of several loan products that we offer to our customers as a result of increasing competition, our ability to improve our profitability compared to our competition will increasingly depend on our efforts to continue to grow our loan portfolio and expand our operations, while at the same time reducing our costs of operation. For further details, see "***—Significant Factors Affecting Our Financial Performance and Financial Condition—Competition***" on page 246. In this regard, we have made substantial investments to increase efficiencies in our business, such as in connection with the implementation of our BPR programme, which included investments towards a scalable operating model, technology and data platform and our centralised and standardised back-end processes. These investments initially resulted in an increase in our cost to income ratio from 30.14% in Fiscal Year 2014 to 31.39% in Fiscal Year 2015, which was the second-highest among the leading HFCs in India in that period, according to the IMaCS Report and resulted in a decrease in our return on average assets from 1.35% in Fiscal Year 2014 to 1.27% in Fiscal Year 2015. However, although our investments in our operating model initially resulted in an increase in our cost to income ratio, we have been able to achieve operational efficiencies and economies of scale through these investments with lower incremental costs as we have continued to grow our loan portfolio, which was reflected in the decrease of our cost to income ratio in Fiscal Year 2016 to 25.69% and the increase in our return on average assets to 1.35% in the same period. It is especially important that we are able to do this due to the highly competitive and volume intensive nature of our business.

Our processing hubs are designed to support additional branches, which we believe will enable us to deepen our penetration of key geographies in which we are currently active by opening new branches and leveraging the investment we have made in our existing processing hubs. Our back-end administrative activities, payments and processing of documents are centralised and standardised. Centralisation of our payments and banking has enabled timely collection of funds, better fund management, stronger control and early, proactive alerts to our collections department in the event of an overdue payment. In addition, our new ESS platform enables all stakeholders to share information on a real-time basis and covers all support functions, allowing us to realise efficiencies and reduce operational errors and wastage. This platform is also scalable and is utilised across our entire network, making it easy to replicate in new locations when we open new branches and processing hubs. A streamlined operational structure has brought uniformity, minimised local subjectivities to the extent possible and has allowed us to derive economies of scale from our other operations, which has resulted in reduced TAT for processing loan applications. A reduced TAT has in-turn helped us in improving our customer service standards and realising operational efficiencies, which among other things, has resulted in average loan disbursements per branch of ₹3,075.75 million, ₹2,484.21 million and ₹1,718.25 million in Fiscal Years 2016, 2015 and 2014, representing a CAGR of 33.79% in average loan disbursements per branch during this period. Average loan disbursements per branch during the three months ended June 30, 2016 was ₹4,312.66 million on an annualised basis.

In order to continue to reduce our cost to income ratio, we will need to continue to grow our loan portfolio significantly, while continuing to achieve economies of scale and other efficiencies across our network. Our ability to maintain our growth will depend on our managerial, financial, technical and operational capabilities and our credit, financial and other market risk controls and systems. Our ability to achieve economies of scale also depends on our ability to manage our growth and is also affected by certain external factors, some of which may be beyond our control.

Competition

As a provider of housing finance in India, we face increasing competition from other HFCs, NBFCs and commercial banks, which have focused on growing their retail housing loan portfolios in recent years, in particular as a result of the decline in lending to corporates that has occurred in India over the last few years. *(Source: CRISIL Report and IMaCS Report.)* Competition in this market segment has also increased as a result of interest rate deregulation and other liberalisation measures affecting the housing finance industry in India. In addition, there has been increased demand for housing finance as a result of the increased affordability of interest rates, higher incomes and increased financial incentives for customers. Customers also have increased accessibility to housing finance products and services due to technological advances and heightened e-commerce activities, which has also facilitated increases in demand for housing loans and competition to meet that demand. Furthermore, certain HFCs, NBFCs and commercial banks may have access to a much wider branch and distribution network than us, enabling them to market their products and services to more customers. With relatively lesser barriers to entry in the housing finance sector, competition is likely to intensify further as a result of regulatory changes and liberalisation. For instance, in an effort to increase the provision of housing finance in India, the NHB recently granted licenses to six entities to act as an HFC in India, increasing the number of HFCs registered with the NHB to 78 as of September 30, 2016. The NHB is likely to continue to grant further HFC registration licenses in the near future.

As a result of this increased competition in the housing finance industry, housing loan terms such as variable (or floating) rate interest options and monthly reset periods are becoming increasingly common in the Indian housing finance industry. Furthermore, the spread between the lowest and the highest rate of interest on housing loans offered by various lenders continues to reduce. In addition, several of our competitors are increasingly relying on teaser loans (i.e., loans with a low fixed interest rate for the first two or three years after disbursement, after which higher fixed or floating interest rates apply). *(Source: CRISIL Report)* Our ability to react effectively to these or other market developments will be critical in order to compete effectively with new and existing players in the increasingly competitive housing finance industry.

Our ability to compete effectively with commercial banks and others in the housing finance market will also depend in part on our ability to raise low-cost funding in the future. The RBI has reduced the repo rate by 125 basis points since January 16, 2015, which has further lowered the cost of funds for commercial banks and NBFCs. In order to compete with banks and NBFCs/HFCs, we may need to reduce the interest rate at which we lend to our customers, which may result in a relative decline in average yields for us. However, we expect that the reduction in policy interest rates as well as our increasing reliance on cost-effective sources of funding, such as NCDs, ECBs, and refinance from NHB, will enable us to continue to reduce our average cost of borrowings, consistent with recent periods. Our average cost of borrowings decreased from 9.30% in Fiscal Year 2014 to 9.26% in Fiscal Year 2015 to 8.67% in Fiscal Year 2016 and further decreased to 8.65% in the three months ended June 30, 2016, on an annualised basis. Outstanding deposits (net of maturities) raised by us grew at a CAGR of 110.41%, from ₹3,630.66 million as of March 31, 2012 to ₹71,158.51 million as of March 31, 2016, and were ₹74,358.98 million as of June 30, 2016. As of June 30, 2016, deposits, which we believe are a relatively more stable source of funds, constituted 24.75% of our total outstanding borrowings. In addition, we have issued, and may continue to issue, subordinated debt to further enhance our CRAR. As of June 30, 2016, we had ₹9,000.00 million of Tier II debt outstanding which constituted 3.00% of our total borrowings as of that date.

Furthermore, we believe that we are able to compete effectively with our competitors for construction finance to real estate developers and for loans to self-employed customers, particularly in respect of non-housing loan products such as LAP, both of which command higher yields and margins in comparison with retail housing loans according to the CRISIL Report, by effectively managing the risks associated with these types of loans. For example, we have developed credit appraisal methodologies that are tailored to the requirements of these customers and diligently implement comprehensive portfolio monitoring and management methodologies to minimise risks associated with these types of loans. See "***Our Business—Our Competitive Strengths—Diversified product offering with specific focus on self-employed customers***" on page 128. This, along with factors such as our relationships with our customers, diversified liability profile and experienced senior management team, forms the basis for our belief that our yields, spreads and net profit margins will continue to remain competitive.

Impact of interest rate volatility and liquidity risk

As of June 30, 2016, our loans and advances and investments constituted 93.84% and 6.16%, respectively, of our interest-earning assets. As of that date, our borrowings constituted 86.63% of our total liabilities. Our NII was 217.86% and 216.13% of our profit after tax in the three months ended June 30, 2016 and in Fiscal Year 2016. We are particularly vulnerable to volatility and mismatch in generally prevailing interest rates, especially if the changes are sudden or sharp. 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 NII and 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. Competition pressures may also require us to reduce 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 less expensive loans are available from other sources. As of June 30, 2016, 12.63% and 87.37% of our total loan portfolio were fixed and variable interest rate loans, respectively.

The interest rates we pay on our borrowings and the interest rates we 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, the applicable regulations prescribed by the NHB and competition in the housing finance industry. 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 growth. In a declining interest rate environment, especially if the decline is sudden or sharp, we could be adversely affected by the decline in the market value of our fixed income securities and reduce our earnings from treasury operations. The table below sets forth the RBI's reverse repo rate, repo rate and our reference lending rate (PNBHFLR) as of the dates indicated below.

	Reverse Repo Rate*	Repo Rate*	PNBHFLR
As of March 31, 2013	6.50%	7.50%	14.25%
As of March 31, 2014	7.00%	8.00%	14.50%
As of March 31, 2015	6.50%	7.50%	14.50%
As of March 31, 2016	5.75%	6.75%	14.35%
As of June 30, 2016	6.00%	6.50%	14.35%

**Source: RBI.*

In addition, we are also exposed to liquidity risk as a result of maturity and interest rate mismatches between our assets and liabilities. We meet a significant portion of our funding requirements through short-, medium-, and long-term borrowings from sources such as deposits, term loans or overdraft facilities from bank and financial institutions, issuance of NCDs and other debt instruments and commercial paper. However, a significant portion of our assets (such as loans to our customers) have maturities with longer terms than our borrowings. As of June 30, 2016, we had negative liquidity gaps for certain short-term maturity periods up to one year and for maturity periods between three and five years and five to seven years. For further details, see "***Selected Statistical Information—Asset-Liability Gap Management***" on page 120. As of June 30, 2016, a substantial portion of our loans had an average tenure exceeding one year. A substantial number of our customers may not 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 we may not be able to obtain additional credit facilities or renew our existing credit facilities for matching tenure of our liabilities in a timely and cost-effective manner. 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.

Our ability to manage our interest rate risk and mismatches between our assets and liabilities adequately is key to our business and operations, financial condition and financial performance. Our strategy is to optimise our borrowings between short-term and long-term debt as well as between variable and fixed rate instruments. 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 in any particular period, especially in the short term. The difference between the amounts of assets and liabilities maturing or being re-priced 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 re-priced assets and liabilities. See "***—Asset Liability Gap Management***" on page 275.

Ability to manage credit risk

The credit quality of our loan portfolio is a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment and write-offs. As our loan portfolio has grown, our gross NPAs have also increased and were ₹835.78 million, ₹598.08 million, ₹341.40 million and ₹337.20 million as of June 30, 2016 and as of March 31, 2016, 2015, and 2014, respectively, but were 0.27%, 0.22%, 0.20% and 0.32%, respectively, as a percentage of our total loan portfolio as of those dates. Our provisioning coverage ratio (i.e., the proportion of gross NPAs for which provisions had been made), was 30.77%, 36.25%, 66.82% and 51.47%, respectively, as of those dates. The table below sets forth a comparison of our gross NPAs in the retail housing, LAP and construction finance loan portfolios with the industry averages, each as a percentage, as of March 31, 2015.

Loan Portfolio	PNBHFL	Industry Average*
Retail housing loans	0.20%	0.55%
LAP**	0.30%	1.70%
Construction finance	0.00%	2.50 - 3.00%

** Source: IMaCS Report.*
***As of March 31, 2015, LAP constituted 69.85% of our non-housing loan portfolio. According to the CRISIL Report, while LAPs offer higher yields by up to 100-300 bps in comparison with housing loans, they are also riskier and LAPs have comparatively higher instances of delinquencies since they are usually opted for by self-employed customers and their end-use is not typically monitored (although documentary and other evidence of end-use may be required).*

One of the effects of our recent growth is that a significant portion of our loan portfolio is relatively new, and as of June 30, 2016, approximately 76.00% of our total loan portfolio had a tenure of less than 24 months since the first disbursement. We believe that the risk of delinquency in housing loans typically emerges 24 to 36 months from disbursement, particularly in housing loans with discounted or teaser rates at the beginning of the tenure. In building a large loan portfolio with low credit risk, the success of our business will be 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.

A number of external factors which are not within our control could result in non-payment 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 June 30, 2016, loans to self-employed customers accounted for approximately 86.71% of our LAP loan portfolio and approximately 59.86% of our total 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. Self-employed customers accounted for approximately 85.00% of LAP disbursements from NBFCs and HFCs in Fiscal Year 2015, according to the CRISIL Report. 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 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.

Our credit appraisal teams conduct credit checks and follow verification procedures for each customer with the help of our subject matter experts in an effort to minimise losses. For construction finance loans to real estate developers, a dedicated team undertakes project risk analysis, financial appraisal and cash flow analysis. We monitor our portfolio through analyses such as delinquency ageing analysis, where delinquencies are broken into variable categories, such as region, branch, product, occupation and property type, and analysed to understand the reasons for the delinquencies, early warning delinquency analysis, where customers who have repeatedly failed to make payments are pooled, tracked and monitored; as well as detailed variance analysis on a regular basis to evaluate the portfolio quality. We also regularly review and monitor concentration risk in certain segments of our loan portfolio, which allows us to identify potentially problematic loans at an early stage. Our streamlined collection processes which utilise centralised monitoring systems and regular follow-ups have resulted in collection efficiencies (i.e., ability to recover past-due payments for delinquent loans). With respect to our retail loan portfolio, as of June 30, 2016, we were able to recover an aggregate of ₹1,127.74 million of past-due payments out of an aggregate total of ₹3,421.64 million delinquent loans as of March 31, 2016. As of March 31, 2016, we were able to recover an aggregate of ₹745.35 million of past-due payments out of an aggregate total of ₹1,236.63 million delinquent loans as of March 31, 2015. We are a notified financial institution under the provisions of the SARFAESI Act, under which we regularly initiate proceedings for the recovery of NPAs.

Regulatory framework and Government policies

Our business is significantly regulated by the NHB. The NHB Directions currently require HFCs to comply with a CRAR, consisting of Tier I and Tier II capital, of not less than 12.00% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable. At a minimum, Tier I capital may not be less than 6.00% of risk weighted assets. Further, NHB Directions require that the Tier II capital may not exceed the Tier I capital. Similarly, we are required to maintain 12.50% of our deposits in the form of approved investments, of which 6.50% must be held in approved securities and the additional 6.00% may be held in either approved unencumbered securities or fixed deposits. The NHB Directions currently permit HFCs to have borrowings of up to 16 times their NOF, and deposits may account for up to five times their NOF. We are not allowed to accept or renew any deposit which is repayable on demand or on notice, or which is for a tenure of less than one year or more than ten years or which pays interest at a rate exceeding 12.50% per annum. The NHB Directions also require us to classify and make provisions for our NPAs in accordance with its norms. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct, margin requirements, foreign investment and foreign exchange. For further details, see "***Key Regulations and Policies in India***" on page 156.

In order to encourage the flow of credit to the housing industry, the Government has implemented various policy initiatives and has launched several 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 at reduced rates to certain qualifying HFCs. In addition, in terms of risk-weighted assets which are utilised for measuring capital adequacy, housing loans are given a lower risk weight than many other types of assets that finance companies may typically hold, which allows HFCs to leverage more than other finance companies, thus providing opportunities for higher returns, though higher provisioning is also required. Moreover, the RBI and the NHB have provided certain incentives to the housing finance industry by extending priority sector status to housing loans. Certain key measures taken by the RBI and the NHB under these initiatives include the further reduction in risk weights applicable to affordable housing loans for the purpose of calculating CRAR and allowing HFCs to raise long-term ECBs for on-lending towards affordable housing.

Any significant change by the Government, 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 securitisation, re-financing of our loans with NHB or restrictions imposed on lending by banks to HFCs could adversely affect our growth.

Tax benefits and tax incentives

We have in the past received, and currently receive, certain tax benefits by virtue of our status as an HFC, which has enabled us to reduce our effective tax rate. The Indian tax laws currently allow HFCs to claim a tax deduction up to 20.00% of profits from the provision of long-term finance for the construction or purchase of houses in India. Pursuant to Section 36(1)(viii) of the (Indian) Income Tax Act, 1961 (the "**Income Tax Act**"), up to 20.00% of profits from housing finance activities may be carried to a special reserve and will not be subject to income tax. For further details, see "***Statement of Tax Benefits***" on page 91. We utilised the maximum amount of this allowance in Fiscal Years 2016, 2015 and 2014 by transferring ₹584.00 million, ₹311.00 million and ₹187.50 million, respectively, to a special reserve. As of the beginning of Fiscal Year 2016 (i.e., April 1, 2015), the balance in our special reserve was ₹1,813.58 million. As a result, in Fiscal Years 2016, 2015 and 2014, our effective tax liability as a percentage (computed by dividing current and deferred tax liability by profit before tax, as per our restated financial statements) was 35.04%, 34.09% and 27.54%, respectively, compared to statutory corporate tax rates (including surcharge and cess) of 34.61%, 33.99% and 33.99%, respectively, in those periods**.** The availability of these tax benefits is subject to the policies of the Government, among other things, and there can be no assurances as to the amount of tax benefits that we will receive in the future, if any.

In Fiscal Year 2015, the NHB issued a circular requiring all HFCs to create a provision for deferred tax liability ("**DTL**") on the total amounts transferred to special reserves pursuant to this tax provision, including those transferred in the previous years, irrespective of whether the HFC intended to withdraw such amounts from the special reserves. The NHB has advised HFCs to create DTL in respect of the accumulated balance of special reserves as at April 1, 2014 from free reserves in a phased manner in the ratio of 25:25:50 over a period of three years, starting with Fiscal Year 2015. Accordingly, we created 25.00% of DTL on the opening balance in our special reserve of ₹1,502.58 million as at April 1, 2014, which was equal to ₹127.68 million at the end of Fiscal Year 2015 and ₹132.33 million at the end of Fiscal Year 2016, respectively. We will create the remaining 50.00% of DTL in Fiscal Year 2017. Separately, the DTL on the amount in special reserve appropriated out of our profits for Fiscal Years 2015 and 2016 and in the three months ended June 30, 2016 was ₹105.71 million, ₹204.03 million and ₹61.60 million, respectively, which was also taken into account to determine the effective tax rates for those periods.

The effective tax rates for the three months ended June 30, 2016 and for Fiscal Years 2016, 2015 and 2014 were 34.84%, 35.04%, 34.09% and 27.54%, respectively, after taking into account the effect of DTL, in turn affecting our profit after tax and return on average equity. This, along with any further changes in the tax incentives currently available to HFCs, may affect our profitability and net worth in the future.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, except where otherwise noted. We believe that application of the critical accounting policies set forth below entails the most significant judgments and estimates used in the preparation of our financial statements.

Accounting Convention

Our financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with Indian GAAP as applicable to HFCs in accordance with the relevant provisions of the Companies Act, the NHB Act and the NHB Directions.

Use of Estimates

The preparation of financial statements requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period, or the assets and liabilities at the end of the reporting period and the related disclosure of contingent liabilities. We evaluate these estimates on an on-going basis. We base our estimates on our historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount values of assets and liabilities. Future results could differ from these estimates.

Revenue Recognition

- *Fee and Other Charges.* We recognise log in fees and other charges at the time of log in or disbursement in respect of loans given, penal interest on overdue amounts, additional interest on defaults and pre-payment charges, if any, on receipt basis. We recognise income on loan processing/management fees over the average tenure of the loan, as consideration for continuing obligation over the tenure of the loan.

- *Income from Investment.* We recognise interest income on our investments in bonds and government securities on an accrual basis. We recognise dividend income in the year in which it is received. We amortise and recognise the gain/loss on account of long-term investments in debentures/bonds/certificates of deposit/commercial papers and government securities over the life of the security, on a *pro-rata* basis.

- *Other Operating Income*. We recognise income from interest on tax refunds and other incomes, such as fees received from third party marketing agents for certain support services provided by us, including the sharing of space on our website, on receipt basis.

- *Interest on Loans.* Interest income is recognised on accrual basis except in case of non-performing assets where interest is accounted on realisation. Interest on loans is computed either on an annual rest, on a monthly rest or on a daily rest basis depending upon loan product. EMIs commence once the entire loan is disbursed. Certain customers request for commencement of regular principal repayments even before the entire loan is disbursed, especially when the projects are of long gestation. Pending commencement of EMIs, Pre-EMI interest is charged every month. Interest on loans purchased through direct assignment is recognised on accrual basis. Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time. Interest on loan assets classified as "non-performing" is recognised only on actual receipt. Our policy is to account for recoveries effected on NPAs, irrespective of whether such NPAs have been written off, as bad debts recovered. If any loans of a customer are classified as an NPA, all loans to such customer are classified as NPAs. For further details, see "***Selected Statistical Information—Credit Quality***" on page 121.

Depreciation/Amortisation

We provide for depreciation on tangible and intangible fixed assets on the basis of the straight line method in accordance with the useful life specified in Part "C" of Schedule II of the Companies Act on a pro-rata basis, except the following in respect of which we charge different useful lives for depreciation:

- Intangible Assets are amortised over a period of five years except website development costs which are amortised over a period of three years.
- Networking equipment and mobile phone instruments are depreciated over a period of five and three years, respectively.
- Leasehold Improvements are depreciated over a period of five years.
- Assets which cost up to ₹5,000.00 are fully depreciated in the year of purchase.

Investments

Investments are classified as long term and current investments. Investments are capitalised at cost inclusive of brokerage and stamp charges excluding interest or dividend accruing until the date of purchase. The difference between the carrying amount of investments and their sale proceeds, net of expenses, is recognised in our statement of profit and loss. Long term investments are valued at cost net of amortisation of premium/discount, however, when there is a decline, long term investments are carried individually at cost less provision, if any, for decrease other than temporary in the value of such investments. We value quoted current investments at the lower of cost or market value, and we value unquoted current investments in units of mutual funds as per the net asset value of the plan. We make provisions for decrease in value of investments in accordance with the NHB Directions and Accounting Standard (AS) - 13 "Accounting for Investments".

Borrowing Costs

We recognise borrowing costs as an expense in the year in which they are incurred. We charge expenditure incurred on issue of shares or bonds to the statement of profit and loss in the year on accrual basis. Stamp duty payable/paid on any increases of our authorised share capital is charged to the securities premium account. We charge all other borrowing costs to the statement of profit and loss except brokerage costs directly attributable to a borrowing which are amortised over the period of borrowing. We amortise ancillary costs in connection with long-term ECBs to the statement of profit and loss over the tenure of the loan.

Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act and other applicable tax laws.

We recognise deferred tax on all timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws substantively enacted as at the balance sheet date, to the extent that the timing differences are expected to crystallise or are capable of reversal in one or more subsequent periods.

We recognise deferred tax assets where realisation is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the statement of profit and loss.

Provisions, Contingent Liabilities and Contingent Assets

We recognise a provision when we have a legal and constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. Contingent liabilities are disclosed for (a) possible obligations which will be confirmed only by future events not wholly within our control, or (b) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.

Provisions for Standard Assets

We create provisions on a collective basis for loan assets classified as “standard” to absorb credit losses on the aggregate exposures in each of our loan portfolios based on the NHB Directions. We may create a higher provision for standard assets based on statistical analysis of past performance of the relevant loan portfolio, level of allowance already in place and the management’s consideration of economic and business conditions. The allowance or provision created for the relevant loan portfolio should be such that the management considers adequate, after consideration of the prescribed minimum provisioning requirements under the NHB Directions, to absorb credit losses in our loan portfolio after allowances or write offs of certain loans.

Loan Origination Cost

Direct costs incurred for loan origination, except those paid to direct selling agents and direct marketing agents, are amortised over the average tenure of the loan. Loan origination costs paid to direct selling agents and direct marketing agents are amortised over a period of seven years. Other origination costs include commission paid to our third party distribution channel partners in connection with new loans.

Securitisation and/or Assignment of Loan portfolio

We transfer pools of loan assets. Such assets are de-recognised if we lose control over the contractual rights that comprises pool of loan assets transferred resulting in a “true sale” of loans. The transfer of a pool of loan assets under the applicable RBI guidelines involves transfer of proportionate shares in the pool of loan assets. Such transfers result in de-recognition only of that proportion of the loan assets which meets the de-recognition criteria. The portion retained by us continues to be accounted for as loan assets. On de-recognition, the difference between the book value of the securitised loan assets and consideration received is recognised as gain arising on securitisation in the statement of profit and loss over the balance maturity period of the pool of the assets transferred. Losses, if any, arising from such transactions, are recognised immediately in the statement of profit and loss.

Changes in Accounting Policies in the last three Financial Years

There have been no changes in the accounting policies of the Company during the last three financial years, except for those set forth below.

Depreciation. We accounted for depreciation on tangible assets using the written down value method at the rates prescribed by Schedule XIV of the Companies Act, 1956, until March 31, 2014. As a result of changes to the Companies Act, 1956, we accounted for depreciation using the straight line method of accounting starting in Fiscal Year 2015. As a result, we now calculate depreciation by applying rates based on the estimated useful life of the relevant asset.

RESULTS OF OPERATIONS

The table below sets forth our results of operation derived from our restated financial statements for the three months ended June 30, 2016 and for Fiscal Years 2016, 2015 and 2014, expressed in absolute terms and as a percentage of our total revenue for the periods indicated.

	Three months ended June 30, 2016		**Fiscal Year**					
			2016		**2015**		**2014**	
	Amount *(in ₹ million)*	**Percentage of total revenue** *(%)*	**Amount** *(in ₹ million)*	**Percentage of total revenue** *(%)*	**Amount** *(in ₹ million)*	**Percentage of total revenue** *(%)*	**Amount** *(in ₹ million)*	**Percentage of total revenue** *(%)*
Revenue from Operations								
Interest Income								
Interest on Loans	7,865.11	91.09	24,600.26	91.13	15,976.36	89.74	10,011.14	89.36
Interest on Investments	254.36	2.95	831.47	3.08	729.25	4.10	547.50	4.89
Other Interest	1.03	0.01	8.87	0.03	2.81	0.02	0.44	0.00
Total Interest Income	**8,120.50**	**94.05**	**25,440.60**	**94.24**	**16,708.42**	**93.85**	**10,559.08**	**94.25**
Fees and Other Charges	282.52	3.27	829.05	3.07	491.61	2.76	268.50	2.40
Surplus from Deployment of Funds in	12.84	0.15	142.06	0.53	198.93	1.12	115.41	1.03

	Three months ended June 30, 2016		Fiscal Year 2016		Fiscal Year 2015		Fiscal Year 2014	
	Amount *(in ₹ million)*	**Percentage of total revenue** *(%)*	**Amount** *(in ₹ million)*	**Percentage of total revenue** *(%)*	**Amount** *(in ₹ million)*	**Percentage of total revenue** *(%)*	**Amount** *(in ₹ million)*	**Percentage of total revenue** *(%)*
Cash Management Schemes of Mutual Funds								
Profit/(Loss) on Sale of Investment	38.66	0.45	99.99	0.37	156.81	0.88	94.95	0.85
Interest Income on Income Tax Refund	-		6.26	-	-	-	-	-
Other Operating Income	179.84	2.08	477.47	1.77	248.06	1.39	165.28	1.48
Total Revenue	**8,634.36**	**100.00**	**26,995.43**	**100.00**	**17,803.83**	**100.00**	**11,203.22**	**100.00**
Expenses								
Finance Cost	6,079.88	70.41	18,602.85	68.91	12,648.43	71.04	8,015.99	71.55
Employee Benefit Expense	221.15	2.56	752.83	2.79	670.63	3.77	404.01	3.61
Office Operating Expenses	160.47	1.86	564.32	2.09	448.07	2.52	254.69	2.27
Other Expenses	374.56	4.34	1,070.96	3.97	628.31	3.53	401.28	3.58
Depreciation and amortisation	44.67	0.52	150.40	0.56	82.81	0.47	33.09	0.30
Provision for Doubtful Debts and Contingencies	272.81	3.16	785.76	2.91	370.84	2.08	224.44	2.00
Bad Debts Written Off/Business Loss	7.00	0.08	25.51	0.09	10.23	0.06	79.87	0.71
Total Expenses	**7,160.54**	**82.93**	**21,952.63**	**81.32**	**14,859.32**	**83.46**	**9,413.37**	**84.02**
Profit Before Tax	**1,473.82**	**17.07**	**5,042.80**	**18.68**	**2,944.50**	**16.54**	**1,789.84**	**15.98**
Less: Provision for Taxation-Current Tax	511.80	5.93	1,659.96	6.15	914.66	5.14	506.82	4.52
- Earlier Years (Net)	-		-	-	-	-	-	-
- Deferred Tax (Net)	1.74	0.02	107.18	0.40	89.14	0.50	(13.95)	(0.12)
Profit After Tax	**960.28**	**11.12**	**3,275.66**	**12.13**	**1,940.70**	**10.90**	**1,296.97**	**11.58**

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 interest income on loans, interest on investments and other interest.

- Interest on loans comprises interest income on our housing and non-housing loans made to our customers. For further details in relation to our loan products, see "***Our Business—Our Loan Products***" on page 133;
- Interest on investments comprises interest income on bank deposits and investments in bonds and government securities we made; and
- Other interest comprises interest on loans against deposits as well as interest on short term bank deposits and short term bonds or securities.

Fees and Other Charges: Income from fees and charges includes loan processing and management fees, fixed charges received at the time of log-in to cover preliminary checks, cheque dishonour charges, penal interest on amounts due, additional interest on defaults and pre-payment charges on fixed interest rate loans.

Surplus from Deployment of Funds in Cash Management Schemes of Mutual Funds: This includes dividend income from investments in debt mutual funds.

Profit/(Loss) on Sale of Investment: This includes revenues derived from the profit on sale of investments in fixed income securities, including bonds carrying sovereign guarantee or issued by state governments or public sector enterprises and other highly rated bonds.

Other operating income: Our revenue from other operating income consists of revenues derived from the interest on tax refund, fees received from third party marketing agents for certain support services provided by us, including the sharing of space on our website.

Expenses

Finance costs: Finance costs primarily include interest expenses on loans, NCDs, deposits and discount on commercial paper as well as bank charges towards borrowings, log in fees and brokerage paid for raising deposits.

Employee benefits expense: Employee benefits expense includes salaries and allowances paid to employees, contributions to provident fund and other funds, provision for gratuity, compensated absences and superannuation expense and staff welfare expenses.

Office Operating Expenses: Office operating expenses consist of a number of items, including, rent, rates and taxes, general repairs and building maintenance, office maintenance, registration and filing fees, electricity and water charges, general office expenses, insurance charges, traveling and conveyance expenses, printing and stationery expenses, postage and telecommunication expenses.

Other expenses: Other expenses primarily include legal expenses and professional charges, advertisement and publicity related expenses, directors' sitting fees, auditors' remuneration, loss on sale of fixed assets, loan origination costs such as commission paid to our third party distribution channel partners and client verification charges and other miscellaneous expenses.

Depreciation and amortisation expense: Depreciation and amortisation expense includes the depreciation and amortisation of buildings, computers, furniture and fixtures, leasehold improvements, office equipment, vehicles and computer software.

Provision for Doubtful Debts and Contingencies: This represents provision we make for provisions in respect of our standard assets as well as any non-performing loans/assets and any other contingencies.

Bad Debts Written Off/Business Loss: This represents expenses associated with bad debts written off with respect to our loan portfolio.

Three months ended June 30, 2016

Income

Total Revenue

The table below sets forth details in relation to our revenue from operations in the three months ended June 30, 2016.

	Three months ended June 30, 2016	
	Amount *(in ₹ million)*	**Percentage of total revenue** ***(%)***
Revenue from Operations		
Interest Income		
Interest on Loans	7,865.11	91.09
Interest on Investments	254.36	2.95
Other Interest	1.03	0.01
Total interest income	8,120.50	94.05
Fees and Other Charges	282.52	3.27
Surplus from Deployment of Funds in Cash Management Schemes of Mutual Funds	12.84	0.15
Profit/(Loss) on Sale of Investment	38.66	0.45
Other operating income	179.84	2.08
Total Revenue	**8,634.36**	**100.00**

Our revenue from operations in the three months ended June 30, 2016 was ₹8,634.36 million, which was primarily as a result of interest generated from our housing and non-housing loans.

Interest on Loans

Our interest income from loans in the three months ended June 30, 2016 was ₹7,865.11 million, which was primarily as a result of an increase in the average balance of our total loan portfolio in the three months ended June 30, 2016 to ₹290,389.56 million from ₹219,982.94 million in Fiscal Year 2016. The average yield on our loan portfolio was 10.83% in the three months ended June 30, 2016, on an annualised basis, as compared to 11.18% in Fiscal Year 2016 as prevailing market interest rates decreased in a downward interest rate cycle. We had loan sanctions of ₹73,450.60 million and loan disbursements of ₹50,673.78 million during the period. We sanctioned loans to 14,713 accounts in the three months ended June 30, 2016. The table below sets forth a breakdown of our loan portfolio as of the dates indicated below.

	As of June 30, 2016		**As of March 31, 2016**	
Loan Portfolio	**Amount** *(in ₹ million)*	*% of total loan portfolio*	**Amount** *(in ₹ million)*	*% of total loan portfolio*
Housing loans	217,270.95	70.31	191,162.42	70.34
Non-housing loans	91,735.49	29.69	80,610.26	29.66
Total	**309,006.44**	**100.00**	**271,772.68**	**100.00**

The interest income from our housing loans was ₹5,278.23 million in the three months ended June 30, 2016, which was consistent with the increased average balance of our housing loan portfolio, which was in turn consistent with the increased demand for such loans. The average yield on our housing loans was 10.34% in the three months ended June 30, 2016, on an annualised basis. Average loan size for new retail loans disbursed was 3.87 in the three months ended June 30, 2016, reflecting our continued focus on the affordable housing segment. The table below sets forth details in relation to our housing loan portfolio as of the dates indicated below.

	As of June 30, 2016		**As of March 31, 2016**	
Housing Loans	Amount *(in ₹ million)*	*% of total housing loans*	Amount *(in ₹ million)*	*% of total housing loans*
Retail Housing Loans	187,979.82	86.52	166,511.67	87.10
Construction Finance	29,291.13	13.48	24,650.75	12.90
Total Housing Loans	**217,270.95**	**100.00**	**191,162.42**	**100.00**

The interest income from our non-housing loans was ₹2,586.88 million in the three months ended June 30, 2016, which was in line with the continued growth in our non-housing loan portfolio and consistent with the average balance of our non-housing loan portfolio resulting from our continued focus on loans to the self-employed customer segment. 92.91% of our non-housing loan disbursements were made to self-employed customers in the three months ended June 30, 2016. The average yield on our non-housing loans was 12.01% in the three months ended June 30, 2016, on an annualised basis. The table below sets forth details in relation to our non-housing loan portfolio as of the dates indicated below

	As of June 30, 2016		**As of March 31, 2016**	
Non-Housing Loans	**Amount** *(in ₹ million)*	*% of total non-housing loans*	**Amount** *(in ₹ million)*	*% of total non-housing loans*
Loan Against Property	55,098.96	60.06	49,108.82	60.92
Non-residential Premises Loans	11,519.18	12.56	10,435.52	12.95
Lease Rental Discounting	14,291.82	15.58	11,972.75	14.85
Corporate Term Loans	10,825.53	11.80	9,093.16	11.28
Total Non-Housing Loans	**91,735.49**	**100.00**	**80,610.26**	**100.00**

Interest on Investments

Our interest on investments was ₹254.36 million in the three months ended June 30, 2016. This was driven by our average balance of investments. Our average balance of our investments was ₹18,670.26 million, which was contributed primarily by our SLR investments and current investments (investments in liquid debt instruments). Our average yield on investments was 6.55% in the three months ended June 30, 2016.

Other Interest

Our other interest was ₹1.03 million in the three months ended June 30, 2016, which primarily comprised interest on loans against deposits.

Revenue from Fees and Other Charges

Our revenue from fees and other charges was ₹282.52 million in the three months ended June 30, 2016, which was primarily represented by loan processing and management fees, fixed charges received at the time of log-in to cover preliminary due diligence/checks, cheque dishonor charges, penal interest on amounts due, additional interest on defaults and pre-payment charges on fixed interest rate loans as our loan portfolio increased during the period.

Surplus from Deployment of Funds in Cash Management Schemes of Mutual Funds

Our surplus from deployment of funds in cash management schemes of mutual funds was ₹12.84 million in the three months ended June 30, 2016, which was primarily attributable to dividend income we received from our investments in mutual funds.

Profit/(Loss) on Sale of Investment

Our income from profit/(loss) on sale of investments was ₹38.66 million in the three months ended June 30, 2016, which was primarily attributable to profits from the sale of our investments in bonds and debentures.

Other Operating Income

Our other operating income was ₹179.84 million in the three months ended June 30, 2016, which was primarily attributable to fees received from third party marketing agents for certain support services provided by us, including sharing space on our website and other ancillary income.

Expenses

The table below sets forth details in relation to our total expenses in the three months ended June 30, 2016.

	Three months ended June 30, 2016	
	Amount *(in ₹ million)*	***Percentage of total revenue (%)***
Finance Cost	6,079.88	70.41
Employee Benefit Expense	221.15	2.56
Office Operating Expenses	160.47	1.86
Other Expenses	374.56	4.34
Depreciation and amortisation	44.67	0.52
Provision for Doubtful Debts and Contingencies	272.81	3.16
Bad Debts Written Off/Business Loss	7.00	0.08
Total Expenses	**7,160.54**	**82.93**

Our total expenses in the three months ended June 30, 2016 were ₹7,160.54 million, which was generally consistent with the our total revenue from operations during this period.

Finance Cost

The table below sets forth details in relation to our finance costs for the three months ended June 30, 2016.

	Three months ended June 30, 2016	
	Amount *(in ₹ million)*	***Percentage of total revenue (%)***
Interest on:		
Term Loans	1,026.77	11.89
Non-Convertible Debentures	2,098.17	24.30
Commercial Paper	1,118.06	12.95
Deposits	1,589.94	18.41
Other charges		
Brokerage on Deposits	78.11	0.90
Fee and Other Expenses	167.03	1.93
Bank Charges Towards Borrowings	1.80	0.02
Total Finance Cost	**6,079.88**	**70.41**

Our average cost of borrowings was 8.65% in the three months ended June 30, 2016, which reflects our reliance on sources of funds other than term loans from banks and financial institutions such as NCDs, deposits, ECBs and refinance from the NHB and generally, a decline in market interest rates.

Our finance cost was ₹6,079.88 million in the three months ended June 30, 2016. The trend in the finance cost was in line with the growth in the total loan portfolio during the same period. Our finance cost as a percentage of total revenue was 70.41% in the three months ended June 30, 2016. The overall interest costs increased in the three months ended June 30, 2016 primarily due to an increase in our average balance of borrowings by ₹66,471.88 million, or 30.98%, from ₹214,552.19 million as of March 31, 2016 to ₹281,024.07 million as of June 30, 2016.

Employees Benefit Expense

Our employee benefit expense was ₹221.15 million in the three months ended June 30, 2016. The trend in the employee benefit expense was consistent with the growth in our number of employees. Our employees benefit expense as a percentage of total revenue was 2.56% in the three months ended June 30, 2016.

Office Operating Expenses

Our office operating expenses were ₹160.47 million in the three months ended June 30, 2016. Our office operating expenses, as a percentage of total revenue, were 1.86% in the three months ended June 30, 2016.

Other Expenses

Our other expenses were ₹374.56 million in the three months ended June 30, 2016. Our other expenses, as a percentage of total revenue, were 4.34% in the three months ended June 30, 2016.

Depreciation and Amortisation Expense

Depreciation and amortisation expense was ₹44.67 million in the three months ended June 30, 2016. Depreciation and amortisation expense, as a percentage of total revenue, was 0.52% in the three months ended June 30, 2016.

Provision for Doubtful Debts and Contingencies

Our provision for doubtful debts and contingencies was ₹272.81 million in the three months ended June 30, 2016. ₹192.49 million, or 70.56%, of the provisions created in the three months ended June 30, 2016 were created pursuant to our obligation under the NHB Directions to create provisions for standard assets, whereas ₹40.32 million, or 14.78%, were attributable to provisions for NPAs and ₹40.00 million, or 14.66%, were attributable to provisions for contingencies.

Bad Debts Written Off/Business Loss

Bad debts written off with respect to our portfolio loans was ₹7.00 million in the three months ended June 30, 2016. For further details, see "***Risk Factors—As our loan portfolio grows, an increasing proportion of our loans could be classified as non-performing and the current level of our provisions may not adequately cover any such increases.***" on page 18.

Profit Before Tax

Our profit before tax was ₹1,473.82 million in the three months ended June 30, 2016. During this period, our NII was ₹2,092.12 million and NIM was 2.71%. The average yield in the three months ended June 30, 2016, on an annualised basis, was 10.58%, whereas the average cost of borrowings during this period, on an annualised basis, was 8.65%, resulting in a spread of 1.93%. Our cost to income ratio during this period was 25.03%, primarily as a result of economies of scale. For further details, see "***Selected Statistical Information***" on page 111.

Provision for Taxation

Our total tax expenses were ₹513.54 million in the three months ended June 30, 2016. Our current tax was ₹511.80 million in the three months ended June 30, 2016.

The DTL on the amount in special reserve appropriated out of our profits in the three months ended June 30, 2016 was ₹61.60 million, which was also taken into account to determine the effective tax rate for the three months ended June 30, 2016. The effective tax rate for the three months ended June 30, 2016 was 34.84% after taking into account the effect of the DTL.

Profit After Tax

As a result of the foregoing, profit after tax was ₹960.28 million for the three months ended June 30, 2016.

Fiscal Year 2016 compared to Fiscal Year 2015

Income

Total Revenue

The table below sets forth details in relation to our revenue from operations for Fiscal Years 2016 and 2015.

	Fiscal Year		Percentage Difference *(%)*
	2016	2015	
	Amount *(in ₹ million)*		
Revenue from Operations			
Interest Income			
Interest on Loans	24,600.26	15,976.36	53.98
Interest on Investments	831.47	729.25	14.02
Other Interest	8.87	2.81	215.66
Total interest income	25,440.60	16,708.42	52.26
Fees and Other Charges	829.05	491.61	68.64
Surplus from Deployment of Funds in Cash Management Schemes of Mutual Funds	142.06	198.93	(28.59)
Profit/(Loss) on Sale of Investment	99.99	156.81	(36.23)
Other operating income	483.71	248.06	95.00
Total Revenue	**26,995.43**	**17,803.83**	**51.63**

Our revenue from operations in Fiscal Year 2016 increased by ₹9,191.60 million, or 51.63%, from ₹17,803.83 million in Fiscal Year 2015 to ₹26,995.43 million in Fiscal Year 2016, primarily as a result of an increase in interest generated from our housing and non-housing loans.

Interest on Loans

Our interest income from loans increased by ₹8,623.90 million, or 53.98%, to ₹24,600.26 million in Fiscal Year 2016 from ₹15,976.36 million in Fiscal Year 2015, primarily as a result of an increase in the average balance of our total loan portfolio by ₹82,930.29 million, or 60.51%, to ₹219,982.94 million in Fiscal Year 2016 from ₹137,052.65 million in Fiscal Year 2015. The average yield on our loan portfolio was 11.18% in Fiscal Year 2016 as compared to 11.66% in Fiscal Year 2015 as prevailing market interest rates decreased in a downward interest rate cycle.

Loan sanctions increased in Fiscal Year 2016 by ₹79,349.25 million, or 52.63%, to ₹230,111.68 million from ₹150,762.43 million in Fiscal Year 2015, while loan disbursements increased during this period by ₹50,160.00

million, or 53.14%, to ₹144,560.00 million from ₹94,400.00 million in Fiscal Year 2015, as we continued expansion in our existing markets and further geographical expansion in the western and southern regions in India in locations such as Vadodara and Surat. We sanctioned loans to 43,040 accounts in Fiscal Year 2016. The table below sets forth a breakdown of our loan portfolio as of the dates indicated below.

	As of March 31, 2016		As of March 31, 2015	
Loan Portfolio	**Amount** *(in ₹ million)*	*% of total loan portfolio*	**Amount** *(in ₹ million)*	*% of total loan portfolio*
Housing loans	191,162.42	70.34	119,635.52	71.13
Non-housing loans	80,610.26	29.66	48,557.65	28.87
Total	**271,772.68**	**100.00**	**168,193.17**	**100.00**

The interest income from our housing loans increased by ₹5,728.43 million, or 54.43%, to ₹16,252.77 million in Fiscal Year 2016 from ₹10,524.34 million in Fiscal Year 2015, which was consistent with the increased average balance of our housing loan portfolio, which was in turn consistent with the increased demand for such loans. The average yield on our housing loans was 10.46% in Fiscal Year 2016 as compared to 10.84% in Fiscal Year 2015. Average loan size for new retail loans disbursed decreased to ₹3.50 million in Fiscal Year 2016 as compared to ₹4.54 million in Fiscal Year 2015, which was primarily driven by our increased focus on the affordable housing segment. The table below sets forth details in relation to our housing loan portfolio as of the dates indicated below.

	As of March 31, 2016		As of March 31, 2015	
Housing Loans	Amount *(in ₹ million)*	*% of total housing loans*	Amount *(in ₹ million)*	*% of total housing loans*
Retail Housing Loans	166,511.67	87.10	103,524.70	86.53
Construction Finance	24,650.75	12.90	16,110.82	13.47
Total Housing Loans	**191,162.42**	**100.00**	**119,635.52**	**100.00**

The interest income from our non-housing loans increased by ₹2,895.47 million, or 53.11%, to ₹8,347.49 million in Fiscal Year 2016 from ₹5,452.02 million in Fiscal Year 2015, which was in line with the growth in the non-housing loan portfolio and was consistent with the increase in average balance of our non-housing loan portfolio that resulted from our increased focus on loans to the self-employed customer segment. 90.56% of our non-housing loan disbursements were made to self-employed customers in Fiscal Year 2016, which was primarily driven by our continued focus on providing higher yielding LAP to self-employed customers. The average yield from our non-housing loans was 12.93% in Fiscal Year 2016 as compared to 13.65% in Fiscal Year 2015. The table below sets forth details in relation to our non-housing loan portfolio as of the dates indicated below.

	As of March 31, 2016		As of March 31, 2015	
Non-Housing Loans	**Amount** *(in ₹ million)*	*% of total non-housing loans*	**Amount** *(in ₹ million)*	*% of total non-housing loans*
Loan Against Property	49,108.82	60.92	33,915.77	69.85
Non-residential Premises Loans	10,435.52	12.95	5,957.92	12.27
Lease Rental Discounting	11,972.75	14.85	5,618.21	11.57
Corporate Term Loans	9,093.16	11.28	3,065.74	6.31
Total Non-Housing Loans	**80,610.26**	**100.00**	**48,557.65**	**100.00**

Interest on Investments

Our interest on investments increased by ₹102.22 million, or 14.02%, to ₹831.47 million in Fiscal Year 2016 from ₹729.25 million in Fiscal Year 2015. This was driven by our average balance of investments and average yield on investments. The average balance of our investments increased by ₹4,724.78 million, or 36.47%, from ₹12,956.73 million in Fiscal Year 2015 to ₹17,681.50 million in Fiscal Year 2016, which was contributed primarily by our SLR investments. Our average yield on investments decreased to 6.07% in Fiscal Year 2016 from 8.37% in Fiscal Year 2015.

Other Interest

Our other interest increased by ₹6.06 million to ₹8.87 million in Fiscal Year 2016 from ₹2.81 million in Fiscal Year 2015, which primarily comprised interest on loans against deposits.

Revenue from Fees and Other Charges

Our revenue from fees and other charges increased by ₹337.44 million, or 68.64%, to ₹829.05 million in Fiscal Year 2016 from ₹491.61 million in Fiscal Year 2015. This increase is primarily represented by the revenue generated from loan related services such as loan processing and management fees, fixed charges received at the time of log-in to cover preliminary due diligence/checks, cheque dishonour charges, penal interest on amounts due, additional interest on defaults and pre-payment charges on fixed interest rate loans as our loan portfolio increased during the period.

Surplus from Deployment of Funds in Cash Management Schemes of Mutual Funds

Our surplus from deployment of funds in cash management schemes of mutual funds decreased by ₹56.87 million, or 28.59%, to ₹142.06 million in Fiscal Year 2016 from ₹198.93 million in Fiscal Year 2015, which was primarily attributable to the implementation of improved cash management strategies in order to minimise surplus funds, together with the decrease in interest rates.

Profit/(Loss) on Sale of Investment

Our income from profit/(loss) on sale of investments decreased by ₹56.82 million, or 36.23%, to ₹99.99 million in Fiscal Year 2016 from ₹156.81 million in Fiscal Year 2015, which was primarily attributable to fewer profits from the sale of our investments in bonds and debentures and decreased income from our treasury management activities.

Other Operating Income

Our other operating income increased by ₹235.67 million, or 95.01%, to ₹483.73 million in Fiscal Year 2016 from ₹248.06 million in Fiscal Year 2015, which was primarily attributable to income from service fees charged for the management of securitised portfolios, together with fees received from third party marketing agents for certain support services provided by us, including the sharing of space on our website.

Expenses

The table below sets forth details in relation to our total expenses in Fiscal Year 2016.

	Fiscal Year		Percentage difference *(%)*
	2016	2015	
	Amount *(in ₹ million)*		
Expenses			
Finance Cost	18,602.85	12,648.43	47.08
Employee Benefit Expense	752.83	670.63	12.26
Office Operating Expenses	564.32	448.07	25.94
Other Expenses	1,070.96	628.31	70.45
Depreciation and amortisation	150.40	82.81	81.62
Provision for Doubtful Debts and Contingencies	785.76	370.84	111.89
Bad Debts Written Off/Business Loss	25.51	10.23	149.36
Total Expenses	**21,952.63**	**14,859.32**	**47.74**

Our total expenses increased by ₹7,093.31 million, or 47.74%, to ₹21,952.63 million in Fiscal Year 2016 from ₹14,859.32 million in Fiscal Year 2015, which was generally consistent with the increase in our total revenue from operations during this period of ₹9,191.60 million, or 51.63%, from ₹17,803.83 million to ₹26,995.43 million.

Finance Cost

The table below sets forth details in relation to our finance costs for the periods indicated below.

	Fiscal Year 2016 Amount (in ₹ million)	2015	Percentage difference (%)
Interest on			
Term Loans	4,000.44	5,131.00	(22.03)
Non-Convertible Debentures	5,781.42	3,527.53	63.89
Commercial Paper	2,266.63	579.08	291.42
Deposits	5,827.50	2,966.24	96.46
Other charges			
Brokerage on Deposits	223.93	146.06	53.31
Fee and Other Expenses	496.80	291.51	70.42
Bank Charges Towards Borrowings	6.13	7.01	(12.55)
Total Finance Cost	**18,602.85**	**12,648.43**	**47.08**

Our average cost of borrowings decreased to 8.67% in Fiscal Year 2016 from 9.26% in Fiscal Year 2015, which reflects our increasing reliance on more cost-effective sources of funds other than term loans from banks and financial institutions, such as NCDs, deposits, ECBs and refinance from the NHB, as well as a decline in prevailing market interest rates.

Our finance cost increased by ₹5,954.42 million, or 47.08%, to ₹18,602.85 million in Fiscal Year 2016 from ₹12,648.43 million in Fiscal Year 2015, primarily due to:

- An increase in interest expense on our deposits by ₹2,861.26 million, or 96.46%, to ₹5,827.50 million in Fiscal Year 2016 from ₹2,966.24 million in Fiscal Year 2015, which was primarily attributable to an increase in our average outstanding deposits by ₹27,017.94 million, or 81.75%, to ₹60,066.39 million in Fiscal Year 2016 from ₹33,048.45 million in Fiscal Year 2015 as part of our strategy to continue to raise deposits, which is a relatively stable source of funds for us.

- An increase in interest expense on our borrowings through NCDs by ₹2,253.89 million, or 63.89%, to ₹5,781.42 million in Fiscal Year 2016 from ₹3,527.53 million in Fiscal Year 2015, which was primarily attributable to an increase in our average borrowings through NCDs by ₹27,600.00 million, or 77.58%, to ₹63,175.00 million in fiscal 2016 from ₹35,575.00 million in fiscal 2015.

- An increase in interest expense on our borrowings through commercial paper by ₹1,687.55 million, or 291.42%, to ₹2,266.63 million in Fiscal Year 2016 from ₹579.08 million in Fiscal Year 2015, which was primarily due to an increase in our average borrowings through commercial paper by ₹25,125.00 million to ₹33,125.00 million in Fiscal Year 2016 from ₹8,000.00 million in Fiscal Year 2015.

The increase in interest expense was partially off-set by a decrease of ₹1,130.56 million, or 22.03%, in our interest expense on our bank borrowings to ₹4,000.44 million in Fiscal Year 2016 from ₹5,131.00 million in Fiscal Year 2015, which was primarily attributable to a decrease in our average bank borrowings by ₹10,670.65 million, or 28.50%, to ₹26,763.74 million in Fiscal Year 2016 from ₹37,434.39 million in Fiscal Year 2015 as a result of our repayment of certain bank borrowings in our effort to utilise sources of funds with lower average cost of borrowings.

Employees Benefit Expense

Our employee benefit expense increased by ₹82.20 million, or 12.26%, to ₹752.83 million in Fiscal Year 2016 from ₹670.63 million in Fiscal Year 2015, which was primarily attributable to an increase in the number of our employees to 752 in Fiscal Year 2016 from 630 in Fiscal Year 2015 as we continued to expand our operations, resulting in an increase in fixed and variable remuneration of our employees during this period to ₹704.99 million in Fiscal Year 2016 from ₹629.02 million in Fiscal Year 2015. Our employee benefit expense, as a percentage of total revenue, decreased to 2.79% in Fiscal Year 2016 from 3.77% in Fiscal Year 2015.

Office Operating Expenses

Our office operating expenses increased by ₹116.25 million, or 25.94%, to ₹564.32 million in Fiscal Year 2016 from ₹448.07 million in Fiscal Year 2015, which was primarily attributable to a 39.31% increase in our general office expenses to ₹237.49 million in Fiscal Year 2016 from ₹170.47 million in Fiscal Year 2015, a 27.70% increase in rent to ₹146.24 million in Fiscal Year 2016 from ₹114.52 million in Fiscal Year 2015, as well as increases in postage and telecommunication expenses and electricity and water charges, which was generally consistent with the expansion of our operations as we added additional branches and regional processing hubs to our distribution network. These increases were partially off-set by a decrease of ₹14.71 million in travelling and conveyance expenses. Our office operating expenses, as a percentage of total revenue, decreased to 2.09% in Fiscal Year 2016 from 2.52% in Fiscal Year 2015.

Other Expenses

Our other expenses increased by ₹442.65 million, or 70.45%, to ₹1,070.96 million in Fiscal Year 2016 from ₹628.31 million in Fiscal Year 2015. Our other expenses include underwriting costs, collection costs, and loan origination costs, which in turn include commission we paid to our third party distribution channel partners, legal expenses, our advertisement and publicity activities that included the "*Ghar ki Baat*" television campaign and certain customer education campaigns. Our other expenses, as a percentage of total revenue, increased to 3.97% from 3.53% in Fiscal Years 2016 and 2015, respectively.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by ₹67.59 million, or 81.62%, to ₹150.40 million in Fiscal Year 2016 from ₹82.81 million in Fiscal Year 2015, which was primarily attributable to an increase in our intangible assets of 680.72% during the same period, as intangible assets attract a higher rate of depreciation than other assets in accordance with Part C of Schedule II of the Companies Act, 2013.

Provision for Doubtful Debts and Contingencies

Our provision for doubtful debts and contingencies increased by ₹414.92 million, or 111.89%, to ₹785.76 million in Fiscal Year 2016 from ₹370.84 million in Fiscal Year 2015. ₹769.60 million, or 97.94%, of the provisions created in Fiscal Year 2016 were created pursuant to our obligation under the NHB Directions to create provisions for standard assets, whereas ₹16.16 million, or 2.06%, were attributable to provisions for NPAs.

Bad Debts Written Off/Business Loss

Bad debts written off with respect to our portfolio loans increased by ₹15.28 million, or 149.36%, to ₹25.51 million in Fiscal Year 2016 from ₹10.23 million in Fiscal Year 2015, primarily as a result of an increase in our non-performing loans to ₹598.20 million, or 0.22% of our total loan portfolio as at March 31, 2016 from ₹341.40 million, or 0.20% of our total loan portfolio as at March 31, 2015**.** For further details, see "***Risk Factors—As our loan portfolio grows, an increasing proportion of our loans could be classified as non-performing and the current level of our provisions may not adequately cover any such increases.***" on page 18.

Profit Before Tax

Our profit before tax increased by ₹2,098.31 million, or 71.26%, to ₹5,042.81 million in Fiscal Year 2016 from ₹2,944.50 million in Fiscal Year 2015. Our NII during this period increased by ₹2,664.08 million, or 60.33%, from ₹4,415.72 million to ₹7,079.80 million and NIM in Fiscal Year 2016 was 2.98% as compared to 2.94% in the previous year. The decrease in average yield to 10.80% in Fiscal Year 2016 from 11.37% in Fiscal Year 2015 and the decrease in average cost of borrowings during this period to 8.67% from 9.26%, resulted in an increase in the spread to 2.13% from 2.11% during this period. Our cost to income ratio decreased during this period to 25.69% in Fiscal Year 2016 as compared to 31.39% in Fiscal Year 2015, primarily as a result of our relatively stable operating expenses. For further details, see "***Selected Statistical Information***" on page 111.

Provision for Taxation

Our total tax expenses increased by ₹763.34 million, or 76.05%, to ₹1,767.14 million in Fiscal Year 2016 from ₹1,003.80 million in Fiscal Year 2015. Our current tax increased by ₹745.30 million, or 81.48%, to ₹1,659.96 million in Fiscal Year 2016 from ₹914.66 million in Fiscal Year 2015. The increase in these tax related expenses is primarily a result of the increase in our profit before tax in the same period.

The DTL on the amount in special reserve appropriated out of our profits for Fiscal Year 2016 was ₹204.03 million, which was also taken into account to determine the effective tax rate for Fiscal Year 2016. The effective tax rate for Fiscal Year 2016 increased to 35.04% as compared to 34.09% in Fiscal Year 2015 after taking into account the effect of the DTL.

Profit After Tax

As a result of the foregoing, profit after tax increased by ₹1,334.96 million, or 68.79%, to ₹3,275.66 million in Fiscal Year 2016 from ₹1,940.70 million in Fiscal Year 2015.

Fiscal Year 2015 compared to Fiscal Year 2014

Income

Revenue from operations

The table below sets forth details in relation to our revenue from operations for Fiscal Years 2015 and 2014.

	Fiscal Year		Percentage Difference *(%)*
	2015	2014	
	Amount *(in ₹ million)*		
Revenue from Operations			
Interest Income			
Interest on Loans	15,976.36	10,011.14	59.59
Interest on Investments	729.25	547.50	33.20
Other Interest	2.81	0.44	538.64
Total interest income	16,708.42	10,559.08	58.24
Fees and Other Charges	491.61	268.50	83.09
Surplus from Deployment of Funds in Cash Management Schemes of Mutual Funds	198.93	115.41	72.37
Profit/(Loss) on Sale of Investment	156.81	94.95	65.15
Other operating income	248.06	165.28	50.08
Total Revenue	**17,803.83**	**11,203.22**	**58.92**

Our revenue from operations in Fiscal Year 2015 increased by ₹6,600.61 million, or 58.92%, from ₹11,203.22 million in Fiscal Year 2014 to ₹17,803.83 million in Fiscal Year 2015, primarily as a result of an increase in interest generated from our housing and non-housing loans.

Interest on Loans

Our interest income from loans increased by ₹5,965.22 million, or 59.59%, to ₹15,976.36 million in Fiscal Year 2015 from ₹10,011.14 million in Fiscal Year 2014 primarily as a result of an increase in the average balance of our total loan portfolio by ₹50,999.44 million, or 59.27%, to ₹137,052.62 million in Fiscal Year 2015 from ₹86,053.18 million in Fiscal Year 2014. The average yield on our loan portfolio was 11.37% in Fiscal Year 2015 as compared to 11.45% in Fiscal Year 2014 as prevailing market interest rates decreased in a downward interest rate cycle.

Loan sanctions increased in Fiscal Year 2015 by ₹62,358.20 million, or 70.54%, to ₹150,762.43 million from ₹88,404.23 million in Fiscal Year 2014, while loan disbursements increased during this period by ₹39,400.00 million, or 74.64%, to ₹94,400.00 million from ₹55,000.00 million in Fiscal Year 2014 through continued expansion in our existing markets. We sanctioned loans to 27,085 accounts in Fiscal Year 2015 as compared to 13,627 accounts in Fiscal Year 2014. As part of our expansion strategy, we opened six intra-city branch offices and 10 additional regional processing hubs to support our three existing zonal hubs for the northern, western and southern regions of India, which allowed us to process more loan applications compared to the previous year. The table below sets forth a breakdown of our loan portfolio as of the dates indicated below.

	As of March 31, 2015		**As of March 31, 2014**	
Loan Portfolio	Amount *(in ₹ million)*	*% of total loan portfolio*	Amount *(in ₹ million)*	*% of total loan portfolio*
Housing loans	119,635.52	71.13	74,611.24	70.45
Non-housing loans	48,557.65	28.87	31,300.82	29.55
Total	**168,193.17**	**100.00**	**105,912.10**	**100.00**

The interest income from our housing loans increased by ₹3,723.17 million, or 54.74%, to ₹10,524.34 million in Fiscal Year 2015 from ₹6,801.17 million in Fiscal Year 2014, which was consistent with an increase in the average balance of our housing loan portfolio, which was in turn consistent with the increased demand for such loans. The average yield from our housing loans was 11.37% in Fiscal Year 2015 as compared to 11.45% in Fiscal Year 2014 as we continued our focus on the higher yielding construction finance loans for real estate developers.

Average loan size for new retail loans disbursed decreased to ₹4.54 million in Fiscal Year 2015 as compared to ₹5.28 million in Fiscal Year 2014, which was primarily driven by our increased focus on the affordable housing segment. The table below sets forth details in relation to our housing loan portfolio as of the dates indicated below.

	As of March 31, 2015		As of March 31, 2014	
Housing Loans	Amount *(in ₹ million)*	*% of total housing loans*	Amount *(in ₹ million)*	*% of total housing loans*
Retail Housing Loans	103,524.70	86.53	68,477.71	91.78
Construction Finance	16,110.82	13.47	6,133.53	8.22
Total Housing Loans	**119,635.52**	**100.00**	**74,611.24**	**100.00**

The interest income from our non-housing loans increased by ₹2,242.05 million, or 69.85%, to ₹5,452.02 million in Fiscal Year 2015 from ₹3,209.97 million in Fiscal Year 2014, which was consistent with the increase in average balance of our non-housing loan portfolio that resulted from our increased focus on loans to self-employed customer segment. 91.50% of our non-housing loan disbursements were made to self-employed customers in Fiscal Year 2015. The average yield from our non-housing loans was 13.65% in Fiscal Year 2015 as compared to 13.06% in Fiscal Year 2014 as we continued our focus on the higher yielding LAP to self-employed customers. The table below sets forth details in relation to our non-housing loan portfolio as of the dates indicated below.

	As of March 31, 2015		As of March 31, 2014	
Non-Housing Loans	Amount *(in ₹ million)*	*% of total non-housing loans*	Amount *(in ₹million)*	*% of total non-housing loans*
Loan Against Property	33,915.77	69.85	21,947.97	70.11
Non-residential Premises Loans	5,957.92	12.27	3,670.97	11.73
Lease Rental Discounting	5,618.21	11.57	2,728.55	8.72
Corporate Term Loans	3,065.74	6.31	2,953.33	9.44
Total Non-Housing Loans	**48,557.65**	**100.00**	**31,300.82**	**100.00**

Interest on Investments

Our interest on investments increased by ₹181.75 million, or 33.20%, to ₹729.25 million in Fiscal Year 2015 from ₹547.50 million in Fiscal Year 2014, which was driven by our average balance of investments. The average balance of our investments increased ₹4,947.70 million, or 61.78%, from ₹8,009.03 million in Fiscal Year 2014 to ₹12,956.73 million in Fiscal Year 2015, which was primarily due to an increase in our SLR investments in fixed income securities such as government securities, bonds carrying sovereign guarantee, bonds issued by state governments or public sector enterprises, debt mutual funds, fixed deposits with banks and other highly rated bonds in line with an increase in our deposits. Our average yield on investments decreased to 8.37% in Fiscal Year 2015 from 9.46% in Fiscal Year 2014.

Other Interest

Our other interest increased by ₹2.37 million, or 538.64%, to ₹2.81 million in Fiscal Year 2015 from ₹0.44 million in Fiscal Year 2014 due to an increase in interest on loans against deposits.

Revenue from Fees and Other Charges

Our revenue from fees and other charges increased by ₹223.11 million, or 83.09%, to ₹491.61 million in Fiscal Year 2015 from ₹268.50 million in Fiscal Year 2014, which were primarily represented by an increase in the revenue generated from loan-related services such as loan processing and management fees, fixed charges received at the time of log-in to cover preliminary due diligence/checks, cheque dishonour charges, penal interest on amounts due, additional interest on defaults and pre-payment charges on fixed interest rate loans, which was consistent with the increase in our loan portfolio during the period.

Surplus from Deployment of Funds in Cash Management Schemes of Mutual Funds

Our surplus from deployment of funds in cash management schemes of mutual funds increased by ₹83.52 million, or 72.37%, to ₹198.93 million in Fiscal Year 2015 from ₹115.41 million in Fiscal Year 2014 which was primarily attributable to an increase in the value of our investments in mutual funds, as well as an increase in the rate of return on mutual funds.

Profit/(Loss) on Sale of Investment

Our income from profit/(loss) on sale of investments increased by ₹61.86 million, or 65.15%, to ₹156.81 million in Fiscal Year 2015 from ₹94.95 million in Fiscal Year 2014, which was primarily attributable to profits from the sale of our investments in bonds and debentures and increased income from our treasury management activities.

Other Operating Income

Our other operating income increased by ₹82.78 million, or 50.08%, to ₹248.06 million in Fiscal Year 2015 from ₹165.28 million in Fiscal Year 2014 and was primarily attributable to an increase in income from service fees charged for the management of securitised portfolios, together with fees received from third party marketing agents for certain support services provided by us, including sharing space on our website, which was consistent with expansion in our business and operations during this period.

Expenses

The table below sets forth details in relation to our total expenses in the periods indicated below.

	Fiscal Year		Percentage Difference *(%)*
	2015	2014	
	Amount *(in ₹ million)*		
Expenses			
Finance Cost	12,648.43	8,015.99	57.79
Employee Benefit Expense	670.63	404.01	65.99
Office Operating Expenses	448.07	254.69	75.93
Other Expenses	628.31	401.28	56.58
Depreciation and amortisation	82.81	33.09	150.26
Provision for Doubtful Debts and Contingencies	370.84	224.44	65.23
Bad Debts Written Off/Business Loss	10.23	79.87	(87.19)
Total Expenses	**14,859.32**	**9,413.37**	**57.85**

Our total expenses increased by ₹5,445.95 million, or 57.85%, to ₹14,859.32 million in Fiscal Year 2015 from ₹9,413.37 million in Fiscal Year 2014, which was primarily attributable to an increase in our finance costs during this period and was generally consistent with the increase in our loan portfolio and revenue from our operations during this period.

Finance cost

The table below sets forth details in relation to our finance costs for the periods indicated below.

	Fiscal Year		Percentage Difference *(%)*
	2015	2014	
	Amount *(in ₹ million)*		
Interest on			
Term Loans	5,131.00	4,014.82	27.80
Non-Convertible Debentures	3,527.53	2,484.10	42.00
Commercial Paper	579.08	108.01	436.14
Deposits	2,966.24	1,323.84	124.06
Other charges			
Brokerage on Deposits	146.06	57.32	154.82
Fee and Other Expenses	291.51	26.00	1,021.19
Bank Charges Towards Borrowings	7.01	1.90	268.95
Total Finance Cost	**12,648.43**	**8,015.99**	**57.79**

Our average cost of borrowings decreased to 9.26% in Fiscal Year 2015 from 9.30% in Fiscal Year 2014 primarily on account of our increasing reliance on sources of funds other than term loans from banks and financial institutions such as NCDs, deposits, ECBs and refinance from the NHB and generally, a decline in market interest rates.

Our finance cost increased by ₹4,632.44 million, or 57.79%, to ₹12,648.43 million in Fiscal Year 2015 from ₹8,015.99 million in Fiscal Year 2014, primarily due to:

- An increase in interest expense on our deposits by ₹1,642.40 million, or 124.06%, to ₹2,966.24 million in Fiscal Year 2015 from ₹1,323.84 million in Fiscal Year 2014, which was primarily attributable to an increase in our average outstanding deposits by ₹19,232.98 million, or 139.21%, to ₹33,048.45 million in Fiscal Year 2015 from ₹13,815.48 million in Fiscal Year 2014 as a result of our continued focus on meeting our funding requirements through stable and cost-effective sources of funds such as deposits. The average cost of our deposits decreased to 9.44% in Fiscal Year 2015 from 10.02% in Fiscal Year 2014, which was in line with the RBI's reduction in the policy repo rate by 50 bps during Fiscal Year 2015.

- An increase in interest expense on our bank borrowings by ₹1,116.18 million, or 27.80%, to ₹5,131.00 million in Fiscal Year 2015 from ₹4,014.82 million in Fiscal Year 2014, which was primarily attributable to an increase in our outstanding bank borrowings from ₹50,781.67 million as of March 31, 2014 to ₹57,891.45 million as of March 31, 2015, primarily resulting from additional ECB borrowings and, to a lesser extent, additional NHB refinancing.

- An increase in interest expense on our borrowings through NCDs by ₹1,043.43 million, or 42.00%, to ₹3,527.53 million in Fiscal Year 2015 from ₹2,484.10 million in Fiscal Year 2014, which was primarily attributable to an increase in our borrowings through NCDs during the period.

- An increase in interest expense on our borrowings through commercial paper by ₹471.07 million to ₹579.08 million in Fiscal Year 2015 from ₹108.01 million in Fiscal Year 2014, which was primarily due to an increase in our borrowings through commercial paper during the period.

Employee Benefit expense

Our employee benefit expense increased by ₹266.62 million, or 65.99%, to ₹670.63 million in Fiscal Year 2015 from ₹404.01 million in Fiscal Year 2014, which was primarily attributable to an increase in the number of employees to 630 in Fiscal Year 2015 from 469 in Fiscal Year 2014 as we continued to expand our operations, and a 68.34% increase in fixed remuneration of our employees during this period to ₹629.02 million in Fiscal Year 2015 from ₹373.65 million in Fiscal Year 2014. Our employee benefit expense, as a percentage of total revenue, increased marginally to 3.77% in Fiscal Year 2015 from 3.61% in Fiscal Year 2014.

Office Operating Expenses

Our office operating expenses increased by ₹193.38 million, or 75.93%, to ₹448.07 million in Fiscal Year 2015 from ₹254.69 million in Fiscal Year 2014, which was primarily attributable to a 127.32% increase in our general office expenses to ₹170.47 million in Fiscal Year 2015 from ₹74.99 million in Fiscal Year 2014, followed by an increase in rent, electricity and water charges, insurance charges, traveling and conveyance expenses, printing and stationery expenses, postage and telecommunication expenses, which was generally consistent with the expansion of our operations as we added additional branches and regional processing hubs to our distribution network. Our office operating expenses, as a percentage of total revenue, increased marginally to 2.52% in Fiscal Year 2015 from 2.27% in Fiscal Year 2014.

Other Expenses

Our other expenses increased by ₹227.03 million, or 56.58%, to ₹628.31 million in Fiscal Year 2015 from ₹401.28 million in Fiscal Year 2014, which was primarily attributable to a 115.60% increase in our advertisement and publicity related expenses to ₹117.72 million in Fiscal Year 2015 from ₹54.60 million in Fiscal Year 2014 and a 62.61% increase in loan origination costs such as commission we paid to our third party distribution channel partners and client verification charges to ₹308.37 million in Fiscal Year 2015 from ₹189.64 million in Fiscal Year 2014 that resulted from the growth in our loan portfolio and as we continued to extensively market our products and services, which was partially offset by a marginal decline in our professional charges as we standardised our processes and derived benefits from centralisation of certain loan processing functions. Our other expenses, as a percentage of total revenue, remained relatively stable at 3.53% and 3.58% in Fiscal Years 2015 and 2014, respectively.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased marginally by ₹49.72 million, or 150.26%, to ₹82.81 million in Fiscal Year 2015 from ₹33.09 million in Fiscal Year 2014, primarily due to an increase in the amount of depreciable assets. This was partially off-set by a review of the method of calculating depreciation in our fixed assets on account of a change in the depreciation rate based on the useful life of the assets in terms of Schedule II of the Companies Act, 2013. Consequently, the depreciation method was changed to the straight line method from the reducing balance method which led to reassessment of useful life of our fixed assets other than lease improvements and intangibles and a charge on account of depreciation which was lower by ₹28.02 million.

Provision for Doubtful Debts and Contingencies

Our provision for doubtful debts and contingencies increased by ₹146.40 million, or 65.23%, to ₹370.84 million in Fiscal Year 2015 from ₹224.44 million in Fiscal Year 2014. ₹312.24 million, or 84.20%, of the provisions created in Fiscal Year 2015 were created pursuant to our obligation under the NHB Directions to create provisions for standard assets whereas ₹58.60 million, or 15.80%, were attributable to provisions for NPAs.

Bad Debts Written Off/Business Loss

Bad debts written off with respect to our portfolio loans decreased significantly by ₹69.64 million, or 87.19%, to ₹10.23 million in Fiscal Year 2015 from ₹79.87 million in Fiscal Year 2014, primarily as a result of a reduction in our non-performing loans to ₹341.40 million, or 0.20% of our total loan portfolio, in Fiscal Year 2015 from ₹337.20 million, or 0.32% of our total loan portfolio, in Fiscal Year 2014. This was primarily due to our increased focus on systems for collection. For further details, see "***Risk Factors—As our loan portfolio grows, an increasing proportion of our loans could be classified as non-performing and the current level of our provisions may not adequately cover any such increases***" on page 18.

Profit Before Tax

As a result of the foregoing, our profit before tax increased by ₹1,154.66 million, or 64.51%, to ₹2,944.50 million in Fiscal Year 2015 from ₹1,789.84 million in Fiscal Year 2014. Our NII during this period increased by ₹1,662.27 million, or 60.37%, from ₹2,753.45 million to ₹4,415.72 million and NIM during this period was 2.94% as compared to 2.93% in the previous year. The decrease in average yield on average interest bearing assets to 11.37% in Fiscal Year 2015 from 11.45% in Fiscal Year 2014 and the marginal decrease in average cost of borrowings during this period to 9.26% from 9.30%, resulted in a marginal decrease in the spread to 2.11% from 2.15% during this period. Our cost to income ratio increased during this period to 31.39% in Fiscal Year 2015 as compared to 30.14% in Fiscal Year 2014, primarily as a result of relatively higher operating expenses during this period. For further details, see "***Selected Statistical Information***" on page 111.

Provision for Taxation

Our total tax expenses increased by ₹510.93 million, or 103.66%, to ₹1,003.80 million in Fiscal Year 2015 from ₹492.87 million in Fiscal Year 2014. Our current tax increased by ₹407.84 million, or 80.47%, to ₹914.66 million in Fiscal Year 2015 from ₹506.82 million in Fiscal Year 2014.

In addition, in Fiscal Year 2015, the NHB issued a circular requiring all HFCs to create a provision for DTL on the total amounts transferred to special reserves pursuant to this tax provision, including those transferred in the previous years, irrespective of whether the HFC intended to withdraw such amounts from the special reserves. As of the beginning of Fiscal Year 2015 (i.e., April 1, 2014), the balance in our special reserve was ₹1,502.58 million. The NHB permitted HFCs to create DTL in respect of the balance amount transferred to special reserves in the past over a period of three years, in a phased manner in the ratio of 25:25:50 from the reserves. Accordingly, we created 25.00% of DTL on the opening balance in our special reserve, which was equal to ₹127.68 million at the end of Fiscal Year 2015.

The DTL on the amount in special reserve appropriated out of our profits for Fiscal Year 2015 was ₹105.71 million, which was also taken into account to determine the effective tax rate for Fiscal Year 2015. The effective tax rate for the Fiscal Year 2015 increased to 34.09% as compared to 27.54% in Fiscal Year 2014 after taking into account the effect of DTL.

Profit After Tax

As a result of the foregoing, profit after tax increased by ₹643.73 million, or 49.63%, to ₹1,940.70 million in Fiscal Year 2015 from ₹1,296.97 million in Fiscal Year 2014.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity requirements have been, and will continue to be, the procurement of funds to provide loans to new customers, meet expenditures related to expansion of our operations, meet our working capital requirements and to finance our borrowings. Surplus funds, if any, are invested in accordance with our investment policy. As of June 30, 2016, our total investment portfolio was ₹20,299.48 million. We actively monitor our liquidity position to meet all requirements of our customers, while also meeting the requirements of our lenders and to be able to consider investment opportunities as they arise.

We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. As of June 30, 2016, we met our funding requirements through the following diverse sources of funding: 7.03% from term loans from banks and financial institutions, 30.19% from NCDs, 24.75% from deposits, 5.37% from ECBs, 19.64% through commercial paper, 10.04% from NHB refinancing and 3.00% from unsecured, subordinated debt. As of June 30, 2016, our borrowings constituted 86.63% of our total liabilities. Our average cost of borrowings (which we define as finance cost for the period divided by average interest-bearing liabilities) in the three months ended June 30, 2016, on an annualised basis, and in Fiscal Years 2016, 2015 and 2014 was 8.65%, 8.67%, 9.26% and 9.30%, respectively. While term loans from banks and financial institutions was, until recently, one of our primary sources for meeting our funding requirements, an increasing portion of our funding requirements has been met in recent fiscal periods through sources such as NHB refinance and NCDs, which in our experience have relatively lower cost of borrowings, and deposits, which are relatively more stable. For further details in relation to our funding sources, see "***Our Business—Sources of Funding***", "***Selected Statistical Information—Sources of Funding***" and "***Financial Indebtedness***" on pages 145, 119 and 281, respectively.

Term loans from banks and financial institutions. As of June 30, 2016, the term loans outstanding from banks and financial institutions, excluding line of credit facilities, amounted to ₹21,118.19 million as compared to ₹19,484.74 million and ₹34,042.74 million as of March 31, 2016 and 2015, respectively.

Non-convertible Debentures. In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014, we raised ₹3,000.00 million, ₹48,050.00 million, ₹30,250.00 million and ₹11,000.00 million, respectively, through privately placed secured NCDs. As of June 30, 2016, the outstanding balance of secured NCDs was ₹90,700.00 million. On March 31, 2016, we raised ₹5,000.00 million through the issuance of "green bonds" to IDBI Trusteeship Services Limited (as trustee for the International Finance Corporation), the proceeds of which will be used to finance the construction of residential projects that conform with recognised "green" building standards. The issued green bonds are secured NCDs with a fixed coupon of 8.01% payable semi-annually and are redeemable on March 31, 2021. The bonds are secured by way of first exclusive charge on the specific book debts of the Company with minimum security cover of 1.25 times the aggregate principal amount of debentures outstanding at all times. The bonds have been listed on the Wholesale Debt Market segment of the National Stock Exchange.

Deposits. In the three months ended June 30, 2016, we raised deposits of ₹9,464.86 million and repaid deposits of ₹6,264.39 million. Outstanding deposits (net of maturities) raised by us grew at a CAGR of 110.41%, from ₹3,630.66 million as of March 31, 2012 to ₹71,158.51 million as of March 31, 2016, and were ₹74,358.98 million as of June 30, 2016. As of June 30, 2016, our outstanding deposits of ₹74,358.98 million from 81,207 deposit accounts constituted 24.75% of our total outstanding borrowings.

External commercial borrowings. In Fiscal Years 2015 and 2017, we raised US$100.00 million and US$150.00 million as ECBs for durations of five years and seven years, respectively, on terms which are consolidated under the RBI ECB Master Directions for funding low-cost affordable housing projects. The foreign exchange risk related to the principal and the spread has been fully hedged in accordance with the RBI ECB Master Directions. See "***—Hedging Transactions***" on page 276 for more details in relation to the hedging arrangements.

Commercial paper. We use commercial paper as a source of funds for our working capital needs and for bridge financing until such time as longer term securities are placed. In the three months ended June 30, 2016 and in Fiscal Year 2016, we raised ₹72,750.00 million and ₹158,250.00 million, respectively, through issuance of commercial paper. The outstanding balance of commercial paper as of June 30, 2016 was ₹59,000.00 million.

NHB Refinancings. NHB's affordable housing schemes are 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. As of June 30, 2016, our outstanding refinancing from the NHB was ₹30,157.35 million. In the three months ended June 30, 2016 and in Fiscal Years 2016, 2015 and 2014, we were disbursed ₹10,000.00 million, ₹9,000.00 million, ₹10,100.00 million and ₹4,084.00 million, respectively, under various refinancing schemes of the NHB.

Subordinated Debt. In the three months ended June 30, 2016 and in Fiscal Years 2016, 2014 and 2012, we raised ₹2,900.00 million, ₹2,100.00 million, ₹2,000.00 million and ₹2,000.00 million, respectively, through long-term, unsecured, redeemable, 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 outstanding subordinated debt as of June 30, 2016 was ₹9,000.00 million. The debt under such debentures is subordinated to present and future indebtedness of the Company.

Securitisation Transactions. In Fiscal Year 2015, we assigned loans amounting to ₹5,000.00 million to PNB, and on August 30, 2016, we assigned loans amounting to ₹24,400.00 million to the Federal Bank. For further details, see "***Our Business—Securitisation Transactions***" on page 147.

Equity Capital. Equity has been an important source of funding for us. As of June 30, 2016, our debt to equity ratio was 13.41%.

Cash Flow from Operations. Our cash flow from operations, which is discussed below, also contributes to our liquidity, reserves and surplus on an ongoing basis.

Capital Adequacy. As of June 30, 2016, our overall CRAR was 13.04%, with Tier I and Tier II capital comprising 8.40% and 4.64%, respectively, of risk weighted assets as of that date.

We expect to meet our working capital needs and liquidity requirements for the next 12 months primarily from the cash flows from our business operations and borrowings, as determined by our management, as well as the net proceeds of the Issue. In addition, we expect that we will be able to access domestic as well as international debt and equity capital markets without any material constraints in order to meet our liquidity requirements. Since October 1, 2015, we have raised debt funds in the normal course of business through various sources including NCDs, commercial paper and deposits. For any period where liabilities exceed assets, we expect to be able to rely on the unutilised lines of credit we maintain with certain banks as being sufficient to meet cash outflow requirements for a period of two months.

Summary of Cash flows

As of June 30, 2016, we had cash and cash equivalents (as per our cash flow statement) of ₹12,554.72 million. Cash and cash equivalents primarily consist of cash on hand and balances with banks in current accounts and fixed deposits with banks. 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 timing differences result in on-going, but temporary cash balances on our books.

The table below sets forth selected information from our statements of cash flows in the periods indicated below.

	Three months ended June 30, 2016	**Fiscal Year**		
		2016	**2015**	**2014**
	(in ₹ million)			
Net cash flow from (used in) operating activities	(27,895.56)	(96,644.70)	(67,909.80)	(36,271.51)
Net cash flow from (used in) investing activities	(63.35)	(196.46)	(373.40)	(146.65)
Net cash flow from (used in) financing activities	38,846.56	98,038.99	68,504.94	36,042.89
Net increase (decrease) in cash and cash equivalents	10,887.65	1,197.83	221.74	(375.27)
Cash and cash equivalents at the beginning of the year	1,667.07	469.24	247.50	622.77
Cash and cash equivalents at the end of the year	12,554.72	1,667.07	469.24	247.50

Cash flows used in operating activities

Our cash flows from operations are reported using the indirect method pursuant to which our profit before tax is adjusted for the effects of transactions of a non-cash nature, such as depreciation, provisions for doubtful debts and contingencies and bad debts written off, as well as changes in other assets and liabilities and any deferrals or accruals of past or future cash receipts or payments. Outward cash flows relating to loans and advances we disburse (net of repayments) is reflected in operating activities by way of an increase in our assets, whereas the inward cash flows from external funding we procure (net of repayments) to disburse these loans are reflected in financing activities. Therefore, our disbursement of loans is the primary cause of our negative cash flow from operating activities.

Our cash flow used in operating activities for the three months ended June 30, 2016 of ₹27,895.56 million resulted primarily from an increase in our long-term loans and advances (net of repayments) of ₹35,168.85 million, an increase in other long term liabilities of ₹116.19 million, an increase in other non-current assets, a decrease in our investments (net of any gains) of ₹5,323.27 million as well as an outflow of ₹533.94 million for direct taxes paid (net of refunds), a net increase in our other current assets of ₹2,542.93 million, our profits during the period, which on a non-cash basis were ₹1,798.31 million, a net increase in our other current liabilities by ₹9,716.98 million and an increase in other bank balances of ₹6,381.71 million.

Our cash flow used in operating activities for Fiscal Year 2016 of ₹96,644.70 million resulted primarily from an increase in our long-term loans and advances (net of repayments) of ₹112,439.40 million, a decrease in other long term liabilities of ₹1,006.76 million, an increase in other non-current assets, an increase in our investments (net of any gains) of ₹363.35 million as well as an outflow of ₹1,654.43 million for direct taxes paid (net of refunds), which was partially offset by a net decrease in our other current assets of ₹6,600.75 million, our profits during the period, which on a non-cash basis were ₹6,005.65 million, a net increase in our other current liabilities by ₹4,993.35 million and a decrease in other bank balances of ₹1,643.89 million.

Our cash flow used in operating activities in Fiscal Year 2015 of ₹67,909.80 million resulted primarily from an increase in our long-term loans and advances (net of repayments) of ₹57,425.49 million, the related other non-current assets consisting of security deposits and prepaid expenses of ₹5,761.57 million, our investments (net of any gains) of ₹9,405.02 million and fixed deposits of ₹1,325.42 million as well as an outflow of ₹893.72 million for direct taxes paid (net of refunds), which was partially offset by our profits during the period, which on a non-cash basis were ₹3,410.59 million, a net decrease in our other current liabilities by ₹2,292.90 million and our other long term liabilities by ₹1,575.39 million.

Our cash flow used in operating activities in Fiscal Year 2014 of ₹36,271.50 million resulted primarily from an increase in our long-term loans and advances (net of repayments) of ₹32,606.80 million and the related other current assets/prepaid expenses of ₹307.10 million as well as an outflow of ₹487.56 million for direct taxes paid (net of refunds), which was partially offset by our profits before change in working capital during the period, which on a non-cash basis were ₹2,130.19 million, a net decrease in our other current liabilities by ₹327.47 million and our other long term liabilities by ₹821.70 million as well as a net gain from our investments of ₹1,314.18 million.

Cash flows used in investing activities

Our cash flows used in investing activities for the three months ended June 30, 2016 of ₹63.35 million resulted wholly from purchase of fixed assets of ₹63.35 million.

Our cash flows used in investing activities for Fiscal Year 2016 of ₹196.46 million resulted primarily from purchase of fixed assets of ₹197.15 million, mainly attributable to an expansion in our business operations, the implementation of Project Kshitij and the implementation of ESS, our integrated technology platform.

Our cash flows used in investing activities in Fiscal Year 2015 of ₹373.40 million resulted primarily from purchase of fixed assets of ₹374.77 million, mainly attributable to an expansion in our business operations, the implementation of Project Kshitij, our BPR programme and the implementation of ESS, our integrated technology platform.

Our cash flows used in investing activities in Fiscal Year 2014 of ₹146.65 million resulted primarily from purchase of fixed assets of ₹147.66 million, mainly attributable to an expansion in our business operations and the implementation of Project Kshitij, our BPR programme, which involved the refurbishment of our existing offices.

Cash flows from financing activities

Our net cash generated from financing activities for the three months ended June 30, 2016 of ₹38,846.56 million resulted primarily from proceeds of unsecured loans (net) of ₹11,926.23 million and proceeds from the issue of secured redeemable NCDs of ₹5,900.00 million; and proceeds from term loans from banks and financial institutions of ₹21,220.33 million, which was offset by the repayment of loans of ₹200.00 million.

Our net cash generated from financing activities for Fiscal Year 2016 of ₹98,038.99 million resulted primarily from proceeds of unsecured loans (net) of ₹57,743.49 million and proceeds from the issue of secured redeemable NCDs of ₹50,150.00 million, which was partially offset by the repayment of NCDs of ₹1,000.00 million; and proceeds from term loans from banks and financial institutions of ₹6,900.00 million, which was offset by the repayment of loans of ₹18,464.39 million. We also received ₹2,769.23 million in the form of the last instalment (pursuant to a call made on May 5, 2015) towards the issue price for Equity Shares which were allotted to our shareholders pursuant to a rights offering through a letter of offer dated October 28, 2013. The proceeds were partially offset by distribution of equity dividends of ₹290.11 million. We used the proceeds to fund our growing loan portfolio and to meet our working capital requirements.

Our net cash generated from financing activities in Fiscal Year 2015 of ₹68,504.95 million resulted primarily from proceeds from issue of secured redeemable NCDs of ₹11,000.00 million, which was offset partially by the repayment of NCDs of ₹850.00 million; proceeds from term loans from banks and financial institutions of ₹30,706.95 million, which was offset partially by the repayment of loans of ₹23,597.17 million; and net proceeds from deposits of ₹46,471.17 million. We also received ₹4,960.01 million in the form of the second instalment (pursuant to a call made on December 15, 2014) towards the issue price for Equity Shares which were allotted to our shareholders pursuant to a rights offering through a letter of offer dated October 28, 2013. The proceeds were partially offset by distribution of equity dividends of ₹175.95 million. We used the proceeds to fund our growing loan portfolio and to meet our working capital requirements.

Our net cash generated from financing activities in Fiscal Year 2014 of ₹36,042.88 million resulted primarily from proceeds from issue of secured redeemable NCDs of ₹15,000.00 million, which was offset partially by the repayment of NCDs of ₹1,500.00 million; proceeds from term loans from banks and financial institutions of ₹26,424.00 million, which was offset partially by the repayment of loans of ₹11,727.83 million; and net proceeds from unsecured loans, which included deposits of ₹5,926.78 million. We also received ₹2,039.98 million in the form of the first instalment (paid at the time of application) towards the issue price for Equity Shares which were allotted to our shareholders pursuant to a rights offering through a letter of offer dated October 28, 2013. The proceeds were partially offset by distribution of equity dividends of ₹120.05 million. We used the proceeds to fund our growing loan portfolio and to meet our working capital requirements.

FINANCIAL CONDITION

The table below sets forth details in relation to our net worth as of the dates indicated below.

	As of June 30, 2016	**As of March 31, 2016**	**2015**	**2014**
Particulars		*(in ₹ million)*		
Total Assets (A)	346,816.48	296,724.99	190,352.37	115,395.76
Total Liabilities (B)	324,411.70	275,280.49	174,565.10	106,054.38
Net Worth (A - B)	**22,404.78**	**21,444.50**	**15,787.27**	**9,341.38**

Our net worth, which we define as our total assets less our total liabilities, increased by ₹960.28 million, or 4.48%, to ₹22,404.78 million as of June 30, 2016 from ₹21,444.50 million as of March 31, 2016.

Assets

The table below sets forth details in relation to the principal components of our assets as of the dates indicated below.

	As of June 30, 2016	**As of March 31, 2016**	**2015**	**2014**
Particulars		*(in ₹ million)*		
Fixed Assets	640.34	621.67	576.80	288.41
Non-Current Investments	8,943.75	8,139.62	2,191.26	1,187.37
Current Investments	1,955.73	8,083.13	13,668.54	5,267.40
Loans and Advances	291,397.45	256,235.60	143,821.70	86,406.44

Short Term Loans and Advances	269.51	171.25	179.78	84.61
Cash and Bank Balances	19,754.72	2,485.36	2,931.42	1,384.22
Other Non-Current Assets	2,213.31	1,889.60	1,256.28	653.60
Other Current Assets	21,641.67	19,098.76	25,726.58	19,969.02
Deferred Tax Assets (Net)	-	-	-	154.68
Total Assets	**346,816.48**	**296,724.99**	**190,352.37**	**115,395.74**

Our total assets increased by ₹74,956.63 million, or 64.96%, from ₹115,395.74 million as of March 31, 2014 to ₹190,352.37 million as of March 31, 2015, and by ₹106,372.64 million, or 55.88%, to ₹296,724.99 million as of March 31, 2016, and further increased by ₹50,091.49 million, or 16.88%, to ₹346,816.48 million as of June 30, 2016. The increase was primarily on account of the growth in our loans and advances and investments portfolios.

Our fixed assets increased by ₹288.39 million, or 99.99%, from ₹288.41 million as of March 31, 2014 to ₹576.80 million as of March 31, 2015, and by ₹44.87 million, or 7.78%, to ₹621.67 million as of March 31, 2016, and further increased by ₹18.67 million, or 3.00%, to ₹640.34 million as of June 30, 2016. The increase largely relates to an increase in our tangible assets from ₹248.59 million as of March 31, 2014 to ₹507.18 million as of June 30, 2016, which was primarily attributable to extensive renovations to our existing branches, together with the addition of branches and processing hubs to our distribution network during this period primarily as a result of expansion in our business operations and the implementation and completion of Project Kshitij, our BPR programme. ESS, our integrated technology platform, was implemented during Fiscal Year 2016, which resulted in an increase of ₹86.86 million, or 680.72%, in our intangible assets from ₹12.76 million as of March 31, 2015 to ₹99.62 million as of March 31, 2016. Our intangible assets decreased by ₹4.65 million, or 4.67%, to ₹94.97 million as of June 30, 2016. See "***Our Business—Our Business Process Transformation and Re-Engineering***" on page 125 for more details in relation to our BPR programme.

The table below sets forth, as of the dates indicated below, brief details in relation to our investment portfolio.

	As of June 30, 2016	As of March 31, 2016	2015	2014
Investments		*(in ₹ million)*		
Government Securities	8,943.75	8,139.62	2,191.26	1,187.37
Bonds and Debentures	1,955.73	99.99	56.82	3,300.11
Deposits and Certificate of Deposit	9,400.00	5,710.33	11,207.07	3,104.01
Others	-	-	-	-
Total Investments	**20,299.48**	**17,041.04**	**18,321.97**	**7,591.49**

Our non-current investments increased by ₹1,003.89 million, or 84.55%, from ₹1,187.37 million as of March 31, 2014 to ₹2,191.26 million as of March 31, 2015, and by ₹5,948.37 million, or 271.46%, to ₹8,139.62 million as of March 31, 2016, and further increased by ₹804.13 million, or 9.88%, to ₹8,943.75 million as of June 30, 2016, which was primarily on account of an increase in our SLR investments in state development loans consistent with an increase in our deposits.

Our current investments increased by ₹8,401.14 million, or 159.49%, from ₹5,267.40 million as of March 31, 2014 to ₹13,668.54 million as of March 31, 2015, and decreased by ₹5,585.41 million, or 40.86%, to ₹8,083.13 million as of March 31, 2016, and further decreased by ₹6,127.40 million, or 75.80%, to ₹1,955.73 million as of June 30, 2016. These increases and decreases were primarily on account of variances in the current portion of our investments in fixed income securities such as bonds issued by public sector enterprises, debt mutual funds and other highly rated bonds.

Our loans and advances increased by ₹57,415.25 million, or 66.45%, from ₹86,406.44 million as of March 31, 2014 to ₹143,821.70 million as of March 31, 2015, and by ₹112,413.90 million, or 78.16%, to ₹256,235.60 million as of March 31, 2016, and further increased by ₹35,161.85 million, or 13.72%, to ₹291,397.45 million as of June 30, 2016. These increases were primarily on account of an increase of 191.54% in our housing loans from ₹74,611.24 million as of March 31, 2014 to ₹217,518.93 million as of June 30, 2016 and an increase of 193.56% in our non-housing loans from ₹31,300.82 million to ₹91,888.07 million during the same period, which was generally a result of an increase in our business activities described above. For further details in relation to growth in our loans, see "***Our Business—Our Loan Products***" on page 133.

Our short-term loans and advances increased by ₹95.17 million, or 112.48%, from ₹84.61 million as of March 31, 2014 to ₹179.78 million as of March 31, 2015, and decreased by ₹8.53 million, or 4.74%, to ₹171.25 million as of March 31, 2016, and increased by ₹98.26 million, or 57.38%, to ₹269.51 million as of June 30, 2016, which was primarily on account of an increase of 237.93% in loans against deposits (secured) from ₹11.76 million as of March 31, 2014 to ₹39.74 million as of June 30, 2016 and an increase of 1,516.84% in unsecured advances recoverable in cash or kind from ₹10.63 million to ₹171.87 million during the same period, which was generally a result of an increase in our business activities described above.

Our cash and bank balances increased by ₹1,547.20 million, or 111.77%, from ₹1,384.22 million as of March 31, 2014 to ₹2,931.42 million as of March 31, 2015, and decreased by ₹446.06 million, or 15.22%, to ₹2,485.36 million as of March 31, 2016, and increased by ₹17,269.36 million, or 694.84%, to ₹19,754.72 million as of June 30, 2016, which was primarily on account of a decrease in balances held in fixed accounts caused by the maturity of short term fixed deposits.

Our other non-current assets increased by ₹602.68 million, or 92.21%, from ₹653.60 million as of March 31, 2014 to ₹1,256.28 million as of March 31, 2015, and by ₹633.32 million, or 50.41%, to ₹1,889.60 million as of March 31, 2016, and further increased by ₹323.71 million, or 17.13%, to ₹2,213.31 million as of June 30, 2016, which was primarily on account of an increase in our prepaid expenses, which reflects the loan origination costs such as commission we paid to our third party distribution channel partners in connection with new loans, which are amortised over the tenure of our loans.

Our other current assets increased by ₹5,757.56 million, or 28.83%, from ₹19,969.02 million as of March 31, 2014 to ₹25,726.58 million as of March 31, 2015, and decreased by ₹6,627.82 million, or 25.76%, to ₹19,098.76 million as of March 31, 2016, and increased by ₹2,542.91 million, or 13.31%, to ₹21,641.67 million as of June 30, 2016, which was primarily on account of an increase in the portion of our loans and advances maturing in the relevant period which increased from ₹19,241.88 million as of March 31, 2014 to ₹24,091.12 million as of March 31, 2015 and to ₹15,537.07 million as of March 31, 2016 and further increased to ₹17,608.99 million as of June 30, 2016. The instalments due from our customers and current portion of our prepaid expenses also increased as of these dates reflecting an increase in our business activity.

Our deferred tax assets increased by ₹6.67 million, or 5.01%, from ₹140.74 million as of March 31, 2013 to ₹154.68 million as of March 31, 2014, primarily on account of increased provisions created for doubtful debts and contingencies.

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.

		As of March 31,		
	As of June 30, 2016	2016	2015	2014
Particulars		*(in ₹ million)*		
Share Capital	1,269.23	1,269.23	1,038.46	656.92
Reserves and Surplus	21,135.55	20,175.27	14,748.81	8,684.46
Total Shareholders' Equity	**22,404.78**	**21,444.50**	**15,787.27**	**9,341.38**
Borrowings	277,382.22	240,946.26	145,524.04	83,964.64
Provisions	2,593.32	2,320.53	1,341.55	842.64
Other Liabilities	43,208.06	30,964.29	27,070.81	21,030.96
Trade Payables	924.70	747.76	566.56	216.13
Deferred Tax Liabilities (Net)	303.40	301.65	62.14	-
Total Liabilities	**324,411.70**	**275,280.49**	**174,565.10**	**106,054.38**
Total Liabilities and Shareholders' Equity	**346,816.48**	**296,724.99**	**190,352.37**	**115,395.76**

Our total shareholders' equity increased by ₹6,445.89 million, or 70.16%, from ₹9,341.38 million as of March 31, 2014 to ₹15,787.27 million as of March 31, 2015, and by ₹5,657.24 million, or 35.83%, to ₹21,444.50 million as of March 31, 2016, and further increased by ₹960.28 million, or 4.48%, to ₹22,404.78 million as of June 30, 2016. These increases were primarily due to infusion of capital through rights issues amounting to ₹3,000.00 million in Fiscal Year 2016 and ₹4,960.00 million in Fiscal Year 2015, as well as an increase in our net profit after appropriation of dividends and taxes thereon.

Our total liabilities increased by ₹68,510.72 million, or 64.60%, from ₹106,054.38 million as of March 31, 2014 to ₹174,565.10 million as of March 31, 2015, and by ₹100,715.39 million, or 57.70%, to ₹275,280.49 million as of March 31, 2016, and further increased by ₹49,131.21 million, or 17.85%, to ₹324,411.70 million as of June 30, 2016. These increases were primarily due to an increase in our borrowings as a result of the growth of our business.

Our borrowings increased by ₹61,559.39 million, or 73.32%, from ₹83,964.64 million as of March 31, 2014 to ₹145,524.04 million as of March 31, 2015, and by ₹95,422.22 million, or 65.57%, to ₹240,946.26 million as of March 31, 2016, and further increased by ₹36,435.96 million, or 15.12%, to ₹277,382.22 million as of June 30, 2016. These increases were primarily a result an increase in our outstanding loans of ₹62,281.10 million, or 58.80%, from ₹105,912.10 million as of March 31, 2014 to ₹168,193.20 million as of March 31, 2015, and by ₹103,579.49 million, or 61.58%, to ₹271,772.68 million as of March 31, 2016, and by a further increase of ₹37,233.75 million, or 13.70%, to ₹309,006.44 million as of June 30, 2016.

Our total provisions increased by ₹498.91 million, or 59.21%, from ₹842.64 million as of March 31, 2014 to ₹1,341.55 million as of March 31, 2015, and by ₹979.04 million, or 72.98%, to ₹2,320.53 million as of March 31, 2016, and further increased by ₹272.79 million, or 11.76%, to ₹2,593.32 million as of June 30, 2016. As our loan portfolio has grown in recent periods, our NPAs have also grown in number and therefore we have had to create provisions for doubtful debts, standard assets and contingencies accordingly. These provisions, as a percentage of our total loan portfolio, remained stable at 0.80% as of March 31, 2014 and 2015 and increased to 0.85% as of March 31, 2016 and decreased to 0.84% as of June 30, 2016.

MARKET RISK

Market risk is the potential loss arising from changes in market rates and market prices. Our primary market risk exposures result primarily from fluctuations in interest rates, a mismatch in maturity profile of our assets and liabilities and to a lesser extent, fluctuations in foreign currency exchange rates.

Interest Rate Risk

We are particularly vulnerable to volatility and mismatch in generally prevailing interest rates, especially if the changes are sudden or sharp. 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 NII and NIM. See "***Risk Factors—Our business and financial performance may be adversely affected by volatility in interest rates***." and "***—Significant Factors Affecting our Financial Performance and Financial Condition—Impact of interest rate volatility and liquidity risk***" on pages 17 and 247, respectively. We assess and manage the interest rate risk on our balance sheet through the process of asset-liability management. We follow a prudent policy in respect of managing fluctuations in interest rates within acceptable limits. Our strategy is to optimise our borrowings between short-term and long-term debt as well as between variable and fixed rate instruments. We also use interest rate swaps on a limited basis for the purpose of hedging interest rate mismatches. For further details, see "***—Asset Liability Gap Management***" below and "***Selected Statistical Information—Asset-Liability Gap Management***" on page 120.

Liquidity Risk

We meet a significant portion of our funding requirements through short and medium-term borrowings. However, a significant portion of our assets (such as loans to our customers) have maturities with longer terms than our borrowings. We may face potential liquidity risks as a result of maturity and interest rate mismatches between our assets and liabilities. As of June 30, 2016, we had negative liquidity gaps for certain short-term maturity periods up to one year and for maturity periods between three and five years and five to seven years. For further details, see "***Selected Statistical Information—Asset-Liability Gap Management***" on page 120. As of the three months ended June 30, 2016 and as of Fiscal Years 2016 and 2015, a substantial portion of our loans had an average tenure exceeding one year. 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. See. "***—Liquidity and Capital Resources—Liquidity***" and "***Risk Factors—We face liquidity risks as a result of maturity and interest rate mismatches between our assets and liabilities***." on page 269 and 18, respectively. See also "***—Asset Liability Gap Management***" below.

Asset Liability Gap Management

Our ALCO, composed of certain members of our senior management, is set up and functions on the basis of guidelines and circulars issued by the NHB. Our ALCO reviews our asset liability position, cost of borrowings and conducts sensitivity analysis of forecasted cash flow statements over short and long-term time horizons to monitor our exposure to interest-rate and liquidity risks. It endeavours to contain these within our internal quantitative limits, apprises our Board of Directors periodically of any interest rate or asset-liability mismatch or any liquidity issues and recommends corrective measures, if any, on a regular basis. The ALCO monitors exposure to fluctuations in interest rates and the related liquidity risk primarily through a review of liquidity gap reports, or "gap analysis", which involves the categorisation of all assets and liabilities in different maturity profiles (based on actual behavioural maturities), and evaluating them for mismatches in any particular period, especially in the short term. An interest rate sensitivity report is also prepared by classifying all assets and liabilities into various time period categories according to interest rate sensitivity for reporting on a regular basis to the ALCO and our Board of Directors. The difference between the amounts of assets and liabilities maturing or being re-priced 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 re-priced assets and liabilities. Our ALCO periodically reviews the treasury operations and the pricing of products at specific intervals and gives directions to the finance and treasury teams to manage our asset-liability position.

Excluding the estimated prepayments based on our past experience, for the three months ended June 30, 2016, our liabilities maturing within one year exceeded our assets maturing within the same period by ₹1,022.40 million, our liabilities maturing between one year and three years fell short of our assets maturing during the same period by ₹34,006.91 million, our liabilities maturing between three and five years exceeded our assets maturing during the same period by ₹17,344.23 million while our assets maturing in over five years exceeded our liabilities maturing in the same period by ₹13,665.48 million. For further details, see "***—Contractual Obligations and Commercial Commitments***" and "***Selected Statistical Information—Asset Liability Gap Management***" on pages 277 and 120, respectively.

Exchange Rate Risk

All our assets are financed in Indian Rupee and substantially all of our revenue and expenditure is denominated in Indian Rupees. However, we have obtained certain ECBs in U.S. dollars and had outstanding ECBs of US$250.00 million (₹16,124.95 million, based on an average exchange rate of US$1.00 = ₹64.50) as of June 30, 2016, representing 5.37% of our total borrowings as of that date. For more details, see "***Business—Sources of Funding—External Commercial Borrowings***" and "***Financial Indebtedness***" on pages 146 and 281, respectively. While we have entered into various hedging arrangements to hedge our entire balance sheet risk on our foreign exchange exposure, we continue to be exposed to the risk of default by our counterparty in relation to its obligations under such arrangements. See also "***Risk Factors—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.***" on page 44.

OFF-BALANCE SHEET ARRANGEMENTS AND FINANCIAL INSTRUMENTS

Except as disclosed in this Prospectus, 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

The table below sets forth our contingent liabilities as of June 30, 2016 in accordance with the provisions of Accounting Standard-29, "Provisions, Contingent Liabilities and Contingent Assets".

Particulars	**Amount** *(in ₹ million)*
Income-tax and interest-tax demand	50.32[1]
Contracts remaining to be executed on capital account and not provided for (net of advances)	171.08[2]

[1] We have disputed this demand and the matter is currently under appeal before the relevant authorities. We expect to succeed before the appellate authority, and hence, we have not created any additional provision for these demands. Against the demands from the income tax authorities, ₹81.41 million has been paid and will be received as refund if the matters are decided in our favour.
[2] Estimated value.

Hedging Transactions

We have entered into an interest and exchange rate swap agreement for mitigating interest and exchange rate risk. Pursuant to this agreement, we pay a floating rate of interest in exchange for receipt from the counterparty of a fixed rate of interest on an amount of US$35.00 million. Payments under this agreement are denominated in Indian rupee.

Contractual Obligations and Commercial Commitments

The table below summarises our contractual obligations and commercial commitments as of June 30, 2016.

	Payments due				
Particulars	within one year	between one and three years	between three and five years	after more than five years	Total
	(*₹ in million*)				
Operating leases	111.42	81.47	0.64	-	193.53
Capital Commitments (net of advances)	171.08	-	-	-	171.08
Borrowings	91,342.59	65,404.73	71,742.43	71,969.72	300,459.47
Loans from banks and financial institutions	15,449.85	5,168.34	500.00	-	21,118.19
NCDs	1,900.00	26,550.00	31,650.00	30,600.00	90,700.00
Deposits	11,067.12	25,742.84	23,326.94	14,222.08	74,358.98
Commercial paper	59,000.00	-	-	-	59,000.00
ECBs	1,252.25	1,001.80	7,609.65	6,261.25	16,124.95
Refinancing from NHB	2,673.37	6,941.75	6,655.84	13,886.39	30,157.35
Subordinated debt	-	-	2,000.00	7,000.00	9,000.00
Total	**91,625.09**	**65,486.20**	**71,743.07**	**71,696.72**	**300,824.08**

Capital Expenditure

Since Fiscal Year 2014, 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 and the implementation of Project Kshitij, our BPR programme, which involved the refurbishment of our existing offices. We have, in recent periods, incurred capital expenditure towards investments in various technology initiatives, including towards implementation of ESS, our integrated technology platform. The table below sets forth our historical capital expenditure in the periods indicated below.

	Three months ended June 30, 2016	**Fiscal Year**		
		2016	**2015**	**2014**
		(*in ₹ million*)		
Tangible assets (additions during the period)	63.94	234.26	217.69	143.46
Intangible assets (additions during the period)	1.77	103.39	6.26	9.90
Total fixed assets	**65.70**	**337.64**	**223.95**	**153.36**

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 and the expansion of our operations in those locations.

Related Party Transactions

We have entered into, and may continue to enter into, transactions with related parties that include PNB, certain PNB Group Companies and our other key shareholder, DEL. These transactions include, among others, agreements with PNB and DEL for distribution of our loan products, term loans and other lending facilities with PNB, assignment of certain loans to PNB and an agreement with PNB for lease of certain office premises. For further details, please see "***Risk Factors—We have in the past entered into a number of related party transactions and may continue to enter into related party transactions in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered***

into with related parties. *"* and the statement of related party transactions included as Note 25 to our Restated Financial Statements in the section titled "***Financial Information***" on pages 32 and 231, respectively.

Summary of Reservations, Qualifications and Adverse Remarks of Auditors

Set forth below is a summary of qualifications and adverse remarks of our auditors in our financial statements in the last five Fiscal Years and the steps taken by us in respect thereof.

- *Fiscal Year 2012*. Our previous auditors drew attention to two suspected cases of fraud involving an amount of ₹13.70 million. The Company allocated an adequate provision in this regard and has undertaken subsequent legal and collection efforts in each case.

- *Fiscal Year 2013*. Our previous auditors reported that we failed to pay ₹1.97 million in respect of undisputed statutory dues. The Company has since paid such statutory dues.

In addition, our auditors and previous auditors also made certain qualifications that do not require any corrective adjustments in their reports with respect to our financial statements for Fiscal Years 2016, 2015, 2014, 2013 and 2012. See Note 38.6 to our Restated Financial Statements in the section titled "***Financial Information***" on page 192.

Also see "***Risk Factors—Our previous auditors have made certain adverse remarks in their reports with respect to our financial statements for Fiscal Years 2012 and 2013***." on page 39.

OTHER QUALITATIVE FACTORS

Inflation

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. According to the Monthly Economic Report for July 2016 prepared by the Department of Economic Affairs, Ministry of Finance, Government of India, the year-on-year inflation in terms of the WPI was 3.50% for the month of July 2016 as compared to negative 4.10% in July 2015 and 5.19% in July 2014. In August 2016, in its third bi-monthly policy statement 2016-17 and accompanying teleconference, the RBI noted that retail inflation continued to increase, primarily as a result of an increase in food inflation. These developments impacted household inflation expectations. The outlook for food inflation is positive, owing to a decrease in vegetable prices and strengthened supply management measures. Fuel inflation remained subdued, primarily due to deflation in the price of liquefied petroleum gas. The prospects for inflation excluding food and fuel are more uncertain. The RBI expects, on balance, inflation to rise further until March 2017. A return of high inflation rates may result in an increase in overall interest rates which may adversely affect our NII. High rates of inflation in the Indian economy could impact the results of our operations, by leading to a lower demand for our housing and non-housing loans and by requiring us to increase the interest rate we pay to our customers on our deposits. High inflation rates may also adversely affect growth in the Indian economy, our operating expenses and our ability to increase the prices of our products at a proportional rate in order to pass costs on to our customers. For further details, see "***Risk Factors—If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers and our profits might decline***." on page 46.

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 "***—Competition***", "***Business—Competition***" and "***Risk Factors—The Indian housing finance industry is highly competitive and increased competition may lead to a relative decline in average yields and spreads***." on pages 246, 152 and 23, 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 "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting Our Financial Performance and Financial Condition***" on page 245 and the risks and uncertainties described in "***Risk Factors***" on page 16. Except as described in this Prospectus, 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.

Unusual or Infrequent Events or Transactions

Except as described in this Prospectus, 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.

Dependence on a Few Customers and Suppliers

We depend on our Promoter, PNB, in respect of certain matters related to our business and operations as well as for access to debt and equity capital. See "***Risk Factors—Our business and operations significantly depend on our parent and Promoter, PNB. Following the Issue, we will cease to be a subsidiary of PNB***." on page 24.

In addition, our loan portfolio is concentrated in the northern region of India. See "***Risk Factors—We are exposed to risks related to geographic concentration of our loan portfolio in the northern states of India***" on page 27.

Furthermore, our 20 largest performing loans, which represented 10.34% of our total loan portfolio as of June 30, 2016, were provided to certain real estate developers. See "***Risk Factors—We are exposed to risks related to concentration of loans to certain real estate developers and risks associated with construction finance loans***." on page 27.

Except as described above, we do not depend on any particular customer or supplier or group of customers or suppliers.

Future Relationship between Cost and Income

Except as described in the sections titled "Risk Factors", "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 two Fiscal Years are as explained in this section.

Total Turnover of Each Major Industry Segment

We currently operate in a single business segment, i.e., finance, and within the same geography, i.e., India.

Seasonality of business

Our business is not affected by any seasonal changes.

Interest Service Coverage Ratio

See "***Selected Statistical Information—Interest Coverage Ratio***" on page 114.

Significant Regulatory Changes

Except as described in the section titled "***Key Regulations and Policies in India***" on page 156, there have been no significant regulatory changes that could affect our income from continuing operations

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 124 and 16, respectively, to our knowledge, there are no current plans to develop new products or establish any new business segments.

SIGNIFICANT DEVELOPMENTS AFTER JUNE 30, 2016

On August 30, 2016, we assigned loans amounting to ₹24,400.00 million to the Federal Bank in connection with a securitisation transaction. For further details, see "***Our Business—Securitisation Transactions***" on page 147.

In the opinion of our Board, no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus 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.

FINANCIAL INDEBTEDNESS

Pursuant to a resolution passed by the shareholders passed at the AGM held on August 3, 2016, the Board has been authorised to borrow sums of money for the purpose of our Company with or without security upon such terms and conditions as the Board may think fit which, together with the monies borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's banker in the ordinary course of business) shall not exceed an amount aggregating to ₹ 700 billion over and above the aggregate of the paid-up share capital and free reserves of our Company.

A. Borrowings of our Company

As on June 30, 2016 and August 31, 2016, our Company has a total outstanding secured and unsecured borrowings amounting to ₹ 158,100.49 million and ₹ 142,358.98 million and ₹ 168,007.44 million and ₹ 141,928.76 million, respectively. Set forth below is a brief summary of our aggregate borrowings as on June 30, 2016 and August 31, 2016:

Category of borrowing	Sanctioned amount (₹ million)	Rate of Interest	Re-payment schedule	Outstanding amount as on June 30, 2016 (₹ million)	Outstanding amount as on August 31, 2016 (₹ million)
Secured					
Term Loans, Overdraft and others	38,457.20	All of our term loans carry a floating interest rate. Most of the loans are linked to a spread which is typically a lender's base rate, which ranges from 9.30% to 9.65%*(I)(1)	Our term loans are repayable between Fiscals 2017 to 2020(I)(4)	21,118.19	9,855.14
External Commercial Borrowings	16,124.95 (USD 250 million)	LIBOR plus 1.97% (II)(1) for the IFC loan and LIBOR plus 1.74%(II)(1) for the ADB loan	The IFC loan has a bullet repayment due in Fiscal 2020; and The ADB loan is repayable in quarterly instalments between Fiscals 2017 to 2024	16,124.95	16,124.95
Non-Convertible Debentures	NA	8.01% to 9.59% (III)(1)	Our Non-Convertible Debentures are repayable between Fiscals 2017 to 2024	90,700.00	111,870.00
Refinance from NHB	35, 357.60	6.50% to 9.35%	Quarterly instalments repayable up to September 30, 2030	30,157.35	30,157.35
Unsecured					
Non-Convertible Subordinated Debentures	NA	8.39% to 9.10%(III)(1)	Our Non-Convertible Subordinated Debentures are repayable on or before Fiscal 2027	9,000.00	13,990.00
Deposits	NA	6.25% to 11.50% (IV)	Maturity from one year to ten years	74,358.98	73,938.76
Commercial Paper	NA	6.85 % to 8.03 %(V)	All the commercial paper issued by us is repayable on or before Fiscal 2017(IV)	59,000.00	54,000.00
Total				**300,459.47**	**309,936.20**

* *Our term loans availed from HDFC Bank Limited carry an interest rate which has a spread linked to HDFC Bank Limited's base rate plus certain basis points.*

I. Principal terms of Term Loans availed by us:

1. ***Interest:*** In the event of default by our Company in payment of its dues, the lenders may also impose an additional charge between 1% to 3% over and above the mutually agreed interest rate.

2. ***Tenor:*** The tenor of the term loans typically ranges between three to five years.

3. ***Security:*** The facilities availed from our lenders are typically secured by way of hypothecation of specified book debts our Company and, in certain cases, by also creating a negative lien on the assets created out of finance availed from the lenders.

4. ***Repayment:*** The repayment schedule for our term loan typically requires us to repay our loans on a quarterly basis, which ranges from four to 20 instalments.

5. ***Restrictive Covenants:*** As per the terms of our loan agreements, certain corporate actions for which our Company requires prior written consent of the lenders include:

a) formulating any scheme of amalgamation, compromise, reconstruction, consolidation, demerger or merger;

b) change in ownership or control of our Company whereby effective beneficial ownership or control of our Company changes;[1]

c) effecting any material change in the constitution or management of our Company; [1]

d) changing the capital structure of our Company; [1]

e) amending the Memorandum of Association and Articles of Association; [1]

f) shareholding of PNB falling below 51% of our Company's total shareholding; [1]

g) cessation of management control by PNB; [1] and

h) declaration of dividends or distribution of profits except where the instalments of principal and interest payable to a particular lender is being paid regularly and there are no irregularities in relation thereto.

6. Events of Default: As per the terms of the term loan agreements the following, among others, constitute as events of default:

a) breach of the obligations under any term of the relevant loan agreement or any other borrowing agreement entered into by our Company;

b) upon happening of any substantial change in the constitution or management of our Company without the previous written consent of the respective lenders.; [1]

c) shareholding of PNB falling below 51% of our Company's total shareholding; [1] and

d) cross default or acceleration under other borrowing agreements of the Borrower.

II. Principal terms of the External Commercial Borrowing ("**ECB**") **availed by us:**

1. ***Interest:*** The ECB loan from International Finance Corporation ("**IFC**") has a floating rate of interest. The ECB loan from the Asian Development Bank ("**ADB**") has a floating rate of interest.

2. ***Tenor:*** The tenor of the IFC loan and ADB loan is 5 and 7 years, respectively.

3. ***Security:*** The IFC and ADB loans are secured by way of hypothecation of book debts created out of the specific

---

[1] *The Company has obtained waivers from the respective lenders with respect to these restrictive covenants and confirmations that there have been no events of default.*

ECB proceeds.

4. ***Repayment:*** As per the terms of the IFC loan we are required to make bullet repayment in August 2019. As per the terms of the ADB loan we are required to make repayment in 28 quarterly installment beginning September 2016 to June 2023.

5. ***Events of Default:*** As per the terms of the IFC and the ADB loan agreements, the following, among others, constitute as events of default:

a) failure by our Company to pay when due any principal or interest on the loan and such failure continuing for five days;

b) failure by our Company to comply with any of its obligations under the respective loan agreements or any other transaction documents;

c) in the event of bankruptcy of PNB; and

d) cross default in respect of other obligations of our Company to repay money ("**Liabilities**") exceeding 10% of the aggregate Liabilities.

III. Principal terms of Non - Convertible Debentures ("NCDs") issued by us:

1. ***Interest:*** All of the NCDs are at a fixed rate of interest.

2. ***Tenor:*** The tenor of the NCDs are between three to ten years.

3. ***Security:*** Of the total 31 NCDs issued and outstanding as on June 30, 2016, NCDs amounting to ₹ 9,000.00 million are unsecured and NCDs amounting to ₹ 90,700.00 million are secured by way of first charge over book debts and, in some cases, immovable properties of our Company.

4. ***Restrictive Covenants:*** In accordance with the trustee agreements entered into with the lenders for the purpose of issuing NCDs ("**Trustee Agreements**"), certain corporate actions by our Company which requires prior written consent of the bond trustee, among others, include:

a) entering into any transaction of merger, spin-off, consolidation, reorganization or implementation of any scheme of amalgamation or reconstruction or reduction of its paid up equity share capital; and

b) amendment or modification of its Memorandum of Association or its Articles of Association which results in any material adverse effect.

IV. Public Deposits

Public deposits as defined in Paragraph (2)(1)(y) of the NHB Directions are secured by way of floating charge on the statutory liquid assets maintained in terms of sections (1) and (2) of Section 29B of the NHB Act.

V. Commercial Papers

Our Company has issued commercial papers aggregating to ₹ 115,750 million, during the period of April 2016 to August 2016, out of which ₹ 59,000 million and ₹ 54,000 million is outstanding as on June 30, 2016 and August 31, 2016, respectively. All the commercial papers issued by us are repayable on their respective maturity dates and carry a fixed rate of interest.

SECTION VI – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings involving our Company, Directors, Promoter or Group Companies; (ii) actions taken by statutory or regulatory authorities against our Company, Directors, Promoter or Group Companies; and (iii) outstanding claims involving our Company, Directors, Promoter or Group Companies for any direct and indirect tax liabilities; (iv) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company during the last five years immediately preceding the year of this Prospectus, (v) fines imposed on or compounding of offences by our Company; (vi) prosecutions filed (whether pending or not); (vii) fines imposed or compounding of offences for our Company and in the last five years immediately preceding the year of this Prospectus; (viii) litigation or legal action against our Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding this Prospectus; (ix) material frauds committed against our Company, in each case in the five years preceding the date of this Prospectus; (x) outstanding dues to creditors of our Company as determined to be material by our Company's Board of Directors in accordance with the SEBI ICDR Regulations; and (xi) dues to small scale undertakings and other creditors. Further, there have been no proceedings initiated against our Company for economic offences, defaults in respect of dues payable dues.

Details of other legal proceedings, determined to be material by our Board of Directors and currently pending involving our Company are set forth below.

(b) *Pursuant to the SEBI ICDR Regulations, for the purposes of disclosure, all other pending litigation involving our Company and Directors, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of 1.00% of our Company's profit after tax for Fiscal 2016 amounting to ₹ 32.75 million.*

(c) *Pursuant to the SEBI ICDR Regulations, for the purposes of disclosure, all other pending litigation involving our Promoter and PNB Gilts Limited (our Group Company), other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if it is material as per the materiality policy approved by the board of directors of the respective companies.*

(d) *Pursuant to the SEBI ICDR Regulations, for the purposes of disclosure, all other pending litigation involving our Group Companies (other than PNB Gilts Limited) other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of 10.00% of the respective Group Company (other than PNB Gilts)'s profit after tax for Fiscal 2016.*

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

I. Litigation involving our Company

A. Outstanding criminal litigation involving our Company

(i) Criminal proceedings against our Company

1. Mrs. Seema Lal and Mr. Sanjeev Lal (the **"Complainants"**) have filed a criminal complaint (No. 146 of 2015), dated April 24, 2015 (the **"Complaint"**), before the Special Investigation Team, Land, Dehradun, Uttarakhand (the "**SIT, Dehradun**") against our Company under Sections 120B, 406, 416, 417, 457 and 441 of the IPC for alleged criminal breach of trust, cheating, criminal conspiracy and criminal trespass. The SIT, Dehradun issued a notice No. 146/2015 dated September 4, 2015. Our Company has submitted a reply dated September 26, 2015 to the SIT, Dehradun (the **"Response"**), stating that the Complaint is inadmissible since, under the SARFAESI Act, only the Debt Recovery Tribunal has jurisdiction over the matter and our Company has already initiated proceedings against the Complainants under the SARFAESI Act. Our Company has further stated in the Response that the Complainants had suppressed vital material facts and had filed the complaint based on false and fabricated evidence. The matter is currently pending.

2. Mr. Arjun Bedi and Mrs. Urmila Bedi (the **"Complainants"**) have filed a first information report (FIR No. 101/2015), dated July 31, 2015 before the Economic Offences Wing, New Delhi (**"EOW"**) against

Unitech Limited (the **"Developer"**) and our Company under Sections 406, 420 and 120B of the IPC for alleged cheating and criminal conspiracy on the grounds that our Company continued with disbursement of funds to the Developer under a housing project named 'Anthea Floors' in Wild Flower Country, Sector 70, Gurgaon, Haryana, even though the construction of the flats was delayed owing to non-receipt of statutory approvals and as result of which timely possession could not be given to the Complainants. The EOW issued a notice dated September 30, 2015 to our Company seeking certain information regarding the loan given to the Developer. Our Company has filed a reply dated October 6, 2015 providing the required information and documents. The matter is currently pending.

Our Company has also filed a civil suit (No.2591 of 2014) before the High Court of Delhi dated August 29, 2014 against the Developer to secure the interest of all the customers who have invested in the housing project. This suit is pending adjudication before the High Court of Delhi.

3. Mr. Atul Malhotra, Mr. Ravi Kumar Rajoria and Mr. Pradeep Agarwal (the **"Complainants")** have filed a first information report (FIR No. 125/2014), dated October 16, 2014 (the **"Complaint")**, before the Economic Offences Wing, New Delhi, (**"EOW"**) against our Company and Unitech Limited (through its directors, Mr. Sanjay Chandra, Mr. Ajay Chandra and Mr. Ramesh Chandra) (the **"Developer"**), under Sections 120B, 406 and 420 of the IPC for allegedly cheating the Complainants who had booked flats under a housing project named 'Unitech South Park' in South Park, Sector 70, Gurgaon, Haryana. The Complaint has been filed on the grounds that our Company continued with disbursement of funds to the Developer under a subvention scheme even though the construction of the flats under the project was delayed owing to non-receipt of statutory approvals and possession could not be given to the Complainants. Our Company filed a reply before the EOW, dated December 9, 2014 denying the allegations made by the Complainants and stating that the Complaint had been made with the sole intention of avoiding payment of the loan. The matter is currently pending.

4. We have received a notice from before the Barakhamba Police Station, New Delhi (the **"Authority")** relating to a complaint filed by Mr. Atul Jain, an alleged borrower, against our Company. We have been asked to appear before the Authority and provide details of the loan. Our Company has filed a reply dated August 25, 2015 providing the required information and ensuring full cooperation in investigation of the matter. The matter is currently pending.

5. Mr. Prashant Srivastava, Mr. Anurag Goyal, Mr. Sunil Yadav, Mr. Vivek Dua, Mr. Rajveer Samadhia and Mr, Ajay Arora (the **"Complainants"**) have filed an FIR (No. 1258/2015) dated November 27, 2015 under Sections 420,467,468, and 471 of the IPC before the police station at Sector -58 Noida, against our Company and our Chairperson Mrs. Usha Ananthasubramanian and Balaji Constructions ("**Balaji**"), alleging cheating and forgery by our Company , on the grounds that our Company in collusion with Balaji had fraudulently granted home loans to certain individuals against certain flats, which were in possession of the Complainants, as collateral for the loans. The matter is currently pending.

6. Unitech Limited has filed criminal revision petitions (no. 8520/ 2016 and 8501/2016) before the Additional Sessions Judge, Patiala House Courts, Delhi (the "**Court**") under section 397 of the Code of Criminal Procedure challenging three orders dated July 27, 2015, September 19, 2015 and October 14, 2015 passed by Patiala House Court directing the police to initiate investigation against Unitech Limited in accordance with section 156(3) of the Code of Criminal Procedure. The Company was issued a notice of appearance on July 20, 2016 and the Company, has thereafter, made its submissions before the Court. The matter is currently pending.

7. 87 criminal complaints have been filed against our Company in the ordinary course of business under various sections of the Indian Penal Code (the "**IPC**") before various police authorities alleging fraud and cheating or perjury by our Company. These criminal proceedings are currently pending before various police authorities or courts. In two other criminal complaints concerning our borrowers and third parties we have been made part of investigations relating to domestic violence and money laundering cases filed against our borrowers, where further information has been sought from us as a part of the investigation. These criminal proceedings are currently pending before various police authorities or courts.

(ii) Criminal proceedings by our Company

1. Our Company has filed a complaint (No. 1400-DCP) dated July 27, 2012 before the Commissioner of Police, Jalandhar, against Mr. Tej Singh, a former employee of our Company, (the **"Accused"**) under Sections 406, 480, 420, 468, 469, 470 and 471A of the IPC alleging fraud, cheating and falsification of accounts on the grounds that the Accused has misappropriated certain amounts deposited by the customers by issuing false receipts. The matter is currently pending.

2. Our Company has filed an FIR (No. 570 of 2003) dated October 30, 2003 before the Connaught Place Police Station, New Delhi, against Mr. Baijnath Gupta, Ms. Satya Gupta, Mr. Amit Jain and Mr. Deepak Jain under Sections 420, 463, 471 and 120B of the IPC for allegedly cheating our Company by submitting forged security documents to obtain a loan. The matter is currently pending.

3. Our Company has filed a petition dated March 4, 2016 under Section 156(3) of the CrPC before the Court of the Chief Metropolitan Magistrate, Rohini District Courts, Delhi against Mr. Dayanand Gupta and others (the **"Accused"**) seeking the Court to direct/order an investigation under Section 156(3) of the CrPC. This complaint was filed on the grounds that the Accused had colluted to cheat the Company and had entered into criminal conspiracy by forging and fabricating documents to obtain a housing loan.

4. Our Company has filed a complaint dated June 27, 2016 under Section 156(3) of the CrPC before the Court of Chief Metropolitan Magistrate, Patiala House Courts, New Delhi against the directors of Shubhkamna Buildtech Private Limited and Mr. Chetan P Nemade and Ms. Archana Chetan Namade (collectively, the "**Accused**") seeking the Court to direct an investigation under section 156(3) of the CrPC**.** The complaint was filed on the grounds that the Accused had submitted forged and fabricated documents to obtain a housing loan.

5. Our Company has filed a complaint dated July 13, 2016 before the ILAQA Magistrate, Derabassi, Mohali against Mr. Dharamvir and others (the "**Accused**") under sections 406, 420, 467, 468, 471 and 120B of the IPC for allegedly cheating our Company by submitting forged security documents to obtain a loan. The matter is currently pending.

6. Our Company has filed a complaint (no. 339/2016) on May 20, 2016 under Section 156(3) of the CrPC before the Court of the Chief Judicial Magistrate, Ghaziabad ("**Court**") seeking the Court to direct/order an investigation against Balaji Hi-tech Construction Private Limited ("**Balaji Constructions**") for allegedly violating Sections 406, 420, 467, 468 and 471 of the IPC. The complaint was filed on the grounds that Balaji Constructions fraudulently induced our Company to disburse housing loans to a number of individuals using forged and fabricated security documents. Pursuant to the order of the Court dated July 21, 2016, the police has registered an FIR against Balaji Constructions on July 31, 2016. The matter is currently pending.

7. Our Company has filed an appeal ("**Appeal**") under section 26 of the Prevention of Money Laundering Act, 2002 ("**PMLA**") against the order dated June 10, 2016 passed by the Adjudicating Authority, PMLA, New Delhi ("**Impugned Order**") against Mr. Harpreet Singh ("**Borrower**"), who is a borrower of the Company. In the Impugned Order, the Adjudicating Authority, PMLA has confirmed the provision attachment of certain property of the Borrower. The Company has alleged that the Borrower has defaulted in making the payment of the monthly instalments towards a loan granted by the Company, subsequent to which the loan was declared as a non performing asset. The Company has challenged the Impugned Order on the grounds, *inter alia*, that it restricts the right of the Company, as a secured creditor, to recover its debt from the Borrwer in accordance with the SARFAESI Act. The Company has also contended that the provisions of the SARFAESI Act have an overriding effect over the provisions of PMLA. The Company has appealed for the Impugned Order to be set aside.

8. Our Company has filed an FIR (No. 216/07) dated June 8, 2007 before the Civil Lines Police Station, Meerut under Sections 379, 420, 467, 468, 471 and 120B of the IPC against, among others, Mr. Mintu Tyagi (the "**Accused"**) for the misappropriation of ₹ 1.50 million from our Company. Further, our Company has also filed a civil suit (No. 690 of 2009), dated July 1, 2009 in the Court of Civil Judge, Senior Division Meerut for the recovery of ₹ 2.04 million from the Accused. The matter is currently pending.

9. Our Company has submitted a complaint (No.1661/2015) dated December 9, 2015, in the court of the Chief Judicial Magistrate, Gautam Budh Nagar, Noida, against Balaji Construction and others under

Sections 420, 468, 471 and 120B of the IPC for fraudulently inducing our Company to disburse housing loans to a number of individuals using forged and fabricated security documents. The matter is currently pending.

10. Our Company, in the ordinary course of its business, has filed 52 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, fraud and criminal breach of trust or trespassing committed by certain individuals which also includes certain borrowers, who had availed loans from our Company and have defaulted in repayment thereof. These criminal proceedings are currently pending at various courts.

11. Our Company, in the ordinary course of business, has initiated 156 recovery proceedings against our borrowers, for the dishonour of cheques under Section 138 of the NIA and for dishonour of electronic funds transfer under Section 25 of the Payment and Settlement Systems Act, 2007. These proceedings are pending before various courts. The aggregate amount involved in these proceedings is ₹136.30 million, to the extent ascertainable.

B. Pending action by statutory or regulatory authorities against our Company

As on the date of this Prospectus, There is no pending action by statutory or regulatory authorities against our Company.

C. Tax proceedings against our Company

(i) Direct tax proceedings

There are 15 income tax proceedings pending against our Company and the total financial implication on our Company pursuant to such claims is ₹ 432.66 million.

(ii) Indirect Tax Proceedings

There are no indirect tax proceedings against our Company.

D. Proceedings initiated against our Company for economic offences

As on the date of this Prospectus, There are no proceedings initiated against our Company for any economic offences.

E. Default and non – payment of statutory dues

Our Company does not owe any statutory dues and has not made any defaults or committed any acts involving non-payment of its statutory dues.

F. Material frauds against our Company

Details of material frauds committed against our Company in the five years preceding the date of this Prospectus are as follows:

Sr. No.	Period of Occurrence	Amount Involved (in ₹ million)	Brief Description	Action Taken by our Company
1.	Fiscal 2012	13.70	Two suspected fraud cases involving a sum of ₹ 13.70 million have been noticed / reported to the Board of Directors / Audit Committee.	Investigation and recovery action including taking possession of the underlying property is in progress and these accounts have been classified as NPA as per NHB Provisioning Norms.

G. *Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or the Companies Act 1956 in the last five years*

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 or the Companies Act 1956 against our Company in the last five years, and no prosecution has been filed, or fines imposed, or compounding done by our Company under the Companies Act 2013 or the Companies Act 1956 in the last five years.

H. *Other outstanding litigation involving our Company*

Pursuant to the SEBI ICDR Regulations, for the purposes of disclosure, all other pending litigation involving our Company and Directors, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of 1.00% of our Company's profit after tax for Fiscal 2016 amounting to ₹ 32.75 million.

By the Company

1. Unitech Limited (the "**Developer**") had availed two secured loans for sums of ₹ 300 million and ₹ 250 million respectively ("**Loans**"), for construction of the project titled 'Unitech South Park' ("**Project**") from our Company. Additionally, certain customers of the Developer who were desirous of purchasing flats/ units in the Project had also approached Our Company for availing home loans. Consequently, our Company had granted home loans worth ₹1,940 million to such customers on the assurances made by them to repay the loan and on the basis of tripartite agreements executed between Our Company, the Developer and the customers. Subsequently, the Developer failed to complete the construction of the Project on the agreed timelines, as a result our Company started receiving customer complaints on the alleged grounds that our Company continued with making staggered milestone loan disbursements to the Developer, even though the Developer failed to meet the timelines. Further, as a result of the Developer's failure to complete the Project on time, certain customers have defaulted on their obligation to repay their respective home loans. Our Company has now filed a civil suit (No. CS (OS) 2591/ 2014) dated August 29, 2014, before the High Court of Delhi against the Developer exercising its right of general lien to retain the title deeds of the collateral deposited with it by the Developer to secure the obligation of the Developer under the tripartite agreements executed with the customers. The matter is currently pending.

2. Rishi Kapoor along with his wife, Gitanjali Kapoor (the "**Borrowers**") had approached our Company for a secured home loan of ₹ 45.2 million ("**Loan**"). The Borrowers had defaulted in making the payment of the monthly instalments towards the Loan and subsequently their account was declared as a non performing asset. In order to recover the outstanding dues, our Company issued a demand notice under section 13(2) of SARFAESI Act against the Borrowers for enforcing the security for the Loan. Subsequently, our Company issued a possession notice against the Borrowers under section 13(4) of the SARFAESI Act, thereby taking over the symbolic possession of the mortgaged properties. Thereafter our Company has filed a petition under section 14 of the SARFAESI Act before the court to take over the actual physical possession of the properties.

3. Mackson Creation Private Limited ("**Mackson Creation**") had approached our Company for a secured home loan of ₹ 68.5 million **("Loan")**. Mackson Creation defaulted in making payment of the instalments towards the Loan and subsequently their account was declared as a non performing asset. In order to recover the outstanding dues, our Company issued a demand notice under section 13(2) of SARFAESI Act against Mackson Creation for enforcing the security for the Loan. Thereafter, our Company has filed a petition under section 14 of the SARFAESI Act before the District Court, Gautum Budh Nagar, Uttar Pradesh to take over the physical possession of the property.

4. The Company had granted a secured home loan facility of ₹131.5 million to Mr. Onkar Anand and Ms. Renu Anand ("**Borrowers**") against mortgage of certain property ("**Property**"). The Borrowers defaulted in the payment of loan and subsequently their account was declared as a non performing asset. The Company issued a notice under section 13(2) of SARFAESI Act against the Borrowers for enforcing the security for the loan and subsequently obtained physical possession of the Property. However, one Mr. Shingara Singh filed a suit for specific performance and injunction before the Court of Civil Judge (Senior Division), Chandigarh against the Borrowers and the Company claiming that the Property had been sold to him by the Borrowers vide agreement to sell dated May 26, 2010. As a result, the Civil Judge

(Junior Division), Chandigarh denied the Company of the physical possession of the Property and further, Company's application under Order 7, Rule 11 of the CPC to reject the plaint filed by Mr. Shingara Singh was dismissed by order dated July 14, 2016 ("**Impugned Order**"). Now, the Company has filed a revision petition (no. 4964 of 2016) before the High Court of Punjab and Haryana for setting aside the Impugned Order.

5. The Company had granted two secured home loan facilities of ₹25.57 million and ₹35.53 million ("**Loans**") to Mr. Kunal Ramchandani, Ms. Megha Chowksey and others ("**Borrowers**") against mortgage of certain properties ("**Properties**"). The Borrowers defaulted in the payment of loan and the Company filed two petitions under section 9 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi against the Borrowers on September 1, 2016 pursuant to the arbitration clause in the loan agreement entered into between the Company and the Borrowers. The Company sought interim relief that the Borrowers be directed to furnish a monetary security equivalent to the amount of the Loans and be restrained from disposing off or alienating the Properties.

Against the Company

1. Certain borrowers had taken loans from Corporation Bank and from our Company having mortgaged the same property. Subsequently, the borrowers defaulted on the loan taken from Corporation Bank. Corporation Bank has filed a securitization application under Section 17(1) of the SARFAESI Act before the Debt Recovery Tribunal III, Delhi seeking cancellation of securitization proceedings with respect to the mortgaged property and subsequently, also seeking a declaration that the possession notice dated December 22, 2015 issued by a receiver of our Company is illegal and void. Our Company has filed a reply to the petition seeking dismissal of the petition on the grounds that there was a valid charge in the favour of our Company. The DRT, Delhi has sent a show cause notice to our Company and others, seeking a response as to why the relief sought in the securitization application should not be granted. The matter is currently pending.

2. Leela Homes Residents Welfare Association ("**Leela Homes**") have filed a suit (No. 199/2016) before the Court of Civil Judge (Senior Division), Ghaziabad (the "**Court**") against our Company, Mr. Rishi Kapoor and others seeking a declaration that the flat owners of Leela Homes are the rightful owners of the property mortgaged in order to secure the loan. Our Company has filed an application under Order VII, Rule 11(d) read with Section 151 of the Civil Procedure Code, 1908 before the Court challenging, among other things, the jurisdiction of the Court on the grounds that the Debt Recovery Tribunal has exclusive jurisdiction over the matter.

3. Dhruva Associates ("**Dhruva**") has filed a writ petition (No. 29492/2015) against, *inter alia*, our Company before the High Court of Karnataka ("**Court**"), seeking direction from the Court for issuing a writ of mandamus to our Company to accept the outstanding loan amount from Dhruva in relation to a loan taken by Mrs. Malathi Aiyar and Mr. Arjun Aiyar for a joint development agreement with Dhruva. Dhruva has also sought interim relief from the Court to restrain our Company from interfering with peaceful possession and construction work at the property mortgaged by Mrs. Malathi Aiyar and Mr. Arjun Nair in lieu of the loan availed from our Company. Our Company had initiated proceedings under the SARFESI Act, due to non-repayment of approximately ₹ 36.80 million to our Company. The Court, by an order dated July 22, 2015 has directed our Company to withhold further action in relation to the property subject to Dhruva depositing 50% of the claim of our Company within two weeks. Dhruva has filed an arbitration application (No. 343 of 2015) against Mrs. Malathi Aiyar and Mr. Arjun Nair, the Manager of our Company, and others seeking referral of the matter to arbitration and further seeking an interim order restraining Mrs. Malathi Aiyar and Mr. Arjun Nair from alienating the property. The matter is currently pending.

4. Somna Entertainment Private Limited (**"Somna"**) filed a securitisation application (no. 110/2014) dated February 03, 2014 before the Debts Recovery Tribunal ("**DRT**"), at Hyderabad against our Company seeking that the demand notice dated February 7, 2013 and the possession notice dated December 20, 2013, issued by our Company be declared null and void. Our Company had issued the possession notice, in accordance with the provisions of the SARFAESI Act, for the possession and sale of the property mortgaged by Somna, due to non- repayment of ₹45.99 million in relation to a loan availed by Somna. Our Company had filed a memo, voluntary withdrawing the proceedings in order to start fresh proceedings under the SARFAESI Act. The DRT by an order dated December 12, 2014 recorded the withdrawal of the SARFAESI proceedings initiated by our Company, with liberty to restart the fresh

proceedings under the SARFAESI Act and held that Somna is entitled to costs met-out in filing the securitisation application. We have filed a civil writ petition before the High Court of Judicature of Hyderabad for the States of Telangana and Andhra Pradesh seeking disposal of the order dated December 12, 2014. This civil writ petition is currently pending.

5. Mackson Creations Private Limited ("**Mackson Creations**") has filed a writ petition dated July 30, 2016 before the High Court of Allahabad ("**Court**") praying the Court to put in abeyance the order dated June 29, 2016 passed under section 13(4) of the SARFAESI Act, 2002 to attach certain property of Mackson Creations due to non-payment of the loan amount of ₹ 68.5 million taken from the Company. Mackson Creation has also filed a stay application before the Court seeking ad interim order that the order dated June 29, 2016 be put in abeyance and the locks/seal put on its property be removed during the pendency of the writ petition.

6. Mr. Vinay Bhadauria ("**Borrower**") had availed a home loan facility of ₹ 99.75 million ("**Loan**") from HDFC Bank Limited against mortgage of property belonging to Mr. Santosh Mahalaha ("**Property**") and the Loan was subsequently transferred to the Company along with the mortgaged Property. Subsequently, the Borrower defaulted in repayment of the Loan and the Company initiated proceedings under the SARFAESI Act to take possession of the mortgaged Property to recover the dues. Thereafter, Mr. Santosh Mahalaha ("**Plaintiff**") has filed a suit (no. 00753 of 2016) before the Civil Judge, Bhopal ("**Court**") on September 1, 2016 against the Company and the Borrower seeking permanent injunction against dispossession of Plaintiff from the Property. Thereafter, the Company has filed an application under Order 7 Rule 11 and section 151 of the CPC seeking dismissal of the application filed by the Plaintiff on the grounds, *inter alia*, that the jurisdiction of the Court is barred in terms of the provisions of the SARFAESI Act.

7. Mr. Ravi Kumar Rajoria and others, who are borrowers of the Company ("**Borrowers**") have filed an execution petition before the National Consumer Disputes Redressal Forum ("**Court**") for execution of the order dated May 25, 2016 ("**Order**") passed by the Court where the Court had directed the Company, Unitech Limited and the Director of Town and Community Planning, Haryana to return an amount of ₹ 17.69 million, ₹ 14.62 million and ₹ 18.52 million to the Borrowers due to the failure of Unitech to complete the construction of the residential flats on the agreed timelines. The Company was made a party to the case on the alleged grounds that the Company continued to make loan disbursements to Unitech Limited even though Unitech Limited had failed to meet the timelines.

I. Outstanding dues to small scale undertakings or any other creditors

As of March 31, 2016, our Company has 384 creditors. The aggregate amount outstanding to such creditors as on March 31, 2016 was ₹ 7,524.18 million. For further details, see http://www.pnbhousing.com.

As per the Materiality Policy creditors to whom an amount exceeding ₹ 1,350 million, which is 5.00 % of our total revenue for the period ending March 31, 2016, was outstanding, were considered 'material' creditors. Based on the above, there is no material creditor of the Company as on March 31, 2016, to whom an aggregate amount of ₹ 1,350 million or more was outstanding on such date.

Based on information available regarding the status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, as of March 31, 2016, our Company did not owe any dues to any small scale undertakings.

Information provided on the website of our Company is not a part of this Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, http://www.pnbhousing.com , would be doing so at their own risk.

J. Outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company

There are no outstanding litigation, suits, criminal or civil proceedings, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule V of the Companies Act 2013, show cause notices or legal notices against any other person or company whose outcome could affect the operation or finances of our Company or have a material adverse effect on the position of our Company.

II. Litigation involving our Subsidiary

Our Company does not have any subsidiary.

III. Litigation involving our Directors

1. Litigation involving Ms. Usha Ananthasubramanian

A. Outstanding criminal litigation involving Ms. Usha Ananthasubramanian

Criminal proceedings against Ms. Usha Ananthasubramanian

1. Mr. Ramakant Chauhan has filed an FIR (No. 59 of 2014) dated June 25, 2015 before the Economic Offences Wing, New Delhi against, *inter alia,* our Company through Ms. Usha Ananthasubramanian in her capacity as the Chairperson. The FIR has been filed under Sections 409, 420 and 120B of the IPC and 13(1)(d) and 13(2) of the Prevention of Corruption Act, 1988 alleging fraud, cheating, criminal conspiracy and obtaining of pecuniary advantage by corrupt means on the grounds that our Company had disbursed loan amounts to AJS Builders Private Limited without having checked the veracity of the title of the mortgaged property.

2. Mr. Prashant Srivastava, Mr. Anurag Goyal, Mr. Sunil Yadav, Mr. Vivek Dua, Mr. Rajveer Samadhia and Mr, Ajay Arora (the **"Complainants"**) have filed an FIR (No. 1258/2015) dated November 27, 2015 under Sections 420,467,468, and 471 of the IPC before the police station at Sector -58 Noida, against our Chairperson Mrs. Usha Ananthasubramanian, our Company and Balaji Constructions ("**Balaji**"), alleging cheating and forgery by our Company , on the grounds that our Company in collusion with Balaji had fraudulently granted home loans to certain individuals against certain flats, which were in possession of the Complainants, as collateral for the loans. The matter is currently pending.

2. Litigation involving Mr. Nilesh S. Vikamsey

A. Outstanding criminal litigation involving Mr. Nilesh S. Vikamsey

Criminal proceedings against Mr. Nilesh S. Vikamsey

1. Mr. Abdul Rahim Siddique (the **"Complainant")** has filed a criminal complaint (No. 3211 of 2013) against India Infoline Limited and its directors, including Mr. Nilesh S. Vikamsey before the Chief Judicial Magistrate, Muzzafarpur, Uttar Pradesh alleging that there had been unauthorized trading from the Complainant's account along with criminal breach of trust and forgery. The matter is currently pending.

2. Mr. Arunava Patra has filed a criminal complaint (No. 926 of 2012) (the "**Complaint**") against India Infoline Finance Limited, Mr. Nilesh S. Vikamsey and others before the Fourth Judicial Magistrate Paschim Medinipore, West Bengal ("**Court**"), alleging commission of offences under Sections 163 (4), 196(3), 301(5) and 372A(6) of the Companies Act, 2013 and Sections 467 and 120B of the IPC. India Infoline Finance Limited has filed a quashing petition before the High Court of Kolkata seeking necessary directions against the process issued by the Court. By order dated June 18, 2015, the High Court stayed further proceedings ensuing from the Complaint. The matter is currently pending.

IV. Litigation involving our Promoter

The board of directors of PNB in its meeting dated September 22, 2016 has approved the "Policy to Determine Materiality of Events to be reported to the Stock Exchanges in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015" ("**PNB Materiality Policy**"). The PNB Materiality Policy sets forth the following criteria for determining 'material' legal proceedings and actions/penalties imposed by statutory and regulatory authorities:

__5.2 (viii)__ (i) Normal litigations/disputes against the Bank in the normal course of business i.e. lending activity, recovery, lockers, interest claims, dispute on bank premises etc may not be treated as material.
ii) Regulatory actions/penalties imposed by RBI, SEBI, NSE/BSE, Regulators of Foreign countries where we have our branches/subsidiaries shall be treated as material. However, penalties imposed by RBI based on routine currency chest inspections shall not be treated as material.
iii) In case of other regulators like Tax authorities, Enforcement Directorate, local bodies etc the authorized officer may decide the materiality based on the guiding principles mentioned under para 5.1. of the policy.

***5.1** Under regulation 30 (4) of the LODR regulations, the following criteria shall be applied for determination of materiality of events/ information:*
(a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
(b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;
(c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the officer authorized by the board of directors of Bank, the event / information is considered material.

1. Outstanding criminal litigation involving PNB

Criminal proceedings against PNB

NIL

Criminal proceedings by PNB

1. ENBL (now PNB) had filed two criminal complaints (CC No. 3 of 2003 and CC No. 4 of 2003) dated December 20, 2002 and December 24, 2002 respectively, before the Judicial First Class Magistrate – I, Khozhikhode (the **"Court"**) against certain broking firms entrusted with the handling of shares of PNB including First Custodian Fund (India) Limited, Harvest Deal Securities Limited and others (the **"Accused"**). The criminal complaints were filed alleging serious irregularities nd malafide intention of the Accused discovered during an investigation undertaken by the RBI. The Accused were served summons by the Court. However, the Accused simultaneously filed a writ petition before the Bombay High Court seeking quashing of the criminal complaints on the grounds that the Court lacked jurisdiction to decide the matter. The Bombay High Court, vide common order dated June 25, 2009 dismissed the writ petition. Subsequently, First Custodian Fund (India) Limited and Harvest Deal Securities Limited filed two writ petitions (No. 25456 of 2007 and No. 25509 of 2007 respectively) before the High Court of Kerala seeking quashing and setting aside the criminal complaints (CC No. 3 of 2003 and CC No. 4 of 2003 respectively) and alternatively seeking transfer of the complaints to any court within the territorial jurisdiction of Mumbai. The matters are currently pending.

2. Action by statutory or regulatory authorities against PNB

Action initiated by SEBI

1. The branch located at Navrangpura, Ahmedabad was de-authorized from undertaking any type of merchant banking pursuant to circular dated June 11, 1996 issued by the SEBI on the grounds that the branch accepted application money for a public issue after the closure of the public issue of Kangold (India) Limited in October 1994. The branch is still de-authorised.

2. Pursuant to letter dated September 3, 2002, the SEBI issued a penalty of warning to the branch located at Navrangpura, Ahmedabad on the grounds that the branch had accepted 40 applications with stock invests after the closure of the public issue of Elvis India Limited in January 1995.

3. The branch located at MI Road, Jaipur was de-authorized from undertaking any type of merchant banking business for one year pursuant to circular dated June 23, 1997 issued by the SEBI on the grounds that the branch accepted 24 applications in stock invests amounting to ₹ 49.80 million after the closure of the public issue of Asian Industrial Structures Limited in October 1994. The branch was re-authorized to undertake merchant banking business pursuant to circular dated July 25, 2000.

4. Pursuant to the letter dated August 10, 1999, SEBI suspended the registration of the branch located at New Cloth Market, Ahmedabad, ("**Branch**") for a period of three months, on the grounds that the branch accepted application money for 19 applications amounting to ₹ 15.10 million after closure of the public issue of Hindustan Fin. Stock Limited. The Branch is still de-authorised for accepting merchant banking business.

5. The branch located at Ashram Road, Ahmedabad was de-authorized from undertaking all merchant banking business until August 4, 2000 on the grounds that the branch released application money for a public issue of Renco Gears Limited ("**Issuer**") prior to the Issuer even receiving stock exchange approval in 1995.

6. Pursuant to letter dated October 19, 2002, issued by the SEBI, the branch located at Relief Road, Ahmedabad ("**Branch**") was debarred for a period of six months from undertaking any business as a banker to the public issue of Dhanlaxmi Lease Finance Limited in 1995 on the grounds that the Branch accepted applications for a public issue after closure of the issue and also because it failed to maintain proper records pertaining to the issue.

7. SEBI de-authorised the branch located at Mahajan Gali, Vadodara ("**Branch**"), was de-authorized from undertaking any merchant banking business until August 4, 2000, on the grounds that the Branch issued 6 stock invests of ₹ 0.50 million each aggregating to ₹ 3 million in the names of various persons in violation of guidelines in 1996 in the public issue of Rich Paints Limited.

8. Pursuant to circular dated March 27, 2000, issued by the SEBI, the branch located at Raopura, Vadodara ("**Branch**") was de-authorized from undertaking any business as a banker to the issue for three months on the grounds that the Branch accepted and released an application of Darshan Investments Private Limited for 0.60 million shares amounting to ₹ 6 million after the closure of public issue of Incap Financial Services Limited.

9. Pursuant to order dated September 10, 2003, the SEBI de-authorized the branch located at Shahibaug, Ahmedabad for a period of two months on the grounds that 23 applications accompanied by stock invests were issued after the closure of the public issue of Maha Chemicals Limited in 1994.

10. Stock invests of ₹ 1.50 million in relation to the public issue of Saket Extrusions had four different dates in the columns meant for date of issue, wheras the presentation date was a different date. These stock invests were cancelled by SEBI on May 26, 1994 due to various irregularities.

11. Pursuant to order dated August 3, 2009, the SEBI debarred the branch located at Sector 17 B, Chandigarh ("**Branch**"), from carrying out any activities as a banker to the issue for a period of 15 days on the grounds that the Branch had projected that a rights cum public issue by Majestic Industries (for which the Branch was the controlling branch as well as a collecting branch in the issue) was fully subscribed by acting in collusion with the issuer.

12. The SEBI issued a warning to the erstwhile PNB Capital Services Limited (which has not merged with PNB), on the ground that PNB Capital Services Limited had not, in its capacity as lead manager to the public issue of Mefcom Markets Limited, independently verify the claims of the issuer for charging ₹ 60 per share for a share of the value of ₹ 10 and has instead relied on the statement of the issuer.

13. The SEBI pursuant to letter dated March 12, 2004, has recommended debarring of a branch located at Navrangpura. Ahmedabad ("**Branch**") from carrying out activities as a banker to the issue for a period of one month on the grounds that the Branch issued stock invests and accepted applications for the public issue of Growmore Solvent Limited which were used for another company.

3. ***Tax proceedings against PNB***

Direct tax proceedings

There are 6 income tax proceedings pending against PNB and the total financial implication on PNB pursuant to such claims is ₹ 10,863.50 million.

Indirect Tax Proceedings

NIL

4. Other material outstanding litigation involving PNB

NIL

5. Litigation or legal action by the Government of India or any statutory authority in last five years

Except as disclosed below, there is no litigation or legal action pending or taken by any ministry or department of the government or the Reserve Bank of India against PNB, during the last five years immediately preceding the year of issue of the Draft Red Herring Prospectus (i.e. Fiscal Year 2012 to Fiscal Year 2016), that has been considered material by PNB.

(i) "*RBI has imposed a penalty of Rs. 25.00 million on the Bank on July 12,2013 in terms of Section 47A (1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949 and sub-Section (3) of Section 11 of FEMA for non-compliance of RBI instructions. The amount has been paid to RBI in July, 2013".*

Details with respect to the aforementioned penalty have also been disclosed in PNB's annual report for the Fiscal Year 2013-2014 in accordance with the requirements of Section 46 of the Banking Regulation Act, 1949.

(ii) RBI, under the provisions of Section 47(A) (1) (c) read with Section 46(4)(i) of the Banking Regulation Act, 1949, has imposed a penalty of ₹ 30 million on PNB and has also penalised 12 other banks for non-compliance with applicable KYC norms and violations of the instructions/directions/guidelines issued by the RBI from time to time. The non-compliances include (a) non-adherence to KYC requirements like customer identification and risk categorisation; (b) non-adherence to the RBI's instructions on monitoring of transactions in customer accounts and prompt filing of STRs; and (c) non-adherence to the directions / guidelines issued under FEMA provisions. RBI has advised PNB and 12 other banks to put in place appropriate measures and review them from time to time to ensure strict compliance of KYC requirements and FEMA provisions on an ongoing basis. Details with respect to the aforementioned penalty have also been provided in RBI's press release dated July 27, 2016.

(iii) The RBI, the banking ombudsman and the various tax authorities have taken action and imposed penalties on PNB during routine inspections undertaken in the ordinary course of business.

(a) The cumulative amount of penalties imposed by the RBI for the Fiscals 2014, 2015 and 2016 is ₹ 3.43 million.
(b) The cumulative amount of penalties imposed by the banking ombudsman for Fiscals 2014, 2015 and 2016 is ₹ 1.09 million.
(c) The cumulative amount of penalties imposed by the various tax authorities for Fiscals 2014, 2015 and 2016 is ₹ 4.97 million.

In addition to the above, there may have been actions initiated and penalties imposed by other regulatory or statutory authorities in the normal course of PNB's business. However, such proceedings have not been disclosed, as our Promoter, PNB believes that such proceedings are in the ordinary course of business and do not have any material impact on the financial condition of PNB. For further details, please see "***Risk Factors - We have not disclosed details of all actions initiated and penalties imposed on our Promoter, PNB, by the relevant statutory and regulatory authorities, which may have been initiated or imposed in the ordinary course of business.***" on page 21.

V. Litigation involving our Group Companies

1. PNB Gilts Limited

The board of directors of PNB Gilts Limited has approved the "Policy to Determine Materiality of

Events" to be reported to the Stock Exchanges in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 which is applicable with effect from December 1, 2015 ("**PNB Gilts Materiality Policy**"). According to the PNB Gilts Materiality Policy, any litigation is 'material' if the "*litigation/dispute/regulatory action on the company, its key managerial personnel or promoter etc. has an impact that exceeds 20% of the total income from operations*".

A. Tax proceedings against PNB Gilts Limited

Direct tax proceedings

There are 5 direct tax proceedings pending against PNB Gilts Limited aggregating to an amount of ₹ 81.11 million.

2. DEL

A. Outstanding criminal litigation involving DEL

Criminal proceedings against DEL

1. Mr. Kaushalendra Singh ("**Complainant**") filed a complaint in or around October 2015 before the Court of Chief Judicial Magistrate at Tinsukia, against DEL and Mr. Mehul Jatania (the former whole-time director of DEL). The complaint also named Bajaj Allianz Life Insurance Company Limited and its director as accused. The Complainant has claimed a loss of ₹ 0.22 million for alleged wrongful issuance of insurance policies by Bajaj, where DEL is said to have been a broker.

   A first information report was registered by the concerned Tinsukia Police Station on November 23, 2015 for offences of cheating, breach of trust and conspiracy. Mr. Mehul Jatania received summons dated January 21, 2016, March 04, 2016 and April 10, 2016 from the Tinsukia Police Station in Assam, requiring his presence for enquiry.

   Pursuant to receipt of summons, a petition bearing no. 362/ 2016 was filed on behalf of DEL and Mr. Mehul Jatania before the Gauhati High Court ("**High Court**") seeking quashing of the criminal proceedings. By an order dated May 18, 2016, which has since been continued by a subsequent order dated July 20, 2016, the High Court has suspended further criminal proceedings pending before the Tinsukia Police Station and has directed an issuance of notice to the Complainant and other proforma parties.

B. Tax proceedings against DEL

Direct tax proceedings

There are six direct tax proceedings pending against DEL aggregating to an amount of ₹ 846.22 million, to the extent quantifiable.

Indirect Tax Proceedings

There is 1 direct tax proceedings pending against DEL aggregating to an amount of ₹ 3.03 million.

C. Other material outstanding litigation involving DEL

1. Reliance Life Insurance Company Limited ("**RLICL**") has filed a summary suit bearing no. 1273 of 2009 ("**the Suit**") before the High Court of Bombay, against Dawnay Day AV Financial Service Limited ("**Dawnay**"), alleging that RLICL is entitled to receive an amount of ₹ 74.94 million from Dawnay, which was paid as an advance by RLICL to Dawnay for services that were eventually not rendered. RLICL relied upon an appointment letter dated February 6, 2006, issued by RLICL to Dawnay. The Suit was filed on February 20, 2009.

   RLICL has on February 16, 2016 filed an application (chamber summons bearing no. 392 of 2016) seeking to amend the suit and to add DEL as a party to the proceedings. DEL was served with a copy of the chamber summons on February 23, 2016, and has since filed a reply opposing the same. DEL opposed RLICL's chamber summons on grounds including: (i) claim sought to be made against the company is barred by limitation; (ii) there is no privity of contract between RLICL and DEL; and (iii) RLICL is seeking to raise a fresh cause of action, through an amendment, which is not permissible in law. The Chamber Summons was heard by the Bombay High Court on October 1, 2016 which passed an order rejecting RLICL's application to add the Company as a party in the aforesaid suit on the grounds of limitation.

Material developments since the last balance sheet date

To our knowledge, no circumstances have arisen since March 31, 2016, the date of the last restated financial statements disclosed in this Prospectus, which materially and adversely affect or are likely to affect, our operations or profitability taken as a whole, the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

Except as stated in "***Management's Discussion and Analysis of Financial Condition and Results of Operation – Significant Developments After June 30, 2016***" on page 279, there is no development subsequent to June 30, 2016, that is expected to have a material impact on our reserves, profits, earnings per share and book value.

GOVERNMENT AND OTHER APPROVALS

On the basis of the list of material approvals provided below, our Company can undertake the Issue and can undertake its respective current business activities and other than as stated below, no further approvals from any regulatory authority are required to undertake the Issue or continue such business activities. Unless otherwise stated, these approvals are valid as of the date of this Prospectus.

I. APPROVALS IN RELATION TO THE ISSUE

A. Approvals from Regulatory Authorities

Our Company has received a letter dated March 15, 2016 from the NHB granting its no-objection for undertaking the Issue, as long as the Issue does not result in a change of control.

Our Promoter, PNB, had, by its letter dated December 2, 2015 to the RBI in relation to the Issue, communicated to the RBI that, upon completion of the Issue, our Promoter's holding in our Company would be greater than 30% of the equity share capital of our Company. Pursuant to this, the RBI had recommended the Ministry of Finance, Department of Financial Services to grant our Promoter an exemption from the provisions of Section 19 (2) of the Banking Regulation Act in relation to the Issue and subsequently, the Ministry of Finance, the Department of Financial Services, Government of India, on the recommendation of the Reserve Bank of India, and in exercise of its powers under Section 53 (1) of the Banking Regulation Act, has issued the Exemption Notification relating to the applicability of Section 19(2) of the Banking Regulation Act to our Promoter's shareholding in our Company upon completion of the Issue. Further, by a corrigendum dated September 1, 2016 with respect to the Exemption Notification, the Ministry of Finance, Department of Financial Services has clarified that provision of Section 19(2) of the Banking Regulation Act shall not apply to our Promoter, PNB in so far as it relates to PNB's shareholding exceeding 30% of the equity share capital of our Company.

For details of corporate and other approvals in relation to the Issue, see "***Other Regulatory and Statutory Disclosures – Authority for the Issue***" on page 299 for the approvals and authorizations in relation to the Issue.

II. APPROVALS FOR OUR COMPANY

A. Material licenses and approvals obtained by our Company

We require various approvals to carry on our business in India. We have received the following major Government and other approvals pertaining to our business:

a. Incorporation Details

(i) Certificate of incorporation dated November 11, 1988 issued to our Company by the RoC.

(ii) Certification dated December 30, 1989, granted by the RoC upon change of name consequent to conversion from private to public company.

b. Approvals from Tax Authorities

(i) The permanent account number of our Company is AAACP3682N.

(ii) The tax deduction account number of our Company is DELP08792A.

(iii) The service tax registration number of our Company is AAACP3682NSD035.

c. Other Approvals

(i) Certificate of registration with number 01.0018.01 dated July 31, 2001 issued to our Company by the NHB allowing our Company to carry on the business of a housing finance company.

(ii) We require registration for our offices and branches located across India, under the applicable shops and establishments laws in the relevant states where we operate.

(iii) We require registration from the Employee Provident Fund Organization, Regional Office, New Delhi, under the provisions of the EPF Act and our Company has been allotted EPF code number 15187.

(iv) We require registration under the Employee State Insurance Act and our Company has been allotted the ESI registration number 11001201340001099.

(v) We have received registration under the Contract Labour (Regulation and Abolition) Act, 1970 and our Company has been allotted the registration number ALC-HQ/46 (11)/2016.

B. Material licenses and approvals for which applications have been made or are yet to be made by our Company

As on the date of this Prospectus, out of the branches and hubs owned and operated by our Company, we currently hold all aforementioned key approvals, as required except the following approvals for which application are currently pending before the relevant authorities:

Location	Registration/Renewal	Authority	Date of Application
Faridabad, Haryana	Registration	Inspector of Shops and Commercial Establishments	November 30, 2015
Cochin	Registration	Inspector of Shops and Commercial Establishments	January 13, 2016
Dehradun, Uttarakhand	Registration	Chief Labour Commissioner, Dehradun	June 25, 2016
Noida, Uttar Pradesh	Registration	Labour Commissioner, Uttar Pradesh	September 24, 2016
Virar, Palghar	Registration	Labour Department, Maharashtra	September 26, 2016

III. TRADEMARK REGISTRATIONS

For details in relation to the intellectual property which are registered to our Company, see "***Our Business – Intellectual Property***" on page 152.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Corporate Approvals

Our Board has, pursuant to its resolution dated March 19, 2016, authorized the Issue, subject to the approval of the Equity Shareholders of our Company under Section 62(1)(c) of the Companies Act 2013 and our Equity Shareholders have, pursuant to a resolution dated April 22, 2016, under Section 62(1)(c) of the Companies Act, authorized the Issue.

In-principle Listing Approvals

Our Company has received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letter bearing number DCS/IPO/NP/IP/255/2016-2017 dated July 25, 2016 and letter bearing number NSE/LIST/81440 dated July 26, 2016, respectively.

Other Approvals

Our Company has received a letter dated March 15, 2016 from the NHB granting its no-objection for undertaking the Issue, as long as the Issue does not result in a change of control.

Our Promoter, PNB, had, by its letter dated December 2, 2015 to the RBI in relation to the Issue, communicated to the RBI that, upon completion of the Issue, our Promoter's holding in our Company would be greater than 30% of the equity share capital of our Company. Pursuant to this, the RBI had recommended the Ministry of Finance, Department of Financial Services to grant our Promoter an exemption from the provisions of Section 19 (2) of the Banking Regulation Act in relation to the Issue and subsequently, the Ministry of Finance, the Department of Financial Services, Government of India, on the recommendation of the Reserve Bank of India, and in exercise of its powers under Section 53 (1) of the Banking Regulation Act, has issued the Exemption Notification relating to the applicability of Section 19(2) of the Banking Regulation Act to our Promoter's shareholding in our Company upon completion of the Issue. Further, by a corrigendum dated September 1, 2016 with respect to the Exemption Notification, the Ministry of Finance, Department of Financial Services has clarified that provision of Section 19(2) of the Banking Regulation Act shall not apply to our Promoter, PNB in so far as it relates to PNB's shareholding exceeding 30% of the equity share capital of our Company.

Prohibition by the SEBI, the RBI or Governmental Authorities

Except as disclosed below, none of our Company, our Promoter, our Promoter Group, our Directors, Group Companies and persons in control of our Company are or have ever been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other governmental authorities.

PNB Investment Services Limited, a subsidiary of our Promoter and one of our Group Companies, had been prohibited from carrying out fresh capital markets activities, pursuant to ad-interim order dated December 28, 2011 and interim order dated September 7, 2012 passed by the SEBI. However, pursuant to the final order dated August 5, 2014, passed by the SEBI, the show cause notice and the subsequent directions were disposed off.

Neither our Promoter, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities.

Except for (a) Ms. Usha Ananthasubramanian, who is a director on the boards of PNB Gilts Limited and PNB Investment Services Limited; (b) Mr. Devinjit Singh, who is a director on the board of SBI Capital Markets Limited; and (c) Nilesh Vikamsey, who is a director on the board IIFL Wealth Management Limited and IIFL Holdings Limited, none of our Directors are in any manner associated with the securities market.

Further, except as provided below there neither is nor has any action been taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoters or directors.

(a) Certain actions have been initiated by the SEBI against SBI Capital Markets Limited, alleging certain conflicts of interest, irregularities with respect to post-issue formalities, incorrect disclosures in offer documents, and certain other irregularities where SBI Capital Markets Limited acted as an intermediary in public issues. SEBI has initiated ten proceedings (including a deficiency letter and an administrative warning letter) against SBI Capital Markets Limited of which, as on the date of this Prospectus, two such proceedings are pending.

(b) Certain actions have been taken by the SEBI against IIFL Holdings Limited, alleging non-compliance of certain provisions of the SEBI (Depositories and Participants) Regulations, 1996, SEBI (Stock Broker and Sub-Broker) Regulations, 1992 and the SEBI (Prohibition of Fraudulent Trade Practices) Regulations, 2003 and certain other irregularities. SEBI had initiated 16 proceedings against IIFL Holdings Limited, all of which have been disposed off.

Neither our Company, nor our Promoter, nor our Group Companies, nor our Directors, are or have been declared as wilful defaulters as defined under the SEBI ICDR Regulations.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations, as set forth below:

- Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more that 50% of the net tangible assets are held in monetary assets;

- Our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated basis during the three most profitable years out of the immediately preceding five years;

- Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);

- The aggregate size of the proposed Issue and all previous issues made in the same financial year is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the preceding financial year; and

- Our Company has not changed its name during the last one year.

Our Company's pre-tax operating profit, net worth and net tangible assets derived from the restated financial information included in this Prospectus as at, and for the last five years ended, March 31 are set forth below:

(*₹ in million, except as indicated*)

Particulars	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Net Tangible assets(1)	296,625.38	190,339.59	115,386.14	76,549.88	44,362.54
Monetary assets(2)	2,485.36	2,931.42	1,384.22	1,280.39	114.23
Monetary assets as a % of Net Tangible assets	0.84%	1.54%	1.20%	1.67%	0.26%
Net worth(3)	21,444.50	15,787.27	9,341.38	6,180.36	3,998.98
Pre-tax operating profits(4)	5,042.81	2,944.50	1,789.85	1,287.45	1,056.19

(1) 'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
(2) 'Monetary Assets' comprise of cash and bank balances, public deposit accounts with the banks.
(3) 'Net worth' means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of statement of profit and loss.
(4) Pre-tax operating profits' comprise of profit from operations before other income, and exceptional items in accordance with Regulation 33(1)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Fiscals 2016, 2015 and 2014 are the three most profitable years out of the immediately preceding five Fiscals in terms of our restated financial information.

Hence, we are eligible for the Issue as per Regulation 26(1) of the SEBI ICDR Regulations. Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, the Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000, failing which the entire application monies shall be refunded forthwith. If our Company does not Allot Equity Shares pursuant to the Issue within six Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

The Company is in compliance with conditions specified in Regulation 4(2) of the SEBI ICDR Regulations to the extent applicable.

DISCLAIMER CLAUSE OF THE SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO THE SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY THE 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 RED HERRING PROSPECTUS. THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED, DSP MERRILL LYNCH LIMITED, JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED, J.P. MORGAN INDIA PRIVATE LIMITED AND MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE GLOBAL COORDINATORS AND BOOK RUNNING 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 GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED, DSP MERRILL LYNCH LIMITED, JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED, J.P. MORGAN INDIA PRIVATE LIMITED AND MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, HAVE FURNISHED TO THE SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 4, 2016 WHICH READS AS FOLLOWS:

WE, THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS, CHIEF FINANCIAL OFFICER AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   A. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

C. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND UNTIL DATE SUCH REGISTRATION IS VALID;**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – <u>NOTED FOR COMPLIANCE</u>;**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS;**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS; <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION WILL BE KEPT IN AN ANCHOR ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – <u>NOT APPLICABLE</u>;**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION; <u>COMPLIED WITH</u>**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT**

ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE;

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT 2013, EQUITY SHARES IN THE ISSUE WILL BE ISSUED IN DEMATERIALISED FORM ONLY;

11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION;

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS: COMPLIED WITH

    a. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

    b. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE - COMPLIED WITH AND NOTED FOR COMPLIANCE;

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.; COMPLIED WITH

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY; COMPLIED WITH

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR; COMPLIED WITH

17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS;

18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. (IF APPLICABLE). – NOT APPLICABLE.

The filing of the Red Herring Prospectus and this Prospectus does not, however, absolve the Company from any liabilities under Section 34 or Section 36 of 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 GCBRLMs, any irregularities or lapses in the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

Price Information of Past Issues handled by the GCBRLMs

1. Price information of past issues handled by Kotak Mahindra Capital Company Limited

Sr. No.	Issue name	Issue size (₹ Crores)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	L&T Technology Services Limited	894.40	860	23-Sep-16	920	-0.85%[-1.57%]	-	-
2.	RBL Bank Limited	1212.97	225	31-Aug-16	274.2	+27.07%[-2.22%]	-	-
3.	Larsen & Toubro Infotech Limited(1)	1236.38	710	21-Jul-16	667	-6.39%[+1.84%]	-12.44%[+1.97%]	-
4.	Mahanagar Gas Limited(2)	1038.88	421	1-Jul-16	540	+20.86%[+3.72%]	+57.15%[+5.00%]	-
5.	Parag Milk Foods Limited(3)	750.54	215	19-May-16	217.50	+17.07%[+4.97%]	+48.67%[+11.04%]	-
6.	Ujjivan Financial Services Limited	882.50	210	10-May-16	231.90	+72.38%[+4.88%]	+120.90%[+10.08%]	-
7.	Healthcare Global Enterprises Limited	649.64	218	30-Mar-16	210.20	-15.32%[+1.45%]	-19.98%[+4.65%]	-1.31%[+14.17%]
8.	Dr. Lal PathLabs Limited(4)	631.91	550	23-Dec-15	720.00	+32.54%[-7.49%]	+66.95% [-2.06%]	+63.13% [+3.87%]
9.	S H Kelkar and Company Limited	508.17	180	16-Nov-15	223.70	+21.69%[-1.35%]	+20.78%[-10.58%]	+24.97% [+0.11%]
10.	Interglobe Aviation Limited(5)	3,008.50	765	10-Nov-15	855.80	+32.39%[-2.20%]	+9.41%[-3.78%]	+40.59% [-0.64%]
11.	Coffee Day Enterprises Limited	1,150.00	328	2-Nov-15	317.00	-21.42%[-1.19%]	-19.73%[-6.05%]	-20.98% [-2.50%]
12.	Sadbhav Infrastructure Project Limited	491.66	103	16-Sep-15	111.00	-2.28% [+3.55%]	-5.63%[-3.15%]	-12.67% [-4.92%]
13.	Power Mech Projects Limited	273.22	640	26-Aug-15	600.00	-9.36% [+0.98%]	-4.63%[+0.74%]	-10.65% [-7.15%]
14.	Manpasand Beverages Limited	400.00	320	9-Jul-15	300.00	+23.20% [+2.83%]	+36.53% [-2.11%]	+58.34% [-6.45%]
15.	Adlabs Entertainment Limited(6)	374.59	180	6-Apr-15	162.20	-18.36% [-3.87%]	-12.08% [-2.02%]	-38.39% [-8.19%]
16.	Ortel Communications Limited	173.65	181	19-Mar-15	160.05	-3.67% [-0.33%]	-5.91% [-6.80%]	+12.21% [-8.83%]

Notes:

1. *In Larsen & Toubro Infotech Limited, the issue price to retail individual investor was ₹ 700 per equity share after a discount of ₹ 10 per equity share. The Anchor Investor Issue price was ₹ 710 per equity share.*
2. *In Mahanagar Gas Limited, the issue price to employees was ₹ 383 per equity share after a discount of ₹ 38 per equity share. The Anchor Investor Issue price was ₹ 421 per equity share.*
3. *In Parag Milk Foods Limited, the issue price to retail individual investor and employees was ₹ 203 per equity share after a discount of ₹ 12 per equity share. The Anchor Investor Issue price was ₹ 227 per equity share.*
4. *In Dr. Lal PathLabs Limited, the issue price to retail individual investor was ₹ 535 per equity share after a discount of ₹ 15 per equity share. The Anchor Investor Issue price was ₹ 550 per equity share.*
5. *In Interglobe Aviation Limited, the issue price to employees was ₹ 688.50 per equity share after a discount of ₹ 76.5 per equity share. The Anchor Investor Issue price was ₹ 765 per equity share.*
6. *In Adlabs Entertainment Limited, the issue price to retail individual investor was ₹ 168 per equity share after a discount of ₹ 12 per equity share. The Anchor Investor Issue price was ₹ 221 per equity share.*
7. *In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.*
8. *Nifty is considered as the benchmark index.*

2. Summary statement of price information of past issues handled by Kotak Mahindra Capital Company Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in Crores)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2016-2017*	6	6015.67	-	-	2	1	1	2	-	-	-	-	-	-
2015-2016	9	7487.69	-	-	5	-	2	2	-	1	4	2	1	1
2014-2015	1	173.65	-	-	1	-	-	-	-	-	-	-	-	1

** The information is as on the date of this Prospectus*

3. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by DSP Merrill Lynch Limited:*

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing(2) (3) (4)	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing(2) (3) (5)	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing (2) (3) (6)
1.	ICICI Prudential Life Insurance Company Limited	60,567.91	334.00	September 29, 2016	330.00	-7.60% [+0.54%]	-	-
2.	L&T Technology Services Limited	8,944.00	860.00	September 23, 2016	920.00	-1.09% [-1.39%]	-	-
3.	Inox Wind Limited (1)	10,205.27	325.00	April 9, 2015	400.00	+28.54% [-6.68%]	+42.42% [-3.05%]	+11.20% [-7.51%]

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details.

Notes:

1. *In Inox Wind Limited, price for retail individual bidders and eligible employees was 310.00 per equity share*
2. *Opening price information as disclosed on the website of NSE.*
3. *Benchmark index is CNX Nifty*
4. *In case 30th day, 90th day or 180th day is not a trading day, closing price on NSE of next trading day is considered*
5. *30th listing day has been taken as listing date plus 29 calendar days.*
6. *90th listing day has been taken as listing date plus 89 calendar days.*
7. *180th listing day has been taken as listing date plus 179 calendar days*

4. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by DSP Merrill Lynch Limited:*

Financial Year	Total no. of IPOs	Total funds raised (in ₹ million)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2016-2017	2	69,511.91	-	-	2	-	-	-	-	-	-	-	-	-
2015-2016	1	10,205.27	-	-	-	-	1	-	-	-	-	-	-	1
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com.

5. *Price information of past issues handled by JM Financial Institutional Securities Limited*

Sr. No.	Issue name	Issue size (₹ in Crores)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)(2)	% Change in closing price(3), (% change in closing benchmark)(4) - 30th calendar day from listing	% Change in closing price(3), (% change in closing benchmark)(4) - 90th calendar day from listing	% Change in closing price(3), (% change in closing benchmark)(4) - 180th calendar day from listing
1.	ICICI Prudential Life Insurance Company Limited	6,056.79	334	September 29, 2016	330.00	-7.60%[+0.54%]	NA	NA
2.	L&T Technology Services Limited	894.40	860	September 23, 2016	920.00	-0.85%[-1.57%]	NA	NA
3.	Dilip Buildcon Limited	653.98	219	August 11, 2016	240.00	+5.11%[+3.20%]	NA	NA
4.	Parag Milk Foods Limited	750.54	215(1)	May 19, 2016	217.50	+17.07%[+4.97%]	+48.67%[+11.04%]	NA
5.	Thyrocare Technologies Limited	479.21	446	May 9, 2016	665.00	+36.85% [+5.09%]	+23.48%[+10.39%]	NA
6.	S H Kelkar and Company Limited	508.17	180	November 16, 2015	223.70	+21.69% [-1.35%]	+20.78% [-10.58%]	+24.97%[+0.11%]

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details.

Notes:

1. *Issue price for anchor investors was ₹ 227 per equity share and a discount of ₹12 per equity share had been offered to eligible employees and retail individual bidders.*
2. *Opening price information as disclosed on the website of NSE.*
3. *Change in closing price over the issue/offer price as disclosed on. NSE.*
4. *Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.*
5. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
6. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.*

7. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days.*

6. Summary statement of price information of past issues handled by JM Financial Institutional Securities Limited

Financial year	Total no. of IPOs	Total funds raised (₹ in Million)	Nos. of IPOs trading at discount – 30th calendar day from listing			Nos. of IPOs trading at premium – 30th calendar day from listing			Nos. of IPOs trading at discount – 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2016-2017	5	8,834.92	-	-	2	-	1	2	-	-	-	-	-	-
2015-2016	1	508.17	-	-	-	-	-	1	-	-	-	-	-	1
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com;

7. Price information of past issues handled by J.P. Morgan India Private Limited

Sr. No.	Issue name	Issue size (₹ in Crores)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	% Change in closing price, (% change in closing benchmark) - 30th calendar day from listing	% Change in closing price, (% change in closing benchmark) - 90th calendar day from listing	% Change in closing price, (% change in closing benchmark) - 180th calendar day from listing
1.	InterGlobe Aviation Limited[1]	30,171.4	765.00	10-Nov-15	855.80	32.4%, [-3.8%]	7.8%, [-6.7%]	40.8%, [-0.6%]
2.	Alkem Laboratories Limited[2]	13,477.6	1,050.00	23-Dec-15	1,380.00	30.3%, [-6.5%]	28.6%,[-1.1%]	31.9%, [5.8%]
3.	Quick Heal Technologies Limited	4,512.5	321.00	18-Feb-16	305.00	-31.6%,[7.0%]	-20.0%, [11.0%]	-24.2%, [21.6%]

Source: www.nseindia.com

[1]*Price for employees was INR 688.50 per equity share*
[2]*Discount of INR 100 per equity share to the offer price offered to eligible employees*

Notes:

a. *The S&P CNX NIFTY is considered as the Benchmark Index.*
b. *Price on NSE is considered for all of the above calculation*
c. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered*
d. *Closing price of 30th, 90th, 180th calendar day from listing day has been taken as listing day plus 29, 89 and 179 calendar days respectively*
e. *Pricing Performance for the company is calculated as per the final offer price*
f. *Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date*

8. Summary statement of price information of past issues handled by J.P. Morgan India Private Limited

Fiscal Year	Total No. of IPOs	Total funds raised (INR Million)	No. of IPOs trading at discount - 30th calendar day from listing			No. of IPOs trading at premium - 30th calendar day from listing			No. of IPOs trading at discount - 180th calendar day from listing[1]			No. of IPOs trading at premium - 180th calendar day from listing[1]		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-2016	3	48,161.5	-	1	-	-	2	-	-	-	1	-	2	-
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: In the event that any day falls on a holiday, the price/ index of the next trading day has been considered.
The information for each of the financial years is based on issues listed during such financial year.

9. Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Morgan Stanley India Company Private Ltd.[(1,2,3)]:

Sr. No.	Issue name	Issue size (₹ in Crores)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	% Change in closing price, (% change in closing benchmark) - 30th calendar day from listing	% Change in closing price, (% change in closing benchmark) - 90th calendar day from listing	% Change in closing price, (% change in closing benchmark) - 180th calendar day from listing
1.	Coffee Day Enterprises Limited	1,150	328.00	02 Nov 2015	317.00	-21.4% (-1.4%)	-20.8% (-6.3%)	- 21.0% (-2.7%)

Sr. No.	Issue name	Issue size (₹ in Crores)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	% Change in closing price, (% change in closing benchmark) - 30th calendar day from listing	% Change in closing price, (% change in closing benchmark) - 90th calendar day from listing	% Change in closing price, (% change in closing benchmark) - 180th calendar day from listing
2.	InterGlobe Aviation Limited [(6)]	3,009	765.00	10 Nov 2015	855.80	32.4% (-3.8%)	7.8% (-6.7%)	40.8% (-0.6%)
3.	RBL Bank Limited	1,213	225.00	31 Aug 2016	274.20	27.1% (-1.8%)	-	-

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details.
Notes:

1. *Benchmark index considered is NIFTY50*
2. *Issue Size is as per the prospectus filed with SEBI with the figures rounded off to the nearest decimal point*
3. *If the 30th/90th/180th day falls on a trading holiday then pricing information on the immediate next trading day has been considered*
4. *Pricing Performance for the company is calculated as per the final offer price*
5. *Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date*
6. *A discount of INR 76.5 was offered to employee investors*

10. *Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Morgan Stanley India Company Private Limited:*

Financial year	Total no. of IPOs	Total funds raised (₹ in Million)	Nos. of IPOs trading at discount – 30th calendar day from listing			Nos. of IPOs trading at premium – 30th calendar day from listing			Nos. of IPOs trading at discount – 180th calendar day from listing			Nos. of IPOs trading at premium – 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2016-2017	1	1,213	-	-	-	-	1	-	-	-	-	-	-	-
2015-2016	2	4,159	-	-	1	-	1	-	-	-	1	-	1	-
2014-2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com

Track records of past issues handled by the GCBRLMs

For details regarding the track record of the GCBRLMs, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the GCBRLMs mentioned below.

GCBRLMs	Website
Kotak	http://www.investmentbank.kotak.com
DSP Merrill Lynch	http://www.dspml.com
JM Financial	http://www.jmfl.com
J.P. Morgan	http://www.jpmipl.com
Morgan Stanley	http://www.morganstanley.com

Caution – Disclaimer from our Company, our Directors and the GCBRLMs

Our Company, our Directors and the GCBRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.pnbhousing.com, would be doing so at his or her own risk.

The GCBRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the GCBRLMs and our Company dated July 4, 2016, and the Underwriting Agreement dated November 1, 2016 among the Underwriters and our Company.

All information shall be made available by our Company and the GCBRLMs to the Bidders and public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company nor any member of the Syndicate shall be liable to the Bidders for any failure in uploading the Bids, due to faults in any software or hardware system, or otherwise.

The GCBRLMs and their respective associates may engage in transactions with, and perform services for our Company and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or our respective affiliates or associates for which they have received, and may in future receive compensation.

Bidders that bid in the Issue will be required to confirm, and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872), HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible Non Resident Indians ("**NRIs**"), Alternative Investment Funds ("**AIFs**"), Foreign Portfolio Investors registered with SEBI ("**FPIs**") and QIBs. The Red Herring Prospectus and this Prospectus do not, however, constitute an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus or this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) at Delhi, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus had been filed with SEBI for its observations and SEBI has given its observations through its letters dated August 4, 2016 and October 6, 2016. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus, nor any issue hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares issued in the Issue have not been and will not be registered under the U.S. Securities Act, 1933 ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) to "qualified institutional buyers" (as defined in Rule 144A ("Rule 144A") under the U.S. Securities Act), pursuant to Section 4(a)(2) of the U.S. Securities Act or another available exemption from registration under the U.S. Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any single bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of the BSE

BSE Limited ("the Exchange") has given vide its letter (DCS/IPO/NP/IP/255/2016-17) dated July 25, 2016, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purposes of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -

a) Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
b) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
c) Take any responsibility for the financial or other soundness of this Company, its promoters, it management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document 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 the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinfater referred to as NSE). NSE has given vide its letter Ref.:NSE/LIST/81440 dated July 26, 2016 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purposes 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 offer document 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 offer document; 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.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the SEBI at 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi 110 001, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed, has been delivered for registration to the RoC in accordance with Section 32 of the Companies Act 2013, and a copy of this Prospectus required to be filed under Section 26 of the Companies Act 2013 will be delivered for registration to the RoC situated at the address mentioned below.

The Registrar of Companies, National Capital Territory of Delhi and Haryana
4th Floor, IFC Tower
61, Nehru Place
New Delhi 110 019
India

Listing

In principle listing approvals dated July 25, 2016 and July 26, 2016 have been received from BSE and NSE, respectively. Application will be made to the Stock Exchanges for final permission to deal in and for an official quotation of the Equity Shares.

NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the Bidders in reliance of the Red Herring Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days of the Bid/Issue Closing Date. If our Company does not Allot Equity Shares pursuant to the Issue within six Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

Impersonation

Attention of the Bidders 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 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of (a) our Directors, the Company Secretary and Compliance Officer, the Auditors, the legal counsels, the Bankers to our Company, the Bankers to the Issue, lenders (where such consent is required), industry sources, customers/other third parties (where names of such customers/third parties have been disclosed); and (b) the GCBRLMs, the Syndicate Members and the Registrar to the Issue to act in their respective capacities, has been obtained and filed along with a copy of the Red Herring Prospectus with the RoC and such consents shall not be withdrawn up to the time of delivery of this Prospectus with the RoC.

Our Company has received written consent from, B.R. Maheswari & Co., Chartered Accountants, our Auditors, to include its name as required under Section 26(1)(a)(v) of the Companies Act 2013 in this Prospectus and as "expert" as defined under Section 2(38) of the Companies Act 2013 in respect of the reports of the Auditor on the Restated Financial Statements, dated October 4, 2016 and the statement of tax benefits dated October 14, 2016 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

Our Company has received written consent from (a) ICRA Management Consulting Services Limited dated June 27, 2016, in relation to the report titled "Housing Finance Industry in India" and (b) CRISIL Research dated June 28, 2016, in relation to the report titled "Retail Finance – Housing Annual Review, 2016", to include their names in this Prospectus.

Expert Opinion

Except for the report of our Auditor on the Restated Financial Statements and the statement of tax benefits included in this Prospectus, on pages 192 and 91, respectively, our Company has not obtained any expert opinion.

Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ 989.97 million. The expenses of this Issue include, among others, fees payable to the GCBRLMs, underwriting fees, selling commission, legal fees, fees to the Registrar to the Issues, Bankers to the Issue including processing fee to the SCSBs for processing ASBA forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationary expenses, issue related advertisement and publicity expenses and listing fees. The estimated Issue expenses are as follows:

(₹ in million)

Activity	Estimated expenses*	As a % of the total estimated Issue expenses(1)	As a % of the total Issue size(1)
GCBRLMs fees and commissions (including underwriting commission, brokerage and selling commission) and brokerage and selling commission for Registered Brokers(2), RTAs and CDPs(3)	438.48	44.29	1.46
Commission/processing fee for SCSBs(4)	14.19	1.43	0.05
Registrar to the Issue	0.29	0.03	0.00
Other advisors to the Issue	13.04	1.32	0.04
Others	523.98	52.93	1.75
- Listing fees, SEBI filing fees, book building software fees	74.41	7.52	0.25
- Printing and stationary	37.41	3.78	0.12
- Advertising and marketing expenses	337.82	34.12	1.13
- Fees paid to monitoring agency	7.77	0.79	0.03
- Miscellaneous	66.56	6.72	0.22
Total estimated Issue expenses	**989.97**	**100**	**3.30**

** The Issue expenses are only estimates and are subject to change.*

(1) *Amounts will be finalized on determination of the Issue Price and other details.*

(2) *Registered Brokers will be entitled to a commission of ₹ 10 (plus applicable service tax) per every valid Bid cum Application Form submitted to them and uploaded on the electronic bidding system of the Stock Exchanges.*

(3) *RTAs and the CDPs will be entitled to a commission of 0.30% of the amount allotted (plus applicable service tax) for Bid cum Application Forms collected from Retail Individual Bidders and 0.15% of the amount allotted (plus applicable service tax) for Bid cum Application Forms collected from Non-Institutional Bidders.*

(4) *SCSBs would be entitled to processing fees of ₹10 (plus applicable service tax) per valid ASBA for processing the ASBA Forms procured by the Members of the Syndicate, Registered Brokers, RTA or Depository Participant from Retail Individual Bidders and Non-Institutional Biddewrs and submitted to SCSBs.*

Fees, Brokerage and Selling Commission

The total fees payable to the GCBRLMs and Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the engagement letter with the GCBRLMs, each dated July 4, 2016 and the Syndicate Agreement executed among our Company and the members of the Syndicate, copies of which were made available for inspection at our Registered and Corporate Office, from 10.00 am to 4.00 p.m. on Working Days from the date of filing the Red Herring Prospectus until the Bid/Issue Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape and printing of bulk mailing register, will be as per the agreement dated June 27, 2016 signed among our Company and the Registrar to the Issue, a copy of which was made available for inspection at our Registered and Corporate Office.

Particulars regarding Public or Rights Issues during the Last Five Years

Except as disclosed in "***Capital Structure – Share Capital History***" on page 74 there have been no public or rights issues undertaken by our Company during the five years immediately preceding the date of this Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares, since the incorporation of our Company.

Previous Issues Otherwise than for Cash

As on the date of this Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash, except as disclosed in "***Capital Structure***" on page 74.

Capital Issues in the Preceding Three Years by the Company and listed Group Companies

As on the date of this Prospectus, neither our Company nor any of our listed Group Companies has made any capital issues during the three years immediately preceding the date of the Draft Red Herring Prospectus.

Performance vis-à-vis Objects

Except as disclosed in "***Capital Structure – Share Capital History***" on page 74, our Company has not undertaken any public or rights issue in the 10 years immediately preceding the date of this Prospectus.

Performance vis- à-vis Objects: Last Issue of Subsidiaries and Group Companies

As on the date of this Prospectus, our Company does not have any Subsidiaries. Our Group Companies have not made any public or rights issues in the 10 years immediately preceding the date of this Prospectus

Outstanding Debentures, Bonds or Redeemable Preference Shares

Except for the outstanding non-convertible debentures disclosed in "***Financial Indebtedness***", our Company does not have any outstanding debentures, bonds or redeemable preference shares, as on the date of this Prospectus.

Partly Paid-Up Shares

As on the date of this Prospectus, there are no partly paid-up Equity Shares of our Company.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances by our Company

The agreement dated June 27, 2016 between the Registrar to the Issue and our Company, provides for retention of records with the Registrar to the Issue for a minimum period of three years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

Investors may contact the GCBRLMs for any complaint pertaining to the Issue. All grievances other than Anchor Investors may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary(ies) with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intemediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the Global Coordinators and Book Running Lead Manager where the Bid cum Application Form was submitted by the Anchor Investor.

Disposal of Investor Grievances by our Company

We estimate that the average time required by our Company and/or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Sanjay Jain, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre- Issue or post- Issue related problems, at the address set forth hereunder.

Mr. Sanjay Jain
9th Floor, Antriksh Bhavan, 22 Kasturba Gandhi Marg, New Delhi 110 001, India
Telephone: +91 11 23354206
Facsimile: +91 11 23357173
E-mail: sanjay.jain@pnbhousing.com

Further, our Board has constituted a Stakeholders' Relationship Committee comprising our Directors, Mr. Devinjit Singh, Dr. Ram S Sangapure and Mr. Sanjaya Gupta, which is responsible for redressal of grievances of the security holders of our Company. For more information, see "***Our Management***" on page 169.

As on the date of this Prospectus, one of our Group Companies, PNB Gilts, is listed on the NSE and BSE.

Changes in Auditors

Name of Auditor	Date of Change	Reason
Raj K. Aggarwal & Associates	December 5, 2013	Resignation
B.R. Maheswari & Co.	December 5, 2013	Appointment

Capitalization of Reserves or Profits

Except as disclosed in "***Capital Structure***" in page 74, our Company has not capitalized its reserves or profits at any time during the five years immediately preceding the date of this Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The Issue is of 38,733,870 Equity Shares, at an Issue Price of ₹ 775 per Equity Share for cash, including a premium of ₹ 765 per Equity Share, aggregating up to ₹ 30,000 million (subject to finalisation of the basis of allotment) and is through the Book Building Process. The Issue includes an Employee Reservation Portion of 250,000 Equity Shares aggregating to ₹ 175 million, for subscription by Eligible Employees. The Net Issue shall constitute at least 10% of the post-Issue paid up equity share capital of our Company.

The Issue has been made through the Book Building Process.

	Eligible Employees	QIBs*	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation**	250,000 Equity Shares	19,241,934 Equity Shares	Not less than 5,772,581 Equity Shares or Issue less allocation to QIBs and Retail Individual Investors	Not less than 13,469,355 Equity Shares or Issue less allocation to QIBs and Non-Institutional Investors
Percentage of Issue size available for allocation	Approximately 0.65% of the Issue Size	50% of the Net Issue will be available for allocation to QIBs. However, 5% of the QIB Category, excluding the Anchor Investor Portion, will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation portion will also be eligible for allocation in the remaining QIB Category. The unsubscribed portion in the Mutual Fund portion will be available for allocation to QIBs	Not less than 15% of the Net Issue or Issue less allocation to QIBs and Retail Individual Investors	Not less than 35% of the Net Issue or the Issue less allocation to QIBs and Non-Institutional Investors
Basis of Allotment if respective category is oversubscribed	Proportionate	Proportionate as follows (excluding the Anchor Investor Portion): (a) 385,202 Equity Shares will be available for allocation on a proportionate basis to Mutual Funds; and (b) 7,318,830 Equity Shares will be available for allocation on a proportionate basis to QIBs including Mutual Funds receiving allocation as per (a) above	Proportionate	In the event the Bids received from Retail Individual Investors exceeds the maximum number of Retail Individual Investors who will be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Investors by the minimum Bid Lot (“**Maximum RII Allottess**”). The Allotment to Retail Individual Investors will then be made in the following manner: (a) If the number of Retail Individual

	Eligible Employees	QIBs*	Non-Institutional Investors	Retail Individual Investors
				Investors who have submitted valid Bids in the Net Issue is equal to or less than the Maximum RII Allottees, (i) all such Retail Individual Investors shall be allocated the minimum Bid Lot and (ii) the balance Equity Shares, if any, remaining in the Retail Category shall be allocated on a proportionate basis to those Retail Individual Investors who received allocation as per (i) above, for less than the Equity Shares Bid for by them (i.e. Retail Individual Investors who have Bid for more than the minimum Bid Lot) (b) In the event, the number of Retail Individual Investors who have submitted valid Bids in the Net Issue is more than the Maximum RII Allottees, the Retail Individual Investors who will be allocated the minimum Bid Lot shall be determined by draw of lots. Allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category. For more information, see "***Issue Procedure***" on page 322.
Mode of Bidding	Through ASBA process only (other than Anchor Investors)			
Minimum Bid	19 Equity Shares	Such number of Equity Shares in multiples of 19 Equity Shares so that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of 19 Equity Shares so that the Bid Amount exceeds ₹ 200,000	19 Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of 19 Equity Shares so that the Bid Amount does not exceed ₹ 200,000	Such number of Equity Shares in multiples of 19 Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Such number of Equity Shares in multiples of 19 Equity Shares so that the Bid does not exceed the Issue,	Such number of Equity Shares in multiples of 19 Equity Shares so that the Bid Amount does not exceed ₹ 200,000

	Eligible Employees	QIBs*	Non-Institutional Investors	Retail Individual Investors
			subject to applicable limits	
Mode of Allotment	Compulsorily in dematerialized form			
Bid Lot	19 Equity Shares and in multiples of 19 Equity Shares thereafter			
Allotment Lot	19 Equity Shares and in multiples of one Equity Share thereafter			19 Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Category
Trading Lot	One Equity Share			
Who can Apply***	Eligible Employees applying in the Employee Reservation Portion for Equity Shares such that the Bid Amount does not exceed ₹ 200,000	Public financial institutions specified in Section 2(72) of the Companies Act 2013, FPIs (other than Category III FPIs), scheduled commercial banks, mutual funds registered with the SEBI, venture capital funds registered with SEBI, FVCIs, AIFs, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions societies and trusts and any Category III FPIs registered with SEBI, which is a foreign corporate or foreign individual for Equity Shares such that the Bid Amount exceeds ₹ 200,000 in value	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value
Terms of Payment####	***In case of Anchor Investors:*** Full Bid Amount was payable by the Anchor Investors at the time of submission of their Bids ***In case of all other Bidders***: Full Bid Amount was blocked by the SCSBs in the bank account of the Bidder (other than an Anchor Investor) that was specified in the Bid cum Application Form at the time of the submission of the Bid cum Application Form			

** Our Company, in consultation with the GCBRLMs, allocated up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Issue Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor, and (iii) in case of allocation above ₹2,500 million, a minimum of five and a maximum of 15 Anchor Investors are allowed for allocation of up to ₹ 2,500* *million and an additional 10 such investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to a minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor was required to make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received at or above Anchor Investor Issue Price.*

*** In terms of Rule 19(2)(b) of the SCRR, the Issue is made for at least 10% of the post-Issue paid-up equity share capital of our Company. The Issue is made through the Book Building Process, in compliance with Regulation 26(1) of the SEBI ICDR Regulations, where 50% of the Issue is available for allocation to QIBs on a proportionate basis, provided that our Company, in consultation with the GCBRLMs, allocated up to 60% of the QIB Category to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations, of which at least one-third was available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) is available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Category is available for allocation on a proportionate basis to all QIBs (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue is available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Net Issue is available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.*

****If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

*****Bid Amount was made payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms.*

Any unsubscribed Equity Shares in the Employee Reservation Portion shall be added to the Net Issue. Under subscription, if any, in any category, except the QIB Category, would be met with spill-over from the other categories at the discretion of our Company, in consultation with the GCBRLMs and the Designated Stock Exchange.

Bidders have been required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Employee Discount

The Employee Discount, has been offered to the Eligible Employees bidding in the Employee Reservation Portion, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion bidding at the Cut-Off Price had to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid. Please refer to "***Issue Procedure - Maximum and Minimum Bid Size***" on page 341.

Withdrawal of the Issue

Our Company, in consultation with the GCBRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before Allotment. If our Company withdraws the Issue, our Company will issue a public notice within two days from the Bid/Issue Closing Date or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The GCBRLMs, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre- Issue advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that it will proceed with a public offering of Equity Shares, we will file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within six Working Days of the Bid Closing Date; and (ii) the final RoC approval of this Prospectus.

Bid/Issue Period

BID/ISSUE OPENED ON*	Tuesday, October 25, 2016
BID/ISSUE CLOSED ON	Thursday, October 27, 2016

FINALISATION OF BASIS OF ALLOTMENT	On or about November 2, 2016
INITIATION OF REFUNDS FOR ANCHOR INVESTORS/UNBLOCKING OF FUNDS	On or about November 3, 2016
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	On or about November 4, 2016
COMMENCEMENT OF TRADING	On or about November 7, 2016

** The Anchor Investor Bidding Date was one Working Day prior to the Bid/Issue Opening Date, i.e., October 24, 2016.*

This timetable, other than Bid/Issue Opening and Closing Dates, is indicative in nature and does not constitute any obligation or liability on our Company or the members of the Syndicate. While we will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Issue Closing Date, the timetable may be subject to change for various reasons, including any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable laws.

Except in relation to the Bids received from Anchor Investors, Bids and any revision in Bids were accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/ Issue Period at the Bidding Centres, except that on the Bid/ Issue Closing Date (which for QIBs may be a day prior to the Bid/ Issue Closing Date for non-QIBs), Bids were accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. (Indian Standard Time) or such extended time permitted by the Stock Exchanges, in case of Bids by Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion. On the Bid/ Issue Closing Date, extension of time granted by the Stock Exchanges was only for uploading Bids received from Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion, after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the GCBRLMs to the Stock Exchanges. Due to limitation of time available for uploading Bids on the Bid/ Issue Closing Date, Bidders are advised to submit Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/ Issue Closing Date. If a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Issue. Our Company and the members of the Syndicate will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids were accepted only on Working Days.

It is clarified that ASBA Bids not uploaded on the electronic bidding system would be rejected.

TERMS OF THE ISSUE

The Equity Shares offered, issued and Allotted in the Issue will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and this Prospectus, the Bid cum Application Form, the Revision Form, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Issue. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue and sale of capital and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as may be prescribed by SEBI, RBI and/or other regulatory authority while granting its approval for the Issue.

Ranking of Equity Shares

The Equity Shares being issued and allotted in the Issue will be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and will rank *pari passu* with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For more information, see "***Main Provisions of the Articles of Association***" on page 369.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our Equity Shareholders, as per the provisions of the Companies Act, the SEBI Listing Regulations, our Memorandum of Association and Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. For more information, see "***Dividend Policy***" and "***Main Provisions of the Articles of Association***" on page 191 and 369, respectively.

Face Value and Price Band

The face value of each Equity Share is ₹ 10 and the Issue Price is ₹ 775. The Anchor Investor Issue Price is ₹ 775. At any given point of time there will be only one denomination for the Equity Shares.

The Price Band and the minimum Bid lot and the EmployeeDiscount were decided by our Company in consultation with the GCBRLMs, and published by our Company at least five Working Days prior to the Bid/Issue Opening Date, in all editions of Financial Express (a widely circulated English national newspaper) and all editions of Jansatta (a widely circulated Hindi national newspaper, Hindi also being the regional language in the place where our Registered and Corporate Office is located), and were made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the floor Price and at the Cap Price were pre-filled in the Bid-cum-Application Forms available at the website of the Stock Exchanges.

Compliance with the SEBI ICDR Regulations

The Company shall comply with all disclosure and accounting norms as specified by the SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable law and our Articles of Association, the Equity Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "***Main Provisions of the Articles of Association***" on page 369.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act 2013, the Equity Shares will be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialized form. In this context, agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated July 30, 2016 among NSDL, our Company and the Registrar to the Issue; and
- Agreement dated May 31, 2016 among CDSL, our Company and the Registrar to the Issue.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Issue will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of 19 Equity Shares. For the method of Basis of Allotment, see "***Issue Procedure***" on page 322.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Nomination Facility

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or in the case of joint Bidders, the joint Bidders jointly may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act 2013, as amended, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013, as amended, will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including through devolvement to the Underwriters, as applicable, our Company shall forthwith refund the entire subscription amount received no later than 15 days from the Bid/Issue Closing Date, failing which, our Company shall be liable to repay that money with interest at the rate of 15% per annum. Further in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom the Equity Shares are Allotted in the

Issue will be not less than 1,000.

Further, our Company may in consultation with the GCBRLMs, reserve the right not to proceed with the Issue for any reason at any time after the Bid/Issue Opening Date but before the Allotment of Equity Shares.

Arrangement for Disposal of Odd Lots

Since the market lot for our Equity Shares is one, there are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of pre-Issue equity shareholding, minimum Promoters' contribution and Anchor Investor lock-in in the Issue, as detailed in *"**Capital Structure – Details of Promoters' contribution and lock-in for three years**"* on page 76 and as provided in our Articles as detailed in "***Main Provisions of the Articles of Association***" on page 369, there are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

ISSUE PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 notified by SEBI ("**General Information Document**") included below under section titled " – **Part B - General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document is also available on the websites of the Stock Exchanges and the GCBRLMs. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and provisions of the Companies Act 2013, to the extent applicable to a public issue. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue. All Designated Intermediaries in relation to the Issue should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

Our Company and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

PART A

Book Building Procedure

The Net Issue is being made through the Book Building Process wherein 50% of the Issue is available for allocation to QIBs on a proportionate basis, provided that our Company, in consultation with the GCBRLMs, allocated up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Issue Price, on a discretionary basis, of which at least one-third is available for allocation to domestic Mutual Funds. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) is available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue is available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Net Issue is available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company, in consultation with the GCBRLM and the Designated Stock Exchange, on a proportionate basis, subject to applicable laws.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected.

Please note that all the investors (other than Anchor Investors) were required to mandatorily apply in the Issue through the ASBA process only. However, Anchor Investors were not permitted to participate in the Issue through the ASBA process.

Bid cum Application Form

Copies of the Bid cum Application Form and the abridged prospectus were made available with the members of the Syndicate, the Designated Intermediaries at relevant Bidding Centres and at our Registered and Corporate Office. The Bid cum Application Forms were also made available for download on the websites of the Stock Exchanges, the Syndicate Members and SCSBs and at the terminals of the Registered Brokers, the RTAs and the CDPs at least one day prior to the Bid/Issue Opening Date.

Bidders (other than Bids by Anchor Investor) must provide bank account details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details will be rejected. Further, such Bidders were required to ensure that the Bids are submitted at the Bidding centres only on Bid cum Application Forms bearing the stamp of a Designated Intermediary(ies) (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms not bearing such specified stamp maybe liable for rejection. Bidders were also required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

For Anchor Investors, the Anchor Investor Application Form were available at the office of the GCBRLMs.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including FPIs, Eligible NRIs, FVCIs and registered bilateral and multilateral institutions applying on a repatriation basis	Blue
Anchor Investors	White
Eligible Employees bidding in the Employee Reservation Portion	Pink

** Excluding electronic Bid cum Application Forms*

Who can Bid?

The following persons are eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

(i) Mutual Funds registered with SEBI. Bids by asset management companies or custodians of Mutual Funds should clearly indicate the name of the concerned scheme for which the Bid is submitted;
(ii) Venture Capital Funds and AIFs registered with SEBI;
(iii) Foreign Venture Capital Investors registered with SEBI;
(iv) FPI registered with SEBI, provided that any Foreign Institutional Investor ("**FII**") who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995;
(v) Public financial institutions as defined under Section 2(72) of the Companies Act 2013;
(vi) Indian financial institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI and the SEBI ICDR Regulations and other laws as applicable);
(vii) Scheduled commercial banks;
(viii) State Industrial Development Corporations;
(ix) Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
(x) Insurance companies registered with IRDA;
(xi) Provident funds and pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitutional documents to hold and invest in equity shares;
(xii) National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
(xiii) Insurance funds set up and managed by the army, navy or air force of the Union of India or by the Department of Posts, India;
(xiv) NRIs on a repatriation basis or on a non-repatriation basis, subject to the applicable laws;
(xv) Companies, corporate bodies and trust/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under the respective constitutions to hold and invest in equity shares;
(xvi) Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
(xvii) Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
(xviii) Hindu Undivided Families or HUFs, in the individual name of the Karta;
(xix) Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
(xx) Multilateral and bilateral development financial institutions; and
(xxi) Any other person eligible to Bid in the Issue under applicable laws.

Also see "- ***General Information Document for Investing in Public Issues - Category of Investors Eligible to***

Participate in an Issue".

The Equity Shares issued in the Issue have not been and will not be registered under the U.S. Securities Act, 1933 ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) to "qualified institutional buyers" (as defined in Rule 144A ("Rule 144A") under the U.S. Securities Act), pursuant to Section 4(a)(2) of the U.S. Securities Act or another available exemption from registration under the U.S. Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Participation by the promoter, promoter group, associates and affiliates of the GCBRLMs and the Syndicate Members

The GCBRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in the Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the GCBRLMs and the Syndicate Members may Bid for Equity Shares in the Issue, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the GCBRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds sponsored by entities related to the GCBRLMs, the GCBRLMs and any persons related to the GCBRLMs, promoter and promoter group of the GCBRLMs cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason therefor. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

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 sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRIs applying on a repatriation basis should authorise their SCSBs to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") accounts, and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid amount, at the time of submission of the Bid cum Application Form.

Bids by FPI (including FIIs)

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2014 ("**SEBI FPI Regulations**"), investment in the Equity Shares by a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) shall be below 10% of our post-Issue equity share capital.

Any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. An FII or a sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in this Issue, until the expiry of its registration with SEBI as an FII or a sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In accordance with foreign investment limits applicable to our Company, currently, the total foreign investment including FPI investment is permitted up to 100% of our total issued capital. Our total foreign investment including FPI investment have been permitted up to 24% of our total issued capital by our Company.

FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

Bids by SEBI registered Venture Capital Funds, AIFs and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the "**SEBI VCF Regulations**") and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the "**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than $1/3^{rd}$ of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason therefor.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and Master Circular – Para-banking Activities dated July 1, 2015 is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by SCSBs

SCSBs participating in the Issue are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the "**IRDA Investment Regulations**") and other applicable rules, guidelines and refulations prescribed by IRDA, including on exposure limits on investment in HFCs, based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs (including FIIs), Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the GCBRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company in consultation with the GCBRLMs may deem fit.

Bids by Anchor Investors

For details in relation to Bids by Anchor Investors, see the section entitled "***Issue Procedure – Part B – General Information Document for Investing in Public Issues***" on page 332.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason therefor.

The above information is given for the benefit of the Bidders. Our Company and the GCBRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation or as specified in this Prospectus.

Bids by Eligible Employees

The Bid must be for a minimum of 19 Equity Shares and in multiples of 19 Equity Shares thereafter so as to ensure that the Bid Price payable by the Eligible Employee does not exceed ₹ 200,000 in accordance with the SEBI ICDR Regulations. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* pink colour form).

(b) The Bid must be for a minimum of 19 Equity Shares and in multiples of 19 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 200,000 in accordance with the SEBI ICDR Regulations. The maximum Bid in this category by an Eligible Employee cannot exceed ₹ 200,000 in accordance with the SEBI ICDR Regulations.

(c) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.

(d) The Bidder should be an Eligible Employee as defined above. In case of joint bids, the first Bidder shall be an Eligible Employee.

(e) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.

(f) Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for Allotment under this category.

(g) Eligible Employees can apply at Cut-off Price. The Bid must be for a minimum of 19 Equity Shares and in multiples of 19 Equity Shares thereafter subject to a maximum Bid Amount of ₹ 200,000, in accordance with the SEBI ICDR Regulations.

(h) Bid by Eligible Employees can be made also in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

(i) If the aggregate demand in this category is less than or equal to 250,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

(j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.

(k) If the aggregate demand in this category is greater than 250,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "***Issue Procedure – Allotment Procedure and Basis of Allotment***" on page 357.

In accordance with RBI regulations, OCBs cannot participate in the Issue.

The above information is given for the benefit of the Bidders. Our Company and the GCBRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act 2013, our Companyafter registering the Red Herring Prospectus with the RoC, published a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of Financial Express, (a widely circulated English national newspaper), all editions of Jansatta (a widely circulated Hindi national newspaper, with Hindi also being the regional language in Delhi, where our Registered and Corporate Office is located).

General Instructions

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

5. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;

7. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number of the SCSB in the Bid cum Application Form;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

9. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (at the Specified Locations), the SCSBs (at the Designated Branches), the Registered Broker (at the Broker Centres), the RTAs (at the Designated RTA Locations) or CDPs (at the Designated CDP Locations);

12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. Submit withdrawal of Bids to the same Designated Intermediary through whom the original Bid was placed and obtain an acknowledgment;

14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the

case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

15. Ensure that the Demographic Details are updated, true and correct in all respects;

16. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

17. Ensure that the category and the investor status is indicated;

18. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;

19. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;

20. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

21. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;

22. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

23. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form;

24. RIIs can withdraw their Bids until the Bid/Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request to the same concerned Designated Intermediary through which such RIIs had placed the original Bid and who shall do the requisite, including deletion of details of the withdrawn Bids from the bidding platform of the Stock Exchanges and unblocking of the funds by the SCSBs in the ASBA account.

25. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not send the Bid cum Application Form by post, instead submit the same to the Designated Intermediary only;

3. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediaries only;

6. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;

7. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary(ies);

8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

10. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);

11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

12. Do not submit the General Index Register number instead of the PAN;

13. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;

14. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

15. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

16. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

17. Do not submit more than five Bid cum Application Forms per ASBA Account; and

18. Anchor Investors should not bid through the ASBA process.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Anchor Escrow Account by Anchor Investors

Our Company, in consultation with the GCBRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. The payment instruments for payment into the Anchor Escrow Account for Anchor Investors should be drawn in favor of:

(i) In case of resident Anchor Investors: "PNB Housing Finance IPO - Anchor R"

(ii) In case of non-resident Anchor Investors: " PNB Housing Finance IPO - Anchor NR"

Undertakings by our Company

Our Company undertakes the following:

(i) That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;

(ii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Issue Closing Date;

(iii) That in case of Anchor Investors that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 Working Days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(iv) That no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;

(v) The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations;

(vi) That the allotment of securities/refund confirmation to Eligible NRIs shall be dispatched within specified time;

(vii) That adequate arrangements shall be made to collect all Bid cum Application Forms; and

(viii) That the Allotment Advice will be issued or the application money will be refunded/unblocked within such time as specified by the SEBI, failing which interest will be paid to the Bidders at the rate prescribed under applicable law for the delayed period.

The Promoter has authorized the Compliance Officer of our Company and the Registrar to the Issue to redress any complaints received from Bidders in respect of the Issue for Sale.

Utilization of Net Proceeds

Our Board certifies that:

(i) details of all monies utilised out of the Issue shall be disclosed and continue to be disclosed until the time any part of the Net proceeds remains unutilised, under an appropriate separate head in the balance-sheet of the Issuer indicating the purpose for which such monies had been utilised; and

(ii) details of all unutilised monies out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

Our Company declares that all monies received from the Issue shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act 2013.

THE REMAINDER OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, and on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("**RHP**")/Prospectus filed by the Issuer with the Registrar of Companies. Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see "*Glossary and Abbreviations*".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957, industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of the Stock Exchange(s).

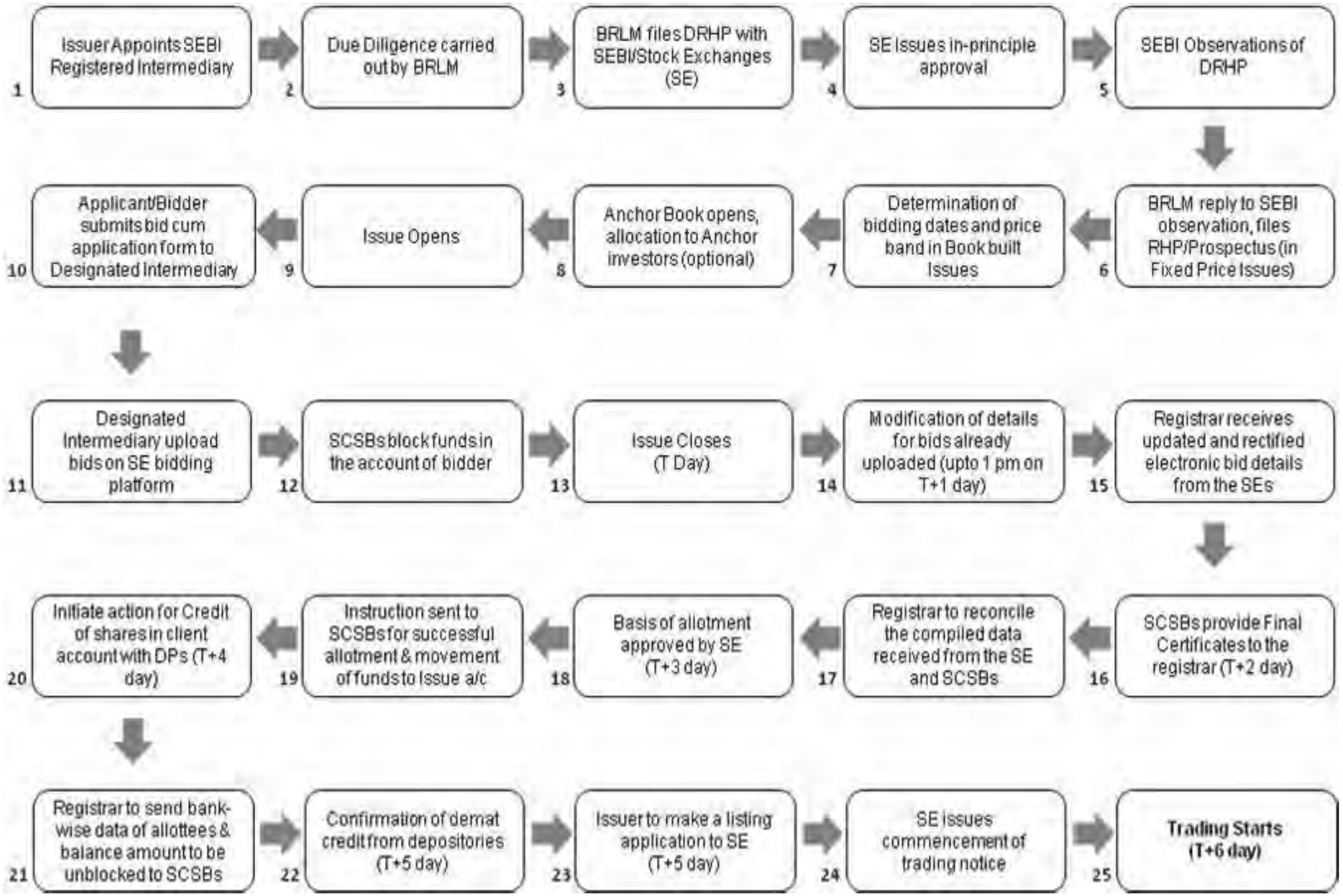
In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

  i. Step 7: Determination of Issue Date and Price
  ii. Step 10: Applicant submits Bid cum Application Form with Designated Intermediaries


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 SCSBs block funds in the account of bidder
13 Issue Closes (T Day)
14 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
15 Registrar receives updated and rectified electronic bid details from the SEs
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals Bidding only under the Non Institutional Investors ("**NIIs**") category;
- FPIs other than Category III foreign portfolio investors, Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorised in India to invest in the Equity Shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the Application Form bearing the stamp of the Designated Intermediary available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB) FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in accordance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

Application Form – For Residents

COMMON BID CUM APPLICATION FORM | **XYZ LIMITED - INITIAL PUBLIC ISSUE - R** Address : .... Contact Details: .... CIN No .... | **FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS**

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✔ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS | **PAYMENT OPTION : FULL PAYMENT** ☐ **PART PAYMENT** ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE / FIRST BIDDER

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED
INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/DP/RTA

Bid cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

Amount paid (₹ in figures)	Bank & Branch		Stamp & Signature of SCSB Branch
ASBA Bank A/c No.			
Received from Mr./Ms.			
Telephone / Mobile		Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

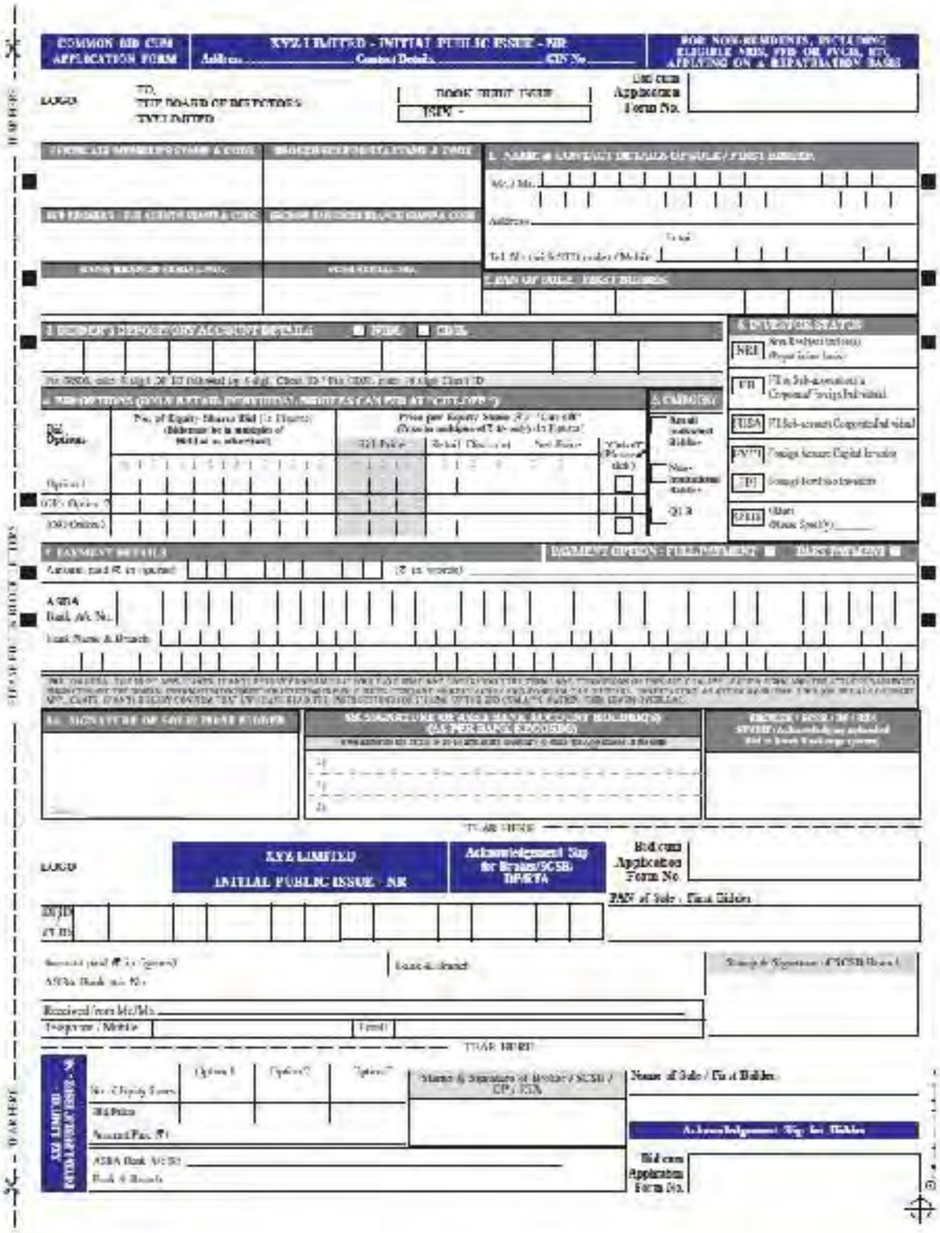
Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE — PLEASE FILL IN BLOCK LETTERS — TEAR HERE

Application Form – For Non - Residents


COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs OR FVCIs, ETC. APPLYING ON A REPATRIATION BASIS

LOGO

TO, THE BOARD OF DIRECTORS XYZ LIMITED

BOOK BUILT ISSUE

ISIN -

Bid cum Application Form No.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr./ Ms.

Address

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

5. CATEGORY

6. INVESTOR STATUS

NRI FII FIISA FVCI FPI OTH

Bid Options

Option 1

(OR) Option 2

(OR) Option 3

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Amount paid (₹ in figures)

(₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

8A. SIGNATURE OF SOLE/ FIRST BIDDER

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

1)

2)

3)

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - NR

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

Amount paid (₹ in figures)

Bank & Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

Option 1 Option 2 Option 3

No. of Equity Shares

Bid Price

Amount Paid (₹)

ASBA Bank A/c No.

Bank & Branch

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders.

(d) **Impersonation**: Attention of the Bidders/Applicants 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 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT

(a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders/Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice or unblocking of ASBA Account or for any other correspondence(s) related to an Issue.

(d) Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details Bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price**: Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment**: The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount), then such Bid may be rejected if it is at the Cut-off Price.

(b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at Cut-off Price.

(d) RII may revise or withdraw their bids until Bid/Issue Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the price) at any stage after the Anchor Investor Bid/Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Issue size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary(ies) and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Issue portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Issue are RIIs, NIIs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one- third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked based on the authorisation provided in the Bid cum Application Form. If Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bid Amount for Bidders who Bid at Cut-off Price shall be blocked based on the Cap Price.

(c) All Bidders (except Anchor Investors) can participate in the Issue only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, cheques or demand draft through money order or through postal order.

4.1.7.1 **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Global Coordinator and Book Running Lead Manager.

(b) Payments should be made either by RTGS or NEFT.

(c) The Anchor Escrow Bank shall maintain the monies in the Anchor Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 **Payment instructions for Bidders (other than Anchor Investors)**

(a) Bidders may submit the Bid cum Application Form either

i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

ii. in physical mode to any Designated Intermediary(ies).

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, de mand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) **Bidders bidding through a member of the Syndicate** should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified Locations. Bidders should also note that Bid cum Application Forms submitted to the Syndicate at the Specified Locations may not be accepted by the member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

(g) **Bidders bidding through a Registered Broker, RTA or CDP** should note that Bid cum Application Forms submitted to them may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers, RTA or CDP, as the case may be, to deposit Bid cum Application Forms.

(h) Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, (iv) the amount to be unblocked, if any, in case of partial allotments, and (v) details of rejected Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Issue Closing Date.

4.1.7.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Issue may block an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/ Applicant is required to sign the Bid cum Application Form/ Application Form. Bidders/ Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders should ensure that they receive the Acknowledgement Slip duly signed and stamped by the Designated Intermediary(ies), as applicable, for submission of the Bid cum Application Form. Applicants should ensure that they receive the acknowledgment duly signed and stamped by a SCSB, for submission of the Bid cum Application Form.

(b) All communications in connection with Bids/Applications made in the Issue may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted.

(c) The Bidder should give full details such as:

i. full name of the sole or first Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, date of the submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for;

ii. name and address of the Designated Intermediary(ies), where the Bid cum Application Form was submitted by the Bidder;

iii. In case of Bids other than from Anchor Investors, ASBA Account number in which the amount equivalent to the Bid Amount was blocked; or

iv. In case of Anchor Investor bids, the unique transaction reference (UTR) number and the name of the relevant bank thereof.

Further, the Investor should also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove. For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their bids or withdraw their Bids till the Bid/Issue Close Date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

COMMON BID REVISION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No.	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2					
(OR) Option 3					

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2					
(OR) Option 3					

6. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue 1) 2) 3)	

TEAR HERE

LOGO

XYZ LIMITED BID REVISION FORM - INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Kindly note that the revision form will be included prior to filing of the RHP.

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid, where possible shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding will be unblocked after the allotment is finalised.

4.2.3 FIELD 6: PAYMENT DETAILS

(a) All Bidders/Applicants are required to authorize that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non- Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the basis of allotment.

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT

(a) The Issuer may mention Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Issue size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:

i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Issue portion in public category.

ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5: CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Issue

(b) Application Amount cannot be paid in cash, through money order, cheques or demand drafts through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

(a) Applicants may submit the Application Form in physical mode to the Designated Intermediaries.

(b) Applicants must specify only such bank account number maintained with an SCSB in the Bid cum Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, cheque, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;

(d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.

(h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

(i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.

(j) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

(k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

(l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.3.5.2 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the

Application Amount in the relevant ASBA Account within six Working Days of the Issue Closing Date.

4.3.5.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/REVISION FORM/APPLICATION FORM

4.4.1 **Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	To the Book Running Lead Managers at the Specified Locations mentioned in the Anchor Investor Application Form
All Applications (other than Anchor Investors)	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTAs at the Designated RTA Locations or the CDPs at the Designated C DP Locations (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Issue Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Global Coordinator and Book Running Lead Manager, to register their Bid.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).

(c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary(ies) may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Issue Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Issue Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until Bid/Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

i. the Bids accepted by the Designated Intermediaries,

ii. the Bids uploaded by the Designated Intermediaries, and

iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various places in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications of Bidders (other than Anchor Investors) accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;

(c) Bids/Applications by OCBs;

(d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted along with the Bid cum Application Form/Application Form;

(f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(g) Bids/Applications by persons in the United States excluding persons who are a U.S. QIB (as defined in this Prospectus);

(h) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(i) PAN not mentioned in the Bid cum Application Form/Application Form, except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(j) In case no corresponding record is available with the Depositories that matches the DPID, the Client ID and the PAN;

(k) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(l) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;

(m) Bids/Applications at Cut-off Price by NIIs and QIBs;

(n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(o) Submission of more than five Bid cum Application Forms/Application Form as through a single ASBA Account;

(p) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(q) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(r) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(s) Bank account mentioned in the Bid cum Application Form not being an account maintained with an SCSB. Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

(t) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Anchor Escrow Accounts as per final certificate from the Anchor Escrow Bank;

(u) Where no confirmation is received from SCSB for blocking of funds;

(v) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

(w) Bids/Applications submitted at locations other than the Specified Locations and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Anchor Escrow Bank (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;

(x) Bids/Applications not uploaded on the terminals of the Stock Exchanges; and

(y) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.

(b) Under-subscription in any category (except QIB Category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to offer the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the book running lead manager, will finalise the issue price at or below such cut-off price, i.e., at or below ₹ 22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) Alternate Method of Book Building

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding ("**Alternate Book Building Process**").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary(ies).

Applicants may submit an Application Form either in physical form to any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("**Maximum RII Allottees**"). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB

Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer in consultation with the Selling Shareholder and the BRLMs, subject to compliance with the following requirements:

i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum Allotment of ₹ 5 crores per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 250 crores, and an additional 10 Anchor Investors for every additional ₹ 250 crores or part thereof, subject to minimum Allotment of ₹ 5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Anchor Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Anchor Escrow Agreement and the RHP. On the Designated Date, the

Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(c) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within five Working Days from the the Bid/Issue Close Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may initiate corporate action for credit to Equity Shares the beneficiary account with CDPs, and dispatch the Allotment Advice within six Working Days of the Bid/Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Issue Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Issue, the Equity Shares in the Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Issue under Regulation 26(2) of SEBI ICDR Regulations but fails to Allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of Bids/Applications (other than Anchor Investors):** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories, the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Anchor Escrow Bank, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Anchor Escrow Bank.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(a) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine- digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(b) **Direct Credit**—Anchor Investors having their bank account with the Anchor Escrow and Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

(c) **RTGS** —Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹ 0.2 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Anchor Invetsor's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("**IFSC**"). Charges, if any, levied by the Anchor Escrow Bank for the same would be borne by our Company. Charges, if any, levied by the Anchor Investor's bank receiving the credit would be borne by the Anchor Investor.

Please note that refunds through the above mentioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Anchor Escrow Bank.

For details of levy of charges, if any, for any of the above methods, including bank charges, etc. Anchor Investors may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations and the Red Herring Prospectus.
Anchor Escrow and Refund Bank	Anchor Escrow refund bank as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer

Term	Description
Anchor Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Anchor Escrow and Refund Bank for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Anchor Escrow Bank(s)	Refer to definition of Banker(s) to the Issue
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant
Banker(s) to the Issue/Anchor Escrow Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Issue Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Issue Closing Date
Bid/Issue Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Issue Period

Term	Description
Bid cum Application Form	An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bidder/Applicant	Any prospective investor who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Issue/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Lead Manager(s)/Lead Manager/LM	The Global Coordinator and Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Global Coordinator and Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Global Coordinators and Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs /1316087201341.html
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Anchor Escrow Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale

Term	Description
Designated Intermediaries /Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the Bid cum Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may issue cheques or demand drafts or transfer money through NEFT or RTGS in respect of the Bid Amount when submitting a Bid
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price. The Issue Price may be decided by the Issuer in consultation with the Global Coordinators and Book Running Lead Manager(s)
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf

Term	Description
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than • 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/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 existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the selling shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Global Coordinators and Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement

Term	Description
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTO	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations
Retail Individual Investors/RIIs	Investors who applies or bids for a value of not more than ₹200,000 (including HUFs applying through their karta and eligible NRIs and does not include NRIs other than Eligible NRIs.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time
Stock Exchanges/SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Global Coordinators and Book Running Lead Manager(s) and the Syndicate
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Global Coordinators and Book Running Lead Manager(s) and the Syndicate
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date

Term	Description
Working Day	Any day, other than Saturdays, Sundays and public holidays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Bid/Issue Opening Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all trading days excluding Sundays and bank holidays in India in accordance with the SEBI circular no SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

THE COMPANIES ACT, 2013

PUBLIC LIMITED COMPANY

ARTICLES OF ASSOCIATION

OF

PNB HOUSING FINANCE LIMITED

PRELIMINARY

1.

(a) PNB Housing Finance Limited ("**Company**") is established as a public company with limited liability in accordance with and subject to the provisions of the Companies Act, 1956 (as amended).

(b) Regulations contained in Table "F" of Schedule I of the Companies Act, 2013 or in the Schedule to any previous Companies Act shall apply to the Company so far as they are not inconsistent with or repugnant to any of the regulations contained in these Articles.

(c) Notwithstanding anything to the contrary contained in the Articles, the provisions of the Part A Articles shall automatically come in effect and be in force, immediately upon the Equity Shares of the Company being listed on any stock exchange in India pursuant to the initial public offering of Equity Shares of the Company in accordance with applicable Law. Further, upon the Part A Articles coming in effect, the Part B Articles shall automatically terminate and cease to be in effect.

In these Articles:

"**Part A Articles**" means the Article 2 to Article 160 (both inclusive) contained under Part A of the Articles;

"**Part B Articles**" means the Article 2 to Article 140 (both inclusive), contained under Part B of the Articles.

PART A

INTERPRETATION

2. In these Articles unless there be something in the subject or context inconsistent therewith, the following words or expressions shall have the following meanings:	**"Interpretation Clause"**
"Act" means the Companies Act, 2013, to the extent it is in force and the rules framed thereunder and any statutory modification or re-enactment thereof for the time being in force and the Companies Act, 1956, to the extent it is in force and the rules framed	**"Act"**

thereunder and any statutory modification or re-enactment thereof for the time being in force.	
"Articles" means the Memorandum of Association and these Articles of Association or the regulations of the Company for the time being in force.	**"Articles"**
"Auditor" means the statutory auditor of the Company.	**"Auditor"**
"Board" means the board of Directors of the Company.	**"Board"**
"Company" means the Company above named.	**"Company"**
"DEL" means Destimoney Enterprises Limited and shall be deemed to mean and include its successors, liquidators and permitted assigns.	**"DEL"**
"Directors" means the directors of the Company and "Director" means any one of them (as the context requires) and such usage of the term "Directors" or "Director" shall include alternate Directors appointed in accordance with the Act and these Articles.	**"Directors"**
"Dividend" includes interim dividend.	**"Dividend"**
"Equity Shares" means the paid-up equity shares of the Company from time to time.	**"Equity Shares"**
"Financial Year" means each financial year of the Company commencing on April 1st of each calendar year and ending on March 31st of the succeeding calendar year.	**"Financial Year"**
"Government Authority" or "Government Authorities" means (a) central, state, city, municipal or local government, governmental authority or political subdivision thereof having jurisdiction; or (b) any agency or instrumentality of any of the authorities referred to in clause (a); or (c) any regulatory or administrative authority, body or other organisation having jurisdiction, to the extent that the rules, regulations, standards, requirements, procedures or orders of such authority, body or other organisation have the force of Law including without limitation, the Reserve Bank of India and the National Housing Bank; or (d) any court or tribunal having jurisdiction.	**"Government Authority"**
"Law" includes all statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Government Authority, statutory authority, tribunal, board, court and if applicable, international treaties and regulations.	**"Law"**
"Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto respectively, in section 114 of the Act.	**"Ordinary and Special Resolution"**
"PNB" means Punjab National Bank and shall be deemed to mean and include its successors, liquidators and permitted assigns.	**"Punjab National Bank" or "PNB"**
"Seal" means the common seal for the time being of the Company.	**"Seal"**
"Securities" shall have the meaning as ascribed to it in Section 2(h) of the Securities Contract (Regulation) Act, 1956.	**"Securities"**

	"Shares" means the Equity Shares and any preference shares issued by the Company from time to time, and "Share" shall be construed accordingly;	**"Shares"**
	"Shareholder" means any person registered in the books of the Company as the holder of an Equity Share for the time being.	**"Shareholders"**
	"Office" means the registered office of the Company for the time being.	**"Office"**
	"In writing" and "Written" shall include printing, typing, lithography or part printing and part lithography and any other mode or modes or representing or reproducing words in permanent visible form, including in electronic form.	**"Writing"**
	"Year" means a calendar year.	**"Year"**
	The words "singular number" shall include the plural numbers and vice versa.	**"Singular Number"**
	The words "masculine gender" shall include the feminine gender and vice versa.	**"Gender"**
	The word "debenture" includes debenture-stock and bonds.	**"Debenture"**
	The word "person" shall include a Company or Corporation.	**"Person"**
	Subject as aforesaid and except where the subject or context otherwise requires, words or expressions contained in these Articles, shall bear the same meaning as in the Act.	**"Expressions in these Regulations to bear same meaning as in the Act"**
	The marginal notes hereto shall not affect the instructions hereof.	**"Marginal"**
	SHARE CAPITAL AND VARIATION OF RIGHTS	
3.	The authorised share capital of the Company will be as stated in Clause V of the Memorandum of Association of the Company.	**"Authorised Share Capital"**
4.	Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 53 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares, provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the general meeting.	**"Shares under control of Directors"**

5.	The Company shall not, at any time, vary the terms of a contract referred to in prospectus or objects for which the prospectus was issued, except subject to the approval of, or except subject to an authority given by the Company in general meeting by way of Special Resolution, and in accordance with the provisions of the Act. Provided that the dissenting Shareholders, being the Shareholders who have not agreed to the proposal to vary the terms of the contracts or the objects referred to in the prospectus, shall be given an exit offer in accordance with applicable provisions of the Act.	**"Variation in terms of contract or objects in prospectus"**
6.	The Company shall be entitled to dematerialise its existing Shares and rematerialize its Shares held in the depositories and/or to issue fresh Shares in a dematerialised form pursuant to the Depositories Act, 1996 and rules framed thereunder, if any.	**"Authority for dematerialisation and rematerialisation"**
7.	Every holder of or subscriber to the Securities of the Company shall have the option to receive security certificates or to hold the Securities with a depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a depository, if permitted by Law, in respect of any Security in the manner provided by the Depositories Act, 1996. If a person opts to hold its Security with a depository, the Company shall intimate such depository the details of allotment of the Security and on receipt of such information, the depository shall enter in its record, the name of the allottees as the beneficial owner of that Security. If a beneficial owner seeks to opt out of a depository in respect of any Security, he shall inform the depository accordingly. The depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within thirty (30) days of the receipt of intimation from a depository and on fulfilment of such conditions and on payment of such fees as may be prescribed under the applicable Law, issue to the beneficial owner the required certificates for the Securities.	**"Depositories Act, 1996"**
8.	(a) Every person whose name is entered as a member in the register of members shall, within two months from the date of allotment, unless the conditions of the issue otherwise provide or within one month of the receipt of the application of registration of transfer, transmission, sub-division, consolidation or renewal of shares, as the case maybe, be entitled to receive: (i) one (1) or more certificates in marketable lots for all his Shares of each class or denomination registered in his name without payment of any charges; or (ii) several certificates, each for one (1) or more of his Shares, upon payment of a sum not exceeding two rupees (Rs.2/-) for each certificate as the Directors shall prescribe after the first. (b) Every certificate shall be under the Seal and shall specify the number of Shares to which it relates, distinctive numbers of Shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Directors may prescribe and approve. (c) In respect of any Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one (1) certificate, and delivery of a certificate for a Share to the person first named on the register of members shall be sufficient delivery to all such holders.	**"Member's right to certificate"**

9.	(a) If any Share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity, surety or any other document as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding two rupees (Rs. 2/-) for each certificate) as the Directors shall prescribe. (b) Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the Act or rules made under the Securities Contracts (Regulation) Act,1956 or any other act, or rules applicable thereof in this behalf.	**"As to issue of new certificate in place of one defaced, lost or destroyed"**
10.	Except as required by Law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as by these Articles or by Law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.	**"Trust not recognised"**
11.	(a) The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder. (b) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40 of the Act. (c) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in the one way and partly in the other.	**"Commission and Brokerage"**
12.	(a) If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the applicable provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. (b) To every such separate meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two (2) persons holding at least one-third of the issued Shares of the class in question.	**"Variation of Shareholders' rights"**

13.	The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.	**"Rights of holders of a class of Shareholders"**
14.	Subject to the provisions of section 55 and any other applicable provisions of the Act, any preference Shares may be issued on the terms that they are to be redeemed, within a period not exceeding twenty (20) years from the date of their issue, on such terms and in such manner as the Company before the issue of the Shares may determine.	**"Redeemable Preference shares"**
	LIEN	
15.	(a) The Company shall have a first and paramount lien upon all the Shares/debentures (other than fully paid-up Shares/debentures) registered in the name of each member/holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such Shares/debentures and no equitable interest in any Share/debenture shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares/debentures. Provided that the Board may at any time declare any Share/debentures to be wholly or in part exempt from the provisions of this Article. (b) Unless otherwise agreed, the registration of a transfer of Shares/debentures shall operate as a waiver of the Company's lien if any, on such Shares/debentures. (c) Fully paid-up share shall be free from all lien and in the case of partly paid-up shares the Company's lien shall be restricted to moneys called or payable at a fix time in respect of such shares.	**"Company's lien on Shares"**
16.	The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien: Provided that no sale shall be made: (a) unless a sum in respect of which the lien exists is presently payable; or (b) until the expiration of fourteen (14) days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.	**"As to enforcing lien by sale"**
17.	(a) To give effect to any such sale, the Board may authorise some person to transfer the Shares sold to the purchaser thereof.	**"Validity of sale for enforcing lien"**

(b) The purchaser shall be registered as the holder of the Shares comprised in any such transfer.

(c) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

18.

(a) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. **"Application of proceeds of sale"**

(b) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the person entitled to the Shares at the date of the sale.

FURTHER ISSUE OF SHARES

19. (1) Where at any time, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of unissued capital or increased share capital, then:

(a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;

(b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time being not less than fifteen (15) days and not exceeding thirty (30) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right. Provided that the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him;

(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they, in their sole discretion, think fit.

(2) Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) if authorized by special resolution either for cash or for consideration other than cash, if the price of such shares is determined by the valuation of a registered valuer.

(3) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares in the Company.

Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debenture or the raising of loan by a special resolution passed by the Company in general meeting.

	CALLS ON SHARES	
20.	(a) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. Further, the proviso to Regulation 13(i) of Table F of Schedule I of the Companies Act, 2013 shall not apply. (b) Each member shall, subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares. (c) A call may be revoked or postponed at the discretion of the Board.	**"Calls"**
21.	A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.	**"When call deemed to have been made"**
22.	The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.	**"Joint and several liability of joint holders"**
23.	The Board may, from time to time and at its discretion, extend the time fixed for the payment of any call and may extend such time as to call, for any such members, as the Board may consider to extend by reason or residence at distance or other cause; but no member shall be entitled to such extension save as a matter of grace and favour.	**"Extension of time for payment of calls"**
24.	(a) If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the date of actual payment at such rate as shall from time to time be fixed by the Board. (b) The Board shall be at liberty to waive payment of any such interest wholly or in part.	**"Failure of payment of call"**
25.	(a) Any sum which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. (b) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.	**"Amount payable at fixed times or by instalments payable as calls"**
26.	The Board	**"Payment of calls in advance"**

	(a) may, if it thinks fit, subject to the provisions of section 50 of the Act, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any Shares held by him; and (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest, without any restriction, at such rate as may be agreed upon between the Board and the member paying the sum in advance, provided that money paid in advance of calls shall not confer a right to participate in profits or Dividend. The Directors may at any time repay the amount so advanced.	
27.	The members shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable.	**"No Voting Rights for call money paid in advance"**
	TRANSFER AND TRANSMISSION OF SHARES	
28.	The Company shall keep a register called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any Shares of the Company.	**"Register of Transfers"**
29.	(a) A common form of transfer shall be used and the instrument of transfer of any Share in the Company shall be in writing and all provisions of section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof and be executed by or on behalf of both the transferor and transferee. (b) The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the register of members in respect thereof.	**"Form of Transfer"**
30.	The Board may, subject to the right of appeal conferred by section 58 of the Act, decline to register: (a) the transfer of a Share, not being a fully paid Share, to a person of whom they do not approve; or (b) any transfer of Shares on which the Company has a lien.	**"Directors may refuse to register transfer"**
31.	The Board may decline to recognise any instrument of transfer unless- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56 of the Act; (b) the instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one (1) class of Shares.	**"Validity of instrument of transfer"**
32.	Subject to the provisions of sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these	**"Notice of refusal to register transfer"**

	Articles or any other applicable Law to register the transfer of, or the transmission by operation of Law of the right to, any Shares or interest of a member in or debentures of the Company. The Company shall within one (1) month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares. Transfer of Shares/debentures in whatever lot shall not be refused.	
33.	No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.	**"No fee for transfer or transmission"**
34.	On giving not less than seven (7) days' previous notice in accordance with section 91 of the Act and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than thirty (30) days at any one time or for more than forty-five (45) days in the aggregate in any year.	**"Power to close transfer book & register"**
35.	Any transfer of the Shares of the Company shall be subject to the provisions of the Act, as applicable to public companies limited by shares and these Articles.	**"Transfer of Shares"**
36.	On the death of a member, his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the Shares.	**"Title to the Shares in case of death of a Member"**
37.	(a) Any person becoming entitled to a Share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either- (i) to be registered himself as holder of the Share; or (ii) to make such transfer of the Share as the deceased or insolvent member could have made. (b) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the Share before his death or insolvency.	**"Registration of persons entitled to Share otherwise than by Transfer"**
38.	(a) If the person so becoming entitled shall elect to be registered as holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. (b) If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing a transfer of the Share. (c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable	**"Execution of transfer"**

	to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were signed by that member.	
39.	A person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with, within ninety (90) days, the Board may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the Share, until the requirements of the notice have been complied with.	**"Claimant to be entitled to same benefits"**
40.	Every instrument of transfer which is registered shall remain in the custody of the Company until destroyed in accordance with the provisions of the Law.	**"Registered instrument to remain with the Company"**
	FORFEITURE OF SHARES	
41.	If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.	**"If call or instalment not paid, notice must be given"**
42.	The notice aforesaid shall: (a) name a further day (not being earlier than the expiry of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and (b) state that, in the event of non-payment on or before the day so named, the Shares in respect of which the call was made shall be liable to be forfeited.	**"Form of notice"**
43.	If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.	**"If notice not compiled with Shares may be forfeited"**
44.	(a) A forfeited Share shall be deemed to be the property of the Company and the Board may be sell, re-allot or otherwise disposed of on such terms and in such manner as it thinks fit. (b) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.	**"Powers to annul forfeiture"**
45.	(a) A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, but shall, notwithstanding the forfeiture,	

	remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of such Shares. (b) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.	**"Arrears to be paid notwithstanding forfeiture"**
46.	The forfeiture of a Share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of such Share, and all other rights incidental to the Share, except only such of those right as by these Articles are expressly saved.	**"Rights with forfeiture"**
47.	(a) A duly verified declaration in writing that the declarant is a Director, the manager or the secretary, of the Company, and that certain Shares in the Company has been duly forfeited on a date stated in the declaration and the same shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the forfeited Shares; (b) The Company may receive the consideration, if any, given for the forfeited Shares on any sale or disposal thereof and may execute a transfer of such Shares in favour of the person to whom the same is sold or disposed of; (c) The transferee shall thereupon be registered as the holder of the forfeited Share; and (d) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to such Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the forfeited Share.	**"Evidence of forfeiture"**
48.	Upon any sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the forfeited Share shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and Directors shall be entitled to issue a new certificate or certificates in respect of the said forfeited Shares to the person or persons entitled thereto distinguishing it or them in such manner as they may think fit from the old certificate or certificates.	**"Cancellation of old certificates and issue of new"**
49.	The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.	**"Applicability of forfeiture regulations"**
	JOINT HOLDERS	
50.	Where two or more persons are registered as the holders of any Share they shall be deemed to hold the same as joint holders with benefits of survivorship subject to the following and other provisions contained in these Articles:	**"Joint holders"**

(a) The Company may be entitled to decline to register more than four (4) persons as the joint holders of any Shares.

(b) The joint holders of any Share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such Share.

(c) On the death of any such joint holder the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the Share but the Directors may require such evidence of death and/or any other document, deed or document as they may deem fit and nothing herein contained shall be taken to release the estate of deceased joint holders from any liability in respect of the Shares held by him jointly with any other person.

(d) Any one of the joint holders may give effectual receipts for any Dividends or other money payable in respect of such Share.

(e) Only the person whose name stands first in the register of members as one of the joint-holders of any Share shall be entitled to delivery of the certificate relating to such Share or to receive documents or notices from the Company and any documents or notices served on or sent to such person shall be deemed served on all the joint-holders.

(f) Any one of two or more joint-holders may vote at any meeting either personally or by proxy in respect of such Shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy then that one of such persons so present whose name stand first or higher (as the case may be) on the register in respect of such Shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose (deceased member's) sole name any Share stands shall for the purposes of this Article be deemed joint-holders.

APPLICABILITY OF CERTAIN ARTICLES TO OTHER SECURITIES

51. The provisions of Article 8 to Article 9 and Article 15 to Article 50 (*all inclusive, except Article19*) of these Articles shall *mutatis mutandis* apply to all other Securities including debentures of the Company, except otherwise required by the Law or the terms of issue of such Securities. **"Applicability of certain Articles to other Securities"**

INCREASE AND REDUCTION OF CAPITAL

52. The Company may, from time to time, in accordance with the applicable provisions of the Act and relevant rules made thereunder alter the conditions of its Memorandum of Association as follows: **"Alteration of capital"**

(a) increase its authorised share capital by such amount as it think expedient by issuing new Shares:

(b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares.

(c) convert all or any of its fully paid up Shares into stock, and reconvert that stock into fully paid up Shares of any denomination;

(d) sub-divide it Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount shall be the same as it was in the case of the Shares from which the reduced Shares is derived.

(e) cancel Shares which, at the date of passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled.

53. Where Shares are converted into stock,— **"Stock"**

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

(c) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

54. The Company may, reduce in any manner and with, and subject to, any incident authorised and consent required by Law- **"Reduction of Share Capital"**

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

CAPITALISATION OF PROFITS

55.

(a) The Company in general meeting may, upon the recommendation of the Board, resolve: (i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve **"Capitalization of profits"** accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and (ii) that such sum be accordingly set free for distribution in the manner specified in clause (b) amongst the members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.

(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (c), either in or towards: (i) paying up any amounts for the time being unpaid on any Shares held by such members respectively; (ii) paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; and (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

(c) A securities premium account and a capital redemption reserve account may, for the purposes of this Article, be applied in the paying up of unissued Shares to be issued to members of the Company as fully paid bonus Shares;

(d) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

56.

"Effect of resolution passed for capitalization"

(a) Whenever such a resolution as aforesaid shall have been passed, the Board shall: (i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid Shares if any; and (ii) generally do all acts and things required to give effect thereto.

(b) The Board shall have power: (i) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares becoming distributable in fractions; and (ii) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further Shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing Shares;

(c) Any agreement made under such authority shall be effective and binding on such members.

BUY-BACK OF SHARES

"Buy-Back as per the Act"

57. Notwithstanding anything contained in these Articles but subject to the provisions of sections 68 to 70 of the Act and any other applicable provision of the Act or any other Law for the time being in force, the Company may purchase its own Shares or other specified Securities.

GENERAL MEETINGS

58.	Annual general-meetings of the Company shall be held at such intervals as specified in the Act and subject to the provisions of the Act and at such times and places as may be determined by the Board.	**"When annual general meeting to be held"**
59.	All other meetings of the Company other than those referred to in the preceding Article shall be called Extraordinary General Meetings.	**"Distinction between annual general meeting and extra-ordinary meetings"**
60.	(a) The Directors may, whenever they think fit call an extra-ordinary general meeting. (b) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board. (c) The Directors shall, on the requisition of the holders of not less than one-tenth of the paid up share capital of the Company as at the date carries the right of voting in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the Company and in the case of such requisition the provision of section 100 of the Act shall apply.	**"When extraordinary meeting to be called."**
61.	Meetings of the Shareholders shall be convened by giving twenty one (21) clear days' notice in writing or through electronic mode (as prescribed under the Act). Such meetings may also be convened after giving a shorter notice, if consent is given in writing or through electronic mode by not less than 95% (Ninety five per cent) of the Shareholders of the Company.	**"Notice of Meeting"**
62.	Every notice of general meeting shall specify the place, date and time of the meeting and shall contain a statement of business to be transacted thereat. Where any business to be transacted at the meeting consists of 'Special Business' as hereinafter defined, there shall be annexed to the notice of the meeting an explanatory statement setting out all material facts concerning such item of business as provided in section 102 (2) and (3) of the Act.	**"Contents of notice"**
63.	All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting shall be deemed special, with the exception of business relating to the consideration of the accounts, balance sheet and the reports of the Board and the Auditors, declaration of Dividend, appointment of Directors in place of those retiring and the appointment of and fixing of the remuneration of the Auditors.	**"Special Business"**
64.	The accidental omission to give any such notice to or the non-receipt of notice by any of the members or persons entitled to receive the same shall not invalidate the proceedings at any such meeting; provided that the quorum as set out in Article 66 is present.	**"As to omission to give notice"**
	PROCEEDINGS AT GENERAL MEETINGS	

65.	No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.	**"Presence of quorum"**
66.	Save as otherwise provided under these Articles, the quorum for the meeting of Shareholders shall be as provided in section 103 of the Act.	**"Quorum"**
67.	The chairperson, if any, of the Board shall preside as chairperson at every general meeting of the Company.	**"Chairperson"**
68.	If there is no such chairperson, or if he is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Directors present shall elect one of their members to be chairperson of the meeting.	**"Chairperson of General Meeting"**
69.	If at any meeting no Director is willing to act as chairperson or if no Director is present within fifteen minutes (15) after the time appointed for holding the meeting, the members present shall choose one of their members to be chairperson of the meeting.	**"Members right to choose the Chairperson"**
70.	Subject to the provisions of Section 118 and 119 of the Act, the Company shall cause to be kept minutes of all proceedings of general meetings which shall contain a fair and correct summary of the proceedings thereat and a book containing such minutes shall be kept at the Office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two (2) hours, in each day as the Directors may determine for the inspection of any member without any charge. The minutes aforesaid shall be completed within thirty (30) days of the conclusion of every such meeting after making concerned entries thereof in the minutes book, which shall have its pages consecutively numbered. Each page of the book shall be initialled or signed and the last page of the record of the proceedings of each meeting in the book shall be dated and signed by the chairperson of the same meeting within the aforesaid period of thirty (30) days or in the event of the death or inability of the chairperson to sign as aforesaid within that period, by a director duly authorized by the Board for that purpose. In no case shall the minutes be attached to any such book by pasting or otherwise.	**"Minutes of general meeting and inspection thereof by a member"**
	ADJOURNMENT OF MEETING	
71.	(a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place in accordance with the provisions of the Act. (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (c) When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.	**"Adjournment of meeting"**

(d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING AT SHAREHOLDERS' MEETINGS

72.	Shareholders shall pass resolutions at their respective meetings (through show of hands or e-voting or postal ballot as may be prescribed by the Act or applicable Law) in respect of all matters reserved for Shareholders under the applicable provisions of the Act, by simple majority or by any other majority required under the applicable provisions of the Act; and/or as provided under the terms of these Articles.	**"Passing of resolution"**
73.	No member shall be entitled to vote either personally or by proxy at any general meeting or meeting of a class of Shareholders in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has any right of lien and has exercised the same.	**"Members in arrears not to vote"**
74.	(a) Subject to any rights or restrictions for the time being attached to any class or classes of shares – (i) on a show of hands, every member present in person shall have one vote; and (ii) on a poll, the voting rights of members shall be in proportion to his / its share in the paid-up equity share capital of the Company. (b) The voting rights of the holders of preference shares shall be in accordance with section 47 of the Act.	**"Voting rights"**
75.	On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his /its proxy, or other person entitled to vote for him / it, as the case may be, need not, if he / it votes, use all his / its votes or cast in the same way all the votes he uses.	**"Casting of votes by a member entitled"**
76.	Where a poll is to be taken the chairperson of the meeting shall appoint such number of scrutineers as he deem fit to scrutinize the votes given on the poll and to report thereon to him. The chairperson shall have power at any time before the result of the poll is declared to remove a scrutineer from the office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.	**"Scrutineers at the poll"**
77.	Subject to the provisions of the Act, any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.	**"Business may proceed pending poll"**
78.	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy. If any member be a minor the vote in respect of his Share shall be by his guardians or any one of his guardians if more than one.	**"How members non compos mentis and minor may vote"**

79.	In case of e-voting, a member shall vote only once and shall be deemed to have exercised his voting rights by himself, even if any other person had voted using the login credentials of that member.	**“E-voting”**
80.	(a) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. (b) Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.	**“Objection with respect to any vote”**
81.	A declaration of result by the chairperson on electronic voting, poll or show of hands (if any) that a resolution has or has not been carried or has or has not been carried either unanimously or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the meeting, shall be conclusive evidence of the fact, without proof of the number of proportion of the votes cast in favour of or against such resolution.	**“Chairman’s declaration of result of voting conclusive”**
	PROXY	
82.	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the Office of the Company not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, as the case may be, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll or such other time as may be determined by the chairperson of such meeting; and in default the instrument of proxy shall not be treated as valid.	**“Appointment of Proxy and time limit for submission”**
83.	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105 of the Act.	**“Form of Proxy”**
84.	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its Office before the commencement of the meeting or adjourned meeting at which the proxy is used.	**“Validity of vote by proxy”**
85.	A member being a body corporate (whether a company within the meaning of the said Act or not) may by resolution of its board of directors or other governing body authorise such persons as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of members of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were a member.	**“Representation of corporations”**
	BOARD OF DIRECTORS	

86.	(a) Subject to the provisions of section 149 of the Act and unless and until otherwise agreed and determined by the Company by a Special Resolution, the Board shall consist of maximum fifteen (15) Directors. (b) Notwithstanding anything contained in these Articles and subject to the provisions of the Act, applicable Laws and the approval of the shareholders of the Company (by way of a simple majority) post the date on which the Equity Shares of the Company are listed, any Shareholder whose shareholding in the Company- (i) is 26% (Twenty six per cent) or more, shall have the right to nominate 2 (Two) Directors on the Board and 1 (One) Director as member on each committee of the Board (statutory or otherwise) other than the audit committee; (ii) is 10% (Ten per cent) or more but less than 26% (Twenty six per cent), shall have the right to nominate only 1 (one) Director on the Board and shall have no right of nomination of any member on any committee of the Board . (iii) falls below 10% (Ten per cent), shall neither have any right to nominate any Director on the Board nor any member on any committee of the Board, In case, where the shareholding of any Shareholder falls below 26% (Twenty six per cent) but not less than 10% (Ten per cent), then such Shareholder shall immediately offer to the Board to withdraw the nomination of one of its director and member on the committee of the Board in its discretion whose decision shall be binding on the concerned member/director. In case, where the shareholding of any Shareholder falls below 10% (Ten per cent), then such Shareholder shall immediately offer to the Board to withdraw the nomination of its director, whose decision shall be binding on the concerned director.	**“Number of Directors”**
87.	Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation; and save as otherwise expressly provided in the Act; be appointed by the Company in general meeting. Explanation:- for the purposes of this Article “total number of Directors” shall not include independent director(s) and managing director, whether appointed under the Act or any other Law for the time being in force on the Board of the Company.	**“Rotation of Directors”**
88.	The Board shall be responsible for compliance with all applicable Law, regulations, rules and guidelines as well as the listing agreement and all the policies adopted by the Company, in the course of carrying out the supervision and management of the Company.	**“Compliance with listing regulations”**

89.	The Company may exercise the powers conferred on it by section 88 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.	**"Foreign Register"**
90.	All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.	**"Acceptance of instrument"**
91.	Every Director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.	**"Attendance Register"**
92.	Subject to the provisions of section 149 of the Act, the independent directors on the Board are persons of eminence, from the private or public sector, who can add value to the Company. The independent directors shall be people having expertise or credible experience in the areas of credit/ risk management, marketing, treasury, regulatory affairs, business management, corporate governance, human resources and/ or such other expertise as may be agreed and appointed by the Shareholders of the Company.	**"Independent Directors"**
93.	(a) Subject to the provisions of section 149 and 161 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the Directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles. (b) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.	**"Additional Director"**
94.	Subject to the provisions of section 161 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an alternate director for a Director during his absence for a period of not less than three (3) months from India, who shall be entitled to receive notice of all meetings of the Board and attend and vote at any meeting at which the Director appointing him is not present, and generally in the absence of his appointer to do all the things which his appointer is authorised or empowered to do.	**"Alternate Director"**
95.	The remuneration of a Director shall be such sum as the Board may fix in accordance with the applicable provisions of the Act. A Director may be paid fees for attending meetings of the Board, or any committee of the Board or for any purpose whatsoever, as may be decided by the Board, provided that the amount of such fees shall not exceed the amount as prescribed under the Act and the rules framed thereunder from time to time.	**"Remuneration of Directors"**
96.	The Board, subject to limitations provided by the Act, may offer and pay to any Director who is not a *bonafide* resident of the place where a meeting is held and who shall come to such place for the purpose of attending a meeting, such sum as the Board may consider fair compensation for traveling, hotel and other expenses in addition to his remuneration as above specified and the Board may from time to time	**"Travelling and other expenses to Directors"**

	fix the remuneration to be paid to any member or members of their body constituting a committee appointed by the Board in terms of these Articles and may pay the same.	
97.	Subject to compliance of provisions of section 188 of the Act, any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the Company, the Company shall remunerate such Director, in such manner as may be determined by the Board and such remuneration may be in addition to the fee payable to him under the preceding Articles. Attendance at the Board meeting or committee meeting at the Office of the Company shall not be deemed to be extra services or special exertion within the meaning of this Article.	**"Remuneration for extra services"**
98.	Subject to the provisions of section 188 of the Act, a Director shall not be disqualified from contracting with the Company either as a vendor, purchaser or otherwise for goods, materials or services nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is partner or with any other partner in such firm or with a private company of which Director is a member or director be avoided nor shall Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.	**"The conditions under which Directors may contract with Company"**
99.	Every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board as the Act. Provided that this Article will not apply to any contract or arrangement or proposed contract or arrangement entered into or to be entered into between the Company and other body corporate in which the Director or such director in association with any other Director holds or hold not more than two (2) percent of the paid up Share capital in the other company.	**"Disclosure of interest"**
100.	Subject to the provisions of section 184 of the Act, no such Director shall, as a director take part in the discussions of or vote at any contract or arrangement in which he is any way whether directly or indirectly concerned or interested.	**"Interested Director not to participate or vote in the proceedings of the Board."**
101.	Except as otherwise provided by these Articles and the Act, all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.	**"Rights of Directors"**
	PROCEEDINGS OF THE BOARD	
102.	The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.	**"Purpose of Meetings"**
103.	Meetings of the Board shall be properly convened and held at such times and places as may be determined by the Board from time to time, but shall be held at least four (4) times in a year, in such a manner that not more than one hundred and twenty (120) days shall intervene between two (2) consecutive meetings of the Board.	**"Number of Board Meetings"**

104.	No meeting of the Board shall be convened unless a fifteen (15) days' written notice is given to the Directors in accordance with the applicable provisions of the Act. The notice of meetings of the Board must contain an agenda of items (and all other relevant documentation) proposed to be considered at the meeting of the Board. Any Director may require any additional item to be put on the agenda by written notice sent to the company secretary at least seven (7) days before the relevant meeting. Save for (a) any such validly notified additional item and (ii) provided under the Act, the business conducted at any meeting of the Board shall only comprise those matters expressly stated in the notice convening such meeting. Subject to compliance of applicable provisions of the Act, a meeting of Board may be called at a shorter notice also.	**"Notice of Meeting"**
105.	Any Director may request in writing the company secretary to convene a meeting of the Board setting out the proposed agenda. If the company secretary does not convene such meeting of the Board within seven (7) days of such written request, such Director may directly convene a meeting of the Board and set the agenda for such Board Meeting.	**"When meeting to be convened"**
106.	The quorum for any meeting of the Board shall be one-third of the total strength of the Board or two (2) Directors, whichever is higher.	**"Quorum"**
107.	If a valid quorum is not present within two (2) hour of the time appointed for a meeting, the meeting shall stand adjourned to the same place and time seven (7) days after the original date set for such meeting of the Board. If a quorum is not present within one (1) hour of the time appointed for the adjourned meeting, the meeting shall again stand adjourned to the same time and place seven (7) days after the date set for the adjourned meeting. If a quorum is still not present within one (1) hour of the time appointed for the second adjourned meeting, the Directors present shall form the quorum for such second adjourned meeting and may vote on all matters included in the agenda for such meeting of the Board.	**"Adjournment of meeting for want of quorum"**
108.	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.	**"Number of Directors reduced below the quorum"**
109.	(a) The Board shall decide on all matters concerning the Company by simple majority, other than matters specifically reserved for the Shareholders under the applicable provisions of the Act. (b) In case of an equality of votes, the chairperson of the Board, if any, shall have a second or casting vote.	**"Matters to be decided by simple majority"**
110.	The Board shall appoint the chairperson of the Board.	**"Chairperson"**
111.	A meeting of the Board for the time being at which quorum is present shall be competent to exercise all or any of the authorities powers and discretions which by or under the Act or these Articles of the Company and subject thereto, are for time being vested in or exercisable by the Board.	**"Powers of Board Meeting"**

112.	The Company shall cause minutes to be duly entered in a book or books provided for the purpose: (a) of the names of the Directors present at such meetings of the Board, and of any committee of the Board; (b) of all orders made by the Board and committees of the Board; (c) of all resolutions and proceeding of the meetings of the Board and committees of the Board; and (d) in the case of each resolution passed at a meeting of the Board, or committees of the Board the names of those Directors, if any dissenting from or not concurring in the resolution. Every such book shall be maintained and the minutes entered therein and signed in the manner laid down by section 118 of the Act and the minutes so entered and signed shall be received as conclusive.	**"Minutes of proceedings of Directors and committee to be kept"**
113.	Subject to compliance with applicable Law, any Director may participate and vote in a meeting of the Board by means of video conference by means of which all persons participating in the meeting can see and hear each other throughout the duration of the meeting. Participation in such meeting shall constitute attendance and presence in person at the meeting of the Director so participating and shall be counted towards the quorum required for such meeting.	**"Video-conferencing"**
114.	A resolution in writing, signed by majority of the Directors for the time being entitled to vote on the resolution , shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. Resolutions in writing of the Directors may be signed in counterparts.	**"Circular Resolutions"**
115.	(a) The Board shall have the power to constitute, if necessary, committees of the Board and to delegate such powers to committees as the Board deems fit. Unless otherwise decided by the Board in writing, the provisions relating to quorum, voting and passing of resolutions applicable to the Board shall apply to the extent permissible or practicable to any Board committee. (b) The Board shall constitute an audit committee in compliance with Section 177 of the Act and other applicable Laws. The audit committee shall consists of a minimum of three directors as members and minimum of two-thirds of such members shall be independent directors.	**"Board Committee"**
116.	The Board shall from time to time entrust to, authorise, empower and confer upon the key executives of the Company, by power of attorney such of the powers, authorities, duties and discretions as specifically provided in such power of attorney.	**"Delegation of power"**
117.	Subject to the provisions of the Act and these Articles, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or in any other applicable Law or by these Articles	**"Powers of the Board"**

	or otherwise to be exercised or done by the Company in general meeting provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or in any other applicable Law or in these Articles or any regulations not inconsistent therewith and duly made there under including regulations made by the Company in general meeting but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if those regulations had not been made.	
	POWER TO BORROW	
118.	Subject to the provisions of Sections 179, 180, 181 and other applicable provisions of the Act and without prejudice to the general and other powers conferred under these Articles and so as not to limit or restrict those powers, the Board may, from time to time, raise or borrow, or secure the payment of any sum or sums of money, for the purposes of the Company.	**"Power to borrow"**
119.	Subject to the applicable provisions of the Act and other applicable Law, any debentures, debenture-stock or other Securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares and attending (but not voting) at a general meeting, appointment of nominee directors, etc. Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in a general meeting by Special Resolution.	**"Terms of issue of debenture"**
120.	The payment or repayment of the monies borrowed as aforesaid may be secured, in such manner and upon such terms and conditions in all respects as the Board may think fit and without prejudice to the generality of the foregoing, the Board may pass a resolution at its meeting for creation of charge upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being. Debentures, debenture-stock, bonds and other Securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.	**"The payment or repayment of monies borrowed"**
121.	If any uncalled capital of the Company is included in or charged by any mortgage or other securities, the Directors may subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.	**"Assignment of uncalled capital"**
122.	The Company shall comply with all the provisions of the Act and these Articles in respect of the mortgages or charges created by the Company and the registration thereof and the transfer of the debentures of the Company and the register required to be kept in respect of such mortgages, charges and debentures.	**"To comply with provisions of the Act and Articles as regards registration of mortgage etc."**
123.	If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.	**"Indemnity may be given"**

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

124. Subject to the provisions of the Act,— **"Appointment of key managerial personnel"**

(a) a chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(b) a director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

125. A provision of the Act or these Articles requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

126. **"The Seal; its custody and use."**

(a) The Board shall provide a common seal ("**Seal**") for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a committee established by the Board.

(b) Every deed, contract or other instrument to which the Seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney of the Company, be signed by at least one of the Directors and the Secretary or some other person appointed by the Board in whose presence the Seal shall have been affixed, provided that, all certificates of Shares issued by the Company shall be sealed in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014.

DIVIDEND

127. The Company in general meeting may declare Dividends, but no Dividend shall exceed the amount recommended by the Board in proportion to the amount paid-up on each Share, but the Company in general meeting may declare a lesser Dividend. **"Declaration of dividend"**

128. No Dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits and no Dividend shall carry interest as against the Company. **"Dividend paid out of profits"**

129. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive. **"What to be deemed net profits"**

130.	Subject to the applicable provisions of the Act, the Directors may from time to time pay to the Shareholders such interim dividends as in their judgment the position of the Company justifies.	**"Interim Dividend"**
131.	(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to Dividends, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the Dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, Dividends may be declared and paid according to the amounts of the Shares. (b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this Article as paid on the Share. (c) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid; but if any share is issued on terms providing that it shall rank for Dividend as from a particular date such share shall rank for Dividend accordingly.	**"Dividends to be paid in proportion to the paid-up amount on Shares"**
132.	A transfer of Share shall not pass the right to any Dividend declared thereof before the registration of the transfer.	**"Transfer of share must be registered"**
133.	The Board may deduct from any Dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.	**"Dividend money may be adjusted towards un-paid call money on Shares"**
134.	Unless otherwise directed any Dividend may be paid by electronic mode or by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant, sent through the post to the registered address of the Shareholders or persons entitled or in case of joint-holders to any one (1) of them named in the register of members. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission or for any Dividend lost in transmission or for any Dividend lost to the Shareholder or person entitled thereto by the forged signature of any pay slip or receipt or the fraudulent recovery of the Dividend by any other means.	**"Dividend how remitted"**
	UNPAID OR UNCLAIMED DIVIDEND	
135.	Where the Company has declared a Dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall, within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend of PNB Housing Finance Limited Account".	**"Transfer of unclaimed dividend"**
136.	Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under section 125 of the Act.	**"Transfer to IEPF Account"**

137.	No unclaimed or unpaid dividend shall be forfeited by the Board until the claim becomes barred by Law.	**"Forfeiture of unclaimed dividend"**

STATUTORY AUDITOR

138.	The appointment, qualifications, removal, powers, rights, duties and remuneration of the Statutory Auditors shall be regulated by and in accordance with the Act and other applicable Law.	**"Audit"**

RESERVE AND DEPRECIATION FUNDS

139.	(a) The Board may, from time to time, subject to the provisions of the Act before recommending any dividend set apart any and such portion of the profits of the Company as they think fit as a reserve fund to meet contingencies or for the liquidation of any debentures, debts, or other liabilities of the Company, for equalization of dividends or for repairing, improving and maintaining any of the property of the Company and for such other purpose of the Company as the Directors think conducive in the interest of the Company and may invest the several sums so set aside upon such investments (other than Shares of the Company), and from time to time to deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserve fund into such special funds with full power to transfer the whole or any portion of a reserve fund to another reserve fund or a division of a reserve fund and also with full power to employ the reserve funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power, however, to the Board to pay or allow to the credit of such funds interest at such rate as the Board may think proper. (b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.	**"Reserve Funds"**
140.	The Directors may, from time to time, subject to the provisions of the Act before recommending any dividend, set apart any such portion of the profits of the Company, as they think fit, as a depreciation fund, for providing against any depreciation in the investments of the Company or for rebuilding, restoring, replacing or for altering any part of the building, work, plant, machinery or other property of the Company, destroyed or damaged by fire, flood, storm, tempest, earthquake, accident riot, wear and tear or any other means whatsoever and for repairing altering and keeping in good condition the property of the Company or for extending and enlarging the building, machinery and property of the Company with full power to employ the assets constituting such depreciation fund in the business of the Company and that without being bound to keep the same separate from the other assets.	**"Depreciation Fund"**
141.	All monies carried to any reserve fund and depreciation funds respectively shall, subject to decisions being taken in accordance to the provisions of the Act, nevertheless remain and be profits of the Company applicable subject to due provisions being made for actual loss or depreciation, for the payment of dividend and such monies and all the other monies of the Company may be invested by the Directors in or upon such investments or securities as they may select or may be	**"Investment of monies"**

	used as working capital or may be kept at any bank on deposit or otherwise as the Directors may, from time to time, think proper.	
	BOOKS AND DOCUMENTS	
142.	The Directors shall cause to be kept proper books of accounts in accordance with section 128 of the Act with respect of:- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place; (b) all sales and purchases of goods by the Company; (c) the assets and liabilities of the Company.	**"Books of Accounts to be kept"**
143.	The books of accounts shall be kept at the Office or subject to the proviso of sub-section (1) of section 128 of the Act at such other place as the Directors think fit and shall be open to inspection by the Directors during the business hours.	**"Where to be kept"**
144.	No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by Law or authorised by the Board or by the Company in general meeting, provided such inspection shall be available during working hours on all working days except Saturdays, during such time as may be fixed by the Board, at the place where such account or book or document are kept and maintained, by the persons entitled thereto on payment, where required of such fees as may be fixed by the Board not exceeding the limits prescribed by the Act or without any fees in absence of any fees fixed by the Board in this behalf.	**"Inspection of accounts, books or documents by members"**
145.	The Directors shall, from time to time, in accordance with sections 129 and 134 of the Act, cause to be prepared and to be laid before the Company in Annual General Meeting such Profit and Loss Accounts, Balance Sheets and reports as are referred to in those sections.	**"Statement of account to be furnished to General Meeting"**
146.	A copy of every such Profit and Loss Account and Balance Sheet (including the Auditors Report and every other document required by Law to be annexed or attached to the Balance Sheet), shall, be provided to the persons entitled under the applicable Law in accordance with the provisions of section 136 of the Act.	**"Accounts to be sent to each member"**
	DOCUMENTS AND NOTICE	
147.	A document or notice may be served or given by the Company, on any member or an officer thereof either personally or by sending it by post to him at his registered address or (if he has to no registered address in India) to the address, if any, within India supplied by him to the Company for serving documents or notices on him or by such electronic means as may be prescribed under the Act.	**"Service of documents or notices on members by the Company."**
148.	Any notice or document shall be deemed to be given: (a) if delivered in person, at the time of delivery; or (b) if sent by fax, at the expiration of two (2) hours after the time of dispatch, if dispatched before 3.00 p.m. (local time at the place of destination) on any	**"Service of notice"**

	working day, and in any other case at 10.00 a.m. (local time at the place of destination) on the next working day following the date of dispatch. (c) If sent by electronic mail transmission, immediately on dispatch, if dispatched on a working day or at the start of the next working day if dispatched on any other day. In proving service of a notice or document it shall be sufficient to prove that delivery was made or that the fax was properly addressed and sent or that electronic delivery receipt indicating complete electronic mail transmission is obtained by the Company.	
149.	A document or notice advertised in a newspaper circulating in the neighbourhood of the Office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every Shareholder who has no registered address in India and has not supplied to the Company any address within India for the service of documents on him for the sending of notice to him.	**“By advertisement.”**
150.	A document or notice may be served or given by the Company on or to the persons entitled to a Share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to him by name or by the title of representative of the deceased or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the person claiming to be so entitled (until such an address had been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.	**“On personal representative etc.”**
151.	Documents or notices of every general meeting shall be served or given in same manner hereinbefore authorized on or to (a) every member (b) every person entitled to a Share in consequence of the death or insolvency of a member and (c) the Auditor or Auditors for the time being of the Company.	**“To whom documents or notices must be served or given.”**
152.	Every person who, by operation of Law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of each Share, previously to his name and address being entered on the Register of Members, shall have been duly served on the person from whom he derives his title to such Share.	**“Member bound by documents or notice served on or given to previous holders”**
153.	Any document or notice to be served to be served or given by the Company may be signed by a Director or some person duly authorized by the Board for such purpose and the signature may by written, printed or lithographed.	**“Document or notice by Company and signature thereto”**
154.	All the documents or notice to be served or given by members on or to the Company or any officer thereof shall be served or given by sending them to the Company or officer at the Office by post under a certificate of posting or by registered post or by leaving it at the Office.	**“Service of document or notice by member”**
	AUTHENTICATION OF DOCUMENTS	
155.	Save as otherwise expressly provided in the Act or these Articles, documents or proceedings requiring authentication by the Company may be signed by a Director or any authorized officer of the Company and need not be under its Seal.	**“Authentication of documents and proceedings”**

WINDING UP

156. Subject to the provisions of the Act and rules made thereunder: **"Winding up"**

(a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any Shares or other Securities whereon there is any liability.

CO-OPERATION

157.

(a) While PNB shall continue to offer loan against and for property (for clarity, including residential and commercial), it shall act in the best interests of the Company and support and assist the Company to strategically and tactically grow the business in key areas such as customer acquisition, funding etc. as provided in this Clause 157 to achieve the objective of making the Company one of the top and premiere home finance companies in India. All such support and assistance by PNB shall be on an arm's length basis and in compliance with applicable Laws, upon such terms and conditions to be mutually agreed between PNB and the Company. **" Co-operation"**

(b) Based on the business plan or annual budget approved by the Board, the Company shall source debt funding from third parties. DEL and PNB shall make best endeavours to source such debt funding for the Company. If, for any reason however, despite the support, the Company is unable to secure such funding at competitive rates and terms, PNB will consider, on a best efforts basis, providing or arranging debt funding, subject to any applicable limits up to which PNB is permitted to provide such funding under any applicable Laws, at competitive market rates and in a manner such that the Company does not face any asset liability mismatch and is in compliance with applicable Laws; provided that such funding shall be on an arm's length basis and in compliance with applicable Laws, upon such terms and conditions to be mutually agreed between PNB and the Company. PNB shall also, on a best efforts basis, provide in a similar manner support for any securitisation of loans and receivables of the Company.

INDEMNITY AND RESPONSIBILITY

158. Every Director (including managing director), manager, officer or servant or any person employed by the Company shall be indemnified out of the funds of the Company against all claims, and it shall be the duty of the Directors, out of the funds **"Indemnity"**

of the Company, to pay all bonafide costs, charges, losses and damages which any such person may incur or become liable to by reason of any contract entered into or act or thing done, in execution or discharge of his duties or supposed duties, (except such, if any, as such person shall incur or sustain through or by his own wilful act, neglect, default, misfeasance, breach of duty or breach of trust of which he may be guilty in relation to the Company), including expenses and, in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by the such person as such person in defending any proceeding, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted, or in connection with any application under section 463 of the Act in which relief if granted to him by the Court.

159. Subject to the applicable provisions of the Act, no director or other officer of the Company shall be liable: **"Individual Responsibility"**

(a) for the act, neglects or defaults of any direction of the competent authority; or

(b) for joining in any receipt or other act for conformity; or

(c) for any loss or expenses happening to the Company through-

(i) the insufficiency or deficiency of title to any property acquired by order or the direction for or on behalf of the Company; or

(ii) the monies of the Company invested; or

(d) for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, firm or company to or with whom any monies, securities or effects shall be entrusted or deposited; or

(e) for any loss occasioned by any error or judgment, commission, default or oversight in his part; or

(f) for any other loss, damage or misfortune whatsoever,

which may happen while executing the duties of his office unless the same happen through his own dishonesty.

SECRECY

160. Subject to the applicable provisions of the Act, no member shall be entitled to visit or inspect any work of the Company without the permission of the Directors or to require discovery or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade or any matter which is or may be in the nature of the trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interests of the Company to disclose. **"Secrecy"**

PART B

INTERPRETATION

2. In these Articles unless there be something in the subject or context inconsistent therewith, the following words or expressions shall have the following meanings:	**"Interpretation Clause"**
"Act" means the Companies Act, 2013, to the extent it is in force and the Rules framed thereunder and any statutory modification or re-enactment thereof for the time being in force and the Companies Act, 1956, to the extent it is in force and the Rules framed thereunder and any statutory modification or re-enactment thereof for the time being in force.	**"Act"**
"Affiliate" means when used in respect of a specified person the following (a) if such person is a natural person, (i) any relative (as defined under the Act) of the person specified, (ii) any incorporated legal person which is controlled by the person specified and/ or any incorporated legal persons controlled by such incorporated legal person, (b) if such person is an incorporated legal person, any person that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with the person specified. In this definition "control" (and its derivative and cognate expressions) means (i) holding beneficially more than fifty per cent (50%) of equity interests and/ or (ii) the ability to cast more than fifty (50%) per cent of the voting rights attaching to voting shares and/ or (iii) power to direct the management or policies of a person and/ or (iv) power to appoint over half of the members of the board of directors or similar governing body of a person.	**"Affiliate"**
"Affiliate Deed of Adherence" means the deed of Adherence in the format prescribed in Schedule 3 to the Shareholders' Agreement.	**"Affiliate Deed of Adherence"**
"Affiliate Shareholders" in respect of a Shareholder, mean such Affiliates of such Shareholder that holds any Securities in the Company in accordance with the provisions of these Articles.	**"Affiliate Shareholders"**
"Annual Budget" means the operating, financial and capital budget for the Company, to be approved by the Board, and to be prepared on an annual basis for any Financial Year, with reference to the business of the Company and in accordance with the Business Plan, which identifies and sets out, *inter alia*, the time scales and financial projections with key assumptions listed, including all planned commitments, borrowings, amount and timing of capital contributions to be made by the Shareholders, projected profit and loss, balance sheet, cash flow for each quarter of such Financial Year.	**"Annual Budget"**
"Business Plan" means a four-year rolling operating, financial and capital budget for the Company, to be approved by the Board, and to be prepared with reference to the business of the Company, which business plan is to identify and set out, *inter alia*, the time scales and financial projections with key assumptions listed, including all planned commitments, borrowings, amount and timing of capital contributions to be made by the Shareholders, projected profit and loss, balance sheet, cash flow for such Financial Years.	**"Business Plan"**
"Company" means the Company above named.	**"Company"**
"Board" means the board of Directors of the Company.	**"Board"**
"Business Day" means a day (other than a Saturday or Sunday) on which banks are generally open in Mumbai and New Delhi for the transaction of normal banking business.	**"Business Day"**
"Competing Business" means any activity or business carried out in the Territory that is similar to and/ or competes with the business of the Company.	**"Competing Business"**

"Competitor" means any person (for clarity, including bank or financial institution), if in any of the immediately preceding three Financial Years, such person derives more than 50% of its revenues from carrying out a Competing Business, or if more than 50% of the consolidated revenues of such person along with its Affiliates is derived from carrying out any Competing Business. For the purpose of this definition, the revenues of any person will be determined as per its audited financial statements.	**"Competitor"**
"Derivative Securities" with respect to any person means any fully paid-up convertible debentures/ bonds, Debentures, bonds, conversion rights, warrants, or similar securities of any kind obligating such person or any other person to issue, grant, deliver or sell, or cause to be issued, granted, delivered or sold (i) any shares in the share capital of such person; (ii) any securities convertible into or exchangeable for any shares in the share capital, of such person; or (iii) any rights to participate in the equity or income of such person or to participate in or direct the election of any directors or officers of such person.	**"Derivative Securities"**
"DEL" means Destimoney Enterprises Limited (earlier Destimoney Enterprises Private Limited or DEPL), a company incorporated under the provisions of the Act, having its registered office at B-1, G-01, Marathon Innova, Marathon Nextgen Complex, Lower Parel (W), Mumbai – 400 013 and shall be deemed to mean and include its successors, liquidators and permitted assigns.	**"DEL"**
"DEL Director" means any Director nominated by the DEL Group.	**"DEL Director"**
"DEL Group" means DEL along with its Affiliate Shareholders and their Shareholder Transferees.	**"DEL Group"**
"DEL Shareholding" means the shareholding of DEL in the Company from time to time.	**"DEL Shareholding"**
"Directors" means the directors of the Company and "Director" means any one of them (as the context requires) and such usage of the term "Directors" or "Director" shall include alternate Directors appointed in accordance with the Act and these Articles.	**"Directors"**
"Dividend" includes interim dividend.	**"Dividend"**
"Encumbrance" means and includes (i) any encumbrance, claim, Debenture, mortgage, charge (whether fixed or floating), pledge, equitable interest, lien, hypothecation, assignment (either by way of security or otherwise), deed of trust, deposit by way of security, bill of sale, security interest, beneficial interest (including usufruct and similar entitlements) or other encumbrance of any kind securing, or conferring any priority in respect of any obligation of any person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Law, (ii) any voting agreement, interest, option, right of first offer, refusal, right of pre-emption or Transfer restriction in favour of any person (except as provided in these Articles) and (iii) any adverse claim as to title, possession or use, any provisional, conditional or executional attachment.	**"Encumbrance"**
"Equity Shares" means the fully paid-up equity shares of the Company from time to time, each having a par value of Rs. Ten (10), and forming part of the Share Capital.	**"Equity Shares"**
"Financial Year" means each financial year of the Company commencing on April 1st of each calendar year and ending on March 31st of the succeeding calendar year.	**"Financial Year"**

"Fully Diluted Basis" means with respect to any calculation, such calculation assuming the conversion into Equity Shares of all Derivative Securities outstanding as of the date of such calculation.	**"Fully Diluted Basis"**
"Government Authority" or "Government Authorities" means (a) central, state, city, municipal or local government, governmental authority or political subdivision thereof having jurisdiction; or (b) any agency or instrumentality of any of the authorities referred to in clause (a); or (c) any regulatory or administrative authority, body or other organisation having jurisdiction, to the extent that the rules, regulations, standards, requirements, procedures or orders of such authority, body or other organisation have the force of Law including without limitation, the Reserve Bank of India and the National Housing Bank; or (d) any court or tribunal having jurisdiction.	**"Government Authority"**
"Group" means the DEL Group or the PNB Group, as the case may be.	**"Group"**
"Independent Directors" mean the independent directors on the Board.	**"Independent Directors"**
"IPO" means the initial public offering of Equity Shares in the Relevant Market and the consequent listing of the Equity Shares in such Relevant Market.	**"IPO"**
"Law" includes all statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Government Authority, statutory authority, tribunal, board, court and if applicable, international treaties and regulations.	**"Law"**
"Managing Director" means the Managing Director on the Board of the Company for the time being.	**"Managing Director"**
"Month" shall, unless a contrary intention appears, mean a period of thirty (30) days.	**"Month"**
"Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto respectively, in section 114 of the Act.	**"Ordinary and Special Resolution"**
"Paid up" includes credited as paid up.	**"Paid up"**
"Punjab National Bank" or "PNB" means the body Corporate constituted as such under Banking Companies (Acquisition & Transfer of Undertakings) Act No. 5 of 1970 and shall be deemed to mean and include its successors, liquidators and permitted assigns.	**"Punjab National Bank" or "PNB"**
"PNB Director" means any Director nominated by PNB Group.	**"PNB Director"**
"PNB Group" means PNB along with its Affiliate Shareholders and their Shareholder Transferees.	**"PNB Group"**
"PNB Shareholding" means the shareholding of PNB in the Company from time to time	**"PNB Shareholding"**
"Pro Rata Share" means, with respect to any Shareholder, the proportion that the number of fully Paid up Equity Shares held by such Shareholder bears to the aggregate number of fully Paid up Equity Shares held by all Shareholders, in each case on a Fully Diluted Basis.	**"Pro Rata Share"**
"Relevant Market" means the Bombay Stock Exchange or National Stock Exchange, or such other stock exchange (whether in India or abroad) as may be determined by the Board.	**"Relevant Market"**

"Reserved Matters" means the matters specified under Article 82.	**"Reserved Matters"**
"Seal" means the common seal for the time being of the Company.	**"Seal"**
"Securities" means the Equity Shares, Derivative Securities and all other instruments and/ or other securities issued by the Company that are convertible into Equity Shares, either in full or in part.	**"Securities"**
"Share Capital" means the amount derived by multiplying the total number of Equity Shares by Rs. Ten (10), on a Fully Diluted Basis.	**"Share Capital"**
"Shareholders" or "members" mean PNB, DEL and/or any person to whom Equity Shares are transferred or issued in accordance with these presents from time to time and "Shareholder" or "member" means any one of them (as the context requires).	**"Shareholders"** or "**members**"
"Shareholders' Agreement" means the agreement executed between DEPL (now DEL), PNB and the Company on December 07, 2009, regulating their *inter se* rights and obligations *inter alia* on matters relating to the governance and management of the Company.	**"Shareholders' Agreement"**
"Shareholder Transferee" in respect of a Shareholder, means the persons to whom any Securities are transferred by such Shareholder in accordance with these presents and the subsequent transferees of such persons, to whom Securities are transferred in accordance with these presents and includes such persons (other than Shareholders) in favour of whom a Shareholder or Group has renounced its right to subscribe to Equity Shares under Article 7(c).	**"Shareholder Transferee"**
"Shareholding" in relation to a Shareholder, means ownership of the Equity Shares by such Shareholder, at any time, on a Fully Diluted Basis	**"Shareholding"**
"Office" means the registered office of the Company for the time being.	**"Office"**
"Territory" means India, Pakistan, Nepal and/ or Bangladesh.	**"Territory"**
"Transfer" means (i) to sell, gift, assign, amalgamate, merge, transmit (whether by operation of Law or otherwise), donation, or other disposition of any Securities or any interest therein, pursuant to any agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such Securities or any interest therein passes from one person to another person or to the same person in a different legal capacity, whether or not for value or create any Encumbrance on any Securities or any right (including voting right), title or interest therein or otherwise to dispose of the Securities in any manner whatsoever.	**"Transfer"**
"Transferee Deed of Adherence" means the deed of Adherence in the format prescribed in Schedule 2 of the Shareholders' Agreement.	**"Transferee Deed of Adherence"**
"In writing" and "Written" shall include printing, typing, lithography or part printing and part lithography and any other mode or modes or representing or reproducing words in permanent visible form, including in electronic form.	**"Writing"**
"Year" means a calendar year.	**"Year"**

"these presents" or "these Articles" means the Memorandum of Association and these Articles of Association or the regulations of the Company for the time being in force.	**"these presents" or "these Articles"**
The words "singular number" shall include the plural numbers and vice versa.	**"Singular Number"**
The words "masculine gender" shall include the feminine gender and vice versa.	**"Gender"**
The word "debenture" includes debenture-stock and bonds.	**"Debenture"**
The word "person" shall include a Company or Corporation.	**"Person"**
Subject as aforesaid and except where the subject or context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act.	**"Expressions in these Regulations to bear same meaning as in the Act"**
The marginal notes hereto shall not affect the instructions hereof.	**"Marginal"**
Note: *The word "Private" was deleted from the name of the Company by a Special Resolutions passed at the Extra Ordinary General Meeting of the Company held on 30th December 1989.*	
CAPITAL	
3. The Authorized Share Capital of the Company is INR 500,00,00,000/- (Rupees five hundred crore) only divided into 50,00,00,000/- Equity Shares of INR 10/-(Ten) each. The Company shall have the powers to increase, consolidate, sub-divide, reduce or otherwise alter its Share Capital, subject to the provisions of the Act.* * Authorized capital was increased by the Shareholders from INR. 50 crore to INR 150 crore in the 25th AGM by passing a Special Resolution to this effect. *Authorized capital was increased by the Shareholders from INR. 150 crore to INR 500 crore in the EGM held on 22nd April 2016 by passing a special resolution to this effect.	**"Capital"**
PUBLIC COMPANY	
4. The Company is a public company within the meaning of section 2 (71) of the Act.	**"Public Company"**
SHARES AND CERTIFICATES	
5. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein-before mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.	**"Shares to be numbered progressively and no share to be subdivided."**

6.		Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons subject to these presents, on such terms and conditions and at such times as the Directors think fit and (subject to the provisions of Section 52 and 53 of the Act) either at a premium or at par or at discount.	**"Share under control of Directors"**
6(A)		The Company may, subject to compliance with the provisions of Sub-Section (6) of Section 40 of the Act, exercise the powers of paying commission on the issue of shares and Debentures. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or Debentures pay such brokerage as may be lawful.	**"Commission and Brokerage"**
7.	(a)	PNB and DEL shall further fund the Company in the event that: (a) such additional funding is required as per the Business Plan; and/ or (b) the Board determines that such additional funding is required for the growth of the Company; and/ or (c) the Capital to Risk Weighted Assets Ratio (CRAR) falls below the requirements specified by the Board or relevant government regulator; each of the events described in (a), (b) and (c) being "**Additional Funding Requirement**".	**"Additional Funding Requirement"**
	(b)	Upon occurrence of an Additional Funding Requirement, the Company shall issue Equity Shares to the Shareholders ("**Additional Shares**") equivalent to their respective Pro Rata Share in the Company. Such Additional Shares to be issued to the Shareholders shall be fully Paid up by the respective Shareholder in cash. A Shareholder shall have the right to nominate only its Affiliate to subscribe to the Additional Shares, and in such event, such Shareholder shall cause such Affiliate to execute Affiliate Deed of Adherence and the Company shall not issue the Additional Shares to such Affiliate unless a duly executed Affiliate Deed of Adherence has been lodged with it.	**"Issuance of Additional Shares as per the respective Pro Rata Share"**
	(c)	In the event that any Group ("**Unsubscribing Shareholder**") does not intend to subscribe, either by itself or by nominating its Affiliate in accordance herewith, entirely to its Pro Rata Share of Additional Shares, then the other Group ("**Other Shareholder**") shall have the right to subscribe to the unsubscribed portion of the Additional Shares offered to such Unsubscribing Shareholder, either itself or through its Affiliates. In the event that the Other Shareholder does not subscribe to the unsubscribed Additional Shares, either by itself or through its Affiliates, then the Unsubscribing Shareholder may renounce the Unsubscribed Additional Shares in favour of any other person, provided that such other person is not a Competitor and provided further that the Unsubscribing Shareholder causes such person to execute a Transferee Deed of Adherence and the Company shall not issue such Unsubscribed Additional Shares to any other person unless such person executes the Transferee Deed of Adherence.	**"Renunciation of unsubscribed Additional Shares"**
	(d)	Notwithstanding anything to the contrary contained in these presents, the Shareholding of PNB cannot fall below 51%, except if PNB does not subscribe to its Pro Rata Share of the Additional Shares that are issued: (i) to meet Additional Funding Requirement contemplated in the applicable Business Plan; or (ii) pursuant to a resolution for issuance of Additional Shares for which resolution PNB voted in affirmative.	**"Shareholding of PNB to not fall below 51%"**

8.	Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any share in accordance with these presents shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a member.	**"Acceptance of Shares"**
9.		
	(a) Notwithstanding anything to the contrary contained herein, the entire consideration for shares, shall be payable prior to and as a condition precedent to allotment of any shares to an applicant and shall be paid by such applicant accordingly.	**"Deposit and calls etc. to be a debt payable immediately"**
	(b) Every member and his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.	**"Liability of members"**
10.	Except in respect of shares held as nominee of the Punjab National Bank or DEL or as required by Law or ordered by a court of competent jurisdiction no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any benami, equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share (except only by these presents or by Law otherwise provided) or any other rights in respect of any share, except in an absolute right to the entity thereof in the registered holder.	**"Trust not recognized"**
11.	None of the funds of the Company shall be applied in the purchase of any shares of the Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by Section 67 of the Act.	**"Funds not to be applied in the purchase of its own shares"**
12.	The certificates of title to shares and duplicate thereof when necessary shall be issued under the Seal of the Company.	**"Certificates"**
13.	Every member shall be entitled to one or more certificate; in marketable lots for all the shares registered in his name, or if the Directors so approve to several certificates each for one or more of such shares, but in respect of each additional certificate, there shall be paid to the Company a fee of two rupees (Rs. 2/-) or such less sum as the Directors may determine. Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon. The Directors may in any case or generally waive the charging of such fees.	**"Member's right to certificate"**
14.	If any certificate be worn out or defaced, then, upon production thereof to the Directors, they may order the same to be cancelled and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given, a new certificate in lieu thereof shall be given to the registered holder of the shares to which such lost or destroyed certificate shall relate.	**"As to issue of new certificate in place of one defaced, lost or destroyed"**

15.	For every certificate issued under the last preceding Article there shall be paid to the Company the sum of two rupees (Rs. 2/-) or such smaller sum as the Directors may determine. The Directors may in any case or generally, waive the charging of such fees.	**"Fees"**
	CALLS	
16.	The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all monies unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Directors. A call may be made payable by instalments.	**"Calls"**
17.	A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.	**"When call deemed to have been made and notice to call"**
17 (A)	A call may be revoked or postponed at the discretion of the Board.	**"Revocation of call"**
18.	The Board may, from time to time and at its discretion, extend the time fixed for the payment of any call and may extend such time as to call, for any such members as the Board consider to extend by reason or residence at distance or other cause; but no member shall be entitled to such extension save as a matter of grace and favour.	**"Extension of time for payment of calls"**
19.	If any member fails to pay any call, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time, be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member and the Board shall be at liberty to waive payment of such interest either wholly or in part.	**"Failure to pay calls due"**
20.	If by the terms of the issue of any shares or otherwise any amount is made payable on allotment or at any fixed date or instalments at fixed time, where on account of the amount of the share or by way of premium, every such amount or instalment shall be payable, as if it were a call duly made by the Directors and on which due notice had been given and all provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.	**"Amount payable at fixed times or by instalments payable as calls"**
21.	The Directors may, if they think fit, receive from any members willing to advance the same, all or any part of the monies due upon the shares held by him beyond the sums actually called for and upon the money so paid in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advances has been made, the Company may pay interest at such rate as the members paying such sum in advance and the Directors agree upon. Money so paid in excess of the amount of call shall not rank for dividends or participation in profits "or any voting rights until the same would, but for such payment, become presently payable". The Directors may at any time repay the amount so advanced upon giving to such member three (3) Months' notice in writing.	**"Payment of calls in advance"**
	JOINT HOLDERS	

22.	Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as Joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles.	**" Joint holders"**
(a)	Shares may be registered in the name of any person, company or other body corporate but not more than four persons shall be registered jointly as members in respect of any shares.	**"Maximum no of Joint Holders"**
(b)	The certificates of shares registered in the names of two or more persons shall be delivered to the person first named on the Register.	**"To which of joint holders certificate to be issued"**
(c)	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.	**"Several liabilities of joint holders"**
(d)	If any share stands in the names of two or more persons, the person first named in the register shall as regards receipt of share certificates, dividends or bonus or service of notices and all or any other matter connected with the Company, (except voting at meetings, and the transfer of the shares) be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.	**"The first named of joint holders deemed sole holder"**
(e)	In the case of the death of any one or more of the persons named in the register of members as the joint holders of any share, the survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.	**"Death of one or more joint holders of shares"**
(f)	If there be joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto, provided that if more than one of such joint holders be present at any meeting either personally or by proxy, then one of the said persons so present whose name stands higher on the register of members shall alone be entitled to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present, at the meeting. Several executors or administrators of a deceased member in whose names shares stand shall for the purpose of these Articles be deemed joint holders thereof.	**"Votes of joint members"**
(g)	A document or notice may be served or given by the Company on or to the joint holders of a share by serving or giving the document or notice on or to the joint holder named first in the register of members in respect of the share.	**"on joint Holders"**
	FORFEITURE AND LIEN	
23.	If any member fails to pay any call or instalment on or before the day appointed for the payment of the same, the Directors may, at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay	**"If call or instalment not paid, notice must be given"**

	the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.	
24.	The notice shall name a day (not being less than fourteen (14) days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.	**"Form of notice"**
25.	If the requisition of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture subject to section 123, of the Act.	**"If notice not compiled with shares may be forfeited"**
26.	When any share shall have been forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.	**"Notice after forfeiture"**
27.	Any shares so forfeited shall be deemed to be property of the Company and the Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.	**"Forfeited share to become property of the Company"**
28.	The Director may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof on such conditions as they think fit.	**"Powers to annul forfeiture"**
29.	Any member whose shares have been forfeited shall notwithstanding the forfeiture remain liable to pay and shall forthwith pay to the Company all calls, instalments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment at 12 (twelve) per cent per annum, and the Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.	**"Arrears to be paid notwithstanding forfeiture"**
30.	The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share, except only such of those right as by these Articles are expressly saved.	**"Rights with forfeiture"**
31.	A duly verified declaration in writing that the declarant is a director or secretary of the Company and the certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all person claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof shall constitute a good title to such shares and the persons to whom the share are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money nor shall his title to such share be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture, sale or disposal.	**"Evidence of forfeiture"**

32. The Company shall have first and paramount lien upon all the shares (not being fully paid up) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for monies called or payable at a fixed time in respect of such shares solely or jointly with any other person to the Company whether the period for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 11 hereof is to have full effect and such lien shall extend to all dividends from time to time declared in respect of such shares subject to Section 123 of the Act. Unless otherwise agreed, the registration of a Transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. **"The company's lien on shares"**

33. For the purpose of enforcing such lien the Directors may sell the share subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executors and administrators or his committee *curators bonis* or other legal curator and default shall have been made by him or them in payment of monies called in respect of such shares for seven (7) days after such notice. **"As to enforcing lien by sale"**

34. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to a like lien for sums not presently payable, as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale. **"Application of proceeds of sale"**

35. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Directors may appoint some person to execute an instrument of Transfer of the shares sold and cause the purchasers' name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. **"Validity of sale upon forfeiture"**

36. Upon any sale, re-allotment or other disposal under the provisions of the preceding articles, the certificate or certificates originally issued in respect of the relative share shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such manner as they may think fit from the old certificate or certificates. **"Cancellation of old certificates and issue of new"**

TRANSFER AND TRANSMISSION OF SHARES

37. The Company shall keep a register called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every Transfer or transmission of any shares of the Company. **"Register of transfers"**

38. Any Transfer of Securities shall be subject to the provisions of Articles 39-52 (both Articles included), and any Transfer of Securities which is not in accordance with such provisions shall be void. **"Transfer of shares to be in accordance with these Articles"**

39.	Transfer of Securities (i) by a Shareholder to its Affiliate shall be valid only if the Transferee executes an Affiliate Deed of Adherence; and (ii) by a Shareholder to a third party, in accordance with the provisions of these Articles, shall be valid only if the Transferee executes a Transferee Deed of Adherence.	**“Deed of Adherence”**
40.	Either DEL or PNB may request the Company to undertake an IPO by way of an offer for sale or with an offer for sale component. If the Board passes a resolution approving such IPO, then PNB shall co-operate and support the Company to undertake such an IPO. DEL shall, subject to the foregoing sentences of this Article 40 have the first right to offer for sale, all or part of the Securities held by the DEL Group as part of the IPO. All costs related to the IPO will be borne by the Company.	**“IPO”**
41.	Notwithstanding anything contained herein, no Shareholder shall be entitled to Transfer the Securities held by the Shareholder in favour of a Competitor; provided that after occurrence of an IPO, the foregoing stipulation shall apply only for proposed Transfer of Securities by way of a bulk/ block deal and/ or where the identity of the Transferee is known to the transferring Shareholder.	**“Transfer to Competitor”**
42.	The Shareholders agree that they shall take all steps and cause the Company to satisfy the requirements specified under the provisions in these Articles in relation to Transfer of Securities. The Shareholders agree that any unenforceability of any of the provisions relating to Transfer of Securities against the Company, shall not affect the rights of the Shareholders inter se in respect thereof. Notwithstanding the foregoing, each Shareholder hereby waives all its rights to challenge and question the validity and/ or enforceability of any of the provisions relating to Transfer of Securities contained in these Articles.	**“Undertaking to satisfy the requirements of Transfer”**
43.	(a) Notwithstanding the provisions on Transfer of Securities set forth in Articles 39-52 (both Articles included), a Shareholder may, at any time, Transfer Securities held by it to its Affiliates (each a “Permitted Transferee”) provided such Permitted Transferee executes the Affiliate Deed of Adherence. The foregoing Transfer shall be subject to a condition that prior to the Permitted Transferee ceasing to be an Affiliate, the Permitted Transferee shall sell to, and the transferring Shareholder shall acquire, by itself or through any of its Affiliates, all the Securities held by such Permitted Transferee; provided however that in case of a subsequent Transfer of Securities by such Permitted Transferee to another person in accordance with the provisions of these Articles, the aforesaid condition in respect of the initial Transfer of Securities by the transferring Shareholder to the Permitted Transferee shall cease to be applicable, and the initial Transfer to the Permitted Transferee shall be deemed to be absolute and unconditional. It is clarified for the avoidance of doubt that if the subsequent Transfer is made to an Affiliate of the Permitted Transferee, then such subsequent Transfer shall be subject to all conditions under this Article 43, in respect of a Permitted Transferee. Notwithstanding that a Permitted Transferee has executed an Affiliate Deed of Adherence, each transferring Shareholder shall continue to remain liable for, and shall guarantee, the performance and discharge of the obligations of such Permitted Transferee.	**“Transfer to Affiliates”**
	(b) At least five (5) Business Days prior to the permitted Transfer under Article 43(a), the Shareholder intending to Transfer any of its Securities to a Permitted Transferee shall send a notice to the other Shareholders stating the date on which the intended Transfer is to occur, the name of the Permitted Transferee, the number and class of	**“Notice of Transfer to Affiliate”**

Securities involved and attaching (i) a completed and duly executed (by the Permitted Transferee and the transferor Shareholder) Affiliate Deed of Adherence and (ii) copies of all approvals and consents required to be obtained under Law. Each Shareholder shall, within three (3) days of the receipt of such notice, execute the Affiliate Deed of Adherence and file the same with the Company; provided however that nothing contained herein shall require a Shareholder to execute an Affiliate Deed of Adherence in relation to a Transfer of Securities in contravention of these Articles.

(c) The Company shall register a Transfer of Securities to a Permitted Transferee only upon the receipt (a) of a valid Affiliate Deed of Adherence duly executed by all parties thereto and (b) a copy of all consents required under Law sanctioning such Transfer and documentary proof that conditions stipulated by Government Authority, if any, for such Transfer have been fulfilled. **"Company to register Transfer to Affiliate"**

(d) Within five (5) Business Days of registering any Transfer by a Shareholder of Securities to a Permitted Transferee in its register of members, the Company shall send a notice to the other Shareholders stating that such Transfer has taken place and setting forth the name of the transferor, the name of the Permitted Transferee and the number of Securities transferred. **"Notice by Company"**

(e) Any attempt to Transfer the Securities in contravention of the provisions of these Articles, including without a proper and duly executed Affiliate Deed of Adherence shall constitute a material breach of these Articles and the Company shall not register such a Transfer of Securities. **"Transfer in contravention"**

44. **"Right of First Offer"**

Right of First Offer:

(a) Subject to Article 42 and except in case of (i) Transfer of Securities under Article 43; and (ii) Transfer of Securities after an IPO; if at any point of time any Group (the "Seller") wishes to sell all or part of its Securities ("Transfer Securities") to any person ("Proposed Transferee"), it shall first make an offer to the other Group ("Offeree") by issuing a written notice ("Transfer Notice") stipulating the number and class of Transfer Securities proposed to be transferred by the Seller. A Group shall not, unless otherwise agreed by the other Group and the Company, be entitled to offer to Transfer its Securities, before the expiry of seven (7) Months from the date immediately preceding Transfer Notice.

(b) If a Seller issues a Transfer Notice, the Offeree shall have the right (but not the obligation), exercisable within three (3) Months from the date of the Transfer Notice ("Offer Period"), to propose the terms on which the Offeree is willing to purchase all the Transfer Securities, by issuing a letter ("Offer Notice") to the Seller, which shall contain the details set out below. Failure to issue the Offer Notice before the expiry of the Offer Period shall be deemed to be a waiver on the part of the Offeree to exercise its right of first offer, and upon such deemed waiver or other express waiver by the Offeree of its right of first offer set out herein, the Seller shall be entitled to sell all the Transfer Securities (but not any part) to a Proposed Transferee, provided that the Seller shall cause the Proposed Transferee to execute the Transferee Deed of Adherence and provided further that the notice described in Article 44(g) in respect of such Transfer is given and such a Transfer completed within one hundred and twenty (120) days from the expiry of the Offer Period. If the Seller is unable to Transfer all the Transfer Securities to the Proposed **"Offer upon receipt of Transfer Notice"**

Transferee, as per the foregoing sentence (for clarity, including the aforesaid one hundred and twenty (120) days), the Seller shall be obligated to once again comply with the provisions of this Article 44 in respect of the Transfer Securities.

(c) The Offer Notice shall provide: (i) the proposed purchase price (on a 'per Security' basis) ("**Offer Price**") (ii) the terms of the Transfer (collectively with the Offer Price the "Transfer Terms"). An Offer Notice shall be irrevocable. The Offer Price shall only be a cash price. **"Offer Notice"**

(d) The Seller may accept the Transfer Terms by issuing a notice to the Offeree ("**Acceptance Notice**"), within one hundred and twenty (120) days of the issue of the Offer Notice, ("**Acceptance Period**"). If the Acceptance Notice is issued within the Acceptance Period, the Offeree shall be obliged to purchase (either by itself and/or through any of its Affiliates) all the Transfer Securities and the sale and purchase of the Transfer Securities in favour of the Offeree shall be completed as per the Transfer Terms, within thirty (30) days from the date of issue of the Acceptance Notice by the Offeree, or upon receipt of all approvals and consents required under Law, whichever is later. **"Acceptance Notice"**

(e) At such completion, the Seller shall deliver to the Offeree, certificates and other documents representing its title to the Transfer Securities, accompanied by duly executed and valid instruments of transfer. Such Transfer Securities shall be free and clear of any Encumbrance, and the Seller shall so represent and warrant and shall further represent and warrant that it is the legal and beneficial owner of such Transfer Securities. The Offeree shall at such completion deliver payment in full of the Offer Price in accordance with the terms set forth in the Offer Notice. In the event that the Offeree nominates an Affiliate for the purpose of purchasing the Transfer Securities or part thereof, it shall cause such Affiliate to execute an Affiliate Deed of Adherence. At such completion, if required, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Transfer Securities to the Offeree. Any stamp duty payable on the Transfer of any Transfer Securities shall be borne and paid by the Offeree. **"Completion of Transfer to Offeree"**

(f) Before the expiry of the Acceptance Period, the Seller shall be entitled to sell all the Transfer Securities to a Proposed Transferee ("Third Party Transfer") subject to the following conditions and subject to compliance with Article 44(g): **"Third Party Transfer"**

(i) the price at which the Seller sells the Transfer Securities to the Proposed Transferee shall be more than 105% of the Offer Price;

(ii) the terms on which the Transfer Securities are transferred to the Proposed Transferee shall be no more favourable to the Proposed Transferee than the Transfer Terms; and

(iii) the notice for the Third Party Transfer as per Article 44(g) shall be issued before the expiry of the Acceptance Period.

(g) The Seller shall be entitled to Transfer all the Transfer Securities to the Proposed Transferee only if at least five (5) days prior to such Transfer, the Seller and the Proposed Transferee sends a joint notice to the other Shareholders (i) stating the date on which the intended Transfer is to occur, (ii) stating the name of the Proposed Transferee, (iii) stating that all the Transfer Securities are proposed to be Transferred to the Proposed Transferee, (iv) stating the exact terms of the Transfer (for clarity, which cannot be more favourable to the Proposed Transferee when **"Notice to other Shareholders of Transfer"**

	compared with the Transfer Terms), (v) accompanied with (a) completed and duly executed (by the Proposed Transferee and the Seller) Transferee Deed of Adherence, (b) copies of all approvals and consents required to be obtained under Law and (c) an affidavit averring that the proposed Transfer complies with the terms of these Articles. Upon completion of the aforementioned Transfer of Securities to the Proposed Transferee, the other Shareholders, acting reasonably, shall have the right to request for any further information that is relevant to the completed Transfer, from the Seller, which the Seller shall furnish as soon as reasonably practicable. Upon receipt of the joint notice (referred to above), each Shareholder shall, within three (3) days of the receipt of such notice, execute a Transferee Deed of Adherence and file the same with the Company; provided however that nothing contained herein shall require a Shareholder to execute an Transferee Deed of Adherence in relation to a Transfer of Securities in contravention of these Articles. If the Seller is unable to Transfer all the Transfer Securities to the Proposed Transferee as per Articles 44(d) and/ or (f) and (g), the Seller shall be obligated to once again comply with the provisions of this Article 44 in respect of the Transfer Securities.	
(h)	The Company and the Shareholders shall co-operate and render all such assistance as may be necessary for the completion of a Third Party Transfer or a Transfer to a third person under Article 44(b), in accordance with these Articles, including but not limited to any approvals that may need to be obtained.	**"Co-operation by Company and Shareholders"**
45.	Any Transfer of the Transfer Securities pursuant to Articles 39-52 shall be valid only upon the execution of an Affiliate Deed of Adherence or a Transferee Deed of Adherence, as the case may be, and shall be registered by the Company upon a validly and duly executed (by all parties thereto) Affiliate Deed of Adherence or a Transferee Deed of Adherence, as the case may be, being lodged with it. The other Shareholders undertake to execute such Affiliate Deed of Adherence or Transferee Deed of Adherence, as may be required in order to give effect to such Transfer of the Transfer Securities to the Offeree, its Affiliate, or a Proposed Transferee; provided however that nothing contained herein shall require a Shareholder to execute an Affiliate Deed of Adherence or Transferee Deed of Adherence where the Transfer is in contravention of the provisions of these Articles.	**"Transfer valid only upon execution of valid Deed of Adherence"**
46.	Subject to the provisions of Section 56 of the Act, no Transfer of shares shall be registered unless a proper instrument of Transfer duly stamped and executed by or on behalf of the transferor and by or behalf of the transferee has been delivered to the Company together with the certificate or if no such certificate is in existence, the letter of allotment of the shares. The transferor shall be deemed to remain the member in respect of such shares until the name of the Transferee is entered in the register in respect thereof.	**"Transfer of share"**
47.	In the event that any Securities are in dematerialized form, then the requirements of producing certificates of title or instruments of transfer for completing such Transfer contained in Articles 39-52 shall, be deemed to be modified in accordance with the provisions of the Depositories Act, 1996, and such a Transfer of dematerialized Securities shall be completed in accordance therewith.	**"Depositories Act, 1996"**
47 (A)	All instruments of Transfer shall be in writing and all the provisions of Section 56 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all Transfers of shares and the registration thereof.	**"Form of transfer"**

47 (B)	Subject to the provisions of Section 58 of the Act and subject to the provisions of the Securities Contract Regulations Act, 1956 and the rules and regulations made thereunder, the Directors shall, decline to register or acknowledge any Transfer of shares whether fully paid or not, if such Transfer is not in accordance with these presents, and the right of refusal shall not be affected by the circumstances that the proposed Transferee is already a member of the Company but in such cases the Directors shall within one (1) Month from the date on which the instrument of Transfer was lodged with the Company, send to the Transferee and Transferor notice of the refusal to register such Transfer provided that registration of a Transfer shall not be refused on the ground of the Transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.	**"Directors may refuse to register Transfer"**
47 (C)	The Directors may, after giving not less than seven (7) days previous notice by advertisement as required by Section 91 of the Act, close the Register of Members or the Register Debenture holders for any period or periods not exceeding in the aggregate forty five (45) days in each year, but not exceeding thirty days (30) at any one time.	**"Closure of Transfer books"**
48.	The executors or administrators or holders of a succession certificate or the legal representatives of a deceased member (not being one or two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognize such executors or administrators or holders or succession certificate or the legal representatives unless they shall have first obtained probate or letters of administration or succession certificate or other legal representation as the case may be, from a duly constituted court in the Union of India provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or letters of administration or succession certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under the next Article register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.	**"Title of shares of deceased members"**
49.	Subject to the provisions of the preceding Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by Transfer in accordance with these Articles including by change in the nomination by Punjab National Bank or DEL may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he purports to act under these Articles or of his title as the Board think sufficient either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of Transfer in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the shares.	**"Registration of persons entitled to share otherwise than by Transfer"**
50.	The person becoming entitled to a share by reason of the death or insolvency of the holders shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company	**"Claimant to be entitled to same advantage"**

	provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to Transfer shares and if notice is not complied with within sixty (60) days, the Board may thereafter withhold payment of all dividends, bonus or other monies payable in respect of the share until the requirements of the notice have been complied with.	
51.	Every instrument of Transfer which is registered shall remain in the custody of the Company until destroyed by order of the Board.	**“Registered instrument to remain with the Company”**
52.	No fee shall be payable to the Company in respect of the Transfer or transmission of any shares in the Company.	**“No fee for Transfer or transmission”**
	BORROWING POWERS	
53.	Subject to the provisions of Sections 179, 180 and 181 of the Act and other applicable provisions of Act, the Board may, from time to time and at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow or secure the payment of any sum or sums of money for the Company.	**“Power to borrow”**
54.	The payment or repayment of the monies borrowed as aforesaid may be secured subject to Article 82, in such manner and upon such terms and conditions in all respects as the Board may think fit and without prejudice to the generality of the foregoing, the Board may pass a resolution at its meeting for creation of charge upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.	**“The payment or repayment of monies borrowed”**
55.	Subject to Article 82, any Debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and subject to the provisions of the Act may be issued on condition that they shall be convertible into shares of any denomination and with any privilege or conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversions into or allotment of shares shall be issued only with the consent of the Company in General Meeting and subject to Article 82.	**“Terms of issue of Debenture”**
56.	If any uncalled capital of the Company is included in or charged by any mortgage or other securities, the Directors may subject to the provisions of the Act and these presents, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.	**“Assignment of uncalled capital”**
57.	The Company shall comply with all the provisions of the Act and these Articles in respect of the mortgages or charges created by the Company and the registration thereof and the Transfer of the Debentures of the Company and the register required to be kept in respect of such mortgages, charges and Debentures.	**“To comply with provisions of the Act and Articles as regards registration of mortgage etc.”**

58.	If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.	**"Indemnity may be given"**
	RESERVE AND DEPRECIATION FUNDS	
59.	The Directors may, from time to time, subject to Articles 104 – 107 (both Articles included) before recommending any dividend set apart any and such portion of the profits of the Company as they think fit as a reserve fund to meet contingencies or for the liquidation of any Debentures, debts, or other liabilities of the Company, for equalization of dividends or for repairing, improving and maintaining any of the property of the Company and for such other purpose of the Company as the Directors think conducive in the interest of the Company and may invest the several sums so set aside upon such investments (other than shares of the Company), and from time to time to deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserve fund into such special funds with full power to Transfer the whole or any portion of a reserve fund to another reserve fund or a division of a reserve fund and also with full power to employ the reserve funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power, however, to the Board to pay or allow to the credit of such funds interest at such rate as the Board may think proper.	**"Reserve Funds"**
60.	The Directors may, from time to time, subject however to Articles 104 – 107 (both Articles included) before recommending any dividend, set apart any such portion of the profits of the Company, as they think fit, as a depreciation fund, for providing against any depreciation in the investments of the Company or for rebuilding, restoring, replacing or for altering any part of the building, work, plant, machinery or other property of the Company, destroyed or damaged by fire, flood, storm, tempest, earthquake, accident riot, wear and tear or any other means whatsoever and for repairing altering and keeping in good condition the property of the Company or for extending and enlarging the building, machinery and property of the Company with full power to employ the assets constituting such depreciation fund in the business of the Company and that without being bound to keep the same separate from the other assets.	**"Depreciation Fund"**
61.	All monies carried to any reserve fund and depreciation funds respectively shall, subject to decisions being taken in accordance with Article 104 – 107 (both Articles included), nevertheless remain and be profits of the Company applicable subject to due provisions being made for actual loss or depreciation, for the payment of dividend and such monies and all the other monies of the Company may be invested by the Directors in or upon such investments or securities as they may select or may be used as working capital or may be kept at any bank on deposit or otherwise as the Directors may, from time to time, think proper.	**"Investment of monies"**
	GENERAL MEETINGS	

62.	Annual general-meetings of the Company shall be held at such intervals as specified in Section 96(1) of the Act and subject to the provisions of Section 96 (2) of the Act and at such times and places as may be determined by the Board.	**"When annual general meeting to be held"**
63.	All other meetings of the Company other than those referred to in the preceding Article shall be called Extraordinary General Meetings.	**"Distinction between ordinary and extra-ordinary meetings"**
64.	The Directors may, whenever they think fit and they shall, on the requisition of the holders of not less than one-tenth of the paid up capital of the Company as at the date carries right of voting in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the Company and in the case of such requisition the provision of Section 100 of the Act shall apply.	**"When extraordinary meeting to be called."**
65.	Twenty one (21) clear days' notice at least of every general Meeting, Annual or Extraordinary in writing or through electronic mode (as prescribed under the Act), specifying the day, place and hour of meeting and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided to such persons as are under these Articles or the Act entitled to receive notice from the Company. Such meetings may also be convened after giving a shorter notice, if consent is given in writing or through electronic mode by not less than 95% (Ninety five per cent) of the Shareholders of the Company.	**"Notice of Meeting"**
(A)	Every notice of General Meeting shall specify the place, date and time of the meeting and shall contain a statement of business to be transacted thereat. Where any business to be transacted at the meeting consists of 'Special Business' as hereinafter defined, there shall be annexed to the notice of the meeting an explanatory statement setting out all material facts concerning such item of business as provided in Section 102 (2) and (3) of the Act.	**"Contents of notices"**
(B)	All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting shall be deemed special, with the exception of business relating to the consideration of the accounts, balance sheet and the reports of the Board and the Auditors, declaration of dividend, appointment of Directors in place of those retiring and the appointment of and fixing of the remuneration of the Auditors.	**"Special Business"**
66.	The accidental omission to give any such notice to or the non-receipt of notice by any of the members or persons entitled to receive the same shall not invalidate the proceedings at any such meeting; provided that the quorum as set out in Article 67 is present.	**"As to omission to give notice"**
67.	The quorum at meetings of the Shareholders shall be as required by the Act and shall comprise of at least one (1) representative of DEL and one (1) representative of PNB. A Corporation being a member shall be deemed to be personally present if it is represented, in accordance with Section 113 of the Act.	**"Quorum at General Meeting"**
68.	In the event the quorum is not present at any Shareholders meeting with in half-an-hour from the time appointed for holding such meeting, the meeting shall be reconvened in	**"If quorum not present**

	accordance with the provisions of the Act and provisions of the Act shall apply to the adjourned meeting. Voting at a meeting of the Shareholders shall only be by poll.	**provisions of Act to apply”**
69.	The Chairman of the Board shall be entitled to take the Chair at every General Meeting. If there be no such Chairman, or if at any Meeting he/she shall not be present within fifteen (15) minutes after the time appointed for holding such meeting or is unwilling to act, the members present shall choose another director as Chairman and if no Director be present, or if all the Directors present decline to take the chair, then the members present elect one of the members present, being a member entitled to vote, to be Chairman, on a show of hands.	**“Chairman of General Meeting”**
70.	No business shall be discussed at any General Meeting except election of a Chairman, whilst the chair is vacant.	**“Business confined to election of Chairman whilst Chair Vacant”**
71.	The Chairman with the consent of the meeting may and shall if so directed by the meeting adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place and unless the quorum as set out in Article 67 is present at such adjourned meeting. It shall be mandatory to give a notice of an adjournment or of the date, the time or the place of the adjourned meeting or of the business to be transacted thereat.	**“Chairman with consent may adjourn meeting”**
72.	The Chairman shall not have a casting vote at any General Meeting.	**“Chairman’s casting vote”**
73.	Voting at a meeting of the Shareholders shall only be by poll. A poll shall be taken either by open voting or by ballot as the Chairman shall direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the General Meeting.	**“Questions at General Meeting how to decide”**
74.	Where a poll is to be taken the Chairman of the meeting shall appoint such number of scrutineers as he deem fit to scrutinize the votes given on the poll and to report thereon to him. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from the office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.	**“Scrutineers at the poll”**
	VOTES OF MEMBERS	
75.	No member shall be entitled to vote either personally or by proxy at any General Meeting or meeting of a class of shareholders in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has any right of lien and has exercised the same.	**“Members in arrears not to vote”**
76.	(a) The voting right of every holder of Equity Share whether present in person or by proxy, shall be in proportion to his / its share in the paid up capital of the Company. (b) The voting rights of the holders of redeemable cumulative preference shares shall be in accordance with Section 47 of the Act.	**“Voting rights of members”**

77.	On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his /its proxy, or other person entitled to vote for him / it, as the case may be, need not, if he / it votes, use all his / its votes or cast in the same way all the votes he uses.	**"Casting of votes by a member entitled"**
78.	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy, if any member be a minor the vote in respect of his share shall be by his guardians or any one of his guardians if more than one.	**"How members non compos mentis and minor may vote"**
79 (1)	Subject to the provisions of the Act and these Articles votes may be given either personally or by proxy. A corporation being a member may vote by representatives duly authorized in accordance with Section 113 of the Act, and such representative shall be entitled to speak, vote, appoint a proxy and in all other respects exercise the rights of a member and shall be reckoned as a member for all purposes.	**"Voting in person or by proxy"**
79 (2)	Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or the hand of its officer or an attorney, duly authorized by it and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.	**"Appointment of proxy"**
79 (3)	The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Office not less than forty eight (48) hours before the time for holding the meeting at which the person named in the instrument proposes to vote; and in default the instruments of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) Months from the date of its execution.	**"Submission of Proxy Form"**
79 (4)	Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either of the forms set out as prescribed under the Act.	**"Proxy Form"**
79 (5)	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed, or the Transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, revocation or Transfer shall have been received at the Office before the meeting.	**"Validity of vote by proxy"**
80 (1)	No objections shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.	**"Time for objection of votes"**
80 (2)	The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.	**"Chairman of any meeting to be the judge of validity of any vote"**

81.	Subject to the provisions of Section 118 and 119 of the Act, the Company shall cause to be kept minutes of all proceedings of general meetings which shall contain a fair and correct summary of the proceedings thereat and a book containing such minutes shall be kept at the registered office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two (2) hours, in each day as the Directors may determine for the inspection of any member without any charge. The minutes aforesaid shall be by making within thirty (30) days of the conclusion of every such meeting concerned entries thereof in the said book which shall have its pages consecutively numbered. Each page of the book shall be initialed or signed and the last page of the record of the proceedings of each meeting in the book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty (30) days or in the event of the death or inability of the Chairman to sign as aforesaid within that period, by a director duly authorized by the Board for that purpose. In no case shall the minutes be attached to any such book by pasting or otherwise.	**"Minutes of general meeting and inspection thereof by a member"**
82.	No action or decision relating to any of the Reserved Matters shall be taken by the Company (whether by the Board, any committee, the Shareholders of the Company or any of the employees, officers or managers of the Company) unless PNB and DEL's consent is obtained for such action or decision, and PNB shall not exercise its voting rights in a manner that deprives the right of DEL in respect of the Reserved Matters. The Company shall not take any action on any Reserved Matters at the meeting of the Board or by a resolution by circulation. Notwithstanding anything to the contrary contained herein, if at a general meeting a resolution in respect of Reserved Matter is proposed to be passed such resolution shall, unless otherwise specifically provided under the Act, be passed by way of a Special Resolution only.	**"Reserved Matters"**

The Reserved Matters are as follows:

- Alteration of the Constitutional Documents of the Company;
- Any change in the nature of the business of the Company;
- Entering into or amendments or termination of any agreements by and between the Company and (i) any Affiliate of the Company, and/ or (ii) PNB and/ or DEL and/ or any of their respective Affiliates;
- Save as required by applicable Laws any adoption (except as provided in these Articles) or change in the tax or accounting principle or policy (e.g., depreciation, asset devaluation, etc.) which has a material impact on the Shareholding of the Shareholders;
- Entering into or amendments of any joint venture agreement, partnership or consortium agreement;
- Merger, acquisition, consolidation or amalgamation with other entity, reconstitution, reconstruction, recapitalization, reorganization or other business combination involving the Company;
- Lending to or giving any guarantee for obligations of any person other than in the course of the business;
- Change in the maximum number of Directors or composition of the Board, creation or modification of an executive committee or any working committee;
- Listing of the Securities of the Company;
- Winding up, liquidation, dissolution or other act of insolvency of the Company;
- Creation, allotment, issue, acquisition, reduction, repayment, conversion, buy-back or redemption of any share capital, including but not limited to the issue or otherwise, of options, warrants, or other shares or of any instrument convertible into, exercisable or

	exchangeable for shares; or entering into an agreement, arrangement or undertaking to do any of those things, or any action which alters the Share Capital of the Company, or the variation of rights of any Securities of the Company.	
83.	Notwithstanding anything to the contrary contained in these Articles or the Shareholders' Agreement, if at any time, the Shareholding of a Group ("Diluted Group"): (a) falls below 26%, then automatically the Diluted Group shall (i) have the right to nominate only one (1) director on the Board, and the other Group shall have the right to nominate balance number of directors that could have been nominated by the Diluted Group prior to the Shareholding of the Diluted Group falling below 26%, (ii) cease to have any rights under Article 90 (b), all of which rights shall be available to the other Group, (iii) have no rights under Article 89, all of which shall be available to the other Group, and (iv) cease to have any rights under Article 82, 99(a) and 105; (b) falls below 10%, then the rights of the Diluted Group under Article 83(a) shall also cease; for clarity, the Diluted Group shall not have the right to nominate any Director on the Board, and shall not have any rights under Articles 90 (b) , 89 and 105.	**"Fall-away of Shareholders rights"**
	BUSINESS PLAN AND REPORTS	
84.	The Company shall provide each Shareholder with: (a) audited annual accounts of the Company as soon as practical but in any event within six (6) Months of the end of each Financial Year; and (b) such further information as each Shareholder may from time to time require as to all matters relating to the business or affairs or the financial position of the Company, including access to the books and records of the Company.	**"Company to provide Shareholders with audited accounts and other information"**
85.	Each Shareholder shall, at its own cost and with prior written notice to the Company, be allowed to audit at any time (but only once every Financial Year) all books, records, returns, accounts and other financial information of the Company, commencing from the date of the Shareholders' Agreement. If any Shareholder decides to exercise its audit rights under this Article 85, it shall give notice of such intention to each other Shareholder who shall be entitled to participate in such audit at its own cost.	**"Shareholders audit"**
	DIRECTORS	
86.	Subject to the provisions of these Articles and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company. Subject to the applicable Laws and Articles 89, the Board shall consist of twelve (12) Directors and such Directors shall be appointed in accordance with these Articles.	**Number of Directors"**
87.	The following shall be the First Directors of the Company" (1) SHRI J.S. VARSHNEYA (2) SHRI RASHID JILANI (3) SHRI R.K. GOSWAMI	**"First Directors"**

88.	The composition of the Board is as follows: (a) three (3) PNB Directors, one whom shall be the Chairman of the Board. (b) two (2) DEL Directors; (c) one (1) Managing Director; and (d) six (6) Independent Directors.	**"Composition of the Board"**
89.	Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation; and save as otherwise expressly provided in the Act; be appointed by the Company in general meeting. Explanation:- for the purposes of this Article "total number of Directors" shall not include Independent Director(s) and managing director, whether appointed under the Act or any other Law for the time being in force on the Board of the Company. For the sake of clarity, the Independent Directors and the Managing Director shall not be liable to retire by rotation.	**"Non-Retiring Directors"**
90.	(a) The non-retiring Directors shall be appointed by way of a letter issued to the Board by the respective Shareholders appointing them. No Shareholder shall be entitled to remove any Director appointed/nominated by another Shareholder, save where a Director is required to be removed in accordance with Law (in which case, the relevant Shareholder shall be entitled to immediately nominate a replacement). In case of resignation of a Director appointed by a Shareholder, such Shareholder shall be entitled to appoint another Director in place of the resigning Director in accordance with the provisions hereof.	**"Appointment and Removal of Directors"**
	(b) Subject to the provisions of section 149 of the Act, the Independent Directors on the Board are persons of eminence, from the private or public sector, who can add value to the Company. The Independent Directors shall be people having expertise or credible experience in the areas of credit/ risk management, marketing, treasury, regulatory affairs, business management, corporate governance, human resources and/ or such other expertise as may be mutually agreed between DEL and PNB. Independent Directors may only be appointed or removed with the consent of DEL and PNB. DEL and PNB shall make their best endeavours to mutually agree upon matters relating to the removal and/or appointment of Independent Directors. If, DEL and PNB do not agree upon any proposed appointment and/or removal, within fifteen (15) days of either of such Shareholder making such proposal for removal and/or appointment of an Independent Director, then the Board shall be reconstituted in respect of Independent Directors such that three (3) of such Independent Directors shall be acceptable to PNB and three (3) Independent Directors shall be acceptable to DEL.	**"Independent Directors"**
	(c) The Shareholders shall exercise their voting rights at any general meeting or board meeting so as to give effect to the provisions of this Article 90. The Directors are not required to hold qualification shares. Further, if a Director is a nominee Director, then the Shareholder nominating a Director shall have a right to replace such Director and nominate another Director in place of such Director.	**"Shareholders to exercise voting rights in accordance with this Article"**
91.	Any Director may, by prior written notice to the other Shareholders and the Company, nominate one alternate at any time to act on his behalf as a Director in circumstances and for such period as may be valid under the Act, and the Shareholders shall procure	**"Alternate Directors"**

	that the Board shall approve any such nomination and appoint the relevant individual to act as alternate Director. The Shareholders shall procure that the Board will, unless the nominating Director instructs the Board otherwise, automatically reappoint any nominated alternate if, for any reason, the nominated alternate's office is deemed to have been vacated. An alternate Director shall be entitled to receive notice of all meetings of the Board, to attend and vote at any such meeting at which the Director appointing him is not personally present and at the meeting to exercise and discharge all the functions, powers and duties of his appointee or as a Director. An alternate Director shall automatically vacate his office as an alternate Director if the Director who appointed him ceases to be a Director.	
92.	(a) The remuneration of a Director shall be such sum as the Board may fix not exceeding the amount prescribed by the Central Government under the first proviso to Section 197 (5) of the Act for each meeting of the Board or of any committee of the Board attended by him. The Directors shall also be paid any traveling, hotel and boarding expenses incurred to attend Board or Committee Meeting.	**"Remuneration of Directors"**
	(b) The Board, subject to limitations provided by the Act, may offer and pay to any Director who is not a bonafide resident of the place where a meeting is held and who shall come to such place for the purpose of attending a meeting, such sum as the Board may consider fair compensation for traveling, hotel and other expenses in addition to his remuneration as above specified and the Board may from time to time fix the remuneration to be paid to any member or members of their body constituting a committee appointed by the Board in terms of these Articles and may pay the same.	**"Travelling expenses of Directors"**
	(c) Subject to compliance of provisions of section 188 of the Act, any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the Company, the Company shall remunerate such Director, in such manner as may be determined by the Board and such remuneration may be in addition to the fee payable to him under the preceding Articles. Attendance at the Board Meeting or Committee Meeting at the Registered Office of the Company shall not be deemed to be extra services or special exertion within the meaning of this Article.	**"Remuneration for extra services"**
93.	No share qualification will be necessary for being appointed as or holding of the Office of a Director of the Company.	**"Qualification of Directors"**
94.	Subject to the provisions of section 188 of the Act, a Director shall not be disqualified from contracting with the Company either as a vendor, purchaser or otherwise for goods, materials or services nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is partner or with any other partner in such firm or with a private company of which Director is a member or director be avoided nor shall Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.	**"The conditions under which Directors may contract with Company"**
95.	Every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the	**"Disclosure of interest"**

	Company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 184 of the Act. Provided that this Article will not apply to any contract or arrangement or proposed contract or arrangement entered into or to be entered into between the Company and other body corporate in which the Director or such Director in association with any other Director, holds or hold not more than two (2) percent of the paid up share capital in that body corporate.	
96.	Subject to the provisions of Section 184 of the Act, no such Director shall, as a director take part in the discussions of or vote at any contract or arrangement in which he is any way whether directly or indirectly concerned or interested.	**"Interested Director not to participate or vote in the proceedings of the Board."**
97.	Except as otherwise provided by these Articles and subject to applicable provisions of the Act, all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.	**"Rights of Directors"**
97 (A)	The Company shall observe the restrictions imposed on the Company in regard to grant of loans to Directors and other persons as provided in Section 185 and other applicable provisions, if any of the Act.	**"Loans to Directors"**
	PROCEEDINGS OF DIRECTORS	
98. (a)	The Board shall meet as may be necessary to discharge its duties in such a manner that the Company must hold minimum four (4) meeting of the Board every year and not more than one hundred and twenty (120) days shall intervene between two (2) consecutive meeting of the Board. The minutes of the Board shall be circulated to all Directors within ten (10) Business Days of the date of the meeting of the Board. At the beginning of each meeting of the Board, the Board minutes of the previous meeting shall be approved if agreed to by all Directors.	**"Meeting of directors"**
(b)	At least fifteen (15) Business Days' notice of each Board meeting shall be given to each Director in the manner as provided in Section 173 (2) of the Act. The notice of the meeting of the Board shall be accompanied by an agenda of the business to be transacted at that meeting, and in meeting in question only the items specified in the agenda shall be taken up unless all the Directors consent to taking up of any new item. Subject to compliance of provisions of Section 173 (2) of the Act, a meeting of Board may be called at shorter notice also.	**"Notice of meeting"**
99. (a)	The quorum at meetings of the Board shall be comprised in accordance with the provisions of Section 174 of the Act, and provided further that, subject to Article 99(b), it also comprises of 1 (one) DEL Director and 1 (one) PNB Director.	**"Quorum"**
(b)	If within two (2) hours from the time appointed for the holding of a meeting of the Board a quorum as set forth in Article 99(a) is not present, the meeting of the Board shall stand adjourned to the next day in the same week (or if that day is a national holiday, to the next Business Day thereafter) at the same time and place as the original meeting, or to such other day and at such other time and place as	**"Adjourn meeting for want of quorum**

		the Board may determine. If at such adjourned meeting a quorum is not present within one (1) hour from the time fixed for holding the meeting, the meeting shall stand adjourned to the same day in the next week (or if that day is a national holiday, to the next Business Day thereafter), at the same time and place as the reconvened meeting, or to such other day and such other time and place as the Board may determine. If at such re-adjourned meeting a quorum is not present within one (1) hour from the time fixed for holding the meeting notwithstanding anything mentioned in this Article 99(b) or elsewhere in these Articles, the Directors present shall constitute a quorum at such meeting.	
100.	A Director may, at any time, and the Secretary at the request of the director shall convene Meeting of the Directors. Notice of every meeting of the Directors of the Company shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director in accordance with the provisions of Article 98(b).		**"When meeting to be convened"**
101.	The Board shall appoint one of the PNB Directors as the Chairman of the Board.		**"Chairman"**
102.	Subject to quorum requirements under Article 99 being met, each Director shall have one vote on the Board and, except as otherwise specifically provided herein and/or as specifically required by the Act, all decisions of the Board shall be taken by a simple majority of the Directors present and voting or deemed to be present at the meeting or in the case of resolution by circulation by majority of Directors to whom the resolution is circulated in accordance with Article 109 below. In the event that a matter taken up by the Board is a Reserved Matter, decisions in relation to such matters shall be taken by Company only at the general meeting of the Shareholders. Even if a resolution is passed by the Board in a meeting or by way of circulation in respect of such matters, such resolution shall not be effective unless ratified in a general meeting of the Shareholders.		**"Questions at Board meetings, how decided"**
103.	A meeting of the Board for the time being at which quorum is present shall be competent to exercise all or any of the authorities powers and discretions which by or under the Act or these Articles of the Company and subject thereto, are for time being vested in or exercisable by the Board.		**"Powers of Board Meeting"**
104.	The Board shall constitute such committees as may be required to address various policies and strategic matters pertaining to the business and good governance. Specification, addition, elaboration, modification or withdrawal of powers, scope or terms of reference of the Operational Matters Committee shall require the approval of PNB and DEL. Such committees shall include the committees set out below ("**Operational Matters Committees**"):		**"Operational Matters Committees"**
	(a)	Credit Committee: This committee shall approve the credit policy parameters under which the housing finance loans to various segments will be under drawn, it will also review the credit performance and collection effectiveness of the portfolio; and review the feed back mechanism to policy to improve and to maximize risk/ return matrix.	**"Credit Committee"**
	(b)	Business Process Committee: This committee shall take decisions on matters relating to IT, operations and branch roll-out policies.	**"Business Process Committee"**

(c)	Nomination and Remuneration Committee: This committee shall take decisions on matters relating to appointment or change of any senior management and policies with respect to compensation of all employees. Senior management shall include the Managing Director and all persons directly reporting to the Managing Director or to the Board, other than the Independent Directors, PNB Directors and DEL Directors. Candidates shall be deserving candidates to be selected from public sector (including officers on deputation from PNB) or private sector with rich experience and track record.	**"Nomination and Remuneration Committee"**
(d)	Marketing Committee: This committee shall take decisions on matters relating to processes and policies related to sourcing and marketing.	**"Marketing Committee"**
105.	Operational Matters Committees shall be constituted by the Company, and each Operational Matters Committee shall consist of one (1) DEL Director, one (1) PNB Director and one (1) or more Independent Directors jointly nominated by PNB and DEL, each of who shall have one vote each. The Independent Director of a particular management committee shall be persons who have experience or expertise in a field that directly relates to, or is the closest, in comparison with the experience and expertise of the other Independent Directors, to the matters to be dealt with, by such committee. Any removal or appointment of members of the Operational Matters Committee shall require the approval of PNB and DEL; provided however that the removal from an Operational Matters Committee, by a Shareholder, of the Director nominated by such Shareholder shall not require approval of the other Shareholder.	**"Appointment of members of the Operational Matters Committees"**
106.	Decisions shall be taken by the Operational Matters Committees by majority except that decision on appointment of the Managing Director and ED by the Nomination and Remuneration Committee shall require unanimous approval of the Nomination and Remuneration Committee. Decisions shall be taken by Operational Matters Committees strictly in accordance with the requirements specified in the applicable Business Plan and/ or the provisions of the Shareholders' Agreement. In the event that there is a deadlock between the members of the Operational Matters Committee (i.e. a decision cannot be taken) in respect of any matter other than appointment of the Managing Director or the ED, then such matter shall be decided by the Board. The decisions of the Operational Matters Committees in accordance with the provisions herein shall, subject to Article 107 below, be binding on all the Shareholders and PNB and DEL shall exercise their voting rights in the Shareholders and Board meetings so as to give effect thereto; provided that no such decision shall be binding in the event that such decision is contrary or repugnant to, or divergent from the Business Plan or the provisions of the Shareholders' Agreement.	**"Decisions by the Operational Matters Committees"**
107.	In the event DEL does not agree with any decision of an Operational Matters Committee, then such decision shall be referred to a committee comprising the chairman of the Company and a nominee of DEL for resolution. In the event that the chairman of the Company and such nominee are unable to agree, the decision of the chairman shall be final and binding, and, if applicable, shall be deemed to be the decision of the Operational Matters Committee in question.	**"Disagreement of DEPL with decision of Operational Matters Committee"**
108.	Articles 98, 99 and 102 shall *mutatis mutandis* apply to all Operational Matters Committees.	**"Notice, quorum and voting requirements to apply to**

		Operational Matters Committees"
109.	A resolution by circulation must be circulated to all Directors and approved by majority of the Directors subject to Article 107 and in accordance with applicable Law and shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and constituted. The resolution may be contained in one document or in several documents in like form each signed or approved by one or more Directors concerned; but a resolution signed or approved by an alternate Director need not also be signed or approved by the Director appointing such alternate Director and, if it is signed or approved by a Director who has appointed an alternate Director, it need not be signed or approved by the alternate Director in that capacity.	**"Resolutions by circulation"**
110.	The Company shall cause minutes to be duly entered in a book or books provided for the purpose; (i) of the names of the Directors present at such meetings of the Board, and of any committee of the Board; (ii) of all orders made by the Board and committees of the Board; (iii) of all resolutions and proceeding of the meetings of the Board and committees of the Board; and (iv) in the case of each resolution passed at a meeting of the Board, or committees of the Board the names of those Directors, if any dissenting from or not concurring in the resolution. Every such book shall be maintained and the minutes entered therein and signed in the manner laid down by section 118 of the Act and the minutes so entered and signed shall be received as conclusive.	**"Minutes of proceedings of directors and committee to be kept"**
111.	Subject to the provisions of the Act and these Articles, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or in other statute or by the Memorandum of Association of the Company or by these Articles or otherwise to be exercised or done by the Company in general meeting provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or in any other Act or in the memorandum of the Company or these Articles or any regulations not inconsistent therewith and duly made there under including regulations made by the Company in general meeting but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if those regulations had not been made.	**"Powers of the Board"**
112.	Subject to the provisions of Section 203 of the Act, the Board may at any time and from time to time appoint any individual possessing the prescribed qualification to be the Secretary of the Company and determine his powers and duties and fix his remuneration and the period for which he is to hold such office.	**"Secretary"**
	SEAL	

113.	The Board shall provide a Common Seal for the purpose of the Company and shall have powers, from time to time, to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given and in the presence of a Director of the Company or some other person appointed by the Directors for the purpose. The Company shall also be at liberty to have an official seal in accordance with applicable provisions of the Act for use in any Territory, district or place outside India.	**"The Seal; its custody and use."**
114.	Every deed or other instruments to which the Seal of the Company is required to be affixed shall unless, the same is executed by a duly constituted attorney be signed by one Director and the Secretary or some other person appointed by the Board for the purpose, provided nevertheless that certificate of shares may be sealed in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014 or the statutory modification or re-enactment thereof for the time being in force.	**"Affixture of Common Seal"**
	DIVIDENDS	
115.	Subject to the rights of the Shareholders entitled to shares (if any) with preferential or special rights attached thereto the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares of the Company.	**"How profits shall be divisible"**
116.	The Company in General Meeting may declare dividend to be paid to the Shareholders according to their rights and interest in the profits and may fix the time for payment.	**"Declaration of dividends"**
117.	No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.	
118.	No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.	
119.	The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.	**"What to be deemed net profits"**
120.	The Directors may from time to time pay to the Shareholders such interim dividends as in their judgment the position of the Company justifies.	**"Interim Dividend"**
121.	Subject to Section 123 of the Act, the Directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.	**"Debts may be reduced"**
122.	A Transfer of share shall not pass the right to any dividend declared thereof before the registration of the Transfer.	**"Transfer of share must be registered"**
123.	Unless otherwise directed any dividend may be paid by electronic mode or by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant, sent through the post to the registered address of the Shareholders or persons entitled or in	**"Dividend how remitted"**

	case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission or for any dividend lost in transmission or for any dividend lost to the Shareholder or person entitled thereto by the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. If several persons are registered as joint-holders of any shares, any one of them can give effectual receipts for any dividends or other monies payable in respect thereof.	

BOOKS AND DOCUMENTS

124.	The Directors shall cause to be kept proper books of accounts in accordance with Section 128 of the Act with respect of:- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place; (b) all sales and purchases of goods by the Company; (c) the assets and liabilities of the Company.	**"Books of Accounts to be kept"**
125.	The books of accounts shall be kept at the Office or subject to the proviso of Sub-Section (1) of Section 128 of the Act at such other place as the Directors think fit and shall be open to inspection by the Directors during the business hours.	**"Where to be kept"**
126.	The Directors shall, from time to time, in accordance with Sections 129, and 134 of the Act, cause to be prepared and to be laid before the Company in Annual General Meeting such Profit and Loss Accounts, Balance Sheets and reports as are referred to in those Sections.	**"Statement of account to be furnished to General Meeting"**
127.	A copy of every such Profit and Loss Account and Balance Sheet (including the Auditors Report and every other document required by Law to be annexed or attached to the Balance Sheet), shall, at least twenty-one (21) days before the meeting at which the same are to be laid before the members, be sent to the members of the Company, to holders of Debentures issued by the Company (not being Debentures which ex-facie are payable to the bearer thereof), to trustee for the holders of such Debentures and to all persons entitled to receive notices of General Meetings of the Company.	**"Accounts to be sent to each member"**

AUDIT

128.	Auditors shall be appointed and their rights and duties regulated in accordance with Sections 139, 142 and 147 of the Act.	**"Account to be audited"**
129.	Every account of the Company when audited and approved by Annual General Meeting shall be conclusive except as regards any error discovered therein within three (3) Months next after the approval thereof. When any such error is discovered within that period the accounts shall forthwith be corrected and henceforth shall be conclusive.	**"Accounts when audited and approved to be conclusive except as to errors discovered**

		within three (3) Months"
	DOCUMENTS AND NOTICE	
130.	(1) A document or notice may be served or given by the Company, on any member or an officer thereof either personally or by sending it by post to him at his registered address or (if he has to no registered address in India) to the address, if any, within India supplied by him to the Company for serving documents or notices on him or by such electronic means as may be prescribed under the Act.	**"Service of documents or notices on members by the Company."**
	(2) Any notice or document shall be deemed to be given: (i) if delivered in person, at the time of delivery; or (ii) if sent by fax, at the expiration of two hours after the time of dispatch, if dispatched before 3.00 p.m. (local time at the place of destination) on any Business Day, and in any other case at 10.00 a.m. (local time at the place of destination) on the next Business Day following the date of dispatch. (iii) If sent by electronic mail transmission, immediately on dispatch, if dispatched on a working day or at the start of the next working day if dispatched on any other day. In proving service of a notice or document it shall be sufficient to prove that delivery was made or that the fax was properly addressed and sent or that electronic delivery receipt indicating complete electronic mail transmission is obtained by the Company.	**"Service of notice"**
	(3) A document or notice advertised in a newspaper circulating in the neighbourhood of the Office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every Shareholder who has no registered address in India and has not supplied to the Company any address within India for the service of documents on him for the sending of notice to him.	**"By advertisement."**
131.	A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to him by name or by the title of representative of the deceased or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the person claiming to be so entitled (until such an address had been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.	**"On personal representative etc."**
132.	Documents or notices of every General Meeting shall be served or given in same manner hereinbefore authorized on or to (a) every member (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the auditor or auditors for the time being of the Company.	**"To whom documents or notices must be served or given."**

133.	Every person who, by operation of law, Transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of each share, previously to his name and address being entered on the Register of Members, shall have been duly served on the person from whom he derives his title to such share.	**"Member bound by documents or notice served on or given to previous holders"**
134.	Any document or notice to be served to be served or given by the Company may be signed by a Director or some person duly authorized by the Board for such purpose and the signature may by written, printed or lithographed.	**"Document or notice by Company and signature thereto"**
135.	All the documents or notice to be served or given by members on or to the Company or any officer thereof shall be served or given by sending them to the Company or officer at the Office by post under a certificate of posting or by registered post or by leaving it at the Office.	**"Service of document or notice by member"**
	AUTHENTICATION OF DOCUMENTS	
136.	Save as otherwise expressly provided in the Act or these Articles, documents or proceedings requiring authentication by the Company may be signed by a Director or any authorized officer of the Company and need not be under its Seal.	**"Authentication of documents and proceedings"**
	WINDING UP	
137.	The liquidator on any winding-up (whether voluntary, under supervision, or compulsory) may, with the sanction of a Special Resolution but subject to the right attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the Company in trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.	**"Liquidator may divide assets in specie"**
	INDEMNITY AND RESPONSIBILITY	
138.	Subject to the provisions of section 197 of the Act, every Director, Manager, Officer or Servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor shall be indemnified out of the funds of the Company against all claims and it shall be the duty of the Directors out of the funds of the Company to pay all bonafide costs, charge, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, above the execution or discharge of his duties or supposed duties (except such if any, as such person shall incur or sustain through or by his own wilful act, neglect, default,) including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, manager, officer or auditor in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 463 of the Act in which relief is granted to him by the court.	**"Indemnity"**

139.	Subject to the provisions of the Act, no director, auditor or other officer of the Company shall liable: (a) for the act, neglects or defaults of any direction of the competent authority; or (b) for joining in any receipt or other act for conformity; or (c) for any loss or expenses happening to the Company through— (i) the insufficiency or deficiency of title to any property acquired by order of the direction for or on behalf of the Company; or (ii) the monies of the Company invested; or (d) for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person firm or company to or with whom any monies, securities or effects shall be entrusted or deposited; or (e) for any loss occasioned by any error or judgment, commission, default or oversight in his part; or (f) for any other loss, damage or misfortune whatsoever, which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same happen through his own dishonesty.	**“Individual Responsibility”**
140.	Subject to the applicable provisions of the Act, no member shall be entitled to visit or inspect any work of the Company without the permission of the Directors or to require discovery or any information respecting any detail of the Company’s trading or any matter which is or may be in the nature of a trade or any matter which is or may be in the nature of the trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interests of the Company to disclose.	**“Secrecy”**

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which were attached to the copy of the Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder, were made available for inspection at our Registered and Corporate Office, from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Issue Agreement dated July 4, 2016, entered into among our Company and the GCBRLMs.
2. Registrar Agreement dated June 27, 2016, entered into among our Company and the Registrar to the Issue.
3. Tripartite Agreement dated July 30, 2016 entered into among our Company, NSDL and the Registrar to the Issue.
4. Tripartite Agreement dated May 31, 2016 entered into among our Company, CDSL and the Registrar to the Issue.
5. Anchor Escrow Agreement dated October 19, 2016 entered into among our Company, the GCBRLMs, Anchor Escrow Bank, and the Registrar to the Issue.
6. Syndicate Agreement dated October 24, 2016 entered into among our Company, the GCBRLMs and the Syndicate Members.
7. Underwriting Agreement dated November 1, 2016 entered into among our Company, the GCBRLMs and the Syndicate Members.
8. Monitoring Agency Agreement dated October 29, 2016 entered into among our Company and HDFC Bank Limited.

Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.
2. Certificate of incorporation dated November 11, 1988.
3. Resolution of the Board of Directors of our Company and Equity Shareholders of our Company dated March 19, 2016 and April 22, 2016, respectively, authorizing the Issue and other related matters.
4. Resolution of the Board of Directors of our Company dated June 30, 2016 approving the Draft Red Herring Prospectus.
5. Resolution of the IPO committee of our Company dated July 4, 2016 taking on record certain changes in the Draft Red Herring Prospectus and approving the Draft Red Herring Prospectus.
6. Resolution of the Board of Directors of our Company dated October 15, 2016, approving the Red Herring Prospectus.
7. Resolution of the Board of Directors of our Company dated November 1, 2016 approving the Prospectus.
8. Copies of the annual reports of our Company for the five Fiscals immediately preceding the date of this Prospectus.
9. Share Purchase Agreement dated December 7, 2009 between our Company, DEL and PNB.
10. Shareholders' Agreement dated December 7, 2009, between our Company, DEL and PNB and amended by the Shareholders' Amendment and Termination Agreement dated June 30, 2016.
11. Share Subscription Agreement dated December 9, 2009, between our Company and DEL.
12. The audit reports dated June 30, 2016 and October 4, 2016 of the Statutory Auditors, B.R. Maheswari & Co., Chartered Accountants, on our restated financial information, and statement of tax benefits dated October 14, 2016 included in this Prospectus.
13. PNBHF ESOS 2016, the employee stock option scheme established by our Company.
14. Consents of the Auditor, B.R. Maheswari & Co., Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act 2013 in this Prospectus and as an expert, as defined under Section 2(38) of the Companies Act 2013, in relation to their audit reports dated June 30, 2016 and October 4, 2016, on our restated financial information and the statement of tax benefits dated October 14, 2016 in the form and context in which it appears in this Prospectus.
15. Consents of Bankers to our Company, the lenders to the Company (where such consent is required), monitoring agency, the GCBRLMs, Syndicate Members, Registrar to the Issue, Bankers to the Issue

/Anchor Escrow Bank, legal counsel, Directors of our Company, Chief Financial Officer, Company Secretary and Compliance Officer, as referred to act, in their respective capacities.

16. Consent from ICRA Management Consulting Services Limited dated June 27, 2016 in relation to the report titled "Housing Finance Industry in India".
17. Consent from CRISIL Research dated June 28, 2016, in relation to the report titled "Retail – Finance Housing Annual Review, 2016".
18. In-principle listing approvals dated July 25, 2016 and July 26, 2016 from the BSE and the NSE, respectively.
19. Due diligence certificate to SEBI from the GCBRLMs, dated July 4, 2016.
20. SEBI observation letters no. CFD/DIL-III/NR/AEA/OW/2016/21882 dated August 4, 2016 and no. CFD/DIL-III/NR/AEA/OW/2016/28081 dated October 6, 2016.

Any of the contracts or documents mentioned in this Prospectus 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 shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

(Ms. Usha Ananthasubramanian)
(Chairperson)

(Mr. Sanjaya Gupta)
(Managing Director)

(Dr. Ram S. Sangapure)
(Non-Executive Director)

(Mr. Sunil Kaul)
(Non-Executive Director)

(Mr. Devinjit Singh)
(Non-Executive Director)

(Mr. Tejinder Singh Laschar)
(Independent Director)

(Mr. Shital Kumar Jain)
(Independent Director)

(Mr. Chandrasekaran Ramakrishnan)
(Independent Director)

(Dr. Gourav Vallabh)
(Independent Director)

(Mr. Nilesh S. Vikamsey)
(Independent Director)

(Mr. Jayesh Jain)
(Chief Financial Officer)

Place: New Delhi
Date: November 1, 2016